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The Construction of Mumbai's Land Market

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Declaration

I certify that the thesis I have presented for examination for the MPhil/PhD degree of the London School of Economics and Political Science is solely my own work other than where I have clearly indicated that it is the work of others (in which case the extent of any work carried out jointly by me and any other person is clearly identified in it).

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Abstract

Recent regulatory changes have led to the transformation of Mumbai's real estate industry. Since the liberalization of India's real estate sector in 2005, Mumbai has seen an unprecedented flow of finance capital into the production and sale of new real estate to meet the city's housing needs. The prerequisite for such investments is that land be commoditized, i.e., delinked from its socio-spatial specificities so it can be traded on global financial markets. However, in a context like Mumbai, this is especially difficult because property rights are unclear, and the rules of land development uncertain. Using Mumbai as a case study, this project examines how real estate developers operationalize the imagination of commoditized land, often through narratives of the developmental hero, by describing their work as acts of heroism in a context where development would otherwise be impossible, in order to establish a market for land. An eighteen-month ethnographic study reveals that a new professional class of developers who strive to commodify land against all the odds (as opposed to effectively producing and selling new real estate), has emerged dominant against incumbent and financially responsible development firms in Mumbai. This group's struggle to follow through with the execution of projects has paradoxically resulted in several abandoned projects in the city and driven away financial investors from participating in further real estate production.

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Chapter I: **INTRODUCTION**

1. MUMBAI'S REAL ESTATE PARADOX

Recent regulatory changes have led to the transformation of Mumbai's real estate industry. The first of many big changes that followed since was the legalization of foreign direct investment (FDI) in "urban township construction" in 2002, and further liberalization of the policy in 2005, by the Indian government. Around the same time, the Securities and Exchange Board of India also began allowing venture capital funds to invest in real estate, which until then was subject to heavy restrictions, thereby spurring the emergence of domestic real estate investment funds (Searle, 2016, p. 31). As a result, Mumbai, along with few other metropolitan cities in India, witnessed an unprecedented flow of finance capital towards the development of new real estate. Private, large-scale production and consumption of real estate, and housing, in particular, replaced what had otherwise been a state-led project. This shift was critical in that it not only promised to deliver millions of new housing for a new post-liberalization middle class but also signaled a newfound footing on the global economic stage for India (Fernandes, 2006, p. 59).

Fifteen years later, however, the reality on the ground looks bleak. Not only does the demand for housing remain as high as ever before in Mumbai, but hundreds of real estate projects lie unfinished, abandoned, and/or unsold (Parkin, 2019). Furthermore, investments into real estate development from both local and international sources have thinned out, despite sustained demand for housing and commercial real estate in the city (L. Mishra, 2019). Worse still, several developers, many of whom emerged as a consequence of the liberalization of the real estate sector, have filed for bankruptcy since 2017[1], leaving thousands of small investors and home buyers stranded (Trivedi, 2019). This spate of unforeseen events cast doubt on the

[1] In the two years between 2017- 2019, real estate topped the bankruptcy chart in India, with over 235 companies (mostly from Mumbai and Delhi) admitted for resolution under the Insolvency and Bankruptcy Code, see John (2019).

logic of neo-liberal urban production, wherein capital is channeled into locally embedded assets, namely real estate (Weber, 2010), through the creation of anchoring coalitions by local experts, namely real estate developers (Searle, 2018).

Mumbai presents a peculiar case of a glitch in the marketization of real estate development. Attempts to "fix" over-accumulated (finance) capital into Mumbai's real estate development in order to yield high rents from it, seem to have derailed. While Mumbai may well be an exceptional case in this regard, that does not necessarily limit its usefulness for theorizing. The extremity of the case is an advantage insofar as it provides a window into mechanisms and processes that would be otherwise obscured (Quinn, 2017, p. 76). The relevant question for logical generalizability in this kind of study is whether there is reason to believe these findings are more widely applicable (Luker, 2010, pp. 51–75). That is, can the glitch in the marketization of real estate development, as seen in Mumbai, offer important insights into the often-overlooked obstacles that guide urban spatial (re)distribution? To investigate this question, I focus my conceptual concerns on land, i.e., the primary unit under consideration in real estate development. In particular, my project explores the social work that goes into the commodification of land, and the constraints encountered along the way. The research question driving this dissertation is: What explains the impediments to the marketization of land in Mumbai, despite the increased availability of funding, easing of regulations pertaining to land-use/development, and sustained demand for new real estate?

In his classic 1944 book *The Great Transformation*, Karl Polanyi problematized the commodification of land, labor, and money (Polanyi, 2001, pp. 71–80). One of Polanyi's most important contributions to critical social science was the proposition that land, labor, and money are fictitious commodities, as they are not produced for sale on the market. According to Polanyi, the liberal propensity to treat them as if they were real commodities is a major source of contradictions and crisis-tendencies in capitalist development. Polanyi, therefore, argued that the development of market societies over the past two hundred years had been shaped by a double movement.

On the one side is the movement of laissez-faire – the efforts by a variety of groups to expand the scope and influence of self-regulating markets. On the other side has been the movement of protection – the initiatives, again by a wide range of social actors, to insulate the fabric of social life from the destructive impact of market pressures (ibid).

While the double movement pertaining to the commodification of land has long been the topic of interest of rural sociologists and development scholars (Kautsky, 1988; McMichael, 1987), in recent times, it is sociologists who study land grabs who have brought a renewed interest to the topic (Fairbairn, 2013; Levien, 2013; McMichael, 2014). These scholars recognize a Polanyian double movement pitting those seeking to buy and sell land against those seeking to live off it. As financiers, states and elites participate in land grabs to profit from rising land prices, they are faced with resistance by peasants, small agrarian land landlords, and slum residents who seek to protect their livelihood from the encroachment of laissez-faire forms of market organization upon society.

Contestations over land grab are not uncommon in Mumbai, a city where over fifty percent of the population resides in slum properties that are unrecognized by municipal authorities[2]. Over the last three decades, slum residents and housing activists in Mumbai have been able to effectively mobilize movements to resist unwanted (re)development and forced evictions, even when large amounts of money were riding on projects (Nijman, 2012; Weinstein, 2014b). However, the obstacles to land commodification that we see today in the form of unfinished projects cannot be attributed to land-related conflicts per se, and especially not contestations over land grab. This is because, the occupiers and acquirers of land, it has been demonstrated, are not always polarised in their interests, even in the case of slum redevelopments (Newman, 2019; Weinstein, 2014a). Rather, hurdles are produced inadvertently by

[2] Several scholars, such as Bhan (2017); Angotti (2006); Arabindoo (2011), have critisised the use of the term "slum" as derogatory toponym and have charged those employing it with analytic impression. Remaining mindful of these concerns, I employ and engage with the term slum, because its local equivalent jhopadpatti has social and political significance in Mumbai. Besides, the term, unlike any other, signifies a space outside of, but tightly intertwined with formal governance institutions and property markets, which is an important distinction for this dissertation.

the patchy and incoherent institutions guiding land commodification, which I argue, have to be studied by broadening the conceptual meaning of the Polanyian double-movement, to recognise obstacles within as opposed to external reactions to laissez-faire.

My fifteen months of ethnographic fieldwork reveals that it is in the elemental practices of land development that market actors encounter problems of land commodification, in forms that are not quite as visible or confrontational as a social movement. Coordinating land exchange, evaluating projects, seeking approvals, and securing finance: all the core practices that lead to the development of new real estate, are riddled with tensions and irritations that stem from the commodification of land. This is mainly because, and as I demonstrate in this thesis, the practices of land development a) cannot be institutionalized (i.e., determined by a fixed set of rules and/or norms), b) do not follow a linear/ predictable sequence of unfolding and c) are guided by parallel logics that address the multiple meanings and uses associated with land. As a consequence, efforts to commodify land continually run into complications, even when there is no explicit opposition to it.

The market for land and real estate development is nevertheless organized around the promise of commodified land, and in order to uphold this promise, an imagination of land free from social ties must necessarily be established. In Mumbai however, establishing such imagination is just as difficult as it is necessary because unlike in advanced capitalist countries where land has been subject to a cadastral process, i.e., measured, demarcated and protected so it can exist in parcels as property, property rights and land titles continue to be ambiguous in India. As a result, the sale and/or development of land is often a cumbersome process involving lengthy negotiations between multiple parties over the ownership and use of land. Market actors, therefore, are primarily concerned with a future, wherein land is commodified, as opposed to a future, wherein the price of (commoditized) land is higher. In other words, the commodification of land *is* the name of the game in Mumbai's land market.

The very capacities that constitute the global nature of finance capital, the investors' ability to invest from abroad and their ability to move capital quickly, is made possible by the work of developers who serve as intermediaries in the process (Searle, 2018). Local real estate developers play a crucial role, since they potentially internalize risks associated with buying and rezoning land, thereby enabling global finance to "land" in Indian cities (Halbert & Rouanet, 2014). However, clearing land and getting permissions to build on it aren't actually institutionalized practices, i.e., cannot be bought as a service with guaranteed success. In response local developers, I found, operationalize the imagination of commodified land, often through narratives of the "developmental hero," by describing their work as acts of heroism in a context where development would otherwise be impossible, to establish a market for land, and strengthen their position in the market structure. Mobilizing finance, negotiating with slum residents, overcoming bureaucratic red tape: all the standard activities of an Indian developer, serve as props to the hero narrative, which concertizes the imagination of land as a commodity.

The importance conferred on developers by the fore fronting of land commodification has had tangible impacts on Mumbai's real estate industry, including on inter-firm dynamics. Over the past fifteen years, a new professional class of developers who strive to commodify land against all odds (as opposed to effectively producing and selling new real estate) has emerged dominant against incumbent and/or financially responsible development firms in Mumbai. These developers took up over 50% of the industry's market share in a short time and were recipients of much of the new sources of financing available for real estate development at the time. Their struggle to follow through with the execution of projects has, however, resulted in several abandoned projects in the city and driven away financial investors from participating in further real estate production. The reason for their failure is the splitting of agendas between land commodification and real estate development, which I argue, is characteristic of land markets, and perpetuated by the valorization[3] of real estate developers. In other words, the social work of commodifying land paradoxically obstructs the treatment of land as a commodity and creates obstacles in the marketization of real estate development.

To summarize, in seeking to unravel Mumbai's real estate conundrum, this project undertakes an empirical inquiry into the commodification of urban land. In particular, the project examines how land is developed from the perspective of the real estate developer, by focusing on key practices of land development and identifying the structural determinants behind those practices. The theoretical aim of such an endeavor is twofold: first, to build on the understanding of land markets from a sociological perspective by drawing on the frames of 'double movement' and 'future imaginaries'; and second, to address the shortcomings of economic sociology, by incorporating the 'limits of nature', or rather, the specificities of land, within the analysis of economic systems. I therefore propose that the nature and consequence of obstacles to market processes are just as important to study as the flows of finance capital, and the political agitations against the deployment of such capital for land grab, for a nuanced understanding of land markets and urban spatial transformations.

2. RESEARCHING THE REAL ESTATE TURN IN INDIA

The construction of globally familiar landscapes of malls, office towers, and high-rise housing complexes in Indian cities have inspired important works that chronicle the impacts of liberalization on urban production. In particular, scholars have traced changes in the state apparatus that have made these landscapes of liberalization possible by identifying the emerging configurations of state power and state–society relationships that characterize urban restructuring in India (Batra, 2005; Baviskar, 2003; Dasgupta, 2003; Fernandes, 2000; Nair, 2005). While the state is a key actor in this process as it privatizes public assets, appropriates land for private construction

[3] There is an intended double take on the word: Valour as in hero, and Valorisation of capital as in, increase in value of capital assets through the application of value-forming labour in production, as conceived by Marx in chapter 4 of Capital Vol. 1.

and opens up urban development projects to private interests (Dupont, 2011; Ghertner, 2011; Shatkin, 2016; Weinstein, 2014b), the state is not the only institution working to bring international capital into Indian urban restructuring. Private sector actors — bankers, contractors, developers, architects, lawyers, marketing agents, brokers, international property consultants and others—join politicians, bureaucrats and planners in this project (Boanada-Fuchs, 2018; Searle, 2010, 2016). Scholars have, however, only begun to study the role of private players in shaping practices of urban development in India.

Two bodies of work that identify the networks of (private) intermediaries involved in the capitalistic production of urban built form in the Indian context are especially noteworthy. Researching the development of business properties in Bengaluru, India, Ludovic Halbert and Hortense Rouanet conceptualize property markets as 'the contested construction of more or less long networks' across space and scale (Halbert & Rouanet, 2014, p. 474). These transcalar territorial networks (TTNs), they argue, assemble the resources required for anchoring or landing global capital to facilitate property development at the city-scale. Anthropologist Llerena Searle has also analyzed these networks and their impact on urban development in India, characterizing them as 'material and discursive assemblages' (Searle, 2018, p. 529). By closely studying the host of actors – investors, developers, and their consultants – involved in real estate development, Searle reveals the chains of intermediaries that transform fixed, illiquid parcels of land into financial assets open to mobile capital. Searle's work is particularly important, in that it illuminates how overcoming the fundamentally illiquid nature of land and real estate is complex, and how it takes work to make real estate into finance.

Yet, while Halbert and Rouanet emphasize the positive contributions local intermediaries play in 'filtering away' risk for global investors, Searle notes that local intermediaries can also generate risks and slow transactions, thus contributing to illiquidity. The underlying hypothesis in Halbert and Rouanet's work is that TTNs internalize a series of (perceived) risks that foreign investors are either incapable or reluctant to take and that they associate with the local–regional specificities of the property markets of the South. By collecting and selecting data to inform investment decisions, unraveling legal issues, and shaping representations of the city, TTNs, they argue, contribute to the "simplification of the messy complexity of local commercial property markets into a limited number of apparently homogeneous sub-markets" (Halbert & Rouanet, 2014, p. 481). Searle, however, highlights the "contradictions of mediation" within the structure of the chains of intermediaries. Using a case study of an Indian real estate investment fund, Trikona Capital, Searle demonstrates how efforts to disentangle the network of intermediaries embroiled the fund in legal disputes in jurisdictions around the world and in new relationships with lawyers, judges and arbitrators, thus frustrating their attempt to turn fixed property into globally mobile capital (Searle, 2018, pp. 536–538).

Though the interpretations of their effects vary, the use of the network approach and emphasis on intermediaries has usefully drawn attention to the local actors whose agency helps fix foreign capital to the built environments of cities. However, despite their intention to reveal the chains of financing at a localized scale, both bodies of work focus almost exclusively on the highest rung of actors in the network, namely global financiers and elite real estate developers with direct access to foreign capital. Referring to a real estate conference in Delhi that resembled a 'courting ritual', Searle justifies her approach to "study up", by describing the Indian real estate boom as resulting from the 'perfect marriage' between foreign capital and Indian elites. By creating business partnerships, devising deal structures, lobbying for new regulations and planning construction, Searle notes that it was these elites who forged routes of accumulation that attracted foreign money to India (Searle, 2014, p. 63). Halbert and Rouanet, similarly suggest that opening the 'black box' of the transnational investment chains requires adoption of a research methodology that attempts to "follow the money", by paying attention to the (explicit) relationship between local development firms and foreign finance investors (Halbert & Rouanet, 2014, p. 475).

The follow-the-money approach, however, is prone to shortcomings, especially when employed in cities of the South. To begin with, despite its well-intentioned aim to investigate how the production of built environment is affected by the globalization of finance capital, the approach sustains a top-down, imperialist imagination of urban development in post-colonial contexts by focusing extensively on links to foreign investments when describing the recent flurry of development activity in these contexts in general. The approach also ignores that institutional finance can only be selectively utilized in a given project in peripheral economies, due to high borrowing costs. Moreover, by assuming extant network ties between investors and developers as given, the approach fails to acknowledge the disruptions occurring within organizational structures of nascent, quickly evolving real estate industries. As a result, the fundamental question of why certain ties develop in the first place, or what attributes make some developers attractive for (foreign) funding over others, is neglected. These questions, as I demonstrate in this thesis, have significant effect on the commodification of land, and the operation of urban land markets.

In recent years, a growing number of scholars have demonstrated that globalization of real estate is not solely triggered by formal (and institutional) procedures and practices of 'market making', by focusing instead on the role of other, smaller financial intermediaries, including expatriate and migrant communities, and middle-class retirees. Marieke Krijnen, for example, highlights how the Lebanese diaspora's resourcefulness in capturing value through their cross-border service networks, has fuelled housing production in Beirut (Krijnen, 2018). Similarly, Gertjan Wijburg et al describe a pattern of real estate globalization where transnational remittances, rather than institutional investments or mortgage finance, steer Cuba's emerging property market (Wijburg, Aalbers, & Bono, 2020). These works, among others (Hayes, 2015; Kutz & Lenhardt, 2016; Sigler & Wachsmuth, 2015), highlight that investments into the development of built environments in Global South cities are not exclusive to 'routes of accumulation' forged by local elites and institutional investors from the Global North, and that a variety of middle-class investors having personal ties with the Global South, play an under-estimated and under-studied role in the process.

While this thesis does not contribute directly towards efforts to develop a "multipolar" understanding of urban production in an age of globalized and financialized capitalism (Mosciaro, Pereira, & Aalbers, 2019), it nevertheless extends the network approach further downward to focus on local real estate developers separate from their links to foreign finance capital. The thesis acknowledges Mumbai's developers as a heterogeneous group of actors capable of pulling together resources through assorted means, to produce new real estate. Insofar as foreign funding is significant for boosting real estate production, the thesis analyses how structures of hierarchies are formed and reformed within the field of developers, and how developers distinguish themselves when competing for finance capital. Through a detailed sorting exercise of all active developers in the city, the thesis reveals that the partnerships between local developers and foreign or local investors is not simply a reflection of (elite) network ties, but rather a function of the co-construction of imaginaries of commodified land, and the critical role a certain type of developer figure plays in operationalizing this imagination. In the next section I discuss why the imaginary of commodified land is significant, by delving into land's theorization.

3. THEORIZING LAND MARKETS FROM AN ECONOMIC SOCIOLOGY PERSPECTIVE

While the sociological study of markets has been applied to a wide range of transactions and exchanges, including those not typically viewed as market transactions, such as child-rearing (Zelizer, 1994), organ trade (Cohen, 1999) and artistic production (Peterson & Anand, 2004), economic sociologists have tended to shy away from the study of urban land and its marketization. Brent Kaup (2015) argues that this is because economic sociologists continue to be constrained by the legacies of mid-twentieth-century sociology and that their interpretation of markets upholds an anthropocentric worldview, or what some call the "human exemptionalist paradigm", which ignores the limits of nature on economic systems (Kaup, 2015,

p. 280). Kaup notes that while economic sociologists recognise how mid-twentieth-century sociological notions of an asocial market were reified in the new economic sociology, they largely overlook how the dismissal of the natural environment influenced both the new economic sociology and their own work.

Land has neverthelesss been at the center of vibrant literatures as scholars, particularly in the fileds of anthropology and geography, have grappled with the global land rush and commodity boom of 2008 and related forms of “land grabbing” (Hale, 2006; Lyall, 2017; Mackey, 2005). As institutional investors looked for safe havens in the wake of the global financial crisis, land investment and food prices boomed, generating huge profits for some and great precarity for many others (Bartley, 2019). Theorists of the global land rush and land grabbing have, as a result, mostly drawn on David Harvey’s (2004) Marxist account of “accumulation by dispossession” (ABD) and the “spatial fix” to elaborate on the crises of capitalism. Marx (1990 [1887]) highlighted a “primitive accumulation” process or “the expropriation of […] the peasant from the soil” that begets the dynamics of capitalism. Harvey argues that this kind of dispossession continues with the global expansion of capitalism and its crises of falling profit rates.

Harvey’s language and theory has inspired a huge swath of research on land grabbing, including in India (S. Doshi & Ranganathan, 2017; Guha, 2017; Levien, 2012). In creating a theory of contemporary dispossessions from land or other resources, the key question for these scholars is not the origin of the capital, but the reasons why capital in general requires, or more precisely attempts and achieves, forceful expropriation to sustain accumulation (Hall, 2013). The concept of ABD, for instance, is used by Mine Islar (2012) to refer to the ways ‘common resources are enclosed and transformed into exclusive places’; by James Fairhead, Melissa Leach and Ian Scoones to describe ‘the enclosure of public assets by private interests for profit, which results in greater social inequity’ (2012), and by Haroon Akram-Lodhi to denote market-driven processes of dispossession (2012). Similarly, Saskia Sassen (2013, pp. 26–27) describes foreign demand for land as part of the systematic deepening of the current phase of capitalism and 'an expansion of the operational space for advanced capitalism' through the expulsion of people from a range of institutional settings in both the Global South and North.

The ABD approach has, however, been critized by many other scholars, who also study land grab. Rebecca Smalley and Esteve Corbera (2012, p. 1041) argue that situating the land rush within the political economy of global agro-food networks and capital's search for frontiers of accumulation understates the contribution of local actors in making or resisting land deals and the complicit role of domestic states and developers. Thomas Sikor (2012, p. 1097), too, makes the case that narrow readings of commodification, market expansion or accumulation by dispossession may not fully explain the occurrence of land grabs in some circumstances, and their absence in others. These critiques resonate with Nancy Peluso and Christian Lund's (2011, p. 669) position that there is 'no one grand land grab, but a series of changing contexts, emergent processes and forces, and contestations'. These shortcomings make the use of the ABD approach particularly ineffective for studying the marketization of land in Mumbai, where power imbalances between actors involved in land related conflicts are not quite so stark, and the appropriation of land and its transformation into commodity form, is greatly contingent on its 'embeddedness' in social and cultural meanings.

Alternate perspectives to studying the social ordering of land markets, and identifying the very complexities related to land's commodification, would require imagining land markets as highly demanding arenas of social interaction. Despite the lack of attention to land (and nature) by economic sociologists, Economic Sociology is in fact useful for studying land markets, for it takes as its starting point, the resistances to market construction, to explain the sustenance and reproduction of market orders. Therefore, rather than assuming markets to be naturally occurring, or in the case of land, assuming that land's commodification is inevitable, economic sociology recognises that markets are created and also hindered by legal, cultural, political, and more recently, environmental frameworks, which are continually shifting, and hence ever faced with contention (Block, 2003, 2007; Peck, 2005, 2013; Quark, 2013; Schrank & Whitford, 2009). I find two frames of analyses which are central to Economic Sociology: 'double movement' and 'future imaginaries', to be particularly useful for studying land markets in Mumbai, and more so the city's real estate conundrum.

The Double Movement perspective:

In The Great Transformation (1944), Polanyi approached land from a very different perspective to Marx (and Harvey). Where Marx was preoccupied with the conceptual question of value and of how the flow of capital enables such value to grow, Polanyi was preoccupied with the fluctuating historical fortunes of the socio-spatial institution enabling the realisation of value under capitalism: the market. Polanyi observed that society had ultimately not been prepared to allow markets to become fully disembedded from social and political institutions, and thus to become fully self-regulating. Polanyi (2001, pp. 79–80) therefore argued that any attempt to create a "self-regulating market" required a great deal of state planning and force; and that the liberal propensity to treat land, labour and money as if they were real commodities was a major source of contradictions and crisis-tendencies in capitalist development- so great that society would eventually fight back and demand, and in some measure achieve, social protection against the socially destructive effects of such treatment. Polanyi termed this whole cycle of disembedding and re-embedding the market the "double movement".

In linear terms, it can seem as if the double movement is a counter or social backlash against the degradation brought about by the market, by actors with political agency (Block, 2008; Zhang, 2013). Or, as Jamie Peck (2013, p. 1561) puts it, "the economy is the dynamic and (over)driving first mover, with society recoiling in self-protection." However, Peck and several others, note that this may have not been Polanyi's intent, and that the double movement can also be read as an invitation to an open-ended, dialectical mode of analysis, or as a logical complement to the kinds of explanatory and political pluralism that Polanyi espoused (Peck, 2013; Prudham, 2013).

Therefore, the double movement perspective need not contradict Michael Levien's observation that deepening commodification of just about everything manifests in all kinds of social opposition, but that there are precious few instances in which this has actually achieved substantial decommodification (Levien, 2018, p. 3). Rather, the double movement can be interpreted as a license for opening a methodological path for an expansive, relational and comparative analysis of (and between) variegated economies (Peck, 2013; Rankin, 2013).

There are many ways of working with Polanyi when researching land. Miles Kenney-Lazar (2018) for instance, in his study of re-organisation of land use in post-socialist Laos asserts that expelling people from land takes on-the-ground work that may sometimes fail. Tania Murray Li's (2014a) work on the privatisation of property in upland villages of Sulawesi, Indonesia, on the other hand, highlights a "dispossession without accumulation" wherein land-governing institutions may emerge from within rather than just through top-down imposition. Several works on land development in the South Asian context have also focused on failures of ambitious land development projects. Liza Weinstein's (Weinstein, 2014b)work is one among many writings on Indian cities, which understands the act of squatting, or illegal habitation as a potentially powerful countermovement that subverts processes of capital accumulation (Also see: Benjamin, 2008; Sampat, 2015). These works are significant in that they have brought a comparative, heterodox framing to debates about dispossession and coercive commodification of land, by directly or indirectly invoking the Polanyian argument of the double movement.

The Future Imaginaries perspective:

Although structuralist approaches dominate in economic sociology, there have been some advances which deal with questions of the micro-foundations of economic action (Barbalet, 2010; Beckert, 2003; Storper & Salais, 1997). Such attempts usually make the uncertainty and indeterminacy of decision situations the starting point of their reasoning, and bring to the fore the need for actors to interpret the social macrostructures in economic actions. Given the openness of the future and hence the fundamental uncertainty confronting decision makers in the market, decision-making is often anchored in fictions (of for instance, commodified land). Macroeconomic dynamics, as Jens Beckert (Beckert, 2016b, p. 231) most notably argues, are anchored in "fictional expectations," which create motifs for engaging in potentially profitable but ultimately incalculable outcomes. This commands attention to the management of expectations as a crucial element of economic activity and to the institutional, political, and cultural foundations of expectations.

In case of the land market, the fiction of commodified land motivates actors to make decisions and organize their activities based on the mental representations of future states of the world that can be different from the present- ambitious redevelopment of slums, for instance. The reproduction of capitalitic arrangements within land markets is therefore precarious not only due to the possibilities of a social backlash, but also because of the contingency of expectations conducive to its sustenance. Beckert notes that market order is constantly at risk of the uncertain future paralyzing actors, leading to the underemployment of production factors, and thus resulting in economic crises (Beckert, 2016a, p. 40). Here "crisis" is the collapse of expectations regarding future opportunities and a foreshortening of future perspectives. This resulting inactivity of actors, which Keynes (1937) termed "liquidity preference," can be understood as the unwillingness of investors to engage in investments that would expose their wealth to unforeseeable risks. The future imaginaries perspective is therefore useful to examine the precarity of socio-cultural expectations underpinning imaginations of the counterfactual reality of commodified land.

Although there are fewer examples of the use of 'future imaginaries' for theorizing land markets compared to the double movement framing, the 2008 financial crisis triggered by the bursting of the United States housing bubble, brought to the fore important insights into how imaginaries perpetuate precarity in land markets (Beckert, 2013; Langley, 2008; Pellandini-Simányi & Vargha, 2018). Rachel Weber's (2020) study of redevelopment projects in Chicago demonstrates how techniques to estimate future values of land, and the assumptions underpinning land value capture strategies intensify development and create a reinforcing spiral of asset appreciation. While Weber describes protests among community residents, particularly renters and owners who fear higher rents or property tax bills, in her discussion of future-oriented tax models, Llerena Serale (2018), in her work on speculative real estate development in India, draws on future imaginaries, not to preempt social pushback, but rather to explain the loss of confidence in valuation convention among financial investors and the crisis it spurrs at that very moment.

Underpinning the two frames of double movement and future imaginaries is the fictitious element in land's commodification. While the double movement is concerned with the structural responses to treating land as a commodity, future imaginaries builds on the micro-foundations of these structures, based on which actors commit to risky decisions of buying and selling land, as if it were a real commodity. The two frames together are useful for revealing the incredible coordination required at the level of individuals and social systems, to develop and sell land, and the inevitable challenges that accompany such efforts. Since this coordination work, as I demonstrate in my thesis, cannot entirely be determined by institutional structures, be it external legal frameworks, endogenous social norms, or shared cultural understandings, future expectations play a significant role in guiding action in the land market. On the other hand, the social basis of expectations is found within the market's institutional structuring- in norms, cognitive frameworks, social networks, and the power structures in which market actors find themselves. The two frames are therefore not just useful in and of themselves, but also in relation to each other, when employed for analysing the land market.

By placing the fictitiousness of land front and centre of my analysis, I seek to build on the undertanding of land markets, by considering some ways in which land is distinctive, or rather, how the specificities of land influence its capitalist consumption. In particular, I look at what consequences these specificities have when land is subject to commodification, and why these consequences are important to acknowledge. In doing so, I contribute to the growing body of literature that demonstrate how land is a “strange object” that is especially challenging to assemble as a resource available for global investment (Li, 2014b, p. 589). Besides the more obvious claim that land has multiple affordances, i.e. the cultural and emotional attachments to land are both varied and strong, the project seeks to empirically ground other baseline answers to the question of “how land is unique” (Bartley, 2019)[4].

Since time is key to the future orientation of investment in land, the thesis in particular explores the shifting arrangements of land exchange across time, and the incongruent shifts in use-value and exchange-value of land, which ultimately hinders the standardization of practices geared towards the institutionalized commodification of land (Capozza & Helsley, 1990). The project borrows from Gavin Bridge’s (2001, p. 2154) thesis that discrepancies in the actual use and imagined use of land are overcome through the construction of imaginaries of ‘frontier’ land, or ‘under-utilized’ land which is “empty of people, histories and claims, but full of potential for new and improved use”. This practice, which is tied to land’s simultaneous global and hyper local character, David Balgley (2019) notes, is consistent with continuation of patronage relationships, despite its basis in the neoliberal project, and therefore subject to (new forms of) contention. Besides, as Marie Gagné’s (2019) analysis of land acquisition in Senegal shows, even if land becomes a resource available for global investment through patchwork solutions, or an assemblage of heterogenous elements (material substances, technologies, discourses and practices), these arrangements too shape-shift over time.

The shifting arrangements of land exchange across time indicate not just that commodification of land is subject to continual hurdles, but also that land’s specificity obstructs the establishment of shared conventions around the social meanings of land, including distinct and protected property rights, which is fundamental to market

[4] Bartley attributes land’s specificities to: its fixity; its tendency to provoke both reactionary and progressive social movements and coalitions; its central importance to territorial control; and price swings characterized by a temporal difference between rapidly changing exchange value and relatively inert use values.

construction (Biggart & Beamish, 2003). In seeking to build on the understanding of land's marketisation, the project therefore also addresses the shortcomings of economic sociology, by pointing out the 'limits of nature' on economic systems. More importantly, by situating land's "fictiousness" as a commodity and the hinderances that accompany the operationalization of this fiction within as opposed to in contradiction to the market construct, this project responds to Gretta Krippner's (2001) critique of the notion of 'embeddedness' as a paradigm for economic sociology. Therefore, rather than preserving intact the notion that somewhere there is a market for land devoid of conflicts and obstructions, my project uses the obstacles to land's seamless commodification as the building blocks for an explanation of how the market for land is organized.

4. RESEARCH OBJECTIVE & DESIGN

The objective of this dissertation is to develop an understanding of land markets that forefronts the problematic commodification of land, by broadening the concept of the double movement, through a practice-based approach to land development. Therefore, rather than focusing on the dynamics between buyers and owners/occupiers of landed property, I focus on the production side of property development, and thereby the social construction of land as a commodity. My aim is, largely, to demonstrate that the marketization of land is prone to numerous obstacles that, while not as apparent as the social retaliation against land grabs, are nevertheless important for developing a nuanced theory of land markets.

In this dissertation, I highlight that the consequences of these obstacles, although different to the social backlash discussed by Polanyi, are critical for theoretical debates on land, as well as the everyday lives of people on ground. The most important consequences being: 1) difficulty in establishing stable worlds and hierarchical orders among real estate developers; 2) multiple logics of accruing profits, and the fragmentation of market arenas; and 3) the loose coupling of land commodification and real estate production/sale. These consequences are significant in that they undermine a project's execution as well as the life expectancy of development firms. Besides, they support the idea that resistance to the marketization of land need not be explicit or targeted, and can manifest in implicit ways, in the elemental practices of land development. I, therefore, propose that scholars of land acknowledge the broader, more subtle obstacles to land's commodification because they too bear an impact on the social life of cities- the abandonment of real estate projects being just one distressing example.

To identify and get at these obstacles, I organize my research around the basic question: "how is land developed?". My strategy entails deconstructing the process of land development into its core components (which in the case of Mumbai I have identified to be *land acquisition*, *valuation*, *project financing*, and *approvals*), and then reassembling it all back together without imposing on it the assumption that the different components fit together neatly. Following such an approach allows context-specific practices to guide rather than garnish the understanding of land development. This, I argue, also creates an opportunity to emphasize the importance of land's specificity for theory. I, therefore, study land development not as a universal process, but rather as a series of unique practices that (must) come together for land to be developed, and new real estate to be produced. In other words, I stitch together practices of land development that reflect the specificities of land, to then arrive at a process which can be referred to, for developing a generalizable theory.

By working upwards, from practice to processes, I also attempt to break away from the evolutionary conceptualization of markets, which is pinned on the assumption that markets become "less social" with time. In the case of land markets, this would translate to: land exchange becomes more straightforward (i.e., free of social, political, or regulatory encumbrances), as the market evolves. Following such an approach also helped me build the case that land market practices are not linear and that the social arena of land market actors is fragmented and incoherent. To dig deeper into the social arena of land markets, I studied the four practices that are essential to land development in relation to the expected end goal (production of a building), and in relation to each other.

One of the key questions guiding my investigation into land development practices was if these practices unfold sequentially. A logical sequence for a developer would be to first evaluate a project, then secure appropriate financing, then acquire the land, and then finally seek planning approvals. However, I found that Indian developers did not always follow this order, and most often, these practices played out simultaneously. For example, developers start negotiating planning approvals with government officials even before they have bought land, because land valuations are based on permissible building heights and saleable area, which often depends on the discretion of officials. Developers also launch projects and seek hefty deposits from homebuyers before they have made full payment for the land, because getting bank finance for the purchase of land is not possible under current banking regulations in India, and finance through non-banking channels is expensive. Consent acquisition, too, takes years and requires a developer to prepare the ground well before they are actually ready to execute the project. Therefore, a linear sequence of practices, I found, is not only hard to follow but in most instances, also impractical.

An understanding of the non-linear and patchwork assembly of land development practices led me to an inquiry into the management of uncertainties in the land market. How do developers navigate market uncertainties when project timelines are not just long but also unpredictable? Is there a set of best practices, or "local knowledge" that developers follow? And, are practices replicable, and/or transferable? These questions are relevant not only for demonstrating that market practices may be driven by parallel logics of earning a profit but also to ascertain the role that institutions play in guiding market actions. To what extent do institutions influence the actual practice of land development? How effective are institutions in facilitating the smooth exchange of land? And how do developers and other market actors respond to both the existence and the instability of institutions? Alternately, I looked into the role of real estate developers in the assembly of land development practices. What motivates developers to participate in development work despite the uncertainties surrounding development practices? How are developers distinguished on their capabilities to execute these practices? And are developers able to (re)produce role positions in the market structure, even though development practices may not be institutionalized?

Since this dissertation is attempting to cover large ground within the short time frame that a UK Ph.D. allows, there are some obvious gaps and limitations in its design. To begin with, the number of individual practices that I aim to study is quite too many, and all of which require a great deal of analysis, given how complicated these practices are. Secondly, it is not an easy task to stitch the different practices together, especially when they are not all part of a single development project. However, it is impossible to study one project case from start to end because the timelines can extend over several years. Moreover, to understand if practices are common across firms and projects, one would need to analyze not one, but several cases in detail, which again, is unfeasible given the time restrictions in a Ph.D. It is also difficult to access project-level details of certain practices like *financing* and *approvals* because of the high levels of opacity within these practices. To overcome these problems, I analyzed practices based on interviews mainly, and where possible, through participant observation (with the only exception being the practice of *consent acquisition*, for which I analyzed a specific case).

Another limitation of focusing heavily on the practices of land development is that the dissertation is now oriented towards real estate developers- the only actor involved in all four practices in question. A host of other actors who are integral to the construction of land markets are therefore admittedly ignored. However, despite these drawbacks, the research design balances, or at least attempts to balance, between understanding the land market in parts and as a whole. Although connecting the different parts is incredibly challenging, only by doing so could I make sense of, or stumble upon unexpected findings about how the market for land is constructed. Connecting the general with the particular is not an easy task by any means, and is something that most researchers struggle with. What I have set out to achieve is, therefore, rather ambitious but an important endeavor nonetheless.

5. DISSERTATION STRUCTURE

This thesis comprises of eight chapters in total, which include five empirical chapters in addition to a chapter on methodology, the introduction, and conclusion. Of the five empirical chapters, one chapter covers the historical evolution of Mumbai's real estate industry and the categorization of development firms in the city. The other four chapters are about the practices of land development in Mumbai, i.e., one chapter dedicated to each of the core practices that make up the land development process. The four practices are consent acquisition, valuation, approvals, and financing. The ordering of these four chapters is not representative of the sequence in which they actually occur, but rather the sequence in which I choose to unpack my arguments and ideas in this monograph. I, therefore, begin with the practice of consent acquisition because it is in this chapter that I address the fundamental issue pertaining to land commodification: property rights and ownership. In the chapters that follow, I delve into more specific but related problems like commensuration of land value, reproduction of role positions (of development firms) vis-à-vis the shifting frameworks of land development, and the institutionalization of economic behavior among land market actors.

In Chapter 2, the methodology chapter, I explain the reason and methodological process behind selecting and identifying the four practices mentioned above, as my empirical focus. I then explain what sort of data I collected, sources and means of collecting the data, the number of interviews conducted, sites and cases studied, etc. I also discuss how I negotiated access in order to study some of the more closely guarded practices like financing and approvals. Here, I reflect on the advantages and disadvantages of being not just local to the context but also an insider, as several of the people I interviewed are former colleagues, friends, or friends of my family. I follow this with a section describing my experience of working at a real estate valuation and consulting firm in Mumbai, for nine months during my fieldwork. I end this chapter by discussing some of the practical and analytical challenges I faced while carrying out my research and how I overcame these challenges.

The first part of Chapter 3 is aimed at familiarizing the reader with Mumbai's contextual background and setting the scene for the arguments that follow in the remaining chapters. I do this by covering the historical evolution of Mumbai's real estate industry from 2005 to 2019. The year 2005 marks the beginning of economic liberalization in real estate in India, while the years leading up to 2019 is when a liquidity crisis forced several real estate firms across the city to fold. The section includes data on real estate production, sales, and investments in the sector to emphasize the paradox of FDI and the great transformation of Mumbai's real estate industry. In the second part of this chapter, I sort and categorize all 2,300 active real estate developers in the city using filters I devised based on a status ordering that became evident to me during my fieldwork. Developers were categorized into five groups that roughly depict their "eliteness" in order to learn how the field of real estate developers is organized. The sorting exercise revealed that real estate supply (by volume as well as value) is not concentrated among a handful of elite developers, but rather a group that comprises of a new generation of entrepreneurial developers who are especially good at acquiring (inhabited) land. These findings serve as preliminary evidence of the significance of land commodification in Mumbai's real estate industry.

In Chapter 4, I introduce the first of the four land development practices: the practice of Consent Acquisition. Since this practice is organized around the very unique and complicated task of private developers acquiring slum land, I focus only on what is most relevant to the study of land markets: the coordination problem between developers and slum residents in carrying out the land exchange. I analyze how this problem is overcome by paying particular attention to the external and endogenous systems that are in place to resolve conflicts over (slum) land exchange. I, therefore, study the role of the Slum Redevelopment Authority- an institution set up to allow and facilitate the privatized redevelopment of slums in Mumbai and other cities in Maharashtra. The first part of my analysis looks at whether the rules framed by the SRA help mitigate the challenges of the land exchange. In the second part, I analyze how developers and slum residents are placed in relation to these rules- especially in terms of division of risks. Finally, I study how both sets of actors respond to the rules and how they actually get the job done. My findings suggest that coordination struggles in slum land exchange cannot be overcome by institutionalized practices alone, and requires developers to adopt an ad hoc approach to problem-solving, which does not guarantee success. It for this reason that developers who are successful in acquiring (slum) land, are rewarded generously. However, as a consequence, consent acquisition ends up becoming a goal in itself for many developers.

Chapter 5 is the practice of Project Valuation. In this chapter, I explore the constraints and conditions that frame evaluation practices in Mumbai's land market, focusing in particular on how socially constructed criteria for a "capable developer" produces land value. The first section of the chapter lays out the regulatory context and historical background of land evaluation in Mumbai. Here I discuss the regulations that govern land pricing in Mumbai. The most significant of these regulations is the "ready reckoner rate," which is essentially a minimum price cap for land and property, set (and revised yearly) by the State in order to prevent tax evasion through undervaluation of property deals. In the following sections, I present my ethnographic findings, which reveal that real estate developers in Mumbai distinguish themselves from each other and get distinguished, in a context where shared conventions of land value are exogenously established through a base rate for taxation, by project count. Developers are therefore geared towards acquiring land, irrespective of the economic benefits of doing so, because of the social meanings and prestige associated with acquiring and developing land in the Indian context. I end the chapter by proposing that evaluation practices in Mumbai's land market are guided by the social expectations riding on developers to deliver on the (future) imagination of commodified land and the prestige that comes with being successful at it.

In Chapter 6, I discuss the practice of seeking government approvals for the use and development of land in Mumbai. Here I focus on how developers strive to gain discretionary benefits from government officials to improve/retain competitive advantage and thereby establish their role position in the market structure. In the first section, I discuss how under urgent pressures of urban transformation, the rules governing land development in Mumbai are faced with many disruptions from forces external to inter-firm dynamics, including but not limited to civil society. I then lay out the regulatory and bureaucratic conditions that characterize the world of real estate developers in Mumbai, in order to get at their conception of instability and control. In the following section, I analyze whether or not a hierarchical ordering in terms of competitive advantage exists among developers in Mumbai. I then go on to propose that since rules of land development in Mumbai are not just capricious but also difficult to enforce, contestations between firms get relegated to the back, and the concept of stability takes on a new meaning for market actors, wherein the focus is not to obstruct price-competition, but rather to strengthen the collective function of developers in the future imaginaries of urban development.

In Chapter 7, I cover the last of the four practices: the practice of financing. In this chapter, I focus on the institutional conditions governing real estate financing and the practices adopted by developers to navigate and/or overcome these conditions. In the first part of the chapter, I explore the hurdles and contradictions in accessing finance for real estate development, despite the liberalization of the sector nearly fifteen years ago. I then go on to show how much of the funding that is available to developers is highly conditional and expensive, which either deters or restricts them from utilizing institutional finance for land development. In the following section, I turn my attention towards the group of young entrepreneurial developers with relatively weaker financial credentials that did end up receiving much of the available finance. In particular, I study the contractual agreements they are bound to, and the extent of their adherence to these agreements. My findings reveal that the rules of financial exchange are, in reality, difficult to impose because of the unavoidable stickiness between a developer and the land they are meant to commoditize/ develop. As a consequence, developers exploit several opportunities to earn a profit outside the planned sale of property. A project's completion and its final economic outcome, therefore, become less consequential, since profit may be accrued by a developer, irrespective of the completion of the development cycle.

In the concluding chapter, I highlight key claims of this dissertation, starting with the assertion that attempts to liberalize India's real estate sector have derailed because they are riddled with obstacles. I then go on to remind the reader that these obstacles are not an external counter to the commodification of land. Instead, I postulate that the obstacles, one sees in Mumbai's real estate industry, are symptomatic of the fragmented social arenas within which interactions in a land market take place and the various incoherent institutions that govern land market practices. I emphasize this point by recapitulating the land development process in Mumbai to make evident how the marketized production of real estate is funademnetally riddled with contradictions and complexities, and that efforts to establish an imagination of land free from social ties, is always hindered by a contrarian reality. Finally, I discuss how the developers' critical, albeit unscrupulous, attempts to overcome obstacles are perceived as a heroic feat because prediction, and thereby participation in the land market, is pinned on the ability of a developer to deliver the imagined future of commodified land. I end by suggesting that in their eagerness to emerge triumphant against the hurdles of land commodification, developers seem to overlook the goal of establishing long-term institutional order, which is necessary not just for markets to function, but also for privatized real estate development to flourish unhindered.

Chapter II: **METHODOLOGICAL REFLECTIONS**

1. FINDING A RESEARCH QUESTION

Several of the researchers who preceded me in studying post-liberalized Indian cities, entered the field, expecting to document a remarkable transformation (Ghertner, 2015; Goldman, 2011; Searle, 2014, 2016). "I was basically convinced of the overwhelming power of global capital – and the neoliberal policies that directed it – to destroy communities and oversee mass displacements," writes Liza Weinstein in the introduction of her book The Durable Slum, which describes the politics of resistance among slum residents in Mumbai (Weinstein, 2014b, p. 4). Having grown up in India, for me, however, the concept of transformation did not feel rapid or remarkable. On the contrary, within my social world of architects and urban planners (I trained and practiced as an architect before turning to Sociology), discussions usually revolved around how projects took exceptionally long to complete in India, if and when they did, because of bureaucratic hurdles and land-related conflicts. I, therefore, wanted to highlight the frictions encountered by finance capital, or what Anna Tsing has called "frictions of global connections" (Tsing, 2005, p. 3). When I began my ethnographic field research in April 2017, I was very much inspired by the substantivist model of economic decision-making conceived by Karl Polanyi (A. Jenkins, 1977). I, therefore, imagined the goals of land market actors to be scattered, unpredictable, and not just about profit maximization. In particular, I was interested in identifying the social and cultural factors that influenced land deals in Mumbai. At the time, I was of the notion that market actors based their decisions on ultimate values, including religious beliefs, community bonds, patronage, etc.

While such an understanding of land exchange is not entirely ill-founded, I realized a few months into my fieldwork that my conception of economic behavior may have been rather simplistic. After several interviews with developers, landowners, property brokers and consultants, it became clear to me that in a crowded commercial city like Mumbai, the land was a highly sought-after resource, and at a fundamental level, the goal of all actors engaging in land exchange was indeed to achieve maximum economic profit. However, I also learned that the field of land exchange is diverse and comprises of many more actors other than just buyers and sellers of land and property. Intermediaries or middle-men, I discovered, played a crucial role in Mumbai's land market, operating as transmitters of knowledge, services, and political patronage, and this elaborate network of actors subjected exchange arrangements to high levels of uncertainty. Besides, the opacity and lack of stability in rules governing land exchange in Mumbai exacerbated the uncertainty among market actors, thereby restricting them from making decisions that always ensured maximum profit. Jens Beckert has argued that the acknowledgment of uncertainty within economic exchanges is a far more convincing starting-point for a sociological contribution to the understanding of economic phenomena than simply refuting the maximizing assumption that stands at the core of economic theory (Beckert, 1996, 2003). Beckert proposes that in highly contingent situations that are characterized by uncertainty, economic actors cannot deduce their actions from a clear preference ranking and thereby maximize their utility (Beckert, 1996, p. 804). And while I did not recognize the restrictive capacity of uncertainty among land market actors instantly, I was able to intuitively reject assumptions that treated real estate developers as economically rational actors, perhaps because of my familiarity with Mumbai's peculiar development landscape.

Mumbai, both as a field site and my home city, was a glaring reminder of the complications and contradictions associated with capitalistic land development. This is because land-use patterns in the city, at the most visible level, indicate that land exchanges are not always driven by the logic of the rent gap. The distribution of slums across the entire landscape of the city, including rich neighborhoods, is one stark example (see Figure 1).

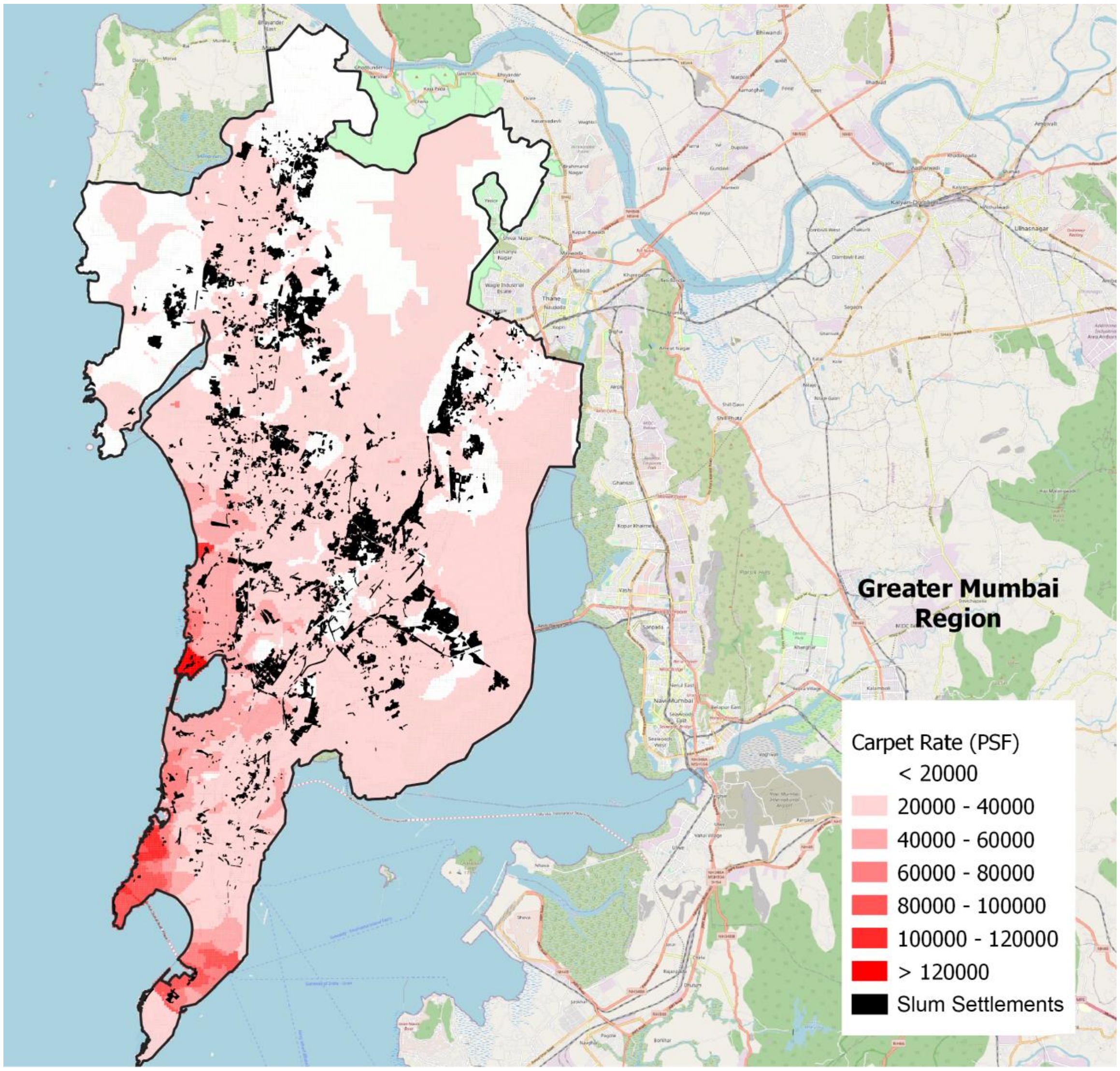

Figure 1: Heatmap of Mumbai's real estate prices and slum settlements (Compiled by Author; Data: Liases Foras, 2020; Map: kepler.gl)

The concentration of relatively expensive new properties in regions that are neither close to jobs nor well-serviced in terms of transport infrastructure or civic amenities is another indicator that project locations may be determined by land availability rather than spending power. Having conducted several mapping exercises of housing typologies in Mumbai as part of my architecture training, I was aware that there are deficiencies in the land-use patterns proposed by Chicago-school urbanists[5]. As I

[5] The Chicago School model suggests that cities grow steadily outward from the urban core or central business district. Surrounding this commercial core is a "zone in transition," with factories and

delved deeper into land-economics and real estate financing, I also started noticing how common it was for projects to be stalled or abandoned, and how in many cases, these projects, when eventually completed, looked nothing like what was initially planned, even when well-known developers were involved. My recognition of these peculiarities provoked me to study how profit-driven actors, i.e., real estate developers, navigated or rather struggled to navigate economic exchanges when developing land. To carry out such a study, I needed a deeper understanding of how real estate developers operate. In particular, I had to find out whether developers followed market indicators when deciding where and how much to build.

To learn more about real estate developers and the logics of land development in Mumbai, I conducted participant observation with an Indian real estate data analytics and consulting firm (which I call PropConsulting), whose managing director, Manoj Gupta[6], saw a use for a Ph.D. researcher. PropConsulting is a Mumbai-based private enterprise that employs over 100 people to collect first-hand data on real estate indicators, including property price, sales, and production of new real estate, project delays, developer performance, and so on. In addition to collecting and processing data, the firm offers consultancy services to banks, funding agencies, developers, and various departments of the state and central government. I was introduced to Manoj in 2015, when I had just begun my Ph.D. studies, by a mutual developer-friend who recognized our overlapping interest in land markets. Where I hoped to learn about real estate valuation and financing, Manoj hoped that I would contribute towards churning out newsletters and whitepapers to help promote the firm's image as an authority on Indian real estate. Though Manoj was aware that I would be actively carrying out empirical fieldwork, he offered me a paid part-time position for a period of nine months, starting in February 2017, which roughly is when I started my

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warehouses. Beyond this comes the tenements and apartments of the working class, next the middle-class neighborhoods of larger homes, and ultimately the affluent commuter zones.

[6] In keeping in line with research ethics, all names mentioned in this thesis are pseudonyms. However, in case of public participants, firms whose identities are too obvious, or when quoting from news sources, real names are used. All participants were nevertheless provided with a background information sheet to clarify terms of participation in this research.

fieldwork in Mumbai. While my primary tasks at PropConsulting involved doing research on land-use policy, urban development, and housing, as well as, assisting with editorial work, I was simultaneously learning about the work my colleagues in the *business development* and *consulting* teams did. This included learning how financial models of land development are used to advise clients on their decision to buy and/or develop land and determine the "right valuation" of a land parcel or property.

It was a struggle to understand and keep up with the lingo and terms that my colleagues at PropConsulting used, especially when discussing financial concepts. I had to spend much time learning about terms like Net Present Value (NPV), Internal Rate of Return (IRR), and Return on Equity (ROE), and their use in valuation models. Though it was not necessary for me to get into the details of how these models worked, I wanted to because I was conscious about how my colleagues perceived me, and because of what Bruce Carruthers once noted about sociologists when distinguishing between the fields of economics and economic sociology. He writes:

> …the overwhelming majority of sociologists lack the mathematical skills necessary to appreciate the formal models so beloved by contemporary economists. Whether or not they fully understand economics, most sociologists are unsympathetic and unconvinced by its imperialist claims (Carruthers, 1997, pp. 1–2).

Being a research student was also a challenge because my colleagues attached their own meanings to the word "research" and "student." For example, many of my colleagues, including my boss Manoj expected my study to be a comprehensive report that provides solutions to India's housing problems. Most of them also assumed that since I am a student, they needed to *teach* me how the industry operates. Their eagerness to educate me is evident in the way they responded to my questions, not realizing that I was studying them just as much as I was studying what they did. This was probably because they imagined me to eventually follow a similar professional path as them. Manoj especially encouraged me several times to return home (and to PropConsulting) after my studies, to "contribute to the development of India." In fact, this was a recurring topic of discussion between Manoj and me. I found Manoj to be curiously optimistic about India's future. "India will soon achieve double-digit [economic] growth," he once claimed, and much of his optimism rested on the assumption that land–use will become "rationalized," or respectively put to economically-productive use as the real estate industry evolves.

The mismatch between demand potential and supply of new real estate in the country was, according to Manoj, an opportunity waiting to be tapped, as if real estate *could* follow the same production patterns as consumer goods. For me, the realization that real estate functions differently to general consumer products coincidentally came during a conversation with Manoj, when he unwittingly contradicted himself. I had been reading several news articles about the misdeeds of "fly-by-night developers" while working on a report about the city's housing shortage, and the huge potential it poses for real estate developers to grow their business. Conflating the opportunity to make money, with the opportunity to build more, I asked Manoj:

> Why don't developers get their act together to achieve greater efficiency and thereby increase production? The more you build, the more financing you receive, and the more sales you make, by virtue of being a developer who delivers!

In my mind, it was a win-win situation, and I couldn't understand why developers didn't see it that way. Manoj looked at me bemused and said, "Why would developers work to make money when they can make money without doing any work?!" Manoj's comment made me realize that I also had a problematic understanding of land development, wherein I imagined that the sum of parts, that is, housing shortage + access to finance + capable developers to do the job, needed to result in new housing. Also implicit in that comment, and what was missing from my perception of real estate developers, is the Weberian idea of rationalization, which is, achieving maximum results with a minimum amount of effort (Hilbert, 1987). Whether the end goal for real estate developers is profit maximization or not, their goal is certainly not as straightforward as producing new property, and herein lies the fallacy upon which theories of land markets and property development are based.

As time passed, and I became more familiar to the employees of PropConsulting, the mask of developmental optimism began to wear off. Towards the end of my fieldwork, India's real estate industry was reported to be facing one of the worst slow-downs it had seen until date. Developers had been defaulting on their financial commitments, and the effects were showing across other ancillary services that support real estate development. At PropConsulting, I would hear murmurs of delayed payments and the thinning out of revenues. Local newspapers featured stories of failed projects and the anguish of homebuyers on a regular basis. While Manoj repeatedly claimed in media interviews that the sector was undergoing a "corrective" phase, as property prices in Indian metropolitan cities had risen beyond justification over the past five years, it was the underlying fragility of the industry, which had little to do with boom and bust cycles, that was becoming increasingly visible to me. Developers were failing at the task at hand, because and by Manoj's own confession to me, there are other means for them to make money besides effectively producing and selling new real estate. Therefore, buried beneath the standard tropes of market correction and consolidation, it was this fragility that holds back sustained production of real estate that became my research focus. I felt compelled to learn what is so unique about Mumbai's land development industry that it cannot sustain its growth, and how a developer seeks rationality in this fragile and uncertain environment, that in many ways, is their own doing.

2. MAKING SENSE OF THE FIELD

When I started field investigations, I relied on my existing social network[7] to identify and forge connections with useful informants. Having lived in Mumbai for over twenty years, and having attended Architecture school there, I had a fairly good understanding of both the local culture and the dynamics of the city's building

[7] My social network consisted of people I went to school and college with, their friends, friends of my parents, and extended relatives. Some of these people are either directly involved, or belong to families that are involved in land development. Besides, in recent years, my professional and academic interests also drew me closer to developers, financiers and consultants, many of whom are now part of my social world.

industry. It was, however, five individuals, who served as my gatekeepers, and who were exceptionally helpful and influential in my fieldwork (full interview schedule attached as Annex F).

Arjun Kapoor is one of them. Arjun is the non-executive chairman of a real estate and hospitality arm of a large Indian conglomerate, who I met at a conference in 2012. He is well known and respected among members of the Indian real estate industry (I know this because of the prompt and gushing responses he received to the emails he sent out when introducing me to my participants). My connection to him, therefore, proved to be most valuable, since he not only introduced me to several of my elite participants but also because most of these participants agreed to meet with me only because of my connection to Arjun.

Vasudev Krishnan is another such person who helped me navigate the field and understand the topic from a financiers' perspective. Vasu is an ex-boss of mine, from when I worked at a housing finance company in Mumbai in 2014. Having worked in the finance sector for over fifty years, Vasu has significant knowledge and experience in the field of development and real estate finance. Like Arjun, he is well connected with real estate folks in Mumbai.

Similarly, Manoj Gupta, my boss at PropConsulting, was also helpful in establishing new connections and providing me insights into land valuation and project appraisals. Despite being a busy person, Manoj made time for long discussions and interviews with me at least once a week and was also generous enough to share with me the firm's proprietary data that informs several assertions made in this dissertation (consent form for the use of this data has been reviewed by my Ph.D. supervisor).

In addition to professional acquaintances and colleagues, my personal network of friends and college mates proved to be useful during fieldwork too. Rajesh Shah, who studied architecture with me, and now works as a liaison architect (a mediator between developers and government officials) in Mumbai, is one such friend. Rajesh served as my go-to person for all things related to building approvals and bureaucratic procedures and even helped me source information on development projects through the Right to Information platform. Since Rajesh's father is a small-time developer specializing in slum redevelopment work, Rajesh was also able to guide me through the process of slum redevelopment and direct me to pertinent projects for identifying as case studies.

Lastly, my friend and ex-colleague from the housing finance company, Jayant Patil, offered me a lens to study land development practices from below. Jayant can be best described as a "fixer" or a person who is good at solving problems for others. He also juggles many jobs at once. While his main job is that of a field officer at the housing finance company, he additionally operates two uber taxis and manages the properties of his relatives who have been given resettlement homes in newly redeveloped slums. Jayant helped me gain access to the Dhobi Ghat slum (one of my case studies), as well as other slums in the neighborhood. He also introduced me to several of his contacts in Dhobi Ghat, and always insisted on accompanying me on my visits and interviews in the slums[8].

These social connections of mine provided me orientation in the initial stages of my fieldwork and saved plenty of time that would have otherwise been wasted in following up on unanswered emails. I say this because many of my informants, especially developers, responded much faster when someone important (such as Arjun), or someone known to them made the connection. The few times that I tried to contact participants directly, I failed to get a response, despite me highlighting my association with the LSE. Besides, I found that informants were more inclined to talk and reveal honest information, when someone they know, respect, or trust had vouched for me. I also found that the top bosses, especially at development firms, talked more than mid-level or junior employees. Ex-employees of a company were useful informants too, considering most of my meetings took place in the offices of the informant.

[8] I attribute Jayant's insistence on accompanying me to my field visits in Dhobi Ghat partly to the idea of protection that is synonymous with patriarchy in India.

Having access to a great number of informants, however, meant that filtering out non-critical actors was a long and messy process. The initial months of my fieldwork were spent in recognizing all the assorted actors involved in land/development deals, sorting them into categories, and then understanding their significance in relation to development outcomes. One of the strategies suggested to me at the time by Manoj, was to follow the distribution of profits, as it is a good reflection of power structures within the land market. Therefore, developers, financiers, and landowners gradually became my main focus, as opposed to the vast network of intermediaries who also play an important role in the real estate industry. This, however, meant that I was, in most instances, "studying up" (Nader, 1988); rather than studying people with less economic and political power than myself, I was studying people with more.

As a consequence, I often found my informants trying to place me in relation to their own social positions. Very often, I was asked questions about which school and college I attended, my contacts within the industry; who my parents are, where they live, the professional positions they hold, etc. While culturally, it is not unusual for Indians to ask personal questions pertaining to one's caste/class when meeting for the first time, I saw this as a vetting process adopted by informants to determine my trustworthiness. This exchange of backgrounds proved useful in establishing a bond with many second-generation developers, and young consultants and financiers, who identified with me, or more so, my international education and exposure to foreign contexts. These were mostly men in their thirties and forties, who never failed to tell me about the MBA degree they earned from international universities, or the time they spent living and working in a foreign city. However, to build familiarity with my participants was not always an advantage. As a woman, I am an anomaly in a male-dominated industry. Therefore, some, especially older informants, treated me as a female relative, or a prospective one (inquiring if I was married). Others tried to flirt. Some informants probably expected my frequent meetings with them to lead to a friendship eventually.

What unnerved me most about the skewed gender dynamics in my fieldwork was that most of my male informants frequently resorted to the use of complicated real estate jargon in my presence, which I saw as an assertion of symbolic power in their professional field of struggle (Bourdieu & Wacquant, 2004, p. 243). Informants would also offer indiscriminate ideas to me, for including in my thesis. "I have a theory about why prices in central business districts never fall..., and you must quote me for this", was one such suggestion. Manoj, my boss at PropConsulting, too, had many theories on *the science of property price*, which he hopes to patent one day. Some informants would, on the contrary, prod me into providing answers to questions that are better suited for economists like, "why is there no price correction in Mumbai's property market, despite the slow sales?" or "what will the impact of a vacant land tax be, in the Indian context?". While I generally brushed aside these questions to prevent digressions, the pressure to appear knowledgeable among real estate professionals often took me down into rabbit holes, since it wasn't until much later in the fieldwork that I had clarity about my own research agenda.

Looking back, what helped me find orientation amidst the endless possibilities of research questions was my natural instinct to think like an architect and deconstruct land development into its primary building blocks. Therefore, while the overarching goal was always to get at the logic of land market practices, realizing this goal required me to break down my fieldwork into simpler tasks, such as identifying and studying how land is developed. In fact, this strategy did guide not only my fieldwork but also the design of my thesis, with empirical chapters being organized according to building practices.

3. FIELDWORK STRUCTURE

3.1. ***Timeframe***

Fieldwork for this project was carried out in multiple phases, between February 2017 and October 2019. The first and longest phase lasted eleven months and was the main fieldwork period during which time I also conducted participant observation at

PropConsulting. Subsequently, I made five additional field visits to Mumbai, between April 2018 and October 2019, with each visit being around five weeks long, thereby making the cumulative length of my fieldwork fifteen months. During the initial months of my fieldwork, I spent time exploring the field without a rigid schedule or agenda. Although I was working at PropConsulting a few days a week, the remainder of my week comprised of visits to various up-coming development projects in the city, and talking to those people connected to the real estate industry, who I had easy access to. As weeks went by, I began to focus my research attention towards *Dhobi Ghat,* a slum redevelopment project in the city, because of a paper I was co-authoring at the time, on the topic. In particular, I spent this time investigating the temporary exchange of land between slum residents and the real estate developer driving the project.

At the end of phase one of my fieldwork, I returned to London to consolidate my findings and research ideas, and also prepare for the doctoral upgrade. It was then that I also defined the core chapters of my thesis and the connecting theme across these chapters. The delayed decision-making on my part, on the structure of the thesis, however, meant that I lacked data specific to the empirical chapters I planned to write-up. In the five brief trips that I made to Mumbai in the months after, I was able to dedicate my attention to each chapter at a time, in the order that I was writing them. Such a fieldwork process, although expensive and environmentally unfriendly, allowed me to compartmentalize my different empirical concerns and avoid distractions and digressions during interviews. I could, therefore, meet the same participant on different visits, to talk about different aspects of land development, which I found to be more effective than covering everything all at once. Besides, due to a stretched out fieldwork, I was able to check on the progress of the Dhobi Ghat project as it developed (or stalled rather), and also view from up close, effects of the economic and temporal shifts on Mumbai's real estate industry.

3.2. ***Participants***

Over the course of my fifteen-month fieldwork, I conducted a total of eighty-seven semi-structured interviews, in addition to numerous casual conversations with actors who are directly or indirectly involved in land development in Mumbai. Each interview generally lasted up to an hour, although, in cases where I had a previously established bond with the participant, interviews sometimes went on for over three hours. Of the eighty-seven interviews, twenty-five were "repeat interviews," with participants who I interviewed more than once. Therefore, in total, I interviewed sixty-two unique individuals, who I roughly categorize into nine groups. The breakdown of my interview participants, according to this grouping, is as shown below (Table 1).

Table 1: Overview of interviewees

Group	Interviewees
Developer	24
Residents	9
Consultant	8
Architect	5
Legal expert	5
Financier	4
Govt. official / Regulator	4
Activist	2
Journalist	1

Developers accounted for nearly 40% of my interviewees, followed by property consultants (13%) and slum residents (14.5%). Informants in the *developer* category belonged to fifteen different development firms that vary in size and status. While I discuss the categorisation of development firms in the next chapter, it is worth noting at this point that six (40%) out of the fifteen development firms to which my informants belong, are *Group 3* firms, or what I describe as millennial firms that emerged post-liberalization of the sector, and followed a debt-driven growth model. Further breakdown of the firms, whose employees I interviewed is as follows (Table 2). Of the 24 developer participants, eleven are owners, promoters, or CEOs of firms, while the remaining thirteen participants are senior-mid level employees, and at least half of whom have previously worked in other development firms in the city.

Table 2: Type of developers interviewed

Developer Type	**1** (debutante)	**2** (local/ relying on informal source of finance)	**3** (millennial)	**4** (old and established)	**5** (belonging to a conglomerate/ public listed)
Num of persons interviewed (Total 24)	0	6	9	1	8
Num of firms (Total 15)	0	5	6	1	3

Among the eight property consultants that I interviewed, four were colleagues from PropConsulting, while the rest were employees at competing firms or were professional property valuators. The nine *resident* participants mostly include persons who were affected by the slum redevelopment project that serves as my case study for the chapter on Consent Acquisition. Similarly, participants from the other groups were critical to different empirical chapters in this thesis. *Financiers* and *legal experts* were important actors for the chapter on Financing, while *Architects* and *Government Officials* play a prominent role in the chapter on Approvals. More details on the significance and professional role of these actors are discussed within specific chapters.

3.3. *Data Collection*

While I did not collect any first-hand data for this project, I drew on many secondary data such as performance history and growth trajectory of development firms, product differentiation among firms, approval times across different projects, and financial investments/ FDI flows into Mumbai's real estate sector, and the distribution of these investments, to support my claims. The source of this data includes Government websites and departments, reports published by local and international consultants, and real estate data agencies in Mumbai. Details of the methodology used by these original sources are discussed within relevant empirical chapters.

4. CHALLENGES FACED

My fieldwork was not without challenges. Setting up interviews was a difficult task, even though I had friends and colleagues helping me get in touch with prospective interviewees. Finding that right contact person to make a connection, took time too, and was not always successful. Besides, while first meetings were always easier to set up, follow-up meetings, which I found to be much more useful usually, required persistence. Since many of my informants were busy people, it used to take me up to a week or two, to organize an interview with them. The pace of interviews, however, was erratic, ranging from six interviews in a week to zero interviews the following week. This was because participants (developers in particular) kept rescheduling, constantly changing the time and/or date of the meeting, or kept me waiting for hours before they actually met me, which I found to be extremely frustrating. While I ascribe this problem to the unprofessional attitude of developers in India, Manoj, who is far more used to dealing with developers than me, claims that it is common for developers, industrialists, and high-level businessmen who think their lives are at risk, to dodge appointments in order to prevent any planned attack or kidnapping.

I was unable to work with a rigid interview schedule, therefore, and had to leave room for spontaneity and delays in my fieldwork planning. I often found myself running across the city, trying to make it to a meeting that got confirmed at the last minute. There was also never a clear end to my work-day, as meetings sometimes stretched late into the evenings. Besides, since some of my informants were also known to me personally, it was difficult to separate fieldwork related discussions from casual banter, especially when meetings ended up taking place over a glass of beer. The blurred separation of work and play posed an ethical concern for my research, as informants were not always aware of the context within which they were having that discussion with me. However, if something pertinent to my research was mentioned to me in a casual setting, then I made it a point to clarify my intension of using it for my dissertation. The other disadvantage of being close to my subjects, and not having enough analytical distance from the field, was that it perhaps hindered my reflexivity, and I may have tended to normalize a lot of the information I gathered from interviews and field study. I noticed this, for instance, in my characterization of institutions governing land markets in India as "lacking" in strength.

My proximity to the field also affected my approach to establishing formal consent agreements with informants. Getting verbal consent from informants was not difficult once informants had agreed to meet or speak with me. However, to get them to sign consent forms was particularly awkward for me, as I am overly conscious of the cultural skepticism towards written contracts in India. Therefore, in most cases, I emailed my informants a background information form after the interview, in case they needed to get in touch at a later point. In fact, participants did not want to be recorded either, simply because matters pertaining to land transactions are inevitably controversial, and in many times illegal. For this reason, I had to stick to hand-written notes during interviews, which meant that a lot of interview material got lost in the process of transcription. In an industry where deals worth millions of dollars are made based on handshakes and informal agreements, trust counted for much more than printed contracts. My informants, I felt, were less concerned about protecting themselves legally, than about reputational damage, or information being leaked to troublemakers. For me, too, my trustworthiness and physical safety were of greater concern than maintaining documental evidence of consent and the content of an interview. It was, therefore, in my best interest to be completely open about my identity and research intentions and to assure my informants the absolute anonymity.

Since it is not uncommon for information on prospective land sales, illegal constructions, and scams involving land deals to be traded for money and favors, some informants were hesitant to share "valuable" information with me for free. These informants assumed that I would profit from the information they give me, and hence expected something in return for it. In two such incidents, informants wanted (petty) compensation in exchange for information regarding a slum's redevelopment. Both times I had to decline the proposal, which meant losing the opportunity for an interview. Some informants also suspected me of being a housing rights activist. In one instance, the informant stopped taking my calls, and sent word through my friend Jayant's cousin, that he was afraid of getting pulled up by the developer for talking to an activist. There wasn't much I could do in that situation except take note of his fear, which I later recognized to be real and justified. Ironically, with my developer informants too, there was the risk that they would go into hiding at any point if a controversy broke out. In one such instance, a developer critical to my case study, and whom I had been in regular contact with, when accused by an activist of a land scam, refrained from any further communication thereafter. In fact, towards the later stages of my fieldwork, when the real estate industry appeared to be heading towards a crisis, most developers became disinclined to meet and appeared distinctly less sociable than the years before.

Finally, accessing data was just as much a challenge for me as gaining access to key informants. While my research mainly relied on ethnographic methods, I required data on real estate activity in Mumbai, to substantiate and confirm the claims made by my informants, and test the veracity of my own propositions. However, I found there to be little useful data in the public domain on India's real estate performance indicators, and even data which is meant to be publicly accessible like number, location, and pace of new developments in the city are hard to get hold of. Therefore, I had to source this data from private agencies such as PropConsulting or to wrest it from various government departments through the Right to Information (RTI) Act. As a result, much of the data presented in my thesis, although procured with official consent, is proprietary to those working at PropConsulting, and not freely accessible to other researchers. In fact, I realize now that carrying out paid work at PropConsulting as part of my fieldwork also undermined research ethics. Since I was both working and carrying out Ph.D. fieldwork at PropConsulting, my identity, which was made clear to all, may have become ambiguous to colleagues after a period of time. Though something to be more mindful of when carrying out future research, my slippage in and out of the professional world of property consulting, allowed the "self" and the "other" to encounter and confront one another. This was particularly important to me as I was also analyzing the socio-physical transformation of a city that I myself was embedded in, in many ways.

Chapter III: **MUMBAI'S REAL ESTATE INDUSTRY**

1. MUMBAI: A CITY OF CONTRADICTIONS

1.1. *Background*

Contemporary Mumbai is a site of great contradictions. While the city, on the one hand, aspires to be a top global destination for business and commerce, it struggles to meet the housing needs of much of its population, on the other. According to anthropologist Arjun Appadurai, cities like Mumbai usually attract more poor people than they can handle and more capital than they can absorb. He writes:

> They offer the magic of wealth, celebrity, glamour, and power through their mass media. But they often contain shadow economies that are difficult to measure in traditional terms (Appadurai, 2000, p. 628).

Mumbai belongs to a group of cities in which global wealth and local poverty articulate a growing contradiction. As Architect and Urban Planner Rahul Mehrotra points out, Urban India has been one of the most interesting sites for the modern project: "a place where the notion of modernity was simultaneously embraced and resisted, creating a highly fractured and fragmented landscape," he says (Mehrotra, 2010, p. 244). Such cities are also the site of various uncertainties about citizenship, as people come to them in large numbers from impoverished rural areas. Work is often difficult to obtain and retain. The rich in these cities seek to gate as much of their lives as possible, traveling from guarded homes to darkened cars to air-conditioned offices, always moving in an envelope of privilege through the heat of public poverty and the dust of dispossession (Appadurai, 2000, p. 628). Both rich and poor, however, emphasize the ability of people who live in Mumbai to live with, and in close proximity to difference. This type of cosmopolitanism, which is based on cultural and spatial co-existence, Appadurai notes, is, in some ways, Mumbai's self-governing cliché.

Mumbai's cosmopolitanism and contradictions are most visible in the city's built environment and housing in particular. "The absent, the ghostly, the speculative, the fantastic all have their part to play in the simultaneous excesses and lacks of

Bombay's housing scene,” notes Appadurai, comparing these absurdities, in a setting where housing and its lack are grossly real, to a “spectral experience” (Appadurai, 2000, p. 635). At the geographic heart of the city, one can see India's most powerful industries, and some of its poorest slums (Figure 2). Billion-dollar houses in the form of skyscrapers exist next to vast slums covered in blue tarps that protect against the monsoon rains. Informal recycling units in Dharavi, Mumbai’s most famous slum, exist within sight of the National Stock Exchange building. In describing the juxtaposition of architectural structures and lived realities, Mehrotra notes in an interview, Mumbai is made up of different things coming together in a haphazard manner. “It is this co-existence of new constructions, old constructions, formal settlements, shanties, that can all be captured in one single frame, that gives the city its unique aesthetic,” he says, adding that, with globalization and the emergence of a post-industrial service-based economy in Mumbai, as in several other cities in India, urban space has been fragmented and polarised with the rich and poor jostling for access to amenities (Chaudhuri, 2018). The result of the State’s withdrawal from delivering the projected image of a globalized city, Mehrotra says, has left it to be “constructed on ad hoc basis by the market” (ibid).

Figure removed due to copyright issues.

Figure 2: Areal View of Mumbai's housing contrasts (Peter Bialobrzeski, 2018)

In Mumbai, ad hoc efforts to emulate the skyline of global cities is not limited to patterns of built form alone, but also transcend to the practices of real estate development. Awkwardly tall and narrow buildings perched atop decrepit vernacular structures in congested and dusty streets – a common sight all over the city today – represent a juxtaposition of many things: architecture styles, social classes, dwelling cultures, colonial histories, etc., but also building practices (see Figure 3). In the fifteen years since the Indian real estate sector opened to the world, fresh contrasts have emerged, both in how real estate is produced, and the actors behind its production. The financing of real estate projects is one example. Real estate developers in Mumbai, be they corporate firms listed on the stock market, or promoter-driven entities with no corporate governance in place, rely on all kinds of assorted and contrasting sources of finance to develop projects, ranging from international pension funds to resources scrambled together from members of a community. Besides, the channels through which funding flows into a project can also vary significantly, especially in degrees of legality. Likewise, project evaluation, which is fundamental to land's development, is carried out through varied methods involving the use of calculative models that boast of transparency, alongside rudimentary and less transparent methods such as following comparatives or relying on developer intuition. The reasons for, as well as consequences of, these contrasting development practices, can be linked to the socio-spatial conditions that make Mumbai a site of contradictions, and its patchwork development over the years.

Figure 3: Pencil Towers in Mumbai's Inner City (Author, 2015)

2. MUMBAI’S URBAN DEVELOPMENT

Originally a group of seven islands inhabited mainly by the fishing community, Mumbai, as we know it today, is the result of reclaiming land from the sea and eventually linking it to the mainland. Until about 1900, Mumbai did not extend beyond Mahim Creek and was confined to what is known as the Island City, the southern part of the peninsula (Figure 4). Greater Mumbai today is spread over an area of 445.86 sq km (about one third the physical size of Greater London, while housing almost doubles its population) and comprises the peninsula bound by the Arabian Sea to the West, Thane Creek to the East, and Vasai Creek and Ulhas River to the north (Figure 5). As the city is bounded by water on three sides, the scope for expansion is limited and restricted only northwards. Over the past two centuries, economic opportunities and an entrepreneurial ethos have nevertheless drawn millions of migrants to Bombay, even though the small island city could not adequately house all of these workers and their enterprises. Mumbai’s shift from

Fordism to "flexible accumulation," as a result, was accompanied by simultaneous spatial changes that have been quite massive (Whitehead & More, 2007, p. 2428). While on the one hand, industrial zones, primarily housing Mumbai's textile mills, were transformed into new commercial hubs, the proliferation and expansion of slum settlements continued unabated on the other. The geographical constraint of the Island City only exacerbated the fight for space and has had an adverse influence on land values and land use in the city, leading to dismal housing conditions, despite the assemblage of glitzy skyscrapers.

Figures removed due to copyright issues.

Figure 4: The Island of Bombay and Colaba (British Library Board, Materials Towards a Statistical Account, volume 3, 648 as cited in Riding, 2018, p. 37)

Figure 5: Greater Mumbai (Royal Dutch Geographical Society KNAG, as cited in Nijman, 2010, p. 6)

The city's housing problems have been on record for over 150 years. The 1872 Census reported that: "The houses of Bombay are far too few in number to afford proper accommodation for its inhabitants'' (Sundaram, 1986, p. 56), and this has been a trend in every Census that followed to this day. Things did not improve after India's Independence in 1947, despite the initiation of successive housing policies by the Indian government. In fact, in light of accelerating rural-urban migration, the scale of the problem got worse. In the early 1980s, the shortage of housing exceeded one million units, and an estimated four million people had shared access to water standpipes, with an average of 270 persons per standpipe (Sundaram, 1986, pp. 57–59). Furthermore, during the population boom in the second half of the nineteenth century, what we now understand as slums, first emerged in the city, as Greater Bombay's slum population increased from 2.2 to 5.5 million or from 41.3% to 56.6% of the total population, between 1976 and 1991 (Mahadevia, 1998). In the past fifteen years, the slum population in Mumbai has continued to expand, both absolutely and relatively, though the precise numbers vary depending on the source. Some estimates claim that approximately one million people live in kuchha housing (the more transient, makeshift shelters along main streets) or are completely homeless; that 55% live in more permanent slums; about 82% of the total population live in one-room dwellings; and over 80% of the total population live in overall substandard housing (P. K. Das, 2003, p. 210).

The intensification of urban crisis post economic liberalization, led planners in Mumbai to draw up a technocratic approach to: "increase efficiency in all spheres of urban development" (Banerjee-Guha, 2002, p.122). Central areas of Dadar, Parel, Lalbaug, and Worli, which were the city's manufacturing hub until two decades ago, saw huge land-use changes and became lucrative areas for commercial bidding (ibid). The problem of inadequate housing, or more accurately, the proliferation of slums in central, marketable areas continued to occupy policy attention in Mumbai (Echanove and Srivastava, 2009). The state government formulated a slum development program that mobilized the private real estate market to provide apartments to qualified settlers. Referenced by the official agency through which it is administered, the Slum Redevelopment Authority, the SRA Scheme – first launched in 1991 and revamped in 1995 – was actually quite novel for its use of land and development incentives to construct low-income housing. The scheme, which is still in use, entailed developing rehabilitation housing on the same site where an informal settlement previously existed, while utilizing the space that got freed up, for marketable real estate. Although there were some widely acknowledged problems, the program was actually quite popular, as it was a win for all stakeholders. Developers got access to Mumbai's booming land markets. Residents got free houses. And the government got a solution to the slum problem with practically no public investment. The conversion of slum land to facilitate new commercial and residential developments has remained an important development objective in Mumbai, despite the accompanying conflicts between developers and slum residents, and the many discontents of urban development it produces.

3. LIBERALIZATION AND ITS DISCONTENTS

India's economic liberalization is viewed as dramatic since few people had imagined that the economy would be transformed in its basic orientation in a matter of a few years (Bajpai & Sachs, 1999, p. 13). It marked both a fundamental transformation of India's economic strategy and a distinct break with history (Varshney, 1998, p. 230). The orthodox story of India's liberalization is that the social-political shocks of 1990-1 (including the assassination of the then Prime Minister, Rajiv Gandhi) provided a trigger that interacted with the underlying financial crisis brewing during the 1980s. In reality, efforts to introduce liberalization in the country can be traced back to the 1960s, though these efforts quickly stalled and did not materialize as planned (McCartney, 2009, p. 207). Nevertheless, it was the year 1991 that marked a watershed moment when the Government of India repealed many of the protectionist policies of the Nehruvian socialist state. As a result: the industrial licensing regime was largely swept away (R. Jenkins, 1999, p. 18); key sectors of the economy were opened to private sector investment; taxes were reduced and the focus directed towards raising revenue rather than influencing resource allocation (Panagariya, 2004, pp. 22–24); and international trade was extensively liberalized through cuts in import/export tariffs/quotas (D. K. Das, 2003; Pandey, 2004; Virmani, 2004). Subsequently, the rupee was devalued by twenty percent and maintained close to its equilibrium value (Krueger & Chinoy, 2004; Sen, 2003). The domestic economy was then opened up to FDI and, to a lesser extent, foreign portfolio investment (Khanna, 2002, pp. 12–13). The government also shifted from direct control to indirect regulation of the financial sector, and resources were allocated more closely in accordance with private sector profit motives rather than the preferences of state bureaucrats. Eventually, competition in the banking sector increased with the entry of new private banks and the expansion of foreign banks (Sathye, 2005, pp. 12–13).

With the reforms listed above, India opened its market to networks of global finance and embarked on an "externally oriented, consumption-led path to national prosperity" (Mazzarella, 2003, p. 5). This external orientation changed the game of real estate. The liberalization of the Indian economy triggered a flurry of construction, as developers scrambled to construct new built-space for foreign tenants, non-resident Indians, and an Indian-nouveau riche (Searle, 2016). It was no coincidence that in the mid-1990s, the World Bank, the Asian Development Bank, the US Agency for International Development, and a host of private consultancies began publishing reports highlighting the central role of the land market in putting India on track to a high-growth future. As a result, since the mid-1990s, beginning shortly after the advent of the pro-market reforms, India's land market has been gradually liberalized, opening up new territories for private investment and prioritizing real estate profit regardless of its social or productive function. Speculative land development and the rentiership with which it is associated, transformed real estate into the vanguard segment of the Indian economy, a speculative vehicle for generating private profit and state revenue, and casting nonprofit-generating land uses as inherently out of place (Ghertner, 2015, p. 23). Liberalization, eventually, also led to the entry of global financial and real estate companies into Indian cities (Sujata Patel, 1995, p. xiii). The Financial Times, at the time, stated that many multinational companies decided they had to be in India. Bombay, the commercial capital, was the obvious choice, and the newcomers paid whatever it took to acquire the tiny supply of usable offices and apartments (Nijman, 2002, p. 156).

Unsurprisingly, by the mid-1990s, Mumbai's real estate market became characterized by extreme volatility, extravagantly high prices, and speculative market behavior (Nijman, 2000, p. 575). The rise had been meteoric. Within five years from 1991, prices in the central business districts had risen between four to six times their previous levels. In June of 1996, office rents had become more than twice the going rates in Paris or Frankfurt, and they were well beyond the cost of office space established in high-cost centers like New York, London, Tokyo, or Hong Kong. But it was not to last. In the latter part of 1996 and in 1997, prices came roaring down again (ibid). The turbulence of the real estate market was the greatest in the prime business areas. It was there that prices rose to the highest levels, and where the decline was also the sharpest. Many scholars speculated that the unleashed global forces created a destabilizing effect on the Mumbai real estate market (Banerjee-Guha, 1994; Sujata Patel, 1995). While the turbulent movements in the real estate market in Mumbai and other Indian cities that started around 1991 appear to be related in some way to the liberalization and deregulation schemes that the Indian government embarked upon at the time, Geographer Jan Nijman, however, points out that matters were more complex: "they involved a range of domestic and foreign, public and private actors, and they were closely related to changes in the regulatory environment," he notes (Nijman, 2000, p. 577). More specifically, Nijman attributes Mumbai's real estate volatility not just to globalization, global capital or foreign trans-national companies, but also the reluctance of regulations, to render "global" something that quite literally symbolizes "national soil" (ibid).

Despite regulations not being ironed out, to allow for a seamless transition into liberalization, India's real estate sector appeared to have been booming in the early years of the transition. Recounting her impression of the new urban landscape, Llerena Searle writes about Delhi:

> Nonexistent 15 years ago, Indian malls now number in the hundreds, constructed alongside golf courses, luxury homes and corporate campuses, often in large 'integrated' townships. These highly visible global landscapes have come to index the liberalization process and the social and cultural changes that have accompanied it (Searle, 2014, p. 60).

Construction crews had become a common sight throughout the city in the late1990s. Bolstered by new sources of capital and eager to produce globally familiar elite landscapes, Indian firms snapped up industrial estates, inner-city slums, and peri-urban agricultural land. In Mumbai, the local state began making certain highly valued lands available for development through a series of industrial land conversions, slum clearance schemes, and the de-reservation of certain public lands. Construction activities in Mumbai's island city and northern suburbs expanded, further bolstered by the growth of the finance industry (Weinstein, 2008, p. 23). Recognizing an opportunity, several enterprising private developers threw their hat in the ring. After a more than decade-long conflict over the fate of central Mumbai's hundreds of acres of now-defunct textile mills, these developers had prevailed over the tenuously assembled coalition of labor unions, environmental groups, and housing activists (ibid). The slum redevelopment program, in particular, gave aspiring developers the opportunity to enter into the city's increasingly lucrative property markets without actually owning land. As a result, the number of developers operating in Mumbai grew 457% in fifteen years (gathered from personal communication, 2018); and, many of the early participants in the program had little or even no building experience, which as I demonstrate later, bore a significant impact on the functioning of Mumbai's land market.

Of the many new entrants into Mumbai's real estate sector were also members of Mumbai's large organized crime groups (OCGs). Previously focused on traditional illicit activities, such as gold and consumer goods smuggling, narcotics distribution, and extortion and contract killings, Mumbai's criminal organizations were well-positioned to seize the political and economic opportunities associated with liberalization and globalization to emerge as an influential force in Mumbai's land development sector (Weinstein, 2008, p. 24). Several factors enabled Mumbai's large, well-financed mafia organizations to move into land development, joining the throngs of financiers and developers who had been investing in the city's lucrative property markets and construction industry since the mid-1990s. As economic liberalization and the globalization of consumer markets suddenly reduced demand for illicit consumer goods, OCGs began abandoning the smuggling activities that had defined their organizations for the previous four decades. Opportunities for illicit land development was therefore created, in part, by the same set of political and economic reforms that opened up participation in the real estate industry and enabled Mumbai's large criminal organizations to establish property development branches and construct shopping centers, commercial establishments and residential buildings (IPCS, 2005, as cited in, Weinstein, 2008). Besides, as Weinstein notes:

> Aided by their connections to local criminal organizations, embeddedness in political party organizations, and participation in increasingly global organized crime networks, OCGs had access to the financial and political resources necessary to compete in this increasingly lucrative sector (Weinstein, 2008, p. 25).

Therefore, while the OCGs participation in real estate development could be viewed as a product of the liberalization and globalization of the Indian economy, certain characteristics inherent to CGs were essential to this shift, most specifically, their embeddedness in local communities, and their formal and informal linkages to political leaders.

The influence of informal governance and criminal activity on the urban property markets of globalizing cities has been acknowledged by other scholars. Saskia Sassen's research, for instance, illuminates some of the local political actions that shape land use in such contexts, including the informal political actions and illicit activities that affect the appropriation of urban space (Sassen, 2001, pp. 282–303). Sassen's analysis of the conditions of Tokyo's inner-city identifies the influence of the Japanese version of Western-style gangsters or Mafia – the "yaksuka" in the maintenance of Tokyo's blighted districts, within which they manage labor pools of informal, largely immigrant workers (ibid). While OCG's in Mumbai have largely been wiped out or sent into hiding following the serial bombings of 1993[9] which set off a brutal police-crackdown in the city, the function they served in Mumbai's real estate development in the early years of liberalization continues to be critical although not unfulfilled (Ketkar, 2003). The modern-day real estate developer, as I demonstrate,

[9] The 1993 bombings were a series of thirteen bomb explosions that took place in Mumbai on 12 March 1993. The attacks, which resulted in over 300 fatalities, were reported to be coordinated by Dawood Ibrahim, leader of the Mumbai-based international organised crime syndicate, D-Company.

brokers between the illicit and formal mechanisms of real estate production to provide land, services, information, and security (against socio-political risks) in exchange for money and patronage among global financial investors. Their participation in the land market, however, sustains precarious and non-transparent arrangements of land exchange, which as economic historian Avner Grief has pointed out, restricts the scalability and reproducibility of market relations (Greif, 2000, p. 253). Nevertheless, Mumbai's real estate sector continued to expand at unprecedented rates through the 2000s, under the influence of new sources of finance capital made available after FDI restrictions were relaxed.

The lifting of restrictions on foreign direct investments into real estate development marks the second watershed moment in India's transition towards liberalization. The following section delves into the background and details of the FDI policy, and its impact in terms of real estate production and revenue flows. Empirical findings on the distribution of finance capital among development firms, which I present subsequently, reveals that developers who are able to operate at the seams of legality, financially dominate Mumbai's real estate industry, while a large number of developers fall outside the influence of institutional finance. Moreover, developers that are financially most credible gained little traction from the new sources of finance capital available to them since liberalization. My findings, therefore, cast doubt on the idea that the liberalization of the land market in India was successful, unambiguous, and sustained. Instead, what I present is a picture of an incomplete, patchwork scenario that is prone to the kind of paradoxes that one witnesses in Mumbai today: where buildings are unfinished, housing demand unmet, and FDI investors hesitant to make further investments.

4. FDI IN INDIAN REAL ESTATE

Though liberalization bolstered private participation in Indian real estate through a new approach to housing policy (See: Ministry of Housing and Urban Affairs, India, 1998), and programs like the Jawaharlal Nehru National Urban Reform Mission, India's real estate sector was one of the last sectors to be subject to Foreign Direct

Investment. Indian authorities have, however, taken monumental steps to make real estate markets internationally accessible since 2002. To begin with, the government legalized foreign direct investment in township construction in 2002. It further liberalized the policy in 2005, reducing the minimum size requirements for townships and enabling foreign investment in other types of construction and development projects. In addition, the Securities and Exchange Board of India began allowing venture capital funds to invest in real estate in 2004, which led to a spike in the number of domestic real estate investment funds in India (Trammell Crow Meghraj, 2007, as cited in Searle, 2014). Furthermore, the SEZ (special economic zone) policy launched in 2005, helped to make large tracts of land available for real estate projects by providing considerable incentives to both developers and industry. After these measures were introduced, a host of international firms announced plans to invest in Indian real estate development, because as Searle puts it, investors were hoping to turn the double risk of working in an emerging market and developing real estate, into handsome profits (Searle, 2016, p. 135). Investors included foreign developers, property investment companies, and real estate investment trusts, banks, private equity firms, and hedge funds, as well as mall development and hotel companies (ibid). Firms from Singapore, Indonesia, Malaysia, the Middle East, and Canada were among the first to take advantage of India's newly liberalized real estate sector.

Between 2000 and 2019, a total of 436,471 million USD entered India in the form of FDI, according to data released by the Department for Promotion of Industry and Internal Trade, India. The top source countries of these FDI investments are Mauritius (32%), Singapore (20%), and Japan (7%). In fact, nine of the ten largest foreign business organizations investing in India are based in Mauritius (DIPP, 2019). This is because Mauritius is one of the eighty-eight countries to have signed a double-tax avoidance agreement with India, and Mauritius (just like Singapore and Cyprus) offers investors a significant tax relief owing to their relatively low tax of 3% on capital gains (DIPP, 2019). It is therefore common for foreign investors to route their investments into India through shell companies based in Mauritius or Singapore, in order to save on tax, making it difficult for financial regulators as well as researchers to trace the actual source of foreign funds flowing into the country. Nevertheless, what one does know is that a cumulative investment of 25,122 million USD (or 5.75% of total FDI) was made towards "construction development"[10] in India, ever since restrictions were lifted in 2002 (ibid). While the Indian government does not segregate FDI data according to sector and city, it is reported that about 33% of all investments till date were channeled into Mumbai, making it the country's top recipient of FDI. One could, therefore, assume that roughly 7,500 million USD (total × 0.0575 × 0.33) of foreign capital was invested into Mumbai's construction sector over the past fifteen odd years[11].

The above estimate is hardly notable given that the total investment into developing new real estate in Mumbai over these years was 171 billion USD. In other words, just over 4% of spending on real estate development in Mumbai in the years following the liberalisation of the sector can be attributed to FDI. However, more than the volume of FDI that served the real estate sector, it is the yearly trend of FDI flows that is deserving of greater attention. While FDI flows into construction development in India predictably saw a sharp rise soon after it was allowed, these investments dried up very quickly, in a matter of five to seven years (DIPP, 2019, p. 4). When studied in relation to overall FDI, the FDI flows into the construction sector show a sudden jump in the years between 2005 and 2010, followed by an equally sudden fall in the years after 2011. Therefore, while FDI in construction appears to have risen sharply in 2006 (by 550% since the previous year), and is often cited by scholars to invoke astonishment among readers, it is the fall in 2015 (of -85% since previous year), which when looked at relative to overall FDI flows in the country, is worthy of just as much, or greater astonishment (see Figure 6, below). Besides, both the diminutiveness of FDI, as well as the eccentric trajectory of its flows into Indian real

[10] Construction development includes construction of townships, housing, and built-up infrastructure, but not ownership or land or development companies.

[11] The assumption is all the more plausible because Mumbai accounts for roughly one third of real estate supply by value in India, followed by Delhi-NCR and Bangalore.

estate development is all the more evident when studied in relation to overall investment into real estate production. Figure 7 shows that while real estate supply in the country continued to grow in volume and value, FDI in construction did not keep pace, and on the contrary, diminished almost completely at a time when production in the sector was at its peak.

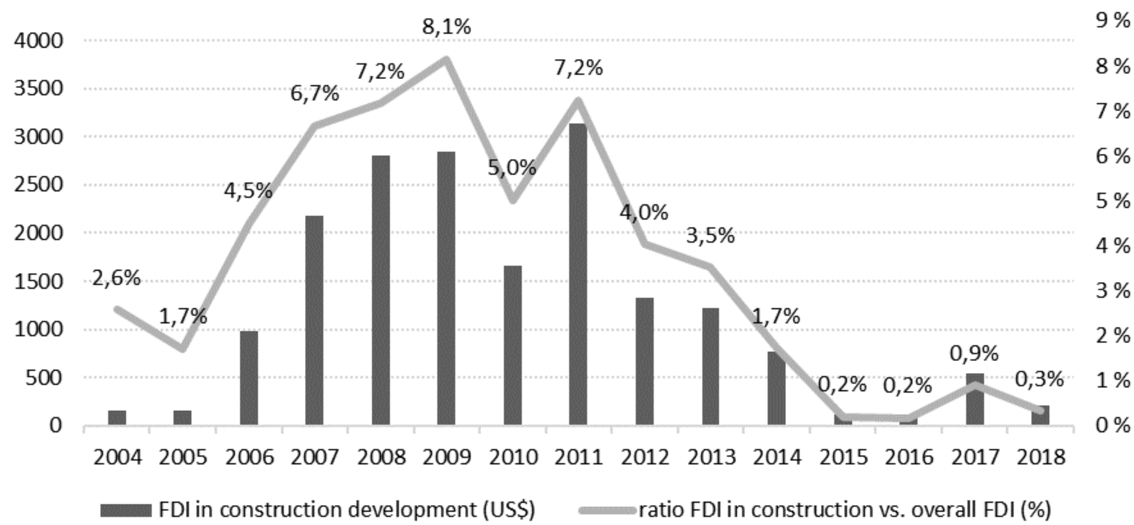

Figure 6: FDI Trends across India (Compiled by Author; Data: DIPP, 2019)

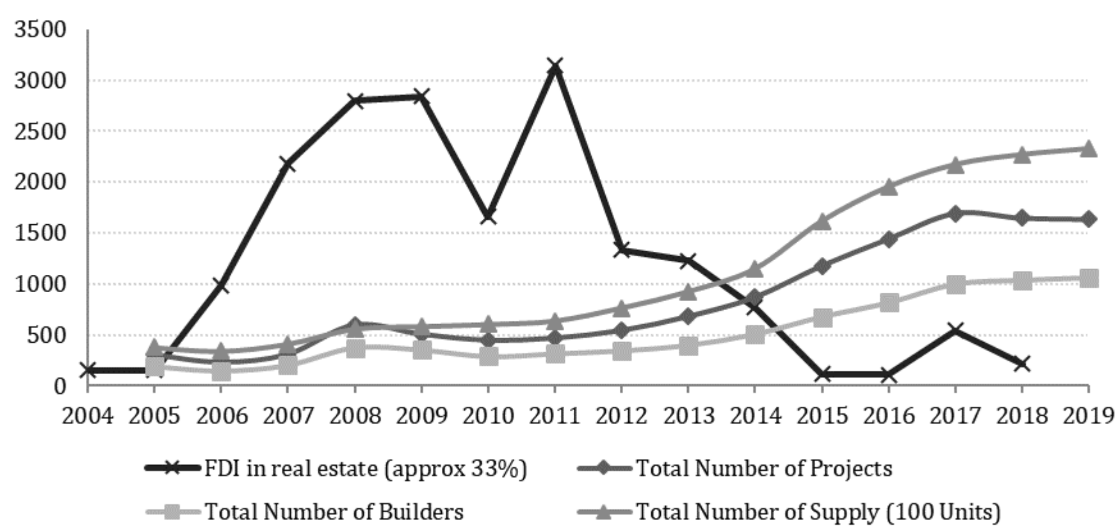

Figure 7: FDI Comparison for Mumbai (Compiled by Author; Data: DIPP, 2019)

While FDI flows into India's construction industry may well be limited, compared to the scale of real estate production in the country, the liberalization of the sector certainly marked a point after which growth in real estate production has been unprecedented and undeterred. The relaxation of restrictions on land development and opening up of the economy to allow FDI has had a visible impact on the built environment in Mumbai, if not the rest of urban India. Mumbai has, for example, seen an increase of 457% in the number of developers operating in the city, over the past fifteen years. The rise in developers has, in turn, led to similar growth in the number of projects developed (+439%) and the number of housing units produced (+519%) over the same time period (Figure 8). This development frenzy has, however, had little impact on the city's housing crisis, as the house price to income-ratio[12] in Mumbai remains one of the highest in the world (see Table 3, below), which means that majority of Mumbai's residents cannot afford the new housing units that have been produced in recent years.

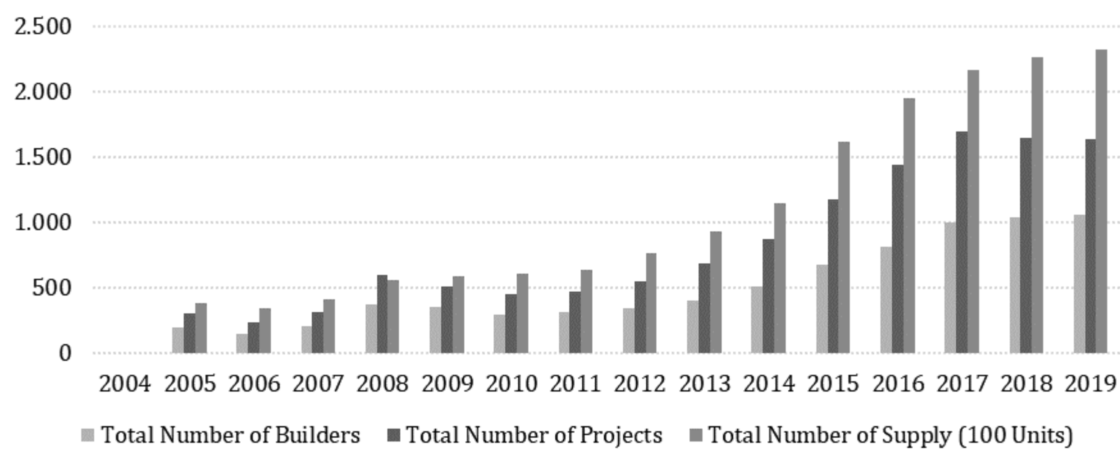

Figure 8: Mumbai Real Estate Growth (Compiled by Author; Data: Liases Foras, 2019)

[12] Price-to-income ratio is the ratio between the price of a median home to that of the median annual household income in a particular area (Source: Numbeo (2019).

Table 3: Price to Income Ratio in cities of the world (Numbeo.com)

Rank	City	Price to Income Ratio	Mortgage as % of Income	Affordability Index
1	Caracas, Venezuela	150.55	3365.32	0.03
2	Damascus, Syria	64.88	739.33	0.14
3	Hong Kong, Hong Kong	47.46	303.35	0.33
6	Mumbai, India	43.08	472.55	0.21
28	London, United Kingdom	21.21	145.09	0.69
45	Munich, Germany	16.90	100.35	1.00

The liberalization of the Indian real estate sector, therefore, failed to deliver what it had actually set out to achieve, while still leaving behind a physically mammoth legacy in the form of hundreds of thousands of unaffordable housing units (Parkin, 2019). The mismatch between FDI flows and real estate production is, therefore, all the more important to understand and examine, since much more housing will be required to be produced in Mumbai and across the country in years to come. Besides, the growing number of insolvencies among developers' due to their inability to meet debt obligations amid the funding crisis, is onerous to the productivity of India's construction industry, which as urbanist Richard Florida warns, is a huge problem both for housing costs and for employment, since the construction industry is one of the most important sources of higher-paying low-skill jobs in any country (Florida, 2017).

Below, I delve into the field of real estate developers in Mumbai, in order to examine how this field is organized in relation to real estate funding, and the extent of risk erratic FDI flows poses to the functioning of the industry.

5. DEVELOPER GROUPINGS

5.1. *Purpose*

Since the terms of real estate financing in India are both stringent and expensive, developers in Mumbai are segregated into groups based on their association with finance capital. While (lack of) access to funding is an evident reason for inequality among developers, the high cost of finance in India means those developers who are able to self-finance or raise funds through informal sources, also refrain from the trappings of institutional debt. From my interviews, I found that both developers and financiers perceive and talk of a hierarchical category that defines developers ("established firm," "small player," "creditworthy," "fly-by-night operator," etc.). The intention behind a methodical sorting of developers into groups is thus two-fold: first, to study the scope and extent of formal finance within Mumbai's developer population, and identify that group that is most financialised; and second, to find out how the field of real estate developers is organized in terms of funding sources and volume.

5.2. *Conception of Categories*

My exposure to the world of real estate development in Mumbai had a significant influence on how I went about categorizing developers into groups. Since I had already spent several months interviewing and interacting with various market actors by the time I began this exercise, my starting point for the sorting of developers was the perceptions of difference between developers by my participants. Therefore, my initial attempt at categorizing developers was based on how market actors themselves perceived the distinctions between different developers. I later refine these groupings by applying empirical filters, which I describe further on in the section. The five groups that I captured from the accounts of my participants are as follows:

Group 1: Developers belonging to this group are typically untouched by institutional financing, and therefore carry out their operations without incurring any formal debt.

The group includes developers who have little-to-no experience, are engaged in small-scale developments and have access to land that, in most cases, they did not have to purchase. Developers who fall in this group seem to be either small-scale landowners or land aggregators who turn developers. Their model of operation involves very little upfront investment into land acquisition (mostly limited to covering approvals cost and the temporary relocation of existing residents, if any), and a heavy dependence on pre-sales for covering construction costs. While the group is hardly taken seriously by other, more established developers, their significance as a key player in real estate production is slowly drawing the attention of micro-lenders in India. At PropConsulting, requests for market intel on "XS players" have been gaining popularity. I was told there is a whole new segment waiting to be tapped into. Despite their lack of building experience and low financial credibility, financiers and consultants alike saw Group 1 developers as potential consumers of financial and consulting services. According to Manoj (Director at PropConsulting), most developers in Mumbai start off as members of Group 1.

Group 2: This group, too, has low dependence on institutional finance. But their scale of operation is not necessarily small. Their mode of operation is similar to that of Group 1's, in that, they rely greatly on customer-finance (i.e., pre-sales) to cover construction costs. However, unlike Group 1, this group has access to other sources of finance, which they use to procure larger parcels of land. These alternate sources of finance include borrowing from community[13], friends and family, moneylenders[14], and politicians. Developers belonging to Group 2 typically borrow from formal financial institutions only to cover short-term gaps in development finance, for

[13] An extreme case of community borrowing is the redevelopment of Bhindi Bazaar, a congested inner city neighbourhood in South Mumbai. The redevelopment is estimated to cost around £4 billion, and is supposedly financed entirely through donations by the Bohri Muslim community. Members of staff of SBUT (the trust that is overseeing the redevelopment) claim that SBUT has not incurred any debt (formal or informal) for the execution of the ambitious project.

[14] Moneylenders are typically wealthy local businessmen with cash to spare and looking to invest in real estate development. Direct financing provided by moneylenders is usually untaxed/undocumented money, colloquially known as black money.

instance, to adjust cash flows in case of slow sales. While the reason for the group's low dependence on institutional finance is partly restricted access, many of them view formal financing as inflexible, expensive, and impractical. Bankers claim that the extent of formal borrowing among such developers is generally no more than ten percent of the total project cost. The group is also highly fragmented in terms of organization type, firm background, and status. Nevertheless, real estate experts and other elite developers perceive this group as non-professionals. When asked to elaborate on the group's role in the real estate industry, Manoj tells me: "These people are goondas (thugs), who only know to use their muscle power to forcefully get hold of land…. You can't call them developers because they don't have the management skills required to carry out complicated developments". Manoj's comment, implicitly refers to the continued involvement of OCGs in Mumbai's real estate industry.

Group 3: Developers belonging to this group are young (established after liberalization), sauve (familiar with global business etiquette), entrepreneurial (mostly specializing in complicated redevelopment projects), and big borrowers (have the highest debt burden compared to other groups). These developers have had a meteoric growth, made possible only because of institutional borrowing. Manoj describes them as "revolutionary developers" who shot to fame in a very short time, surpassing the production records of old generation developers. He, however, feels that this group is most susceptible to burnout, precisely because of their unrealistic growth, and the production/ return expectations riding on them. According to bankers, this group borrows as much as 70% of the project cost in the form of debt. Group 3 developers have a distinct identity with respect to age, entrepreneurial spirit, and debt burden, which binds them closely as a group. I also found them to be the most active members of professional associations and developer-focused events. In fact, it was at these events that I established contact with many of my developer participants, of which Group 3 developers were highest in number. My affinity to Group 3 developers was partly conscious since I was aware of their importance as real estate developers in the post-liberalization era. It, however, helped that many of these developers were easy to access for researchers like me, presumably because it strengthened their self-perception of being outward-looking.

Group 4: Members of this group have a long-standing reputation of being credible developers, and are relatively well organized in their operations. What sets them apart from other known development firms is their age. Group 4 developers are old-schoolers who were dominant players long before liberalization and have continued to remain relevant (through sustained production) till date. According to Manoj, this group was able to sustain the changes that accompanied liberalization, without getting wiped out by competition or suffering a burnout. He labels them as "evolutionary developers." Other industry experts offered me a different perspective. As per this perspective, Group 4 developers accumulated great amounts of wealth, mostly in the form of land banks, in the late 80s and 90s, and have merely been capitalizing on that wealth to stay relevant ever since. Although bankers consider the group credit-worthy because of their supposed financial prudence and social repute, reports of fraud and wilful default by developers belonging to this group are not uncommon. The group consists of only a handful of developers who are known to everyone engaged with the real estate industry in Mumbai, as well as property buyers. These developers are, however, not diversified corporate entities and continue to be run as family businesses despite their age and size, which limits their life expectancy to the family's lineage, or rather, the cohesiveness of family members.

Group 5: Developers belonging to this group are sophisticated in their corporate governance, have diversified interests ranging from pharmaceuticals, to IT, to automobile, and have the easiest access to bank finance. They are seen as bankable and trustworthy by financiers and homebuyers alike and have the best credit rating among all developers. These firms are also listed on the Indian stock market (BSE/NSE), and their stocks are traded actively, which implies transparency in their financial dealings and accounting practices. The size, stature, and varied interests of these firms, however, hinders them from making too many (risky) land acquisitions at once. Real estate consultants claim that these firms belonging to this group do not identify as developers per se, and instead position themselves as a versatile conglomerate that incidentally also participates in real estate development. The chairman of Godrej Properties, a Group 5 developer, acknowledged during a real estate conclave that the firm ventured into real estate development only because they had surplus land (CNBC Awaaz, 2017). In recent years, however, several Group 5 developers, including Godrej, have been buying out stressed projects, or entire portfolios of stressed developers. While this practice, if continued, may increase the group's prominence in the real estate industry, experts believe that the approach is only relevant in times of market downturn, and is tightly bounded by risk measures stipulated by board members.

5.3. ***Sorting Methodology***

With the above categories in mind, I looked for empirical filters that would help with the systematic sorting of all 2,247 developers operating in Mumbai. The intention was to match the qualitative features of each group with appropriate empirical values. The selection of group filters was, however, guided/ limited by the data available to me, and the way in which the data was already organized. I sourced all data for this chapter from Liases Foras, a real estate research and data firm based in Mumbai. Liases Foras provided me with data on real estate developers from 2008 onwards, which meant that I had limited information on the performance of developers prior to 2008. Under these constraints, the filters used to sort each group are as follows (Figure 9, Table 4).

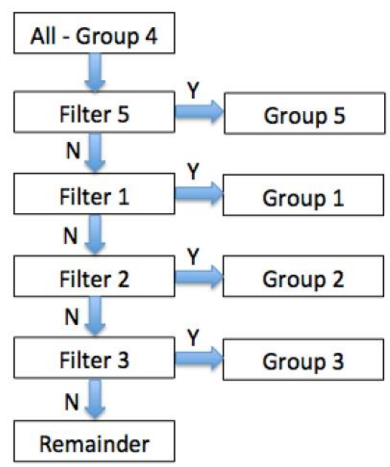

Figure 9: Sequence of sorting process

Since the filters are not of the same type for every group, and since certain filters are stronger than others, a sorting order had to be followed. Therefore, groups that could be identified with greater certainty (such as Group 4, 5, and 1) were given preference over groups whose filters are somewhat arbitrary (such as Group 2 and 3). The sorting process followed the following sequence.

Table 4: Filters used to sort developer groups

Group	Filter	Reasoning/ Assumption
1	Overall supply volume of ≤250000 sq ft	A volume of 250,000 classifies as 'small' in LF's database
	Number of projects built till date ≤1	Indicates a lack of building experience
2	Overall supply volume of ≤10 million sq ft	A volume of 10 mn classifies as 'large' in LF's database
	Number of ongoing projects ≤3	Developers with limited access to institutional funding would not be able to spread themselves beyond 3 projects at a time
	Location of projects ≤ 1 micro market	Developers who rely greatly on their social/ political connections (i.e., having mostly embedded ties) would build in just one neighborhood
3	Overall supply volume of ≥1 million sq ft	A volume of 1 mn classifies as 'medium' in LF's database
	Number of ongoing projects >3	Institutional funding must allow developers to increase their spread beyond 3 projects
	Location of projects >1 micro market[15]	Developers with weak ties to financial actors must be able to operate in multiple neighborhoods
4	N.A.	Since data prior to 2008 is unavailable, 'sustained production over time' could not be measured, and hence this group of developers had to be handpicked in consultation with experts
5	Group A listing on the stock market; Diversified business interest	Group A indicates frequently traded stocks, as per the Bombay Stock Exchange

5.4. ***Findings***

The sorting of developers using the above method resulted in 383 unclaimed developers, that is, developers that do not fall in any group. These 383 developers

[15] Micro markets in real estate are subdivisions between neighborhoods, or localized areas inside an overall housing market with their own defining characteristics.

have overlapping features of groups 2 and 3 but do not completely satisfy the conditions of either group. However, since the mean deviation across the three filters used to define both groups is very close to 0.5, these 383 developers have been distributed evenly between Group 2 and 3. The resulting distribution of population, supply volume, and supply value among the five groups (as of January 2019) is as follows:

Population distribution:

Of the 2,247 developers studied, 1,100 or 49% fall into Group 1, i.e., developers with little to no experience, and with almost no reliance on debt-based finance, whether formal or informal. The second-largest group in terms of population is Group 2, with a size of approximately 860 developers (or 38% of total). Group 3, which comprises of those developers who are most financialised (by which I mean most indebted to institutional finance), has a population of approximately 280 developers (accounting for 12% of total). Finally, Groups 4 and 5, i.e., the developer elites, constitute a very small portion (less than 1%) of the total population, with nine developers in each group.

Supply distribution by volume:

As of January 2019, a total of 735 million square feet of residential real estate was available/ under production in the market. Of this total volume, about 330 million square feet, or 45% of the total was contributed by developers belonging to Group 3, making this group the single largest supplier of real estate by volume. Group 2, comes second, with a contribution of approximately 174 square feet (or 24%), which highlights the significance of informal funding in Mumbai's real estate production. Groups 5, 1, and 4 follow behind with supply contributions of 117, 68, and 47 million square feet, respectively, corresponding to 16%, 9%, and 6% of the total supply.

Supply distribution by value:

The value of total supply follows a similar distribution among the five groups, as supply volume. Of the total INR 846,270 crore (89.5 billion GBP) that Mumbai's real estate stock was valued at, as of January 2019, nearly half of the market's share belonged to Group 3. The second-largest market share (of 21%) belongs to Group 2, followed by Groups 5 (12%), 4 (8%), and 1 (7%). The sorting of developers by supply value, therefore, reveals that market share is not concentrated among a handful of elite developers, as traditional market theories expect, and developers that are perceived to be most credit-worthy do not dominate the market.

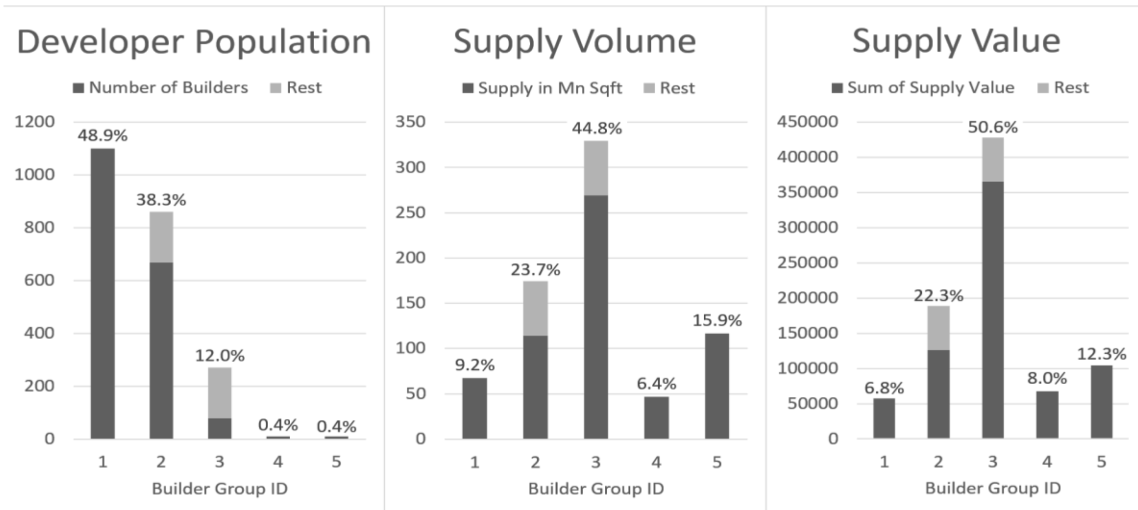

Figure 10: Developer Population, Supply Volume, and Supply Value (Compiled by Author; Data: Liases Foras, 2018)

From these findings, once can see that Group 3, which comprises a new generation of entrepreneurial, risk-loving developers, has emerged as the most significant group in Mumbai's real estate industry. Sorting of developers also revealed that the influence of formal financial institutions within Mumbai's real estate industry is not as widespread as scholars of financialization imagine. Institutional financing is primarily restricted to three (of five) groups that contribute to a total supply volume of 63%. Nevertheless, the effect that formal finance and presumably FDI, has had on the growth of Group 3 is remarkable and worthy of investigation. In the next chapters, through my examination of various land development practices, I attempt to get at the reasons why Group 3 rose to prominence, and relatedly, the effect this has had on Mumbai's real estate industry.

Chapter IV: **CONSENT ACQUISITION**

1. INTRODUCTION

Piramal Mahalaxmi is an ongoing residential development in South-Central Mumbai. The new development will replace a slum settlement named Dhobi Ghat that originally housed over 20,000 people (Ravindran, 2018). A little more than half of the settlement's population will be rehoused in the same location, in two towers of forty floors each, and in the remaining area, three more apartment towers of sixty-four floors will be constructed for sale in the open market (MahaRERA, 2019; Piramal Realty, 2018). Each of these apartments is currently priced upwards of INR 40 million or £400,000. Piramal Realty, the developer behind this project is part of the Piramal Group, a large Indian business conglomerate founded in 1984, with diversified interests in healthcare, glass manufacturing, and finance. Piramal Realty is backed by Piramal Capital, whose partners include the Canadian Pension Plan Investment Board (CPPIB), Caisse de dépôt et placement du Québec (CDPQ), and Dutch financial services major APG Group (Barman, 2014). With its access to large pools of global finance, Piramal Realty was able to buy out the smaller, local developers originally involved in Dhobi Ghat's redevelopment to make way for an ambitious new project (N. Kamath, 2016; Ravindran, 2018).

What seems like a top-down takeover of a Mumbai slum by global finance capital is, in reality, a messy story involving complicated negotiations occurring at the ground level. Piramal's entry into the project, as mentioned, is fairly recent, and comes after at least three other developers had already worked at realizing the redevelopment. The developers that preceded Piramal in redeveloping Dhobi Ghat had paved the way for Piramal's entry by doing the work of "consent acquisition." This work, which involves seeking residents' consent for redevelopment, is not only critical to the site's physical transformation but is also financially so profitable that it potentially undermines Piramal's profit expectations. This is because consent acquisition requires overcoming conflicts between various actors whose interests do not align quite so neatly. These conflicts, as I show, resemble coordination problems more so than zero-sum contestations, and therefore require developers to rely not only on formal institutions and informal norms but also ad hoc, patchy solutions, which can hamper the project's execution in the long run.

While a large, established, globally-connected firm such as Piramal can indeed have a notable impact on Dhobi Ghat's transformation, the assumption that the firm can: a) acquire slum land easily (if not on their own, then by delegating the task to experts with required know-how), and b) manipulate development regulations to ensure that their profit expectations are met (despite any added costs of land acquisition), ignores the problems associated with land's specificity, especially when land is inhabited by thousands of people. Hurdles to land's commodification, even when not in the form of overt resistance, can derail development goals, irrespective of the developer involved. An unpacking of the redevelopment process at Dhobi Ghat reveals that while Piramal's participation in the project was made possible because of their access to large pools of global finance and their social ties within local networks, the execution of the redevelopment depends on several factors including, and most importantly, the coordination of land exchange between residents and the developer. More importantly, the local mediators who play a crucial role in this coordination work, rather than filtering risk away (Halbert & Rouanet, 2014, p. 472), produce more hurdles thereby exacerbating financial risks for global investors.

In this chapter, I examine the work of consent acquisition, or more specifically, how developers and residents overcome the coordination challenges associated with the land exchange in slum redevelopments in Mumbai. The chapter comprises of three empirical sections. In the first section, I layout the details of the case study, including profit distribution between the many actors involved. Here, I highlight just how much economic value is associated with land acquisition, and the reason why this is so. In the next section, I analyze the institutional frameworks that determine the coordination of land exchange between residents and developers. In particular, I study the gaps and inconsistencies in both formal rules and informal norms that augment rather than resolve conflicts between actors. Finally, I discuss my ethnographic findings of how consent is acquired in practice. In this final section, I demonstrate how developers not only adopt ad hoc means to solve coordination problems but also operate in episodic siloes in their quest to be successful at land commodification, at the cost of undermining the project's eventual execution.

2. A BRIEF HISTORY OF SLUM REDEVELOPMENT IN MUMBAI

While there have been a variety of partnerships used historically in Mumbai and elsewhere in urban India to construct housing, the so-called Mumbai model or Slum Rehabilitation Scheme, first launched in 1991 and revamped in 1995, was actually quite novel for its use of land and development incentives to construct low-income housing. Up to that point, the public sector did not have a strong record of housing construction for so-called "economically weaker sections" either. Some factory-owner and public-private land trusts helped construct worker housing in the industrializing cities of Bombay and Calcutta in the early 20th century, but supply never kept pace with demand. Public sector institutions such as the Delhi Development Authority and the Maharashtra Housing and Area Development Authority developed incrementally over the 20th century, but particularly after the mid-1960s, and were charged with housing construction. However, they tended to focus on middle-income groups who could at least pay construction costs. Slums and informal settlements of various types emerged to fill the housing needs of industrial workers and migrant laborers, to which the government responded with benign (or supportive) neglect, interspersed with aggressive slum clearance schemes, through the early 1970s (Weinstein, 2014b, pp. 59–63).

In the early 1990s, amid the 1991 elections, Bombay's state government launched a populist housing program that promised free flats and in-situ tenure to the city's millions of slum residents. The program, called the "Slum Rehabilitation Scheme," came to be administered by a public agency, the Slum Rehabilitation Authority (hereafter referred to as SRA), but was financed entirely by private builders by granting them development rights on lands that housed informal settlements.

Initially, the developers received one square foot of land to develop and sell at market rates, for each square foot of land they used to house the current slum residents. Since there was very little developer interest in the first few years of the program, the incentives were later increased to 1.33 square feet of market-rate property for every square foot of rehabilitated slum property. The initial idea was that a group of roughly 100 families living in shacks or chawls would organize themselves into a housing society and reach out to an architect or builder to construct both their building and the market rate component. They would strike a deal and submit a joint contract to the SRA for approval. But in actuality, nearly all projects have been developer initiated (Sanyal & Mukhija, 2001, p. 2049). Typically, a builder working with an architect would approach the residents of a settlement located in an area they deemed desirable for the market-rate construction. Because their market-rate sale component would be located on the same site as the rehab housing, only slums located in prime market areas were initially targeted for the program (Nijman, 2008, p. 77). But as a protection against developers coercing residents to participate, the SRA required that 70% of the residents had to consent to the project before approval would be granted.

Acquiring consent is a drawn-out process involving tedious negotiations between developers and slum residents. Since residents have varying concerns regarding compensations and do not constitute a homogenous group of actors, disagreements among them, including over which developer to support, is both common and inevitable (Sheela Patel & Arputham, 2007, p. 504). The struggle over consent acquisition is exacerbated by the fundamental problem of unclear titles and ambiguous property rights in slum settlements. Residents and developers have had to navigate opaque rules of land ownership and exchange, for consent to be acquired (Weinstein, 2014b, p. 118). The unequal distribution of risk between residents and developers further adds to this challenge. Since the redevelopment model requires residents to hand over their land to a developer for a loosely specified period of time, the impact of non-cooperation and development uncertainties is far more significant for residents than for developers. As a consequence, developers find it difficult to get residents to vacate their homes, even if a majority of them consented to the project. To facilitate consent negotiation and land clearance, the SRA also requires that residents form a committee that will make decisions on behalf of resident groups, and act as a mediator between developers and residents. As per this rule, twelve committee members shall represent every 100 households to negotiate terms of redevelopment. The idea is that individual concerns can be consolidated and negotiated as a collective, without undermining the scale and extent of diversity within slum settlements. However, committee members have instead assumed the role of middlemen, which makes consent negotiations all the more complicated.

Consent acquisition is nevertheless the only means to acquire slum land for privatized redevelopment. Slums occupy 36.45 square kilometers, or 48.6 % of the total developable land area in Mumbai and are scattered across the entire landscape of the city, including the south and west regions where real estate is most expensive (P. K. Das, Singh, Dewan, & Agarwal, 2018; GOI Census 2011). In a city where land is a scarce resource, and uninhabited land is almost nonexistent, slum redevelopment (and urban residential redevelopment in general) provides developers the opportunity to stay in business. According to a public circular released by the Bombay High Court in 2017, 83% of all real estate activity in Mumbai was redevelopment work. Besides, and as I show in this chapter, the negotiations over consent between developers and slum residents have significant costs associated with it, which ultimately impacts the production and sale of new real estate. Consent acquisition is, therefore, a critical value function of the land market in Mumbai. In the next section, I unpack the practice of consent acquisition, using the case of Dhobi Ghat slum in South-Central Mumbai. Dhobi Ghat is a case wherein consent was acquired “successfully” by the developer. By this, I mean that residents and developers were able to arrive at an agreement via non-violent negotiations, and the exchange of land was carried out rather peacefully.

3. THE CASE OF DHOBI GHAT

Figure 11: Location map of Dhobi Ghat (Source: kepler.gl)

3.1. ***Context***

Dhobi Ghat, which translates to *washing area* in Hindi, is a 140-year-old outdoor laundry precinct located in Central Mumbai. The wash pen, originally built by the British, continues to be used for large-scale cleaning and dying of clothes. It serves the washing needs of clothing manufactures, the hospitality and medical industry, and thousands of individual households in the city. Dhobi Ghat is also a popular tourist spot, not just because of its historical significance, and the quaint practice of manual clothes washing, but also because it offers tourists a stereotypical picture of the urban contrast that Mumbai is most famous for. Set against the backdrop of a dense cluster of newly erected skyscrapers, Dhobi Ghat highlights the contrast between modern and traditional, wealth and poverty, and colonial and post-colonial.

Originally, Dhobi Ghat was situated outside the main city, along with several textile factories that provided it business. However, due to the city's northward expansion, the district of Mahalaxmi, which includes Dhobi Ghat and the many defunct textile mills, now lies at the geographic heart of Mumbai. Today, Mahalaxmi is not only one of the main commercial districts of Mumbai but is also a much sought-after neighborhood for living. Abutting the historic washing pen is a slum settlement, which houses the *Dhobis* or workers belonging to the Dhobi community, who mostly hail from the states of Andhra Pradesh and Uttar Pradesh. This settlement exists on land that is highly valuable and, therefore, is of great interest to real estate developers. While the washing pen itself is protected for the time being under Mumbai's heritage laws, the settlement is notified as a regular slum by the SRA and can be redeveloped privately, like any other slum in the city.

The residents of Dhobi Ghat, however, appear more affluent compared to other slum residents in Mumbai, because Dhobi Ghat's location offers access to better jobs and education. Aside from being economically better off, residents of Dhobi Ghat are also seemingly well versed with union politics, due to their proximity to former mill workers associated with The Great Bombay Textile Strike[16] . Moreover, Dhobi Ghat belongs to the electoral constituency of the family of Arun Gawli, a gangster turned politician who ran his criminal operations out of the area until he was arrested in 2012 for the murder of a Shiv Sena politician. Gawli is also charged (but not yet convicted) with the murder of Sunit Khatao, a factory owner who lost his life to the gang violence that followed the closing down/ sale of mill lands in Mumbai in 1994. Dhobi Ghat and Mahalaxmi continue to be a stronghold of the Gawli family, which includes Sachin Ahir (Gawli's nephew), who, until 2014, was the Housing Minister of the state of Maharashtra. Therefore, at the time of negotiating the terms of redevelopment, residents of Dhobi Ghat had access[17] to a very important political

[16] The mill workers of Bombay, under trade union leader Dutta Samant, called the Great Bombay textile strike on 18 January 1982. The purpose of the strike was to obtain bonuses and an increase in wages. Nearly 250,000 workers and more than 50 textile mills went on strike in Bombay, at the time.

[17] Residents claim that Ahir and other members of the Gawli family frequently visited the slum, and were in touch with community leaders over the slum's redevelopment.

figure who essentially framed the formal and informal rules of slum redevelopment in Mumbai.

3.2. ***Suitability of the Case***

The foreseeable friction between market forces and slum politics is one of several reasons why I selected Dhobi Ghat as my case study to investigate the practice of consent acquisition. If slums in Mumbai were to be arranged in order of land value, Dhobi Ghat would be at the top of the list, since property prices in Mahalaxmi are one of the highest in Mumbai. On the other hand, residents of Dhobi Ghat appear to be self-aware in terms of their position vis-à-vis private developers and the State, and their perception of the exchange value of the land they occupy[18]. What is also interesting about the case is that Omkar, the developer leading the redevelopment (before Piramal stepped in), is regarded as the most successful developer for acquiring slum land in Mumbai (Samar Srivastava, 2012). I was, therefore, curious to find out how Omkar operated, and how they came to be to the master of slum redevelopment. The timing was also right as Omkar was in its final stage of land acquisition at Dhobi Ghat when I started my fieldwork. The tactics adopted by the firm were, therefore, fresh in the memory of Dhobi Ghat's residents and Omkar's employees.

One more reason for choosing Dhobi Ghat as a case study was my locational proximity to the site. Since I lived not too far from Dhobi Ghat during my fieldwork, I was able to visit the site frequently, and whenever required. More importantly, I had access to two individuals who had connections to committee members of Dhobi Ghat[19] . While

[18] In my interviews, residents often referred to the price of high-end apartments in the neighbouring towers, and their perception of current property values was not inaccurate. Residents however did not speak about feeling entitled to apartments of similar size or value. Instead, they talked about how the developer would reap huge profits, if and when they surrendered the land for redevelopment – thereby indicating the worth of their consent.

[19] My gatekeepers into Dhobi Ghat were Jayan Patil and Sumit Saudagar (names changed). Jayant and I used to be colleagues at a micro mortgage company in 2014, where he was (and continues to be) a loan officer in charge of bring in new customers. Jayant has reviewed several customers from Dhobi Ghat for loans, and also has a cousin who is a resident and committee member in Dhobi Ghat. Sumit on the other hand, works at a hair salon that I have visited since 2005, and is also a youth member of the

access to slum residents, in general, is easy, making contact and establishing trust with slum elites like committee members and community leaders is very difficult, even for a local Mumbaikar. While I did not have any direct connection with the developers involved in Dhobi Ghat's redevelopment, establishing these connections once I got started with my research was relatively easy because I already had access to the social world of real estate developers in Mumbai, through my past professional experience as an architect in the city.

3.3. *Site Details*

The settlement at Dhobi Ghat covers a total land area of 39,000 square meters or 9.63 acres, according to planning permissions issued by the SRA in December 2016 (Annex C) However, representatives of the developer have mentioned to me that the total site area is around 12 acres (48,562 square meters). It is therefore unclear what the exact plot boundary is, and whether the developer plans to acquire more land in the near future. Most news reports claim that the settlement originally housed around 4,000 households or 20,000 residents in total (N. Kamath, 2016; Ravindran, 2018). This number includes renters and those households that are ineligible for new housing as per rules set by the SRA. The number of "eligible" households at Dhobi Ghat is reported as 2,215 in the development's planning approvals (See Annex B). Most residents also believed that the number of eligible households is around 2000. However, this number, too, does not match what representatives of the developer have told me, which is around 3,000. It is, therefore, possible that the planning approvals will be modified as the project progresses because building height and development limits are linked to eligibility count under Mumbai's development regulations.

Nevertheless, the SRA has currently approved a maximum built-up area of 146,165 square meters, based on an eligibility count of 2215. Of this total area, approximately

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Maharashtra Navnirman Sena (MNS), a break-away right-wing political party from the Shiv-Sena. Sumit has close friends who live in Dhobi Ghat and who are also active members of the MNS.

93,500 square meters is the effective carpet area that can be sold to consumers, and on which the advertised selling price applies (See Table 5 and Table 6, for calculations). As of June 2018, apartments in the project were priced at INR 505,861 (£5,050) per square meter (see Figure 13), which makes the realizable sale value of the project around INR 46.3 billion (£463 million) (See Figure 10 for calculations). This projected valuation is valid only if the built-up area calculations, i.e., the planning permissions that were approved in 2016, remain unchanged (Annex D). The project's valuation also depends on future price behavior, which at the moment appears to be heading south (See Figure 12), but has been more or less flat in the last three years. According to one news report, however, Piramal has valued the project at INR 70 billion (GBP 700 million) (The Asian Age, 2016).

Table 5: Simplified Built-up Area Calculations (Compiled by Author, 2018; Data: SRA, 2018)

Site area	39.000 m^2
Density of slum	850 / hectare
Permissible FAR	4
Maximum buildable area (according to Performa A)	146.165
Rehab Built-up area (2215 units x 30 sqm)	66.45
Maximum area available for commercial sale (without fungible)	79.715
Total saleable area including (35%) fungible FAR	107.615

Table 6: Simplified Sale Value Calculations (Compiled by Author, 2018; Data: SRA, 2018; Piramal Realty, 2018)

Total saleable area	107.615 m^2
Total carpet area	93.625 m^2
Carpet area rate advertised by Primal	INR 505.861
Project valuation (not accounting for price growth)	INR 46.3 billion

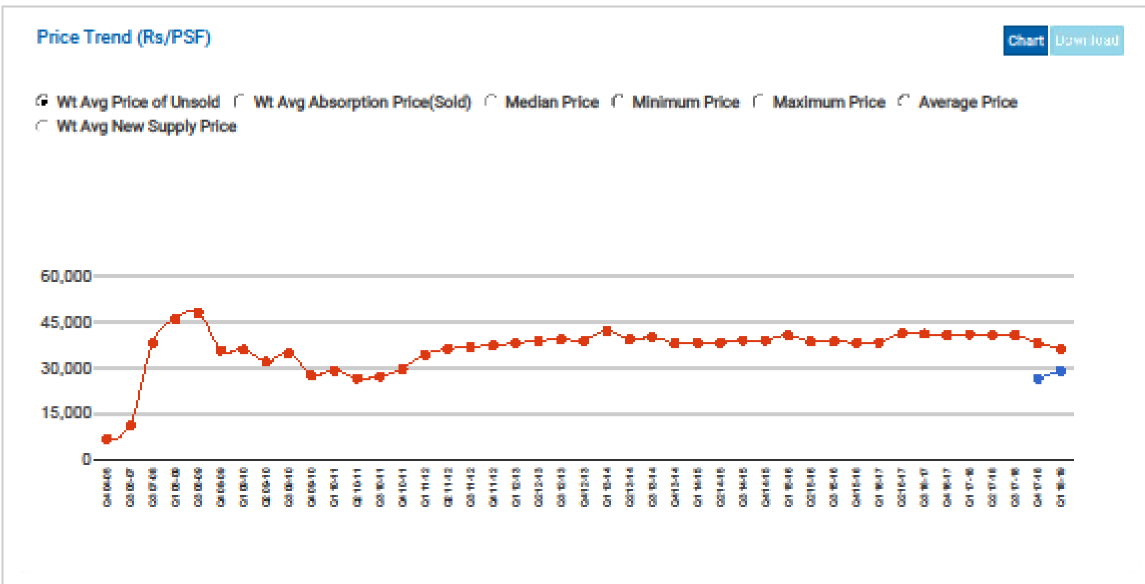

Figure 12: Price trends for Mahalaxmi (Liases Foras, 2018)

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Figure 13: Promotional advertising by Piramal Realty (Author, 2018)

3.4. ***Developer Details***

News of Piramal's involvement in Dhobi Ghat's redevelopment first broke in August 2015 when the firm announced an early-stage investment of INR 2 billion (£20 million) in the form of equity capital into the project (Menon, 2018). Till then, the project was managed and funded by Omkar Realtors, a Mumbai-based developer known to be experts in slum redevelopment work. According to the public announcement, Piramal's investment was to be used by Omkar for rehabilitating residents and seeking government approvals (Nandy, 2015). The next major announcement came in January 2018, when Piramal and Omkar signed a joint development agreement. According to this agreement, Piramal would invest another INR 26 billion (£260 million) into the project in exchange for a sixty percent revenue share of the free-sale component and take over full charge of design, development, construction, and sales (N. Kamath, 2018). The announcement was made soon after all residents of Dhobi Ghat had vacated the site, which marked the "successful" exchange of land between residents and Omkar. Omkar, therefore, earned INR 28 billion (£280 million) + 40% of profit share for the work of consent acquisition.

Omkar, however, was not the only developer involved in consent acquisition at Dhobi Ghat. According to residents and news reports, it was Lokhandwala (another prominent Mumbai-based developer), who initiated the redevelopment process in Dhobi Ghat as early as 2004 (Babar, 2018; N. Kamath, 2016). Lokhandwala is said to have been the first developer to propose redevelopment to residents and had officially signed an agreement with the SRA in March 2005 to bag the slum's development rights (SRA, 2018). However, since Lokhandwala failed to make progress with the redevelopment for a decade, residents went to court against the developer, and the court subsequently ordered a ballot test among residents to decide the fate of the project. It was in this election, which was held in August 2014 that Omkar emerged as the more popular and officially elected developer among the residents of Dhobi Ghat (Babar, 2018; MahaRERA, 2018). The court also ordered Omkar to compensate Lokhandwala for losses incurred, as per section 13.2 of the Slum Redevelopment Act (Bombay High Court, 2014). While details of the deal remain unknown to the public, the title deed in the SRA's records, mentions that Lokhandwala was paid "certain moneys" and "certain flats in Omkar 1973, and Omkar Meridia" (other residential developments by Omkar) as compensation (See Figure 14). Anecdotal accounts of my participants (which included two committee members and an ex-employee of Lokhandwala) suggest that the total settlement amount paid to Lokhandwala could be around INR 3 billion (£30 million).

Figure removed due to copyright issues.

Figure 14: Excerpt from the title deed. Monetary transactions between Omkar and Lokhandwala involved exchange of flats and money (MahaRERA, 2019)

Residents allege that in addition to Lokhandwala, Omkar had to make a settlement with another (not-so-known) developer, Keemaya, who was briefly involved with consent acquisition in Dhobi Ghat between 2011 and 2013. While a senior executive of Omkar refuted this claim, the title deed also mentions that Keemaya was paid INR 50 million (£500,000) by Omkar (See Figure 15). Other developers who are familiar with slum redevelopment work, however guess that Keemaya might have earned closer to INR 500 million (£5 million) from their involvement in consent acquisition at Dhobi Ghat. These claims are nevertheless mere speculations, and cannot be verified for accuracy.

Figure removed due to copyright issues.

Figure 15: Excerpt from the title deed. Keemaya was paid INR 50 million (£500,000) by Omkar as compensation (MahaRERA, 2019)

In summary, Dhobi Ghat's redevelopment involved the participation of at least four developers with different levels of experience, background, and organization size (See Table 7). Three of these four developers contributed to the work of consent acquisition, which lasted thirteen years in total. The physical exchange of land (i.e., the evacuation of residents from the project site) took four years, and Omkar was the only developer involved in executing this task (Figure 16). The rest of this chapter focuses on the coordination between Omkar and residents of Dhobi Ghat, which made the exchange possible. In particular, I look at the institutions that governed this exchange, the coordination problems and risks that residents and developers faced, and the practice that got the job done.

Figure 16: Chronology of Dhobi Ghat's redevelopment (Author, 2018)

Table 7: Developers involved in the Dhobi Ghat Redevelopment (Author, 2018)

Developer	Lokhandwala	Kimaya	Omkar	Piramal
Year established	1988	2007	2003	2012
Type of firm	Family-run (Second-generation)	Family-run (First-generation)	Family-run (Second-generation)	Family-run (Second-generation)
Region of operation	Mumbai, Dubai	Mumbai	Mumbai	Mumbai
Number of employees	200	80	700	240
Number of completed projects	9	0	14	0
Total real estate produced (in sq ft)	10 million	0	20 million	0
Number of on-going projects	3	3	7	5
Real estate commitment as of 2018 (in sq ft)	3.5 million	138,000	7.1 million	15 million
Developer Group	2	2	3	5
Funding source	Banks, NBFC	Non-convertible debentures, NBFC	Private Equity, Banks, NBFC	Private Equity, Banks, NBFC

4. INSTITUTIONAL FRAMEWORK

4.1. *Cases of Dissent*

By the time I started my fieldwork in April 2017, the settlement at Dhobi Ghat had been nearly razed to the ground. What remained were a few shacks and the bamboo structures which the Dhobi's use to dry their laundry (Figure 17).

Figure 17: Baboo structures used for drying laundry at Dhobi Ghat (Author, 2017)

A tall fence ran along the perimeter, with openings facing the street that led to the washing area. Security guards hired by Omkar manned the main entry points to the site and inside stood two trailers, which functioned as Omkar's site office. Iqbal, a resident of Dhobi Ghat, who had found alternate accommodation in a neighboring slum, continued to use the site for his laundry business. In what was more of a casual discussion than a structured interview, I inquired about the status of the redevelopment. Iqbal, who seemed to be in a rush but perhaps found it rude to not engage with me, updated me on what he knew[20].

> Iqbal: Almost 90 percent of residents have moved out. There are about 40-50 households holding on at the moment.

[20] I sensed that Iqbal's hesitation was not just to do with loss of time, but also the fact that Omkar's security men watched us interact as they guarded the site. Iqbal also initially mistook me for a journalist, before I explained to him who I was.

Anitra: Why haven't these people moved out yet? It's been almost three years since Omkar won the GBR elections.

Iqbal: Everyone has a different issue. Some people are waiting for their names to be added to the list, others are fighting for better compensations… These things take time.

Anitra: How are they going to resolve the issue?

Iqbal: They are all in talks with the committee to get their matter sorted.

Anitra: How long do you think they will continue to hold on? How much longer do you think it'll be until the site is fully cleared?

Iqbal: They will all move out eventually… they have to- the BMC [Bombay Municipal Corporation] has already sent them eviction notices. But I can't put a date on it.

Iqbal then walked away to carry on with the work he had come there to do, while I looked for other residents to talk to.

In the months that followed, my agenda was to identify the causes of conflict, which led to delays in land clearance, and the solutions that had been devised to overcome these conflicts. The residents who were yet to vacate the site were my starting point for this investigation. From their accounts, I was able to identify the most typical cases of dissent.

One such case included the case of Rakesh- a resident whose name did not feature on the list of candidates eligible for resettlement housing. Rakesh claimed that despite being a resident of Dhobi Ghat since 1993, his name was not on the list because the BMC had missed locating his shack in their survey. Developers, however, claim that the list-making process is rather thorough and follows a double review process. The BMC does the first round of survey in which they mark and number each shack in a slum. This is then followed by a second, more detailed survey carried out by the developer in consultation with slum residents, wherein discrepancies in the BMC-prepared list are ironed out. In the event that a shack is identified, but its owner is documented incorrectly, the BMC or the developer will accept proof of residency in the form of a utility bill dating back to the cut-off year specified by the SRA. Rakesh, however, claimed that he did not have any documents to prove his residency status as it got washed away in the 2005 deluge that left slum residents worst affected.

The second (typical) case is that of Susheela- an elderly woman who was concerned that when the redevelopment is finished, she would only receive one flat, even though she had three grown sons, each of whom is married with kids. Susheela claimed that her original shack was much bigger in size than most other households in the settlement because it accommodated fourteen people. "How can fourteen of us fit in a flat of 300 square feet?" she cried out. When I questioned a representative of Omkar about this concern, I was told that two of Susheela's sons were actually residents of other slums and that the sons had moved out of Dhobi Ghat years ago.

Susheela's concern was shared by Bhima, another resident who was also troubled by the number of flats his family would receive after redevelopment. Bhima claimed that his family owned two separate shacks that were connected internally, but the BMC registered it as just one unit. However, according to developers, each household is entitled to one flat only, and a household or tenement is defined as four walls and a roof, as per section 33(10) of the city's development regulations (Mumbai DCR, 2018). Developers tell me that because residents are aware of this rule, many of them have built partition walls inside their original shacks, which not only makes it difficult for surveyors to map, but also leads to absurd claims. One developer, referring to the map of a slum settlement, pointed out how a resident had built what looked like a closet of 16 square feet with no windows or doors, and called it an independent unit worthy of qualifying for a new flat.

A fourth type of case involved a dispute between a brother and sister, whose father (who was the original owner of the shack) had died just after the list was prepared. Sheena, the sister complained that not only had it been a nightmare to register her father's death with the BMC, but it was also unfair that her brother be the only one to get a new flat, and not her. She too claimed that their shack was actually two units, and that there was a wall that divided her part of the house from her brother's part. Sheena swore that she would not budge until she got her fair share from the developer. When asked about this case, a representative of Omkar responded: "this is a family matter that has now become our problem… But it has nothing to do with the redevelopment".

Lastly, there was the case of Bharat, a resident who partially operated his laundry business from home, and whose livelihood would be affected with the redevelopment. Bharat, like many other residents of Dhobi Ghat used the little available open space attached to his shack to dry washed laundry. Having to relocate, even if temporarily, meant that he would have to find an alternate space to hang his washing, which in a space starved city like Mumbai is not easy. Indian land acquisition laws and the SRA mandates land acquirers and developers to compensate landowners for any disruption caused to their livelihood. Bharat therefore wanted adequate compensation for the drying space he would loose because of the redevelopment. Bharat evaded the question when I asked how much compensation he was demanding from the developer, and when prodded simply said, "whatever is fair".

While the notion of fair compensation is understandably contested, demands over the open drying space supposedly went as high as INR 10 million (£100,000). This is because, residents who claimed ownership of, and thereby sought monetary compensation for, the open drying space were valuing the compensation based on market rate of land in the neighbourhood, as opposed to measuring loss in revenue caused by redevelopment work. The problem of valuation of the drying space was of concern to the developer too. One representative of Omkar was particularly perturbed by this problem. "Residents are being greedy", he said, adding that, "If the issue is disruption to their business, then we have tried to address it in other ways. We've offered to install German-made industrial drying machines that are space efficient, and also made room for a temporary drying space in a portion of the site while construction goes on… So it isn't about their business at all. It's about extorting us for more money".

From these different cases of dissent, I learnt that conflict over consent acquisition mainly stems from the issue of compensation, or rather the distribution of compensation among residents. Compensations could range from nothing at all (for residents deemed ineligible) to anything as high as a developer's maximum paying capacity (for residents with stronger bargaining powers). While formal rules pertaining to compensations do exist, the rules as I show below, seem to create conflicts while simultaneously intending to mitigate them, which is counterproductive to successful land exchange.

4.2. ***Formal Rules of Consent Acquisition***

Of all the rules concerning consent acquisition, the most significant are: rules that define eligibility; rules that determine compensations; and rules that permit forced evictions. As per SRA regulations, eligibility is decided based on a cut-off date, which applies to all residents. At present, the cut-off date is 1st January 2000, but this date is periodically brought forward, especially in the months leading up to major elections (Weinstein, 2014b, p. 65). The rule essentially states that if a household had built their shack prior to January 2000, then they are eligible for free resettlement housing. While this rule is more or less accepted and followed by developers and residents, drawing a hard line to segregate residents according to residency status is a challenge. The rule, for starters, assumes that the original owner of the shack (the definition of which itself is contentious), is also its current owner, which is often not true because slum properties are traded frequently outside of official slum (re)development regulations. Besides, to prove (or disprove) that a shack actually existed prior to January 2000 is impossible, because the SRA only began surveying slums in 2010 (Balachandran, 2016). This is why utility bills serves as a proxy to prove eligibility. However, not all residents have a record of bills dating back to the year 1999.

The rules relating to compensations sets the lower limit for the compensation that a developer needs to provide residents as part of the slum redevelopment scheme. Just like the eligibility criteria, the minimum threshold for compensations is raised every now and again to appease voters living in slums. As of date, all eligible households need to be given a new flat (in the same location), sized at least thirty square meters.

In addition, the developer needs to provide all eligible residents with transit accommodation in a nearby location, or equivalent rent money, for the entire duration of their displacement. In case of businesses affected due to the redevelopment, the developer must also provide compensation to the business owner in the form of new real estate space and/or pay for losses incurred due to the redevelopment work. The problem with these rules however is that: A) It ignores difference among residents- in terms of size and number of shacks owned by them, and their political capital. B) It does not specifically address the measures to counter risks of non-cooperation on part of the developer. Therefore, the continuous and regular supply of rent payments, and timely completion of the new building is not guaranteed. C) It does not clearly define what the compensation for affected businesses should be. Or rather, how “loss to livelihood” should be measured when the nature of work is informal.

Finally, rules pertaining to evictions are critical to consent acquisition because they provide legitimacy to the rules relating to eligibility and compensations. The current rules state that residents can be forcefully evicted so long as A) at least seventy percent of residents are in favour of, and cooperating with the redevelopment, and B) the developer has been issued building approvals for the resettlement block. If both these conditions are true, then the developer can initiate the legal process of forced eviction. However, compared to the rules of eligibility and compensation, the rules of eviction are even more loosely defined. To begin with, the rule fails to delineate what “in favour of redevelopment” means. For instance, residents could be in favour of redevelopment in general, and could have given their official consent to a developer, but may still not be in favour of specific terms of the redevelopment. This is an important point to consider because when residents and developers get into a redevelopment contract, the full terms of the contract are unknown to either party until the land clearance process is underway. Therefore, it is possible that despite being in favour of the redevelopment, residents or the developer may at the time of land clearance, realise that the terms are not satisfactory to them. The rules of eviction also do not synchronise with the grievance redressal tools available to slum residents (and minority groups) in the event of forced evictions, outside of the redevelopment context. Residents therefore do have the option of challenging eviction proceedings, by filing public interest litigation against the developer, even if the pre-conditions for legally evicting them hold true.

These gaps in formal rules explain why projects often get suspended or abandoned in Mumbai, as residents, developers and the state end up in a political stalemate that undermines development efforts. However, the frustration of repeated failed attempts to redevelop slums has led to the creation of informal norms over time, which are meant to address the gaps and problems in formal rules, and which facilitate successful consent acquisition.

I eventually pieced together details of how consent was acquired in Dhobi Ghat, by interviewing twelve residents (two of whom were committee members), six developers (one ex-employee of Lokhandwala, three employees of Omkar, and two employees of Piramal), one housing activist, one lawyer, and three real estate consultants who are familiar with the project. To check if the practice of consent acquisition observed in Dhobi Ghat is common across other slums in Mumbai, I interviewed five other developers who specialise in slum redevelopment work, and residents from two other slums in the same neighbourhood as Dhobi Ghat.

4.3. ***Informal Norms to Mitigate Conflict***

Through interviews and participant observation, I tried to identify what these informal norms are, and how they help overcome conflicts over eligibility, compensations and evictions. By norms, I mean a set of actions that are firstly replicable, and secondly followed by development actors not just in Dhobi Ghat, but in other slums too. I found the following norms to be most significant as mechanisms for conflict resolution:

Letting committee members take over the tail end of the task of preparing the list of eligible residents. In Dhobi Ghat, I found that in addition to the BMC survey and developer-community consultation, committee members got to review the final list of eligible residents. Committee members were given discretionary powers by the developer to resolve conflicts over eligibility, and could suggest more names to be added to the list, if they considered a resident to be truly eligible for resettlement housing. The assumption here is that committee members would know if a resident has been living in the slum prior to the cut-off date, or what the original typology of a shack was before the BMC survey, i.e., whether a partition wall was added recently.

Making possible the option to purchase eligibility. According to residents who were yet to vacate their homes because of conflict over eligibility, there is an option to get on the list by paying a "fee" to committee members. In Dhobi Ghat, this fee (as per anecdotal accounts of residents) was INR 1,500,000 (£15,000). Ineligible residents, and possibly non-residents, could therefore receive a flat in the new development by paying an amount that is around 65% below market rate (in this case). However, most residents I talked to, found the fee to be unaffordable, and since the transaction would be impossible to document legally, accessing formal financing was not an option either.

Accommodating changes, including name change, on the list. This norm, which is on its way to becoming an official rule according to developers, allows changes in the list (particularly changes in ownership) to be registered officially for a fee of INR 40,000 (£400). At the time of research, residents of Dhobi Ghat could pay this fee to committee members who in turn paid BMC officials to modify the list prepared by them during the initial survey. This norm is aimed at recognising past property transactions in the slum and rectifying the errors made in matching owners with shacks listed on the BMC's survey records.

Waiting until majority residents have moved out before the legal process of eviction is initiated. Although the official rule states that (non-cooperative) residents can be forcefully evicted if at least 70 percent residents are in favour of the redevelopment, the norm, according to developers, is to wait until the site is more or less clear. Therefore, developers say they do not begin eviction proceedings until at least 90 percent of residents have vacated the site, irrespective of how many residents officially consented to the redevelopment, or even if the development authority has issued them building approvals.

These norms, while effective in addressing conflict, mostly pertain to issues of eligibility and eviction, and not the distribution of compensations. Only later did I realise that while residents of Dhobi Ghat appear to be somewhat self-aware in relation to the developer and the state, most residents are fairly oblivious of their position in relation to each other, when it comes to compensations. I found that even developers struggle to gauge the differential bargaining powers of residents. The distribution of compensation therefore bears a close resemblance to the workings of a bazaar economy, where the search for information one lacks and the protection of information one has is the name of the game (Geertz, 1978, p. 29). However, unlike in a bazaar economy where bargaining and clientalisation are standard search procedures, there appears to be no normative approach to resolving disputes over compensations in slum redevelopment. This is because, the distribution of compensation is a complex and complicated coordination challenge that can only be resolved through procedural responses, as opposed to institutionalised action.

5. THE COORDINATION CHALLENGE

5.1. *The Exchange Arena*

The distribution of compensation essentially entails an economic transaction between residents and developers. Coordination problem in economic exchanges is generally examined at the level of individuals or firms. In the case of slum redevelopments in Mumbai, however, the exchange arena comprises of thousands of residents looking to give their collective consent to one of at least two developers. The exchange requires almost all residents to willingly hand over land to a developer, in exchange for a new flat among other monetary compensations. Since there is generally more than one developer competing for residents' consent, and residents are not obliged to give consent unless they are all satisfied with the compensation offered to them, the exchange must be voluntary[21]. For individuals to voluntarily enter into mutually beneficial exchange relationships they have to recognise them as such, and they have to be able to commit to fulfill their contractual obligations (Greif, 2000). This fundamental problem of exchange is particularly difficult to overcome when rules and norms cannot account for the specificities of land. However, as I demonstrate below, coordination problem in the exchange of slum land is not linked to institutional structures alone, but also the problem of collective action and interests. Jens Beckert notes that economic exchanges within market structures can only occur if three inevitable coordination problems are resolved. Beckert defines these as *the value problem, the problem of competition* and *the cooperation problem* (Beckert, 2009, p. 245). I use this same analytical framing to analyse how conflicts over land exchange are resolved in slum redevelopment in Mumbai.

5.2. ***The Cooperation Problem***

The problem of cooperation arises from the risks that residents incur because of their incomplete knowledge of the developer's intention. The exchange of consent and compensations is based on an open contract, the terms of which are not fully enforceable. Hence the risk of developers reneging on their contractual obligations is not only high, but also a real and frequently occurring problem. Moreover, the legal agreement that binds this exchange is often worded in English, a language that most slum residents cannot read. Residents are therefore inevitably wary of engaging in land exchange with developers. Solutions to the problem of cooperation have been discussed widely in the social sciences, mostly in the context of the notion of trust (Cook, 2001). Trust is indeed an important factor in consent acquisition, and I found

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[21] I acknowledge that in reality the exchange of slum land may not be voluntary for many residents, and coercion indeed exists in slum redevelopment in Mumbai. However, for the sake of analysing the exchange of slum land from a sociology of markets perspective, I focus on practices that are non-coercive in nature. I would however reiterate that in Dhobi Ghat, land exchange was fairly peaceful. The number of reported cases of forced slum evictions in Mumbai has sharply declined in the last ten years, which is an indication that residents and developers are able to resolve disputes in a peaceful manner.

stark evidence of this in the accounts of both residents and developers. The story of how Omkar came to be selected as developer in Dhobi Ghat, is in the eyes of residents as well as Omkar, a testimony to how much trust matters. Although Lokhandwala supposedly offered residents bigger flats than Omkar did, according to residents, Lokhandwala lost out because the firm had a poor track record when it came to timely delivery of projects. Besides, Lokhandwala is meant to have had a spat with some residents regarding their claim to ownership of the open drying space. During this spat, Lokhandwala is said to have responded rudely, asking residents: “Do you believe this space belongs to your father?” Residents claim that their trust in Lokhandwala was broken after that incident. Representatives of Omkar repeated the same story to me, when discussing the history of the project. In fact, Omkar maintains that their business model is successful because it is one based on trust, even in discussions with the media (Shrivastava & Prasso, 2014).

Ethnographic documentation shows that much of the work that developers do in order to acquire slum land involves the social work of building trust and gaining confidence of residents. The practices that commonly constitute this work includes, showing patronage to community celebrations and festivals through donations, fostering relationships with residents who matter most (i.e. committee members) by attending their weddings, getting intimately involved in the lives of residents, etc. The intention behind many of these practices is also to mask the uneven power balance between developers and residents. In the words of Suresh Bhojwani, a Mumbai-based developer:

> You can’t offer them too little, but you can’t offer them too much either. If residents think you are throwing money at them to get their land, you’re in trouble. You should never make them feel like they can be bought, and even if you are technically buying their consent, you have to make it seem like you are doing this because you care about them.

In Dhobi Ghat, Omkar supposedly organised screenings for residents, to show off their portfolio of work through marketing videos. Residents of Geeta Nagar (another slum settlement close to Dhobi Ghat), mentioned that one developer had even arranged a bus tour for them to visit the firm's other completed projects in the city.

While trust can overcome resident's fear of defection, it cannot however, overcome the problem of coordinating group action. Once residents have given their consent to the redevelopment, there is no formal rule as yet, to compel them to vacate the site within a stipulated timeframe[22]. Therefore, residents are in no rush to move out, especially if other residents have not yet done so. According to developers, residents play the waiting game because no one is fully convinced about the project taking off. Land clearance, predictably becomes much easier once the first big group of residents have moved out, as it enhances resident's conviction about the redevelopment. For this reason, developers provide incentives to early movers. I describing his "hero-like" experience with land clearance, Dilip Sathe, former project manager of a redevelopment project, noted:

> There was this one time when we were getting increasingly frustrated about how slowly things were progressing. Everyone was waiting for the other person to move out first. I needed to get a large group of families to move at once, so that the others could follow… I came up with a plan and called Viren [his boss] … told him that I had to do this now, or else we'd be waiting forever. That night I organised for a truck full of Biryani from Jaffer Bhai [a restaurant famous for its Biryani] and another truck full of cash. It was around midnight, which is when people are back home from work. I made an offer to residents: 50,000 [£500] in cash and biryani for the whole family, if they moved out immediately. We managed to convince almost 700 families. It was a good move and I'm glad Viren supported me.

Another problem that impacts cooperation between developers and residents is the uneven dissemination of information in large slums. Residents in different parts of a slum may have access to very different information regarding the trustworthiness of a developer, or the benefits/ disadvantages of moving out early. Developers see this as varying levels of cooperativeness among resident groups, which is usually a

[22] Developers claim that there is a proposal under review by the SRA, to introduce a 60-day limit for residents to vacate the site post GBR elections.

reflection of how supportive the leaders of different groups in the slum are, of the developer. In order not to loose time because of the uneven levels of cooperation, developers identify and divide the slum into geographic clusters based on levels of cooperativeness. According to one of Omkar's project officers, in Dhobi Ghat, the site was cleared in tranches, beginning with the cluster that appeared most cooperative. Residents confirmed that different "societies" (a term used to identify groups represented by separate committee members) moved out of the slum at different time periods.

5.3. *The Problem of Competition*

Competition poses the risk of uncertain profit expectations for the developer. It is therefore in the interest of developers to shield themselves favourably from competitors, in order to stay committed to the exchange. Although the structuration of competition leads to contested distributional results and is a precarious compromise reflecting the inequalities of the power of actors in a market field (Beckert, 2009, p. 258), it nevertheless resolves coordination problems. For private developers in Mumbai to be interested in taking on the risky and cumbersome task of slum redevelopment, there has to be a profit incentive that is higher than in a green field, or non slum redevelopment project. The only way to ensure high profit rewards is by keeping cost of land acquisition low. To keep land costs low, the compensation offered to residents would have to be equal to, or minimally higher than, the SRA stipulated requirements, which is only possible if very few developers are in the race to acquire the slum's redevelopment rights.

Developers in Mumbai alleviate some of the uncertainties created by competition through reciprocal agreements that operate as soft law. Gaurav Sheth, a business development manager at a large real estate firm that specialises in slum redevelopment work, explained to me:

> If another big player like us is already involved [in a slum] we will not step foot there. Even if there are several small players it is best to stay away.... We could take down one or two small guys, but beyond that is too much hassle and not worth it.

Gaurav's concern reveals that competition in slum redevelopments poses problems other than just the risk of uncertain profit expectations. When multiple developers compete for residents' consent, it creates divisions and rifts among residents that could undermine redevelopment efforts. Residents of Dhobi Ghat claim that at the time when Lokhandwala and Keemaya were both vying for the redevelopment contract, there were violent fights in the slum everyday between supporters of either developer. "Things started to get pretty bad. No one was killed luckily, but we had to constantly call the police to stop the fighting", recollected one resident. According to the committee members I talked to, peace was eventually restored when Sachin Ahir (former Housing Minister and nephew of Arun Gawli) intervened to lay down some ground rules for developers.

Once Omkar took over from Keemaya, a different strategy was put to use, to overcome this problem associated with competition. Residents claim that for over a year, until the GBR election was held, Omkar had stationed its men in the slum to keep an eye on residents. "They were here night and day, watching over us, to make sure that we didn't talk ill about Omkar, or spread hearsay", said one of them. "Omkar didn't want us to switch sides, so they made sure that Lokhandwala did not influence us in any way", claimed another resident. According to a representative of Omkar however, the firm had its staff reside on site, to build trust with residents and get to know their concerns, so that the redevelopment could be as smooth as possible.

5.4. ***The Value Problem***

The value problem refers to the uncertainty confronting buyers and sellers from the difficulties of assessing the value of commodities. In slum redevelopments, developers and residents struggle to ascertain the value of residents' consent because the use-value of slum land and the disruption to everyday life and livelihoods that redevelopment causes, cannot be measured through objective processes of classification and commensuration. Moreover, since ownership of slum properties is not explicitly defined, residents' claim to the (full) exchange value of slum land is a matter of contention too. The SRA has helped mitigate this problem by setting rules and valuation standards that are now more or less agreeable to both developers and residents, much to the despair of housing-rights activists. While talking with me about Dhobi Ghat, Aravind Bhat, a known figure among Mumbai's housing activists, lamented: "Everyone is just wanting a little bit more than 30 square meters (of new apartment space). The demands (of residents) are not radical in any way".

While SRA guidelines are able to somewhat tackle valuation problems relating to housing, disputes over the valuation of businesses that operate out of slum settlements remain unaddressed. I found that some developers use a valuation technique that is commonly practiced by micro finance institutions for calculating annual revenue of informal businesses. The practice entails shadowing business owners over a period of several weeks, to determine their true earnings. Once this is done, a process of bargaining begins, wherein the developer and business-owner haggle for a compensation that is agreeable to both parties. Hashim Khorakiwala, a management consultant who was initially leading a massive neighbourhood redevelopment project in another part of the city, but later resigned for unknown reasons, narrated his experience of negotiating with a Kebab shop owner to me:

> The guy operated out of a tiny space at the corner of a building that we needed to tear down. His business was doing very well no doubt, so I knew he would not move easily. Besides, he had good contacts with powerful people who'd been eating there for years. After studying him and his business for some time, I offered him 10 Crores [£1 million]. He refused right away, saying that he made 50,000 [£500] a day and hence deserved more. Eventually, because we were losing a lot of time, we gave in and settled on an amount that I can't disclose to you... I hear the guy lives in Dubai now.

The value problem in slum redevelopments however, is not about valuation alone. Unlike in most economic exchanges wherein buyers and sellers agree on a value before the exchange, in slum redevelopments, the value of residents' consent is determined through the course of the exchange, and becomes known to the developer only after the land is fully cleared. Therefore, while an initial exchange value (i.e. standard compensation) is agreed upon when a developer is selected for the job, the real exchange value (which includes additional compensations) is ascertained only at the end of the transaction. This increases the developer's risk of uncertain profit expectations. Another problem relating to value, but not exactly to do with valuation, is the distribution of the exchange value among residents. Since compensations cannot be evenly divided, a developer faces the challenge of figuring out the most politically acceptable pattern of distribution. This challenge adds to the risk of non-cooperation, since a bad decision on the developer's part can jeopardise the foundation of trust on which the exchange rests.

Developers with experience in slum redevelopment work claim that one can, to some extent, hedge against the risk of cost overruns by accounting for additional compensations at the beginning. Sandeep Kumar, a Mumbai-based consultant who specialises in assessing financial feasibility of slum redevelopment projects, explained to me that cost of land in slum redevelopment constitutes three main expenses: 1) "official" land cost (an amount that is to be paid to the registered landowner, which in the case of Dhobi Ghat is the Bombay Municipal Corporation)[23]; 2) rent payments (given to residents for the entire duration of their displacement); 3) and miscellaneous settlements (which includes all additional compensations and payoffs, but not including government bribes, or the new flats that residents are entitled to). "These three costs are roughly divided in a 2:1:1 ratio, but it really depends on how judicious a developer is with the spending" says Sandeep. According to Sandeep, the main beneficiaries of the extra spending are business owners, committee members, and a group that developers refer to as "slum dadas", which broadly translates to slum bullies or troublemakers who supposedly obstruct redevelopment.

While developers are able to comprehend, and maybe even plan for the risks that the value problem poses, I did not find any evidence of a specific strategy that is used to

[23] As per SRA rules, the amount to be paid to the original landowner is fixed at 25% of the registered land price that is set and revised annually by the municipal authority.

overcome the problem. However, I found that the following practices adopted by developers and residents in Dhobi Ghat, seemed to have helped:

Selective use of secrecy and transparency

While investigating the conflicts over compensations, I observed that residents were very open about their concerns regarding the redevelopment, even if the concerns were not always "legitimate" as per the SRA rules. Residents talked freely, not just with me, but with other members of the community as well, about not getting what they wanted: being left out from the list; the confusion over number of tenements they owned; the treatment they received from the developer, etc. Residents were aware of their neighbour's concerns and shared a sense of solidarity, especially with those who were still holding on. However, on the contrary, residents were tightlipped when it came to individual deals struck, and the most common response when asked about the final compensation was: "I got what everyone else got", or "I got whatever is right".

Developers too, preferred to keep information about compensations non-transparent, because by doing so, they are able to manage costs by shortchanging some residents to make up for higher spending on certain other residents. However, when I questioned multiple employees of Omkar about how compensations were distributed, I was told by all of them that residents received the same compensation, which is: a flat of 30 square meter, and rent money for two years. It is an open secret though, within Mumbai's real estate circles that compensations, in case of redevelopment projects or jointly held properties (large landowning family for instance), are never equal. According to some of my participants, developers usually tie residents to an informal non-disclosure agreement, in order to maintain the opacity around compensations.

Maintenance of cognitive dissonance through semantic or language choices

Unlike representatives of the developer, residents of Dhobi Ghat acknowledged that some people, particularly committee members, received more compensation than others. When questioned about how they knew that committee members received more compensation, one resident jokingly responded: "If a man who has travelled by cycle all his life upgrades to a BMW overnight, can't you guess where the money came from?" Another such case, which was discussed openly, is of a resident who supposedly bought and moved into a two-bedroom apartment in Parel- an upper middle class neighbourhood in central Mumbai.

However, instead of recognising these cases as the unequal distribution of compensation, residents described it as "salaries" paid to committee members for assisting the developer with land clearance work. Representatives of Omkar too, used the word salary frequently while talking to me about the integral role of committee members in the land clearance process. "We pay them a salary according to their performance. So we give them targets of convincing 20, 30, 40... households every month" said one of the representatives. Similarly, residents perceived the compensations received by those who bargained hard by resisting the pressure to move out, as a "reward" for their perseverance, time, and effort. While referring to Susheela's case, Raju, a fellow resident of Dhobi Ghat remarked:

> When the rest of us were away at work, carrying on with our lives as usual, Susheela stayed back to fight off the developer. She spent time and energy doing that, so she should get whatever she is asking for.

Loose coupling of land clearance and land development

While semantics and secrecy are useful tools to navigate the challenge of dividing exchange value among residents, an unorganised and non-transparent system of spending inevitably adds to the risk of cost and time overruns. However, I found that this risk gets overlooked, rather than mitigated, because both residents and the developer operate in episodic siloes. Therefore, so far as the task of land clearance is the main focus, completion of the project becomes a distant, almost secondary goal.

The residents of Dhobi Ghat negotiated, as a collective, for an upfront payment of two years' worth of rent money from Omkar. Once this money was received (along with other compensatory payments), residents scattered away- some back to their villages, others used the money to buy an apartment in the outskirts of Mumbai, and the rest found accommodation in other slums in the city. The resettlement block, which was originally meant to be complete by 2017, is facing a 2-year delay (as of June 2018). Residents seem unsure about when their new flats will be ready, but are concerned that their second installment of rent payment is delayed. However, there is nothing they can do now, except wait.

At the developer's end, I found that the team that was in charge of consent acquisition has been disbanded, except for four people who are retained to handle residents' grievances. "The others have been allocated new projects, or found work elsewhere", one of the retained members of staff tells me, adding that their role now is to manage rent payments. While Omkar offers full-time positions to those who work on land acquisition, SD. Corp (Omkar's primary competitor) prefers to hire contract workers for the job. According to Sunil Bajaj a senior executive at SD. Corp: "We hire consultants, or project managers as they are called, to clear (slum) land because it ensures greater efficiency.... The decision making is faster that way". Sunil went on to tell me that even though they had experts helping them out, most good project managers retire early. "It is a very stressful job. Attending to resident's phone calls all the time, and dealing with their politics", Sunil acknowledged. The key to keeping project managers happy is to give them relative autonomy, says Sunil. While I was not able to study how project managers at Dhobi Ghat coordinated with the accounting team, in regard to budget and time frame, I was told that team meetings were held every two weeks during the land clearance phase to discuss new developments. When I asked about the status of the project and why rent payment has been delayed, a staff member responded:

> It could take another year for the resettlement block to be built.... Rent payments are late because the company is having some liquidity problems…. The market is down at the moment, and our other project Omkar 1973 is not having good sales.

As of April 2020, the resettlement block at Dhobi Ghat continues to face delays in completion, according to the website of the SRA. I was unable to reach out to my participants about the disbursement of rent payments, and can only guess that residents are stranded in this situation indefinetly.

6. DISCUSSION

An unpacking of how coordination challenges were overcome in Dhobi Ghat, indicates that while institutions, social structures, and cultural ideologies facilitate the exchange of slum land, the practices adopted by developers and residents are ultimately ad hoc responses to complicated problems. The case shows that stakeholders certainly acknowledge the rules and regulations set by the SRA, but the institutionalization of slum redevelopment brings with it a whole new set of challenges related to the specificities of land, which makes land exchange all the more difficult, irrespective of the developer leading the project. While stakeholders seem to follow informal norms to address the difficulties of coordinating land exchange in Dhobi Ghat, these norms in several instances, only indicate to actors what (not) to do, rather than how to solve the problem. Cultural understandings of compensation and trust are useful in mitigating risks related to non-cooperation and conflicts over value in Dhobi Ghat. However, these shared understandings do not quite resolve the problems of collective action and distribution of exchange value. It is for this reason that consent acquisition commands much profit, and prestige, among land market actors.

Dhobi Ghat's redevelopment also reveals that land acquisition is often the end goal, even for established developers like Omkar, which is hailed as the expert in slum redevelopment work in Mumbai. Besides, the case shows that there is greater observable competition in land acquisition than in land development in Mumbai, which supports my proposition, that land commodification is the name of the game for Mumbai's developers. While there were three developers: Omkar, Keemaya and Lokhandwala vying for residents' consent, there appears to have been just one developer interested in developing the project. This is partly because of the significant profit attached to consent acquisition, but more importantly because these profits can be earned before land is developed. Therefore, developers do not have to wait until the project's completion to reap the rewards (be they economic or social prestige) of successful transformation of slum land into commodity form. Put differently, consent/land acquisition provides real estate developers the opportunity to both display their “heroic skills” of coordinating land exchange, and also circumvent the relatively distant risks of land development.

While Omkar may have figured out ways to acquire slum land with minimum conflict, their strategies are neither replicable, nor foolproof. In fact, the delay in Dhobi Ghat’s redevelopment, including the time taken to “clear” the site, is an indication that Omkar too stumbled at the task, despite the hefty monetary compensation promised to them. While Piramal too is poised to earn sizable income from their participation in the project, their profit ultimately depends on: the project’s exchange value over the next ten years (until all flats are sold); their cost of financing/ holding power; and the development approvals granted to them by planning authorities. However, the precarious and shortsighted arrangements on which the coordination of land exchange in Dhobi Ghat rests, poses additional, unknown challenges for everyone involved. These uncertainties, I argue, eventually hinders the project’s completion, if not for the new contestations they create, then due to the inability of investors like Piramal to both gauge and realize their projected profit expectations.

Chapter V: **PROJECT VALUATION**

1. INTRODUCTION

What I learned from my investigation into land acquisition is that real estate developers, i.e., the primary buyers and sellers of land, are not professionals who follow objective standards of work; and that land, i.e., the primary unit of exchange in real estate markets, is not easily tradable. Besides, as the Dhobi Ghat project demonstrates, the costs of land development (both direct and transactional) are unclear till the very end, and therefore difficult to decipher at the outset. The (e)valuation of development projects must, therefore, be riddled with constraints emerging not from the institutional conditions of professional practice, or normative behavior, but rather the idiosyncrasies of land and the ad hoc practices of developers. Scholars who study land and property evaluations have nevertheless tended to focus on customary rules or conventions of the field (Weber, 2002), technologies of evaluation (Doganova, 2011), and the role of non-humans and instruments of evaluation (Searle, 2014). The inadvertent assumption that evaluation practices are standardized, and evaluators well integrated within a professional world, I argue, limits the scope for identifying the influence of land's many specificities on evaluation practices. For this reason, in my analysis of project evaluation, I shift the focus to developers by looking at the criteria of evaluation (Lamont, 2012) – not of land but of developers, along with the self-concept of evaluators (Hennion, 2004, 2007). This entails examining how the criteria for a "capable developer" are constructed, how developers participate in the signaling of this virtue, and how developers' capability (to acquire and develop land) is quantified and legitimized by market actors.

In this chapter, I investigate how land development projects are evaluated and what role real estate developers play in shaping land value through evaluation practices. Given the uncertainties in real estate development, particularly in a context such as Mumbai wherein project delays due to land acquisition and government approvals are commonplace, it is intriguing that developers commit to real estate development

– an endeavor that not only requires significant upfront investment in land but is also oriented far into the future. A popular postulation among economic sociologists is that “future imaginaries” or “fictional expectations” serve as the principal tools for coping with uncertainties, and when these imaginaries are embodied in narratives and models, they become determinate enough to structure economic action (Beckert, 2016b; Beckert & Bronk, 2018; MacKenzie, 2008). In the case of Mumbai developers, I find that economic decisions are guided not by imaginations of future price behavior but by temporally closer concerns related to the complications of land acquisition and government approvals. Embodied in narratives of developmental hurdles, and the requirement of an entrepreneurial developer to overcome these hurdles, uncertainties of the present, I argue, serve as the orienting schema that guides action in Mumbai’s land market. As a result, practices of evaluation become determined by: 1) the social meaning of a developer in a given context; and 2) the social meaning of acquiring and developing land for developers in that context. Following the work of Marion Fourcade, who demonstrated that different meanings associated with money and nature lead to very different evaluations of compensation for ecological disasters, I propose that different meanings associated with developers and development work can lead to different evaluations of land and real estate projects (Fourcade, 2011).

The chapter comprises of four empirical sections, which explore the constraints and conditions that frame evaluation practices in Mumbai’s land market, with particular focus on how developers perceive and distinguish themselves from each other. The first section lays out the regulatory context and historical background of land evaluation in Mumbai, to demonstrate that developers are compelled to follow each other – through shared conventions of land value when evaluating real estate projects. In the second section, I examine the different domains of competition along which developers aim to establish their niche advantage in order to become distinguishable (but not necessarily enhance life expectancy), under conditions of exogenously enforced uniformity. Developers, it appears, distinguish themselves through project count (i.e., the number of projects in their portfolio), as opposed to the price of their products or the pace of their product sales. Developers, therefore, enhance their project count at a steady and also similar pace, even though growth in project count has no observable impact on their economic performance. On the contrary, rapid growth in project count, can, as I discuss in subsequent chapters, hamper the life expectancy of development firms. In the last two sections, I present my ethnographic findings, which reveal that real estate developers in Mumbai are geared towards acquiring land (irrespective of the economic benefits of doing so), because of the social meanings and prestige associated with acquiring and developing land in the Indian context. I end the chapter by proposing that evaluation practices in Mumbai's land market are guided by the social expectations riding on developers to deliver on the future imagination of commodified land and the prestige that comes with being successful at it.

2. REGULATIONS

Unlike the other practices of land development that are shaped by innumerable regulations, land valuation is largely unregulated. Developers are therefore free from regulatory constraints when carrying out project evaluations, i.e., deciding the price of land and built property. However, since stamp duty and registration fees account for a significant source of revenue for the government[24], states have an incentive to ensure that transactions are not under-valued. It is for this reason that in 1981, the Bombay Stamp Rule was introduced to ensure effective revenue collection, and involved estimating and publishing the Annual Statement of Rates, also known as the ready-reckoner rates, or guidance rates. Ready reckoner rates (hereon referred to as RRR) were introduced as a mechanism to curb under-reporting in property transactions, following an investigation in 1971 by the Direct Taxes Enquiry Committee, a committee set up specifically to look into the problem of tax evasion that was a pressing concern in the country at the time. The investigation indicated severe undervaluation of properties and highlighted its role in the generation of black money, besides considerable losses to the exchequer. A pilot study of 1,052 property

[24] In Maharashtra, stamp duty and registration charges amounted to 18 percent of total state revenue in 2010-2011.

transactions in Bangalore subsequently discovered that 70% of the cases had under-reported prices by more than 50% (Venkataraman, 2015, p. 26). Curbing the undervaluation of property transactions, therefore, became a priority for the Indian government as a means of augmenting revenue. This led to the evolution and expansion of the RRR to other cities besides Mumbai (ibid).

By 1991, when the Indian economy liberalized, many more cities had introduced the concept of RRR under the legal mandate of their respective Stamp Acts or some similar legislation. The Department of Registration and Stamps in each city had developed a mechanism for calculating market value guidelines wherein the rate per unit area of land was estimated/ assessed for all areas falling under a specific jurisdiction, which was then made available to the public as a guidance rate. Since stamp duty on property transactions is calculated on an ad valorem basis, the RRR was expected to set the floor value for stamp duty liability. Stamp duty would hence be calculated on the actual transaction value or on the RRR, whichever is higher. The idea was that since RRRs were set to reflect market rates, it would reduce black money in real estate transactions and increase state revenues. However, the change in policy did not result in any significant increase in stamp duty collections, since the penalty for undervaluation was modest compared to the tax saved on income earned. In a stronger effort to curb undervaluation of property transactions, in Mumbai, both the buyer and seller came to be charged, in addition to the standard transaction fees, a tax of 30% on the difference amount (between the reported sale and RRR). The revenue department also mandated that the RRR be updated every year so as to reflect market rates more accurately. However, in recent times, both developers and property buyers have publicly contested these revisions for being capricious (Nambiar, 2017).

While state revenue departments do not disclose the rationale or methodology behind RR rate setting, Madalasa Venkatraman, senior faculty at the Indian Institute of Management Bangalore, has discussed in a paper, both the methods and limitations of how RRRs are calculated in India (Venkataraman, 2015). According to

Venkatraman, RR rates are calculated using two data sources: past transactions that have been registered at close to market value, and informed broker estimates or on-ground market surveys. While the paper is notable in that it reflects on the government's assessment of land valuation in India, it describes and presents RRR calculations as a technical exercise devoid of political objectives. Her key findings were:

> In situations where data from the two sources is not comprehensive enough to estimate property values for a particular block, a general increment pegged to the observed market-wide increase is applied to existing circle rates.... In order to account for the difference among properties in close proximity, an amenity-based pricing system is used, wherein premiums and discounts based on specific attributes of the land/ property are applied in the form of multiples (Venkataraman, 2015, p. 27).

Venkataraman's only critique is that while incorporating a fairness-measure is necessary, and an internationally accepted practice, the methodology to calculate premium and discount multiples in the Indian context is, "non-scientific" and "arbitrary." However, she later reveals that since a high base rate would discourage compliance, and to err on the side of caution, revenue departments, in reality, apply an across-the-board discount to arrive at the final RR rates. She concludes with the warning that despite efforts to reduce the gap between RRR and market rate over the last thirty years, RR rates in India continue to be conservative reflections of market rates, leading to serious losses to the exchequer.

For a less bookish insight into how RRRs are calculated and what it means for developers, I met with Rajesh Shah, my classmate from architecture school, who now works as a liaison architect (aka broker) between developers and government officials. As it was our seventh meeting since I began research on this Ph.D., Rajesh needed little orientation to my project or assurance of my trustworthiness. I, therefore, jumped straight to the question that was on my mind. "I want to talk about ready reckoner rates and the politics of it," I said to him. "You want to set the rate for any neighborhood?... I can do that if you tell me to… it's possible," he responded half-jokingly. Excerpts from the conversation that followed, below:

Rajesh: The state revenue department handles RRR and its revisions. Property tax is their bread and butter. So, every year, before the budget is announced, a bunch of officials sit down and decide what they want their earnings through property transactions to be. Then they look at the previous year's registration records and decide which neighborhoods require a hike in order to achieve the pre-decided revenue target.

Anitra: Can the rates be manipulated? I mean, as you mentioned earlier, can developers control the RR rates?

Rajesh: Developers could pull strings to keep the rate constant for a year until they've paid for all the approvals for an on-going project[25], but then eventually, the RR will go up the following year. So, if the RR is 80% lower than the market rate in a certain location, you can be sure it will quickly adjust itself.

Anitra: Would you say that RR rates affect developers… are developers really perturbed by its revisions?

Rajesh: RRs are quick to catch up with price hikes. If a fancy developer launches a fancy project at higher than average prices, then the RR for that neighborhood will see an upward adjustment, and then eventually everyone becomes bounded to the new rates. However, the opposite is not true. RRs never adjust against price drops… There can be a time correction, but not rate correction in case of market downturn.... The controversy you hear of [referring to the contestation of RR revisions] is because only recently did the developer body find out that downward RR rate correction is legally not possible. The Bombay Stamp Act only permits an "increment" to existing rates. Developers are lobbying to change this term to "revision" so as to allow for both increase and decrease in RR rates.... The people who drafted the law probably never anticipated deflation in tax revenue!

Rajesh's version of how RRRs are set makes for a more interesting and yet plausible explanation compared to Venkataraman's. Irrespective of which version is closer to being true, though, it is evident that the agenda driving RRR calculation is revenue collection and not the achievement of scientific accuracy in the tracking of property

[25] While RRRs appear to be conservative and innocuous, they influence project valuations, since much of the approvals costs are linked to RRR. For instance, floor area ratios (FSI), and transferable development rights (TDR), i.e. all the vertical space in a real estate project, bears a charge that is linked to the RRR. Project costs are therefore greatly impacted by sudden or inconsistent adjustments to RRRs, since development rights account for as much as 50% of land cost in Mumbai.

prices[26]. A comparison of the two rates across a fifteen-year period, I found out, shows that RR and market rates are related in the limits of 40-60%, and a three-year moving average of their ratio[27] confirms that ready reckoner rates are synchronic with market rates (Figure 18). This indicates a consistent error in the non-alignment of the two rates, which means that Venkatraman is not wrong in pointing out, what appears to be, a deliberate act by the state to keep the floor rate for tax on property transactions low. Urban Planner Sudeshna Mitra (forthcoming) points out that lower RRRs increase the scope for government officials to charge developers “premiums” in the form of bribes. The focus on the methodology of calculating RR rates is, therefore, an effective way to highlight not only the loss of revenue to the state[28] but also, and more importantly, the role of the state in the construction of land value. However, a focus on methodology alone overlooks the relevance of RRRs in land market signaling. Simply studying how the state computes and decides revisions to the RRRs fails to capture the response of developers to each revision, and vice versa.

[26] Parallel government agencies such as the Reserve Bank of India and National Housing Bank, already have in place, a system for measuring property price behaviour that adopts a methodology similar to what is proposed by Venkatraman as a means to counter differences in RR and market rates.

[27] A moving average simplifies data by smoothing it out and creating one flowing line, making it easier to observe trends in the data.

[28] Rachel Weber’s (2018) work on property evaluation demonstrates how the city of Chicago loses millions of dollars in taxes every year because of manipulation of property values by real estate developers. Weber calls this “accumulation through taxation” by real estate developers.

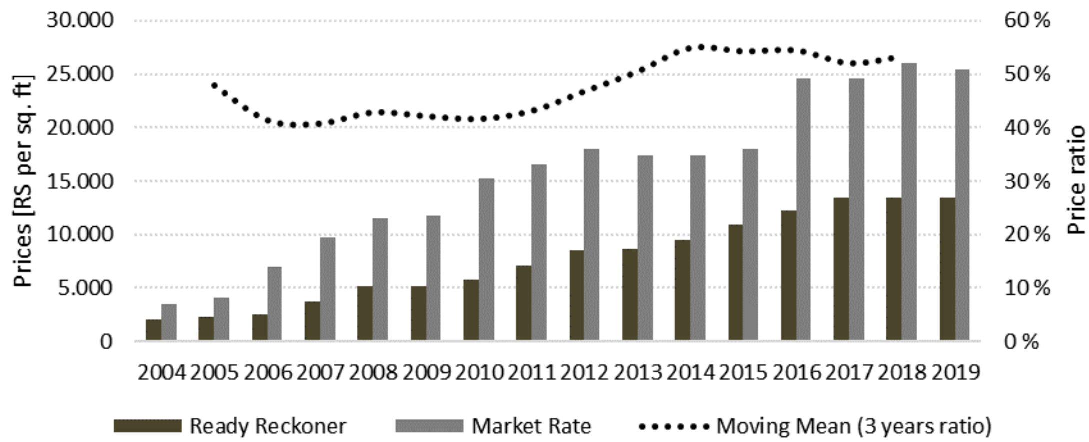

Figure 18: Comparison of Ready Reckoner and Market rates for Malad, a district in North Mumbai, over 15 years (Compiled by the author; Data: Department of Registration and Stamps, Maharashtra, 2019).

RRRs perform a critical function in establishing the shared conventions of land value, which is necessary to coordinate expectations among market actors (Young, 1996), and in providing a feedback loop for developers to refer to while making decisions. Producers in a market are known to watch each other when deciding what to do because, under conditions of imperfect information, there is no way of knowing about the quality of products, or their valuations. In his seminal work, Harrison White notes that firms can observe only volumes and payments, and they act on the basis of these observations, thereby reproducing the observations (White, 1981, pp. 520–521). RRRs are, therefore, the physical manifestation of market observations that compel developers to take into cognizance the actions of their competitors at the time of project evaluation[29]. Moreover, since RRRs ensure the base costs that developers work off of are more or less the same, the variance in conceptions of project values is reduced. Finally, as Rajesh mentioned, RRRs have traditionally always only increased with time, which provides an important assurance to market actors about the future price of the property; that at worst, property prices will never fall below RRRs.

[29] Developers may be referring to market rates rather than RRRs when evaluating their next decision. However, the consistent relation between the two rates makes it difficult to eliminate the possibility that RRRs too serve as a reference tool for decision-making.

Therefore, even though RRRs appear to be inconsequential compared to market rate, and hence barely acknowledged as a critical factor in project evaluations, the impact of RRRs on evaluation practices is significant: if not in explicitly determining project evaluations, then in creating the necessary conditions for developers to observe and follow each other.

In the next section, I look at the relevance of market signaling on land evaluation. In particular, I explore how developers distinguish themselves based on their observations of the actions of other developers. I do so by examining how developers distribute their resources and prioritize their interests to establish a competitive advantage within multiple domains of competition.

3. DOMAINS OF COMPETITION

3.1. ***Niche Positions***

The concept of niche plays a central role in the sociological perspective on competition. Niches provide an orienting lens for sociological work on competition because it exemplifies a fundamental disciplinary premise: the recognition of a duality between actor and position, and an expectation that position is the primary determinant of opportunity and constraint. Scholars of organization studies have proposed that organizations compete on multiple dimensions and hence occupy niches in multiple domains (Park & Podolny, 2000; Podolny, Stuart, & Hannan, 1996). Furthermore, under certain conditions, competition within a particular domain becomes more relevant to organizational life chances. Therefore, the outcome of competition within one domain shapes a set of organizational competencies or resources that bound the possibilities for expansion in other domains. While domains of competition may be useful for predicting the life expectancy of organizations, they also define the evaluation strategies adopted by organizations belonging to different niches. If organizations are focused on expanding or retaining their competitive advantage in a certain domain, then it will reflect in their evaluation decisions to prioritize one type of uncertainty over others. Therefore, depending on an organization's niche position, the evaluation of an investment opportunity would vary. Using the semiconductor industry in the US as a case study, Podolny et al. identified there to be three domains of competition in producer markets: competition for customers, financing, and technological innovation (Podolny et al., 1996, p. 663). In the case of the real estate industry, the primary domains of competition are similar, but instead of technology inventions, developers compete for land (i.e., raw material). The aim of this section is, therefore, to identify which domain of competition is of greater significance for developers in Mumbai, and therefore which uncertainties are given more weight over others during project evaluations.

While Podolny et al.'s intention for defining niche and niche positions were to explain the relative success of firms, their methodology is also useful for studying the constraints that guide evaluation practices. In their research, the significance of each domain of competition is measured by calculating standard deviations of relevant factors such as technology patents, firm collaborations, and product sales. I use a similar methodology to study how, and to what extent, real estate developers distinguish themselves from each other when competing for customers, finance, and land. I found *launch price*, *sales velocity*, and *ongoing-projects* to be factors that directly or indirectly reflect competition for consumers, finance, and land in the real estate market, and hence I measure standard deviations across these three factors. The launch price is the publicly advertised price of a property when a developer launches a new project. While this may not be the actual price at which the property is transacted, launch prices are a good indicator of how developers view themselves in relation to other developers (and consumers) when pricing their products. Sales Velocity, on the other hand, is a measure of how quickly developers are able to sell off their stock (of apartments). Sales velocity is, therefore, an indicator of how consumers differentiate between developers when buying property. Finally, ongoing-projects is the number of projects a developer has ongoing at any point, which is a crude measure of the scale of operation of a developer, as well as their resourcefulness in sourcing finance capital.

3.2. ***Mapping Distinctions***

In order to measure standard deviation across price, sales velocity, and on-going projects among a group of developers, the other variables, such as time and location, need to be kept constant. Since it is impossible to study projects or developer activity in a single location, the closest alternative is to identify a locational cluster with: 1) a fairly high representation of developer types, and 2) a fairly low price differentiation across properties (per unit area) within the cluster. I identified one such locational cluster in East Mumbai, comprising of the adjoining neighborhoods of: Ghatkopar, Vikhroli, and Kandivali (Figure 19). Since the price and sales velocity of real estate does not change significantly in a one-year period, data is collated in yearly cycles. However, to avoid bias towards a particular phase in the evolution of Mumbai's real estate market, I examine deviances in five different years (2009, 2011, 2013, 2015, and 2017). Data for this study was procured from Liases Foras India (consent letter reviewed by Ph.D. supervisor); hence minor errors in LF's dataset are reproduced in this research as well. Most noteworthy of these errors are: delay in noting of launch price[30], and misreporting of sales velocity in the first few quarters[31]. To mitigate these errors, I only considered fourth-quarter data in case of launch price, and the average performance of the first four quarters is taken into account, in case of sales velocity.

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[30] Liases Foras, An Indian Data Agency, collects data on property prices primarily through a method they call "mystery shopping", which entails physically visiting the project or telephoning the sales team, by posing as customers. This exercise is repeated every quarter for all projects under review. New projects however are often late (by a quarter or two) in entering the review system, especially when there isn't much advertising about its launch, or if the project is in a distant location from other projects being monitored.

[31] Sales data is collected through the same method as above, wherein surveyors posed as customers enquire about the availability of flats in every project. The limitation of such a method however is that there is no way of verifying if representatives of the developer are providing false information about their unsold inventory (as a marketing ploy). Surveyors claim that the data becomes clearer with every subsequent visit to the project site, and by the end of the fourth quarter the sales trend is much clearer.

Figure 19: Locations analyzed for standard deviation across price, sales and projects (Compiled by Author; Map: kepler.gl)

Other discrepancies in the methodology include, as mentioned above, the attribution of the price difference to developer reputation as opposed to locational features; ignoring project size/scale in the calculation of sales velocity[32]; as well as ignoring the size of each project in the counting of a developer's ongoing projects. While the discrepancy related to price difference has been left unaddressed (since the selection of neighborhood cluster already attempts to minimize locational price variation), data on sales velocity has been normalized to account for the vastly different sizes in projects. Discrepancies in project count on the other hand, while possible to correct,

[32] Larger projects have a slower sales velocity compared to small projects, because customers of small developments are generally known to the developer (friends, family, acquaintances) and hence the time taken to search for customers is much shorter.

is not essential, since the intention of this exercise is not to measure the absolute size of a developer's land bank, but rather their resourcefulness in acquiring new lands. As a result, standard deviations, in reality, would be lower than the findings presented below in case of price, and to some extent sales velocity (since projects located in better areas would also sell faster, irrespective of developer reputation), and higher in case of project count (as larger land parcels are more difficult to acquire).

3.3. *Findings*

My analysis revealed that launch price across all five years has the lowest coefficient of variation (average of 0.21) as compared to sales velocity and project count (Figure 20). Put differently, the price of the built property (per unit area) seems to be the least distinguishing factor among developers in Mumbai. Besides, there appears to be no consistency in which type of developer commands a higher or lower price for their product. This is because factors such as project location, its scale, the holding capacity of a developer, and product features (amenities, material specifications, etc.) are important determinants of price in case of real estate.

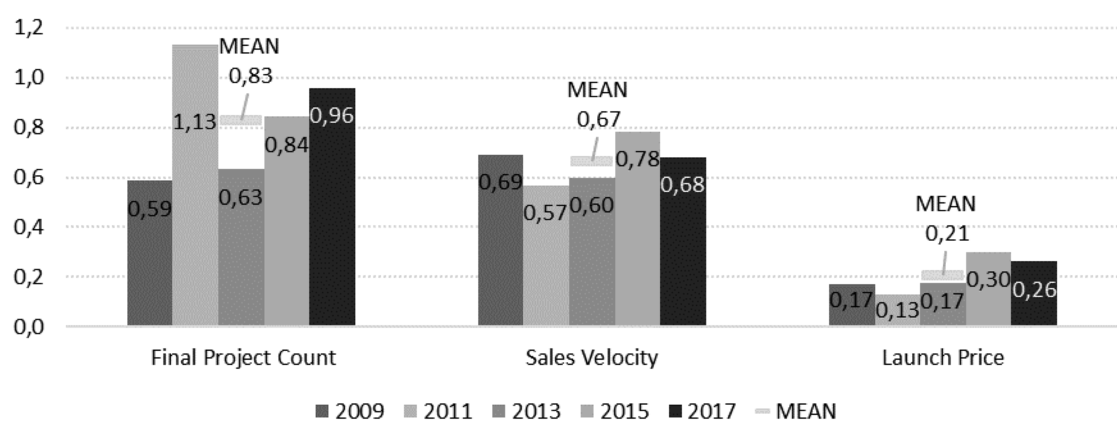

Figure 20: Comparison of the builder groups' coefficients of variations (Compiled by Author; Data: Liases Foras, 2019).

The coefficients of variations of sales velocity across the five years are higher (average of 0.66) than the launch price but lower than the project count. Again, there is no consistency in the pace of sales of different developers (i.e., reputed developers do not necessarily sell their stock faster than lesser-known developers). On the contrary, developers of low repute clocked in the highest sales velocity in most years. According to real estate analysts, this is because small developers tend to focus on the redevelopment of old residential building clusters, wherein additionally built flats are sold to family members or friends of existing residents. Hence many redevelopment projects of this type are sold-out almost instantly after being launched.

The highest coefficients of variation among all are of ongoing project count (average of five years = 0.83). What this means is, the most distinguishing feature of a Mumbai developer is the number of projects they have ongoing at any point. However, it is worth noting that there is no correlation between project count and launch price or sales velocity (Figure 21). In other words, having a high number of ongoing projects does not impact a developer's economic performance. This is maybe because, when developers venture outside their neighborhood of dominance, they lose some of their network advantages, and with increased supply, they would also have to seek customers beyond known social ties. I, therefore, propose that developers distinguish themselves by project count not to increase their life expectancy, but rather because there is social prestige associated with a high project count.

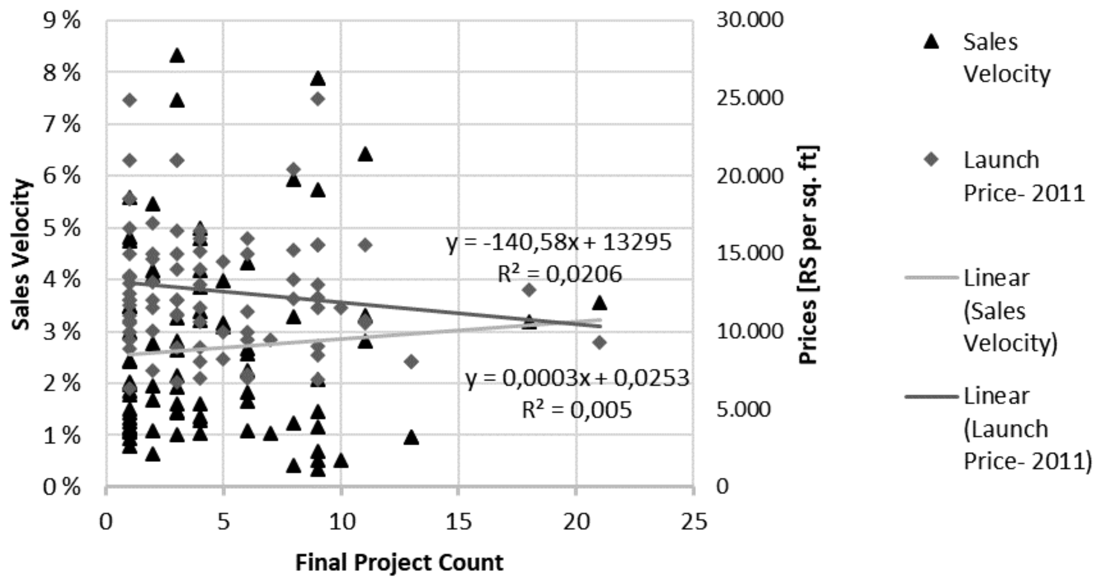

Figure 21: Comparison of Sales Velocity, Launch Price, and Project Count (Compiled by Author; Data: Liases Foras, 2019)

3.4. *Competition for Land*

To further investigate the nature of competition that distinguishes between developers with an unequal number of on-going projects, I looked at the past project records of the same developers whose performance I analyzed above. The intention is to determine whether the deviance in developers' on-going project count relates to their different points of entry into the market, or rather a difference in each developer's ambition/ ability to scale up. I, therefore, examine the pace of growth of each developer, in terms of project count, by ignoring the staggered starts of their operations. Since the idea is to test how quickly developers increase their project count, I filtered out developers with less than five projects. Doing so reduced the sample size to a total of sixteen developers (from the original pool of 64 developers). Among the selected sixteen developers, the lowest project count (till date) is that of Shivam Parivar Developers (year 0: 4 projects; year 1: 7 projects), and the highest project count is of Lodha Developers (year 0: 1 project; year 15: 61 projects).

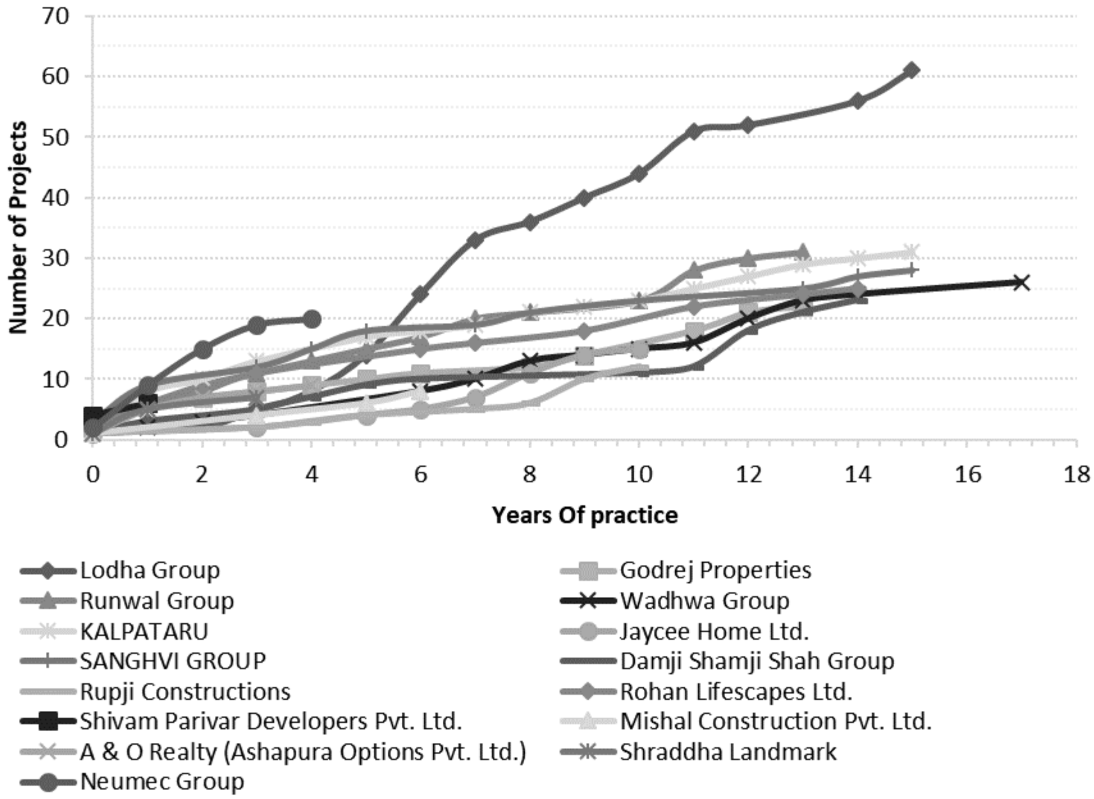

Figure 22: Project growth rate of 16 developers shows a linear growth of about 1.62 launches per year (Compiled by Author; Data: Liases Foras, 2019)

These findings reveal, firstly, that all developers follow a linear growth progression (Pearson coefficient for the linear correlations is 0.97 ± 0.03, Figure 22). This means that developers continue to launch new projects at a steady pace as time progresses – irrespective of their firm size or changes in market conditions. In other words, there is no observation of exponential growth or sudden decline in any developer's project count (in Chapter VII: , I argue that this is because developers almost always divert the funds of a newly launched project to the acquisition of their next project). Secondly, all developers, except two (from a total of sixteen), have a very similar growth gradient. The mean gradient among the majority developers is 1.62 launches per year (with a standard deviation of 0.32). This means that most developers with a project count greater than 5, follow each other in their pace of new launches, to launch 1-2 new projects every year, even though land acquisition and approvals have no standard timelines. The two exceptions to this trend are Lodha[33] and Neumec, with gradients of 4.5 and 4.6, respectively (Table 8).

Table 8: Mean Gradient (project launches per year) and the Standard Deviation of 15 developers

	Mean Gradient	***Standard Deviation***	*Mean Pearson Correlation (R^2)*
ALL	1.98	1.02	0.97
ALL but Lodha and Neumec	1.61	0.32	0.97
Lodha and Neumec	4.55	0.05	0.97

In conclusion, developers in Mumbai distinguish themselves from each other not through the pricing of their product, or speed of sales, but by the number of projects in their portfolio (ongoing or completed). Among the developers who stand out because of their high project count, there is an observable pattern and similarity in the pace of portfolio expansion, barring a few exceptions. Developers seem to follow each other to launch a certain number of projects every year, even though doing so has no positive impact on their economic performance. In the next section, I analyze whether this tendency has an influence on evaluation practices, and if so, how then do developers overcome the uncertainties that accompany firm growth through increased land acquisitions?

4. CONSTRAINTS ON VALUATION DECISIONS

When I began my nine-month internship at PropConsulting, as part of my Ph.D. fieldwork, I expected to document the performativity of valuation models and the role of experts in such performances. PropConsulting, I was told several times, is a "non-brokerage" valuation consultancy. For Manoj Gupta, the director of the firm, this was the distinguishing feature between PropConsulting and its competitors. Manoj insisted that the company's website and other promotional material highlight the fact

[33] Industry insiders attribute Lodha's peculiar pace and scale of development to a range of factors including their politcal connections (Mangal Prabhat Lodha, the founder of the firm, is a serving legislator and president of the ruling BJP's Mumbai unit); and the professional background of their directors (the two Lodha sons) in the financial services sector.

that PropConsulting does not engage in the brokering of land deals. "Unlike JLL, Cushman, and Knightfrank, our valuations are completely unbiased because we don't earn commissions from land deals," Manoj explained when I asked about the significance of non-brokerage. Can valuations be objective? I asked provocatively. "Absolutely," Manoj responded, adding that:

> Valuation is a science…, and our unique modeling system integrates factors such as distance, economic density, surroundings, and product quality to provide an accurate and fair value of any property.

Do developers really want to know the "fair value" of their projects, I asked, this time with genuine curiosity. Manoj heaved a sigh of frustration. "I lose a lot of business because developers think of me as a naysayer and pessimist. I am the lone voice that's pointing out the irrationality of land pricing in India", Manoj remarked. While I found Manoj's description of "valuation as a science" and "land price as irrational" intriguing and in line with popular ethnographies on the performativity of economics (MacKenzie, 2008; Zaloom, 2010), his remarks on the lack of deference developers have towards valuation professionals stood out more.

Upon investigating PropConsulting's client record, I found that, on average, 50 developers hired the company's services every year for valuation advice. To put this in perspective, the number of developers that launch new projects every year in Mumbai is roughly 250, and PropConsulting is one of only five real estate consulting firms that provide professional valuation services to developers in the city. Tanvi Mishra, the business head at PropConsulting, tells me that their consulting portfolio has grown 3x over the past five years, which includes services such as evaluating project feasibility, determining the right product mix (proportion of 2-bed and 3-bed units, for example) and phasing of launches. Many of these services, however, pertain to decisions that are made post-investment in land. In the period between 2013-2018, less than ten percent of all consulting jobs that PropConsulting received were cases of pre-investment advice. According to Tanvi, most developers rely on thumb rules rather than data science when making decisions. Development firms generally have in-house valuation teams that assess potential projects through less-sophisticated evaluation methods, she says. "So developers don't rely on professional valuation consultants for making important investment decisions?", I asked, wanting to confirm what I had just learned. "Valuation reports are mandatory for acquiring finance, and we are considered a reliable external valuator by most banks and fund houses in India," Tanvi responded nonchalantly, not realizing that her comment undermined the relevance of the firm's expertise in valuation modeling in favor of performative value.

Developers in Mumbai seemed to turn to experts for validation of pre-formed opinions about the future, rather than to narrow down the endless possibilities that accompany future-oriented investments. Developers of all sizes appeared unconvinced about the benefits of hiring external consultants for valuation advice. When questioned about the reluctance to seek expert opinion on project valuations, Arjun Kapoor, chairman of a reputable public-listed real estate firm, responded: "Why should I go to a consultant when I have an in-house team that knows the business inside out?... I would take their data (referring to reports published by property consultants) to get an overview of the market, but at the end of the day, I trust my own team with valuation decisions". Valuation consultants, however, are predictably skeptical of the valuations conceived by developers. "Their ill-informed valuations are causing havoc to the property market, and ironically to themselves," retorted Manoj, referring to Arjun's comment. Manoj also claims that projects are often valued much higher than data-backed prognosis. One such case is the deal struck between Omkar and Piramal over Dhobi Ghat's redevelopment, in 2018. The sale of development rights, details of which I have elaborated previously, was carried out at INR 3000 crores. As per the calculations presented in Chapter 3, the transaction was priced at INR 20,000 per sqft (on saleable area). However, when the deal was announced, the price of the property in the neighborhood ranged between INR 12,000 and 15,000. In fact, given the high supply of new property in Mahalaxmi, my colleagues at PropConsulting claim that the project should have been priced no more than INR 11,000 per square feet, i.e., two times lower.

Why do developers not take the recommendations of valuation experts seriously? According to Manoj, developers think they can never go wrong because, historically, land prices in Mumbai have always appreciated. However, he noted that simply observing growth in land prices is misleading. Citing the example of Delhi-based developer DLF, who's market activities are frequently reported in local media, Manoj explains that the high costs of borrowing for land acquisition, makes seemingly profitable investments unprofitable. For instance, in 2005, DLF purchased 17.5 acres of land in Central Mumbai's Lower Parel district, for INR 700 crores, through the National Textile Corporation's auction of defunct mills. DLF, therefore, paid INR 9,200 per square feet for the land parcel, though the average rate of saleable land area at the time was INR 4,700 (i.e., paying more than double the prevailing rate). DLF subsequently ran into financial trouble and ended up selling the undeveloped land to Mumbai-based developer Lodha in 2012. Lodha, it is reported, paid DLF INR2700 crores for the land, i.e., four times more than the auction price. DLF's investment of 700 crores, therefore, fetched a gross profit of 2000 crores, or rather a CAGR of 21 %, within a span of seven years. While the hike in land price is indeed phenomenal, Manoj pointed out a catch in this story: "People think DLF made a killing.... However, DLF must have borrowed 700 crores at a minimum of 21% (interest rate). So, if you calculate IRR based on a seven-year borrowing, the NPV is close to zero.... If DLF had just put that money in a fixed deposit account, they would have probably earned more". Manoj's comments suggest that stories of profits, which circulate among market actors, are often simplified to the point that they become disconnected from the contingencies under which profitability is determined. According to Manoj, it is this belief among developers – prices will only rise, and investments in land, no matter the price, is always profitable, which constrains their ability to make economically sound decisions.

The idea that market actors are irrationally optimistic about future outcomes is a popular assertion among behavioral economists (Shiller, 2016) and cognitive psychologists (Dow Schüll & Zaloom, 2011). Jens Beckert, however, notes that while such observations are used as the central argument for rejecting orthodox economic theory, the rebuttal falls short of providing a convincing starting-point for a sociological contribution to the understanding of economic phenomena (Beckert, 1996, p. 804). Instead, Beckert urges sociologists to show that economic theory cannot maintain the maximizing assumption convincingly in the face of situational structures that are characterized by uncertainty (Beckert, 1996, p. 805). Beckert, therefore, proposes that deviations from the prescriptions of economic theory must not be explained with reference to an actor's motives, but rather from situational structures. In his recent works, Beckert postulates that "future imaginaries" or "fictional expectations" serve as the principal tools for coping with uncertainties, and when imaginaries are embodied in narratives and (mathematical) models, they become determinate enough to structure economic action (Beckert & Bronk, 2018, p. 222). However, in the case of Mumbai developers, it is evident that their reliance on valuation models is low, and the futures imagined by them does not align with the predictions of valuation experts. I, therefore, propose that economic choices in Mumbai's land market are guided not by imaginations of future price behavior, but by temporally closer concerns related to the complications of land commodification. Embodied in narratives of developmental hurdles, and the requirement of an entrepreneurial, albeit opportunistic, developer to overcome these hurdles, uncertainties of the present serve as the orienting schema that guides action in Mumbai's land market.

During the many real estate-focused conferences I attended between 2015-2019, I found that developers often engaged in lengthy discussions about the idiosyncratic process of seeking development approvals. Implementation of a single-window-clearance system for approvals, and digitization of the approval process in order to eliminate bureaucratic or political interference, was debated at almost every conference, while talks of developing effective predictive models of price behavior were rare. At one such roundtable meetings organized by Lawpoint India (minutes of which are published on their website), Mr. Ninaranjan Hiranandani, MD Hiranandani Developers, expressed his concerns about the current state of the real estate industry: "Lack of clarity over administrative machinery for approvals, bureaucratic procedures, jurisdictional difficulties have in turn delayed pace and volume of construction," he noted, and followed with the suggestion that, similar to SEZ, the housing sector too must be assigned a special status so that developers have the incentive to build with minimum regulatory hurdles. Citing the example of green projects, he added:

> The authorities have created a dual regulatory environment where, despite the fact that a person has obtained approvals under the rigorous Green Building Norms, he has to still obtain regular environmental approvals. If approvals under Green Building Norms are obtained, the government should exempt such projects from obtaining regular environmental approvals as Green Building Norms are way more stringent (Lawpoint India, 2019).

Financiers, on the other hand, mainly expressed concerns over project delays caused by title encumbrances. Investors complained that even a small glitch in the title deed of a property, derails a project by years, leading to serious financial losses. Concerns over property titles are so rife that few financial firms have even deliberated insurance products to provide security against title risks (Malcolm, 2020)[34]. Mr. Sunil Rohkale, Director of ASK Capital – a firm that specializes in real estate development finance, mentioned at the same roundtable meeting:

> One of the most daunting issues in the entire structure is to with the title of property. Given that there are multiple authorities who exercise jurisdiction over different aspects of land matter, there is no clear link between them. Land records are not reflective of the persons who enjoy ownership rights over it. As a result, in case of ancestral properties, developers purchase it from one of the coparceners, and later some other coparcener challenges the title of the property. In many instances, this has happened after the completion of projects, and the courts have declared the entire project as illegal and unauthorized (Lawpoint India, 2019).

Ethnographic accounts, therefore, indicate that land market actors in India are most perturbed by transaction costs relating to land acquisition and government approvals, more so than uncertainty pertaining to demand-supply dynamics.

[34] The insurance market for land and property titles has witnessed a poor response in India thus far, because insurance products are expensive, and can only provide marginal protection to buyers.

The prioritization of transaction costs over property sales in professional discourses does not mean that future imaginaries are inconsequential in Mumbai's land market. Rather, the future that primarily occupies the imagination of market actors is one in which land is free of social, political, and bureaucratic encumbrances, as opposed to one where property prices are higher. The role of a developer is, therefore, pivotal to the land market because predictions and thereby participation in the market is based on the ability of a developer to deliver this primary imagined future. Market actors, therefore, bet not on the accuracy of predictive models, but instead on the accuracy of a developer's self-assessment (Will the developer be able to acquire land, get approvals, construct the building, within the time/ cost frame he has set for himself?). Developers are critical to the land market also because they operationalize the imagination of commoditized land, through narratives of the "developmental hero."

Indian developers describe themselves as deliverers of progress – one whose job it is to turn Mumbai into Singapore (Anand, 2006). Developers frequently tell stories of their persistence, entrepreneurship, and willingness to get their hands dirty to achieve India's developmental goal. In a piece titled *How Omkar Cracked the Messy Business of Slum Redevelopment,* Forbes Magazine notes about Babulal Verma, MD Omkar Realtors:

> When he bought rights to redevelop the chawl in Parel, he worked unlike any other developer. "I have visited each house a dozen times and eaten with all the residents at least once," he says. If there was a problem, I'd make sure it was solved as soon as possible. My number one aim was to complete the project on time. Government processes were another key area where he realised that developers need to spend a disproportionate amount of time. So, after spending time at the chawl, he made sure he visited Mantralaya, the state government headquarters, everyday. "I would accost people to show me their plans to understand how they got certain permissions," he says.... On weekends, he would study court judgements and look for legal remedies to his problems (Samar Srivastava, 2012).

Many other developers, like Omkar, describe their work as acts of heroism in a context where development would otherwise be impossible (R. Kamath, 2016a; Mendes, 2020). Mobilizing finance, negotiating with slum residents, overcoming bureaucratic red tape: all the standard activities of an Indian developer, serve as props to the hero narrative, which concertizes the imagination of land as a commodity.

The hero narrative is seemingly powerful enough to entice developers to venture into land deals with extreme uncertainty. In an interview with Navin Hasija, a Delhi-based developer behind an ambitious slum redevelopment project that has been delayed by several years, I asked why he had taken on a project that looked financially precarious at the outset. Hasija conceded that the project wasn't going to earn his company much profit after all the delays, but then justified his decision as a service to the country. "People will ultimately recognize my efforts towards the transformation that is much needed in this city," he said, adding that this recognition makes the investment worthwhile. It is only later that I learned that developers find devious ways to turn even unprofitable ventures profitable and that the hero narrative isn't actually a case of favoring "social value" over "economic value." Hasija, however, is not wrong in expecting a pay-off from the public's perception of him being a developmental hero. Financiers, I observed, relied heavily on the perceived capability of developers to "get things done" when deciding whether or not to fund a development project. This perception is determined in part by a developer's performance track record, and in part by the strength of their hero narrative. "If a developer is effective in overcoming hurdles, whatever they may be… having the right political connections… the foresight to prevent roadblocks basically, I will put my money on him", claimed Vasudev Krishnan, chairman of a non-banking finance company. Therefore, while the present exchange value of a project and its future cash-flow projections may indeed be important factors in determining investment decisions, the perceived bravado of a developer also plays a significant role in influencing these decisions[35].

In summary, market actors in Mumbai's land market appear to prioritize the future imagination of commodified land over price rise. As a result, the narrative of the

[35] For the proposition to be more definitive however, a controlled experiment would need to be carried out, to assess how financiers make decisions when lending towards real estate development, and the degree to which financiers favour developer reputation over asset value securing the deal, and the project's projected financial revenues.

developer being a developmental hero is powerful, not only because it is aimed at realizing the imagination of land free of social ties, but also since it serves as a consolatory prop in case of failed investments, and at the very least, bolsters developers' macho persona. This explains the tendency of developers to continually acquire new lands, irrespective of the future that lies before them.

5. (E)VALUATION IN PRACTICE

Developers in Mumbai were attempting to crack what looked to be extremely challenging feats of land development in their quest to launch more projects. Their sense of bravado, heightened by the significance of the hero narrative, appeared to be clouding their judgments in project evaluations. Runwal, a renowned local developer, had acquired 25 acres of land from Crompton Greaves, an Indian consumer electrical goods manufacturer, through an "outright acquisition" (Babar, 2014). The land exchange required Runwal to buy out CG's entire manufacturing unit, along with all its liabilities. The process of commodifying land, therefore, entailed letting go of all the workers after negotiating with the labor union. In addition, Runwal would have to get permissions from the Labour Ministry in Delhi and then approvals to convert industrial land to residential land from state town-planning departments; a task known to be cumbersome and protracted. In several other cases, developers were trying to pull off similar feats of risky land acquisitions involving local gangsters (Joseph, Vyas, & Mengle, 2016), or hundreds of thousands of slum residents (Babar, 2012). These deals are all the more challenging because Indian developers most often use finance capital that is time-bound to pay for land and launch projects (i.e., sell apartments with a proposed delivery date) before clarity on land acquisition and project approvals timelines are achieved. How do developers evaluate the worth of a project under such uncertain conditions?

It is difficult to study how developers carry out project evaluations because, unlike other practices of land development, project evaluation does not involve interaction between actors, which can be observed or even verified by alternate sources. I would have had to, therefore, typically intern at a few different development firms to study how projects are evaluated in practice. However, since the research timeline did not allow for such a study, I instead focus on other observable actions of developers that, although may not be directly related to practices of evaluation, provide useful insight into them. In particular, I look at, first: what kind of risks developers set out for themselves (i.e., how they convert the uncertainty of land development into measurable risks with tangible consequences, by say, promising an assured return on investments or setting a date for delivery), and the measures they take to exacerbate or ameliorate these risks. Second, I look at how developers quantify or account for risks. Here, I observe the tactics adopted by them to conceptualize risks and project outcomes (are developers drawing on experiences and events that have already transpired or are they chalking out future scenarios that are unrelated to the past?). Third, I look at what developers do when outcomes are not as expected, especially when outcomes are negative (do developers see through their commitments by absorbing losses? Or, cut their losses by exiting projects at an opportune time? Or, find ways to not bear losses at all?). Answers to these questions were sought mostly through interviews with developers and property consultants, newspaper reports, and promotional material produced by developers, such as websites and brochures.

With the surge in project launches, a new factor for distinction seems to be emerging among developers in Mumbai: their success rate in the timely completion of projects. Most financiers, I talked to, claimed that a good developer is one who is able to stick to the schedule. Property consultants also agreed that financiers should lend only to those developers who can complete projects on time. “The capacity and intent to execute projects in a timely manner are the qualities that will set good developers apart from the rest of the pack,” says real estate analyst Anuj Puri (Nandy, 2018). So critical is the virtue of timely delivery that developers even advertise it on promotional materials these days (Figure 23). On their website, Hiranandani, one of Mumbai’s oldest developers, writes: "Sincerity and commitment with consistent efforts, is the recipe to achieve success and great heights. This quote very aptly sums up our Magic Mantra” (Hiranandani, 2019). Hiranandani is indeed hailed as an accomplished developer in Mumbai, by consumers, financiers, and government officials alike, even though the firm is notorious for flouting rules and defrauding investors, simply because they have been successful in executing several ambitious real estate projects in Mumbai (Modak, 2018). By making explicit their supposed resolve to deliver projects as promised, real estate developers are signaling which traits are most important to qualify as a developer worthy of recognition and reward. A good developer is, therefore, one that finds different modes of accommodating reality, depending on the orientation of the situation and by defying social norms if required to deliver a project on time. However, the commitment of timely delivery, while not always legally binding, nevertheless requires the prediction of a timeline in the face of future uncertainties.

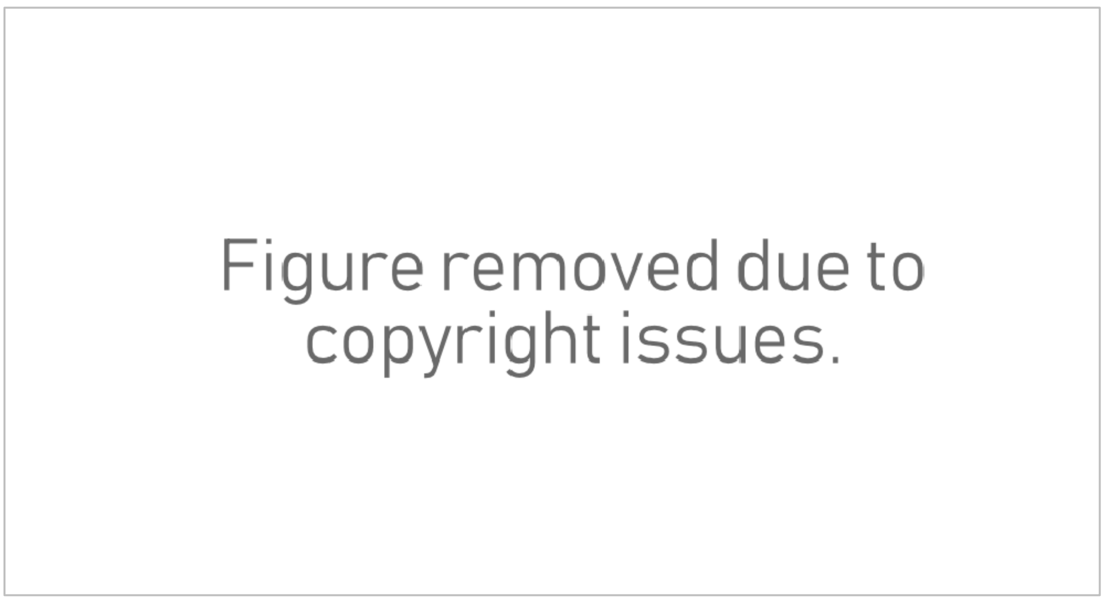

Figure 23: Promotional Material by Paradigm Reality highlights "commitment" as a virtue (Paradigm Realty, 2019)

Committing to a timeline for project delivery is a gamble, irrespective of whether the means adopted to get there are ethical, when land is yet to be acquired and approvals are still pending. Property consultants note that the prediction of the project schedule is only possible once construction commences, that is, when the uncertainties relating to land acquisition and approvals are over with. I found that a general template for estimating project completion was followed by most banks after this stage, based on the past performance of developers (Table 9). However, very few projects in India are acquired at what is referred to in real estate lingo as the mature phase. Mohit Khanna, the business head of a corporate development firm, notes there are three phases in real estate development with scope for developer participation: pre-approvals; ready for construction; and post-construction. Most developers, he says, prefer to acquire projects/land at the very first stage because returns here are highest, and barriers to entry lowest. When asked about the evaluation methods adopted by developers entering a project at this stage, Mohit is quick to note that future prediction is a futile exercise since the possibilities are innumerable. “One would have to come up with tens of scenarios based on economic growth, government regulations, infrastructure development, etc. … and then multiply that with all the possible uses for land, residential, commercial, etc.” he pointed out. According to Mohit, one can only make assumptions based on “comparables” (prevailing property rates and pace of sales) and internal efficiencies (how long it would take the developer to receive approvals/ clear land) when taking the plunge. Predicting the behavior of other actors, what Mohit refers to as studying “comparables,” is a common form of evaluation in market systems (Akerlof, 1978). However, predicting one’s own capability seems to be just as critical in evaluation practices in Mumbai’s land market, if a bet on a project’s timeline is to be made.

Table 9: Timeline indicator used by banks to predict completion of projects after construction commences (State Bank of India, 2018)

Project Size (sft in lacs)	Completion in months
0-0.5	18 months from launch
0.5-1	30 months from launch
1-2	36 months from launch
2-4	48 months from launch
4-6	60 months from launch
6-8	72 months from launch
>8	80 months from launch

Every developer I interviewed, whether large or small, said they studied comparables in the catchment area, before buying land. What this means is, they scrutinize the neighborhood in which they plan to purchase land, which could entail anything as basic as talking to local real estate agents or store owners, to something more bookish like poring over glossy market reports prepared by property consultants. The intention is the same, however: to gauge price behavior and sales in the vicinity (based on what other developers are doing, as opposed to gauging what the future demand could be), and then decide if the price of a land parcel is "right." Developers tell me that this is an effective way of evaluating projects, and has been in practice since the beginning of privatized real estate development in India. Manoj (Director at PropConsulting), however, scoffs at the method for being "non-scientific," and encouraging of "herd mentality." Manoj tells me that the method cannot predict, and as a result, developers fail to take cognizance of the impending slowdown of sales due to oversupply and high prices. Therefore, the longer it takes to develop a project, the weaker is the effectiveness of comparative analysis, he warns. It is for this reason that the calculation of developer's efficiency is integral to evaluation practices. Developers claim that they refer to the past when making this calculation too, but are generally optimistic that their efficiency will improve with subsequent projects. “We like to think that we can build better relations in the coming years, become more adept at negotiating with landowners, and so on, and therefore can turn around projects faster,” confessed one developer. While developers did not seem to deliberate on future demand-supply, because they felt that the future could not be predicted, their methods of evaluation which primarily relies on the information of the past, is also unhelpful, since the future cannot be determined from past events. Developers, therefore, may be adopting the evaluation methods they do, either out of habit or a compulsion to follow other developers.

Developers did not acknowledge that their methods of evaluation have limited predictive capability, and could seriously undermine a project’s fate, as Manoj mentioned because the consequences of incorrect predictions were not grave until Mumbai’s real estate market took a hit from slow sales. Until recently, errors in judgment and inefficiency on the part of the developer were pardoned, if not rewarded, as property prices rose faster than the cost of delays. One of several relevant examples is the case of Evershine Nagar, a new township development in North Mumbai, which witnessed delays of almost six years due to the inability of the developer to acquire necessary approvals from the forestry department. Homebuyers who were most affected by the delay, however, did not take legal action, according to those familiar with the case, because in those ten years, the sale value of their delayed property grew four times. Besides, the lack of regulations to ensure timely delivery of projects meant that developers had room to make adjustments to their miscalculations on the go. Lodha Developers, for instance, made news in 2009 when they canceled a housing development project in Thane, an outer suburb of Mumbai, under the pretext of inability to seek necessary approvals. While Lodha was prompt in returning homebuyers’ deposits with interest to avoid bad press, it became evident a year later, when they re-launched the project, that approvals delay was just an excuse to re-evaluate the project. Flats that were originally sold at INR 3000 per square feet, a year later, were resold, potentially to the same buyers, at INR 6,000 per square foot that is at the double the price as before (gathered from personal interviews). As a result, future prediction of a developer's efficiency did not require much contemplation after all since not only did the future change in favor of developers but because the lack of regulations in Mumbai's real estate industry, allowed developers to go back to past decisions to correct it to match the known future.

When new forms of finance capital became available to Indian developers, the flexibility of loosely defined project valuations was curbed. With structured debt backing development projects, the terms of investment had to be made clear at the outset. Developers and financiers had to necessarily agree on a future, in order to move forward on a deal. As a result, property prices in Mumbai saw a sharp increase after the liberalisation of the sector. Financiers claim that during this time, developers escalated project valuations by as much as fifty percent of "fair market value," not because they envisioned prices to go up congruously, but because they wanted to get hold of as much financial capital as possible, presumably to buy more land. Valuation consultants concur that increased availability of finance capital led developers to become "greedy for money." Recollecting his experience with valuation advice, Manoj notes that developers frequently nudged him to validate inflated valuations as suggested by them. "Developers specifically tell you what they want the project's valuation to be, and if you don't oblige, they make sure the report doesn't reach the financiers," Manoj revealed. Using the example of a project he is familiar with, Manoj explained to me how property prices, along with land and construction costs were inflated to benefit developers in the short term, an act which ironically reduced the project's profitability in the long run, owing to slow sales (Table 10). Developers, however, presented a different story to me. Rustom Khambatta of Khambatta Developers, who recently raised over 1 billion GBP from a Private Equity firm, and is now reportedly struggling to service the financial obligation (Babar, 2017a), claimed that it was "men with flashy degrees" who misled him with their impressive presentations and coerced him into betting ambitiously on the future. "These guys had targets to meet, and bonuses tied to those targets... [T]hey were more keen than us to lend big", he noted, during an interview with me.

Table 10: Changes to net present value (NPV) of a project due to inflation in project costs (Liases Foras, 2017)

	Input (Rs psf on aleable area)					Result (Rs Crore)					
	Selling Price (INR)	**Sales Velocity**	**Construction Cost (INR)**	**Land Cost (INR)**	**Equity Rs Crore**	**NPV**	**ROE**	**IRR**	**PBT**	**Duration (months)**	**CAGR Return**
Fair Market	7,000	3%	1,894	1,325	13	**17**	50%	66%	42	42	39%
Promised to P/E	10,000	3%	2,642	2,050	20	**27**	50%	70%	64	42	37%
Performance	10,000	1%	2,642	2,050	20	**1**	16%	23%	55	106	12%

Mohit, who worked closely with Rustom for nine years before taking on his current position, felt personally attacked when I recounted my interaction with his ex-boss. "I have a degree from Harvard, and Rustom can mock me if he wants, but no one misleads him; let me tell you that," he retorted. According to Mohit, developers know their business better than any financier wanting to lure them with money. Mohit, however, admitted that financiers, too, were reckless with their investments and lending, and many a time even corrupt (accepting kickbacks in the form of apartments from developers). While the accounts of different actors may be misaligned, a common theme is evident, especially from Mohit's perspective. Opportunism and self-interest appear to be a dominant factor in guiding valuation practices in Mumbai's land market. However, under conditions of financial stress, developers seemed to be acting in contradictory ways, by not cutting their losses in time.

When real estate sales in Mumbai began to slow down in 2017, developers were faced with the option of either off-loading their stock at discounted prices to other developers or investors with deep pockets, or letting their debt burden mount. Property analysts claim that very few developers were prudent enough to take the former route and instead ended up in a far worse situation. According to Mohit, this is because there are other kinds of values associated with land, which hinder developers from trading land purely as an economic commodity. He notes:

> In my twenty years of experience, I have observed that developers who keep their raw material [land] for longer than seven to eight years sink faster than the rest during bad times. I think this is because they become attached to the project and are more likely to make mistakes.... Land is something you get emotional about.... I don't know whether this is uniquely Indian, but it is very hard for a developer to cut back on their land bank.... Land is not something that you can just buy so easily. Besides, there's not much else a developer can do except develop land!

Mohit's comments, among other observations presented in this chapter, support the proposition that developers in Mumbai are socially oriented to (continually) purchasing land, as opposed to achieving economic prudence in their decisions. Evaluation practices may, therefore, be governed by the social meanings and prestige associated with the acquisition and development of land, even though project evaluation serves as a tool for developers to explore and exploit various means of accruing profit without delivering on the promise to develop land.

6. DISCUSSION

In this chapter, I analyzed the practice of land evaluation by focusing on how socially constructed criteria for a "capable developer" produce land value. Empirical findings presented in the chapter show that developers distinguish themselves and get distinguished for their ability to acquire and develop land. Developers, therefore, distinguish themselves, in a context where shared conventions of land value are exogenously established through a base rate for taxation by project count, followed by the speed of sales and the pricing of products. In their quest to acquire and launch more projects, developers appear to overcome uncertainties of the future by prioritizing uncertainties related to transaction costs over the uncertainty of future demand-supply mismatch. Economic choices in Mumbai's land market, therefore, appear to be guided not by imaginations of future price behavior, but by temporally closer concerns related to the transaction costs of land development.

The future that primarily occupies the imagination of market actors is, therefore, one in which land is free of social, political, and bureaucratic encumbrances, as opposed to one where property prices are higher. Furthermore, the imagination of commodified land is operationalized through narratives of the "developmental hero." Developers describe their work as acts of heroism, without which development would be impossible. This, I argue, concertizes the imagination of land as a commodity. Finally, my observations of developer actions reveal that developers are not inclined to reducing risks when acquiring new projects, partly because the informality in Mumbai's real estate industry allows them opportunities to eke out profits through questionable means. However, developers undermine opportunities to ameliorate losses by not reducing their pace of acquisitions or their land bank size, which indicates that developers are constrained by the social meanings and prestige associated with the acquisition and development of land in the Indian context.

Broader conclusions can be drawn about the role of developers in shaping the land market, and of the organization of the market, from the study of land valuation. The tendency of experienced developers to adhere to an industry defined pace of project acquisition/launch, irrespective of market conditions, indicates that developers may not be inclined towards becoming adept at the business of real estate development, but rather just inclined towards accumulating land and increasing their land bank size. This indicates that developers may not be part of a professional field, wherein norms of good practice are defined and maintained by dominant firms. Second, the practice of land valuation appears to be, on the one hand, embedded in social meanings of land/land development, and on the other hand, contingent on the strategic advantage that a particular land deal offers a developer. Since both influencing factors differ across developers and projects, land valuation cannot be an institutionalized practice, and would necessarily require developers to make ad hoc decisions based on situational exigencies. As a result, land valuation practices become tools for developers to explore and exploit various means of accruing profit, without any serious intention of developing land, which not only causes the market to fragment but also makes individual practices – such as land valuation – self-serving.

Chapter VI: **BUILDING APPROVALS**

1. INTRODUCTION

Since developers in Mumbai are socially inclined to increase their land bank size, despite development uncertainties, acquisition of projects are carried out at questionable valuations, as demonstrated in the previous chapter. In order to justify inflated valuations, and to match profit expectations, developers impinge on building regulations, which sustains contestations over the rules of land development. Scholars, who study social movements and other change agents that bring contentiousness to markets, have pointed out that when societal pressures trigger changes to market rules, firms in the hope to instill market stability, influence the process, leading to political contestations between firms and state (and society) on the one hand, and among firms on the other. The survival of a market, therefore, depends on the ability of firms to fight off competition, and also influence interventions in response to public cries against the social strains produced by that market. The political process, which generates rules in Mumbai's land market, however, hardly reflects the organized interests of developers looking to establish market stability. Rather, I found that developers in Mumbai strive to overcome the many uncertainties linked to building approvals, by relegating long term survival of firms to the back and focusing instead on project-specific concerns.

With numerous actors, beyond just consumers, suppliers, and producers of land/real estate engaged in the shaping and reshaping of innumerable rules that govern urban land development, the approvals process is riddled with all kinds of uncertainties. Gaining approvals for building construction and land development entails, on the one hand, interpreting development regulations that are continually shifting, and navigating an equally uncertain bureaucratic system that capriciously processes approval applications on the other. Just like in land acquisition, multiple interests press on the authorization of building permits, since approvals are not only consequential to social life in a city (a disturbing example being the inhumane density of slum redevelopment blocks in Mumbai), but also a reflection of the efficiency and transparency within the state machinery. In a context where housing conditions and service infrastructure become increasingly strained with growth in urbanization, building approvals cannot neatly fit with the interests of growth machine proponents (Logan & Molotch, 2007), because not only would it spark social unrest, as warned by Polanyi, but also because the goal post of urban development is never fixed.

In this chapter, I discuss how under urgent pressures of urban transformation, the rules governing actions in Mumbai's land market are faced with many disruptions from forces external to inter-firm dynamics, including but not limited to civil society. Development firms, as a result, are confronted by a social world where firm survival is dependent not just on their long-term position in the market structure, but also on responses to immediate developmental challenges. Contestations between firms, as a result, get relegated to the back, and the concept of stability takes on a new meaning for market actors, wherein the focus is not to obstruct price-competition or prevent firm deaths, but rather to strengthen the collective function of developers in the future imaginaries of urban development (Beckert, 2016b). Even though developers' own accounts often point to the existence of a status order, i.e., the concentration of competitive advantage among certain actors, I demonstrate in this chapter that their actions are influenced, not by a want for stable hierarchical order, but rather, by the cognitive framing of an ever-successful (hero) developer. I, therefore, propose that developers in Mumbai seek control of their unstable worlds, by honing in on their collective identities as a "developmental hero," as opposed to taking for granted a given set of "local knowledge" (Geertz, 1992, pp. 73–75). To support my proposition, I establish once again that in order to cope with their unstable worlds, developers refer not to a tool kit of strategies that can be used over and over again to justify an action. Instead, they rather adopt ad hoc strategies that, on the one hand, solve complicated problems, and on the other hand, strengthen the hero narrative.

The chapter comprises of three empirical sections, which explore the constraints and conditions under which developers negotiate construction approvals in Mumbai, focusing especially on how developers perceive their social world and their position within it. In the first section, I lay out the conditions that characterize the world of real estate developers in Mumbai, in order to get at their conception of instability. Then, in the second section, I analyze whether or not a hierarchical ordering in terms of competitive advantage exists among developers, by examining approval documents of fifty-two projects across the city. In particular, I look for patterns in the variance in *approval times* and *development rights* among these projects. Finally, in the last section, I discuss my ethnographic findings on what developers do when negotiating construction approvals, in order to identify the cognitive frames that help them decide which actions to choose from, as interactions in the approvals process proceed.

2. A SHIFTING REGULATORY LANDSCAPE

The unprecedented growth in Mumbai's population has prompted impulsive interventions by development planning authorities (S. B. Patel, 2013, p. 68). Between 1991 and 2011 (year of the last census count), the population of the Mumbai metropolitan region grew by 8.6 million residents, or the entire population of Austria. The challenge for planners has, therefore, been immense. They not only had to accommodate the high population count of 22 million but also to attend to the peculiar distribution of population density. Outer suburbs that were until recently beyond the scope of Mumbai's planning limits have overtaken the city core in density. Such a pace and pattern of urban growth is unlike any other urban region in the world, and one certainly requiring constant tweaks and fixes that may or may not be rolled out seamlessly. Building height limitations and construction rules have, as a result, been subject to frequent changes, carried out through an annual exercise of the revision of Mumbai's Development Control Regulations (DCR), in order to match the needs of the city's population.

Despite the many revisions to development and planning regulations, building construction in Mumbai is hardly an organized activity, with "haphazard siting of land uses" and "inadequate access to government utilities such as electricity, water supply, roads and sewage treatment mechanisms" (Pethe, Nallathiga, Gandhi, & Tandel, 2014, p. 128). Development projects at the outskirts, and in poorer, dense neighborhoods, especially, witness lower controls or benign oversight over building heights and concessions in open space norms. Ananya Roy terms this as an urban crisis that is "marked by the lack of adequate infrastructure and growth management, coupled with sharp social divisions" (A. Roy, 2009, p. 76). She further points that ambiguity in land-use, and the deregulation of "unauthorized" structures, allows the state considerable power to alter land use, deploy eminent domain, and acquire land. While Roy's comment is intended to highlight the problematic role of the state in India's urban governance, the urban crisis of inadequate civic and built infrastructure is, to some extent, also linked to the complexity that surrounds land's commodification. Development challenges in Mumbai, as several local planners have noted, has no easy fix, because of the many layers of ownership, histories, and claims attached to the land, besides the topographical constraints that exacerbate land scarcity. Regulatory interventions in such a context, no matter how frequent, is a challenge, its enforcement even more so.

Cases of circumvention of building regulations in Mumbai are commonplace and go unnoticed many a time. However, ever so often, consequences are lethal, thereby calling the regulatory system into question. In July 2019, fourteen people were killed when an "illegally constructed" section of a building collapsed in Dongri, a dense inner-city neighborhood in Mumbai. In several other such tragic cases, the death toll has been far greater. Building collapses among other causes of fatalities related to negligent building and development practices, while rarely spurs protests against civic authorities and private developers, nevertheless attract enough public attention to warrant a response from policymakers. However, rather than strengthening regulatory institutions, incidents like these lead to knee-jerk, if not adverse, reactions by authorities. Following the Dongri building collapse, Chief Minister Devendra Fadnavis assured to "bring new rules for the speedy redevelopment of the old and dilapidated buildings" (Firstpost, 2019). Vinod Ghosalkar, chairman of the repair board of Maharashtra Housing and Development Authority, in response, announced that MHADA's priority would be to redevelop old buildings “on a war footing.” Ghoslakar, however, went on to suggest that previously issued renovation/redevelopment permits would be made void under this new plan. In a press statement he noted:

> Before demolishing the rickety building, we need to follow a certain procedure, and the first step is canceling the no-objection certificate [NOC] given to the building's owner for its redevelopment... and we have started this procedure (ibid).

The MHADA official was quick to announce changes because concerns and agitation over the operations of real estate developers, in particular, their evasion and/or manipulation of protective measures, are generally targeted towards the state, as opposed to the market. The idea that housing can only be delivered by the private sector is, however, hardly challenged in the Indian context; partly because of the scale of the housing shortage, which many believe is beyond state capacity (Sivam & Karuppannan, 2002, pp. 71–72), and partly because of the narratives of corruption that help shape people’s expectations of what states can and will do, and how bureaucrats will respond to the needs of citizens (Gupta, 2005, p. 6). Yet, the state’s intervention in defining the rules of land development and thereby the functioning of the land market is regarded apropos, since privatized land development cannot operate without collective sets of rules governing interaction (Campbell & Lindberg, 1990; Evans, 1992). Regulation of land development in India, however, entails the participation of not few but multiple agencies and sets of rules across different levels and agencies of governance, which according to industry insiders, has a destabilizing effect on the land market. Sunil Rohkale, MD ASK Group, a financial investment and advisory firm and active supporter of automation of bureaucratic processes, noted the following about real estate in India, in a news post:

> The industry at present has to deal with not less than 40 complex No Objection Certificates before obtaining construction permits from local bodies, state governments and the central government.... Creating a single window online clearance platform where all approvals across departments can be managed in a coordinated manner is the need of the hour (Rohkale, 2017).

Receiving building approvals is a complex process as Rohkale points out, not merely because of the steps involved, but also because the officers in charge of permits are in transferable positions, which means they are transferred to another position at least every three years, and often sooner. The logic behind such frequent transfers is that it would prevent government officials from becoming corrupt and entrenching themselves in the structures of local power. But the reverse side is that most officials feel accountable not to the local population, but only to their superiors and to the particular bureaucracy in which they are employed (Gupta, 2005, p. 10)[36]. Frequently, the pressures on officials to be corrupt cause them to behave in ways contrary to the ostensible objectives of their departments. In a much older but not so obsolete paper that questions the effectiveness of public service organizations in India, development scholar Robert Wade (1985), argues that the Indian state's struggle to promote development is, to an important degree, related to the corruption-transfer mechanism and its effects on bureaucratic initiatives. Wade writes:

> Transfers took up a lot of the time of people at all levels of the bureaucracy. How to obtain a transfer, or to block one to an undesirable location or office, was a matter of great importance, and regularly resulted in the filing of court cases, the involvement of politicians at all levels, and the expenditure of large sums of money in the form of bribes, etc. (Wade, 1985 as cited in Gupta, 2005, p. 9).

The transfer system among government officials in charge of building permits in Mumbai remains much the same, with key posts being reshuffled every 2-3 years, according to liaison architects who specialize in the approvals process. Most architects I interviewed believed that frequent transfers were necessary in order to curb corruption and cronyism, and hence better for development, even if it led to delays in project execution.

Bureaucratic inefficiency has, therefore, lately received much political attention in India, not just within the sector of real estate, but commerce in general. This is

[36] Such a model of operation is contrary to the Weberian concept of a bureaucrat, who is a role-fulfilling, disinterested professional occupying a location in an organizational structure solely due to professional competence and merit.

because, the proliferation of Global Performance Indicators (GPIs), especially those that rate and rank countries against one another, has been instrumental in shaping decisions of states in emerging economies (R. Doshi, Kelley, & Simmons, 2019, p. 613). The World Bank, which has marshaled the Ease of Doing Business (EDB) index, has amassed surprising influence over global regulatory policies, as states respond to being publicly ranked and make reforms strategically to improve their ranking (ibid). The World Bank's Doing Business reports have, however, been criticized for assuming that the business environment in developing countries is defined and determined by the exact implementation of rules by the state and by firms, an assumption demonstrated to be false by a number of studies, especially in contexts where state capability is low (Kar, Pritchett, Roy, & Sen, 2019, p. 9). Nevertheless, the Indian government has strived to improve the country's EDB ranking with Prime Minister Narendra Modi committing to replace "red tape with red carpet" at the World Economic Forum in Davos in 2018 (Sidhartha, 2018). In 2019, India was among the biggest improvers in the EDB ranking, moving up from 100 to 77, among 190 countries. India's climb in the 2019 rankings is reportedly attributed to two doing business indicators (out of 11)— *securing construction permits* and *trading across the borders (A. R. Mishra, 2019).*

The World Bank found that in Mumbai and Delhi, the two Indian cities studied, the number of days taken to give out construction permits had drastically reduced from 144 days in 2018 to 95 days in 2019[37]. Besides, the costs of permits had shrunk from 23% of the building value to just 5%. According to the report, the single-window clearance for securing building permits in Delhi and a new online system in Mumbai brought about this quantum change. While liaison architects note that the approvals process is indeed faster and simpler today than two years ago, they also point out that digitization and its promise of transparency have brought with it a whole new set of

[37] Note on WB's methodology: The study used only a particular case of a "shed" to draw comparisons. In reality, a fully functional building would take longer to develop. Besides, survey participants were told that if India's ranking moves up, India would receive more FDI, thereby undermining non-biased feedback from participants.

challenges. On the one hand, development contestations have been exacerbated, since the entire process flow, including plans submitted by developers and approval recommendations by each signing authority, is now available online for public viewing. On the other hand, regulatory oversight has further been diluted as officials are compelled to clear cases under shorter timeframes, with little deliberation, by often relying on the advice of junior, non-transferrable staff of the bureaucracy.

In summary, the regulation of land development and building construction in Mumbai sways between knee-jerk crackdowns due to sharp public outcry over the crisis, or benign neglect due to lack of the state's capacity to resolve developmental challenges. In this context, much attention and public pressure are directed towards state inefficiency as opposed to the exploitative practices of real estate developers. However, in making states the focus of land development failures, the approvals process takes on multiple agendas ranging from state building to quantification of development efforts, to appeasement of civil society and aid agencies. As a consequence, the regulatory landscape becomes all the more fragmented and shaky, thereby sustaining the climate of uncertainty around development approvals, which I argue is a fertile ground for the "developer as hero" narrative to flourish.

In the next sections, I discuss how the fight for transparency and access to information in an uncertain regulatory landscape produces new roles for actors apart from developers and shapes social relations in ways that are consequential to approval outcomes. Here, I demonstrate how the instability of bureaucratic arrangements causes network ties to become dependent on social proximities more so than network positions. And how, as a result, role positions and the (re)production of institutional order become impossible to establish.

3. THE FIGHT FOR TRANSPARENCY

Contrary to the popular imagination that Mumbai's real estate market is murky and non-transparent, developers and their ancillaries have, in principle, access to abundant information regarding construction approvals granted to other developers.

Since the implementation of the Right to Information (RTI) Act in 2005, which mandates timely response to citizen requests for government information, and subsequently, the introduction of Citizen Search, an online-search portal on the website of the Bombay Municipal Corporation that allows the general public to access details of every building project in the city including approval certificates and construction drawings, developers are no longer in the dark about what their competitors are planning or doing.

India's Right to Information Act (RTIA), which was adopted by the Indian Parliament in May 2005, is similar to the U.S. Freedom of Information Act (FOIA). Like the United States' FOIA, the RTIA gives Indian citizens a right to obtain information held by public authorities. However, the RTIA is broader in scope. While the U.S. law applies only to the national government, the RTIA applies to all of India's state and local governments as well. Advocates of the RTIA argue that the law can help purge inefficiency and corruption from government, control bureaucratic power, and increase the political influence of marginalized citizens. A Bangalore-based think-tank, Public Affairs Centre, describes the adoption of the RTIA as a watershed moment in the history of public governance in independent India, which has the potential to change the nature of governance in India (cited in:Roberts & Roberts, 2010, p. 926).

In the fifteen years since its inception, there have been over 26 million RTI applications filed across the country (CIC, 2019, p. 11). While this may seem like an immense number of requests, both in volume and breadth (targetting all levels of India's vast public sector), RTI advocates claim the number is too low, and reflects the limited awareness of the RTIA, and a host of other factors that hinder citizens from making requests under the law (Chauhan, 2018). This is because RTI, in its present form, has no provision for the safety of its users. While there are suggestions to bring users under the Whistleblower Protection Act, at present, the act recognizes a citizen as a whistleblower only if he or she makes a complaint to the Central Vigilance Commission about a case of corruption by a public servant. RTI applicants are, therefore, often intimidated, threatened or even physically attacked when they go to submit an RTI application, or as a consequence of their submitting such an application (Roberts & Roberts, 2010, p. 928). Reports on the effectiveness of RTI, document abundant cases of threats and harassment and note that the cost of asking for information can be very high, and sometimes brutal (PRIA, 2008, as cited in Roberts & Roberts, 2010, p. 930).

As per the Commonwealth Human Rights Initiative (CHRI)'s "Hall of Shame" record, eighty-six RTI claimants have been murdered, and 445 have been assaulted in various parts of the country, ever since the RTI Act was implemented in 2005. In a report published by CHRI in February 2019, Maharashtra, of which Mumbai is the capital, tops the list of states with the most attacks on RTI applicants (CHRI, 2019). These include 17 cases of murder, 2 cases of death by suicide, at least 36 cases of assault, and 41 cases of harassment. While CHRI's online-database does not categorize violence against RTI activists based on industry or sector, most of the urban cases reported appear to have links with the construction industry. In the state of Maharashtra, I found that out of the seventeen murder cases reported, seven deaths (41% of total) were directly linked to building irregularities in and around the cities of Mumbai and Pune, and four deaths (23% of total) were linked to investigations into land-use/sale, and illegal sand mining. The most recent murder reported in the state was that of 32-year old Vinayak Shirsath, an RTI activist from Pune, who is said to have filed several RTI applications pertaining to alleged illegal construction in the city. With this case, the pattern of unabated murders, assaults, threats, and harassment of citizens using the Right to Information Act to unearth wrongdoing in the construction industry continues. And although the process of promoting and implementing transparency mechanisms in the real estate sector in urban India comes at huge costs to life, through my fieldwork, I found that in less confrontational cases, it fosters new relationships of brokerage between activists and those who seek their assistance as expert mediators with the state.

According to developers, while well-intentioned, the RTI act has given rise to an "extortion industry" helmed by RTI activists who supposedly operate in collusion with government officials. "Only ten out of every hundred so-called RTI activist is a genuine activist," claims Girish Menon, an employee of a leading development firm with over thirty years of experience. Among other similar accusations, another developer talked about someone they knew who had given an RTI activist six flats as a pay-off for keeping mum about their misdoings. Ironically, I found that many developers themselves were RTI claimants. Some developers even confessed to having dedicated teams to seek out information on other developers, as well as address RTI inquiries made against them. Besides, being in the know, I found, was viewed as a valuable attribute among developers. Phrases like having an "informant" within the municipal office, or "squeezing information out" of an officer, were used commonly by participants, which I argue, heightens developers' sense of machoness, while also increasing the perception of transparency among them.

I got a sense of how this transparent yet dark process of RTI functioned when I sought information on an on-going real estate project that is helmed by one of Mumbai's most prominent developers (referred to as The Firm, below). Though the filing of an RTI application is fairly straightforward in principle, I decided to seek help from my friend from architecture school, Rajesh Shah, who has been working as a liaison architect for ten years and is well versed with the bureaucracy of building permits in Mumbai. A liaison architect is a legal expert who mediates between a developer and various government agencies to ensure a project's compliance with construction bye-laws. Rajesh tells me that since he is known to the officials of the SRA (the government agency administering the project), he could get them to expedite the process, and provide me with relevant information. "By law, officers are only bound to provide *a* response, but not *the* response you are looking for… Besides, they could simply redirect you to a different department. They know how to tire people if they really do not wish to disclose information", he warned me. Following his advice, I handed over my application form to Rajesh to submit to the "right person." A week later, I got a call from Rajesh informing me of my application status. Below is an excerpt of our phone conversation:

Devesh: Does Saurav Aggarwal (Director) or anyone else from The Firm know you?

Anitra: I've met Saurav once for an interview. I suppose he still remembers me. Why?

Devesh: Ah ok. The guys at SRA have informed their contact persons at The Firm about your RTI application. So it's good if they know you already, and especially that you're a student.

Anitra: So, SRA officers contacted the developer whose project I want to investigate to seek orders from them about how to act on my RTI query?!

Devesh: I mean not officially, but The Firm has their people within SRA, who inform them of every RTI request made against them.

Anitra: Alright. What's next? What should I do?

Devesh: Nothing. If they know you're not trouble, then everything should be OK.

About three weeks later, and within the timeframe for response of RTI quieries, I received a CD from the SRA with all the information I had requested, including development plans and architectural drawings; the chain of approval requests and permissions granted over the course of the project's development; along with legal documents pertaining to land exchange and redevelopment agreement struck with slum residents.

While Rajesh's allegations about the the collusion between SRA officials and developers may be exaggerated to show himself in heroic light, there are other insights that I can discuss with greater certainty. To begin with, the role of the liaison architect as mediator highlights how information flows within Mumbai's real estate industry: triggered by, as well as, carried through by multiple actors besides just RTI activists. Though there is no official record of the number of liaison architects operating in the city, Devesh tells me that there "hundreds" of other architects like him who carry out liaising work in Mumbai and whose work entails close interaction with government officials and developers. Like RTI activists, liaison architects, too, are interested in and privy to irregular practices of land development, since it helps them make decisions on behalf of their clients. However, unlike RTI activists, liaison architects are viewed as non-threatening, which makes the fight for transparency in

Mumbai's land market simultaneously confrontational and impassive. Besides, the labyrinth of actors comprising government officials, developers, and liaison architects, appears to be arranged not hierarchically, but rather in a heterarchical pattern built on social-temporal proximities.

The approvals system is, therefore, simultaneously transparent and murky on the one hand, and tight-knit and transactional on the other. As a result, market actors are neither able to gauge the landscape of rules clearly, nor reproduce role-positions quite so easily. In the next section, I examine how developers, under such conditions, perceive their social world and their position within it, when deciding how to negotiate building approvals. My findings reveal that developers tend to hone in on their collective identity as "developmental heroes" to overcome the many contradictions in their social worlds.

4. CONCEPTION OF CONTROL

Conceptions of control, or local knowledge, as described by anthropologist Clifford Geertz, refer to the shared understandings that structure perceptions of how a market works, and that allows actors to interpret their world and act to control situations (Geertz, 1992, pp. 167–169). Put differently, conceptions of control reflect market-specific agreements between actors in firms on principles of internal organization, tactics for competition or cooperation, and the hierarchy or status ordering of firms in a given market (Fligstein, 1996, p. 658). The goal of a conception of control, according to Fligstein, is to erect social understandings whereby firms can avoid direct price competition and can solve their internal political problems. In the case of real estate developers in Mumbai however, conflicts over hierarchy within a firm, i.e., the problem of keeping a firm together as a political coalition (March, 1962), is eliminated because all firms, except nine of the corporate firms that I have categorized as Group 5, are promoter-driven, wherein firm leadership is unchallenged[38]. As a result, decision-making within real estate firms in Mumbai is mostly autocratic and hence also susceptible to economically irrational decisions, guided by, for instance, the pride over one's land bank size, as I discussed in Chapter 4. The rest of this section, therefore, focuses on the former concern pointed out by Fligstein in regard to conceptions of control, i.e., inter-firm competition. To do so, I examine how developers perceive their social world and their position within it compared to other developers, specifically in relation to (ease of seeking) construction approvals.

Since market actors live in murky worlds where it is never clear which actions will have which consequences, the goal of action is to ensure the survival of the firm, through the creation of stable worlds. Actors are therefore prepared to take what they get and work towards a more stable situation. Fligstein calls these "tool kit tactics," which, after some period of time, become recognized by market actors who then begin to imitate them (Fligstein, 1996, p. 660). For my developer participants, however, firm survival and the idea of stability seems to be a function of factors external to inter-firm relationships. "Developers are not looking to take each other down," Mohit Bhatia, the business head of a corporate development firm that clearly enjoys a higher status than other firms, tells me. "We are all united against the challenges posed against us," he says, adding that, "When there is a common enemy (referring to the capricious rules of building construction, and the fluctuating supply of finance), then the differences are forgotten…. Just like how Pakistan is a common enemy that unites all Indians, Hindus, Muslims, Christians…". While I found Mohit's comment to be provocative, Mohit seemed to assert in a language that was more relatable for him, that developers in Mumbai sought control of their unstable worlds, by honing in on their collective identities. What Mohit was alluding to, is that, in his unstable world, conceptions of control refer not to a tool kit of strategies that can be used over and over again to justify an action, but rather the assurance of success

[38] The top leadership of nearly every real estate firm in Mumbai comprises of male members belonging to the same family. A typical firm would therefore have the father as firm Chairman, uncle as Managing Director, son as Director, and so on.

achieved by hook or crook, that developers in Mumbai seem to embody, i.e., the narrative that developers are "developmental heroes," no matter the means they adopt to produce commodified land.

Several reasons contribute to the creation of such a conception of control among real estate developers in Mumbai. From the accounts of my interview participants, who included developers, liaison architects, and ex-officials of the Bombay Municipal Corporation, I was able to identify the following factors to have an impact on how developers perceive their social worlds:

Low barriers to entry: With 2000-odd developers operating in Mumbai, it is evident that the barriers to entry for becoming a developer in the city are fairly low. Rajesh (my classmate from architecture school) tells me that the backgrounds of most of his clients are humble, and not remotely related to real estate. One of them, he recollects, was the owner of a small grocery shop in a slum. "The guy was able to garner enough support from the community to spearhead the slum's redevelopment," Rajesh noted, adding that "He knew nothing about being a developer, but was somehow able to acquire consent from residents, which gave him the opportunity to become one overnight." The character that Rajesh describes is not uncommon to Mumbai's real estate story, and yet probably uniquely a Mumbai story. As discussed in Chapters 4 and later in Chapter 7, developers in Mumbai need little base capital to carry out operations because redevelopments do not require land to be purchased outright, and much of the financing for construction is earned through pre-sales. As a result, there are several success stories of developers who turned from "nobody to somebody," capturing the minds of developers, which appears to instill a sense of meritocracy among them. When asked, what helps most when seeking construction approvals, developers of all types: small, big, old, new, told me that it was *experience*, *social skills*, and *knowledge* of construction bye-laws, that gave them an edge over others in the approvals process. In fact, established developers especially seemed to believe that small developers were often better at approvals because they had the time and patience to deal with *babus*, a local derogatory term for a work-shirking, bribe-seeking government employee. Therefore, contrary to their own signaling of the importance of political-connections in Mumbai's real estate industry, developers seemed to attribute success, particularly in the domain of approvals, to merit. I later learned that developers, as well as liaison architects, perceived their work of building social relations with junior government officials as a meritorious endeavor because these relations were based on bonds built over time, as opposed to class or caste proximity.

Easy access to government officials: Several developers mentioned to me that they often wined and dined with government officials. The chief liaison officer of Omkar developers, I was told, ate lunch with the commissioner of the Slum Redevelopment Authority regularly. I later learned that the two of them were colleagues at another government agency some years ago. The social separation of developers and government officials is neither distinct nor wide because it is quite common for retired officials to either set up their own private development firm or take up positions as approvals advisor for other firms. However, government officers and senior bureaucrats are, according to my participants, rather easy to access and dine with if you are a developer since the bonhomie builds over time with each visit to the approvals office. "There is no guarantee that the officers will clear an approval if you take them out for lunch, but they would never refuse a free lunch, or a nice watch, even!", noted Kaushik Bhopte, another of my classmate from architecture school, who also works as a liaison architect. Developers, as a result, exude great self-confidence while discussing their experience with construction approvals. Unlike in real estate conferences and public events wherein developers highlight the arduousness of receiving timely approvals, in the confines of their own offices, developers seem to brag about how good they are at navigating the approvals process, and how pally they are with the officers in charge. Interestingly, I found that every developer I interviewed felt they were better than most others at seeking construction approvals. As a small experiment, I asked six developers to rate themselves on a scale of one to ten, to describe how efficient they were compared to others, at getting approvals. I also asked them to rate the approvals system for how straightforward and transparent they consider it to be. Each of my interviewees rated themselves higher than seven for self-efficiency, while their ratings of the approvals system varied from five to nine. Developers, therefore, seem to care a lot about how their efficiency in seeking approvals is perceived by others, and yet, references to political clout are made ever so often, as though that too, is a meritorious endeavor.

Political involvement in real estate: Developers in Mumbai have traditionally had close links with politicians and the mafia, due to the nature of real estate financing (Weinstein, 2008). Many developers are known to have built their businesses on the backbone of the illicit wealth of politicians or politically important persons (S. Sarkar & Tiwari, 2001). It is therefore not uncommon for real estate projects to have the "blessing of a politician," a phrase I observed market actors frequently use to indicate that approvals would be easy, or building restrictions lenient for such projects. Whether developers with political ties benefit in the realm of approvals or not, the perception among the general public and also market actors is that they certainly do. One of many examples that point to this phenomenon is the case of HBS developers, promoted by Sandeep Shah – who industry insiders claim is a close aide of a prominent regional politician (who ironically, is being tried for corruption by the party at the center). With no prior experience or completed projects under their belt, HBS was able to bag contracts for three large redevelopment projects in the period between 2009 and 2011, possibly under the pretext of their political support, which at the time was held in high regard. Today, all three projects are unfinished and abandoned, with residents left indefinitely displaced, because the developer, they say, has run out of funds (personal interview). Several other developers, such as Hubtown, DB Realty, and Kohinoor Developers, that have known links to important politicians, have also filed for bankruptcy in the past two years. Therefore, while the close links between politicians and developers creates the aura of invincibility, developers are in reality, exposed to the risk of firm death caused by embedded political ties, which I argue, distorts conceptions of control based on rigid hierarchical ordering.

The ambiguities of land ownership and land use in Mumbai, moreover, expose developers to the hybridities of formal and informal, structured and chaotic, kinetic and static, that scholars associate life in the city with. Land development necessarily requires developers to grapple with multiple conceptual and practical contradictions in their everyday activities, seeking building permits, being one of them. Therefore, even though developers clearly occupy positions within a status order, their responses, I postulate, are guided by the temporally closer, and socially consonant shared imagination of an ever-successful development hero: one who goes against all odds to commodify land.

5. HIERARCHY AND COMPETITIVE ADVANTAGE

That there exists a distinction between an actor and an actor's position in the social structure; and that rewards are largely a function of position, is one of the fundamental insights of the sociological perspective (Simmel & Wolff, 1950). The economic constraints and opportunities that confront a producer in a market are very much contingent upon the producer's position in the status order (Podolny, 1993, p. 830)[39]. For this reason, Neil Fligstein proposes that the social structures of markets should be viewed as attempts to mitigate the effects of competition with other firms (Fligstein, 1996, p. 657). Fligstein focuses on the distinction between firm sizes relative to their market (as opposed to perceived product quality), in order to study the political processes that, by way of establishing a stable conception of control, reproduce the position of advantaged groups. This distinction among firms, however, is not as rigid in case of "countries just establishing modern capitalist markets," according to Fligstein, since property rights, governance structures, and rules of exchange in such countries are not well specified (Fligstein, 1996, p. 661). Nevertheless, developers in Mumbai allude, albeit inconsistently, to the existence of

[39] A producer's status in the market, according to Podolny, is the perceived quality of that producer's products in relation to the perceived quality of that producer's competitors' product. In the Mumbai land market however, the sense of an implicit hierarchy or ranking which is central to the understanding of markets, could be attributed to a developers' perceived ability to execute projects in a timely manner, as I have discussed in Chapter 5 (Valuation).

inequalities stemming from their position in the social structure that comprises the market. The rest of this section, therefore, examines the applicability of the conventional theories discussed above onto Mumbai's real estate industry, by measuring inequality pertaining to transaction costs incurred during the approvals process.

In the conceptualization of markets as a status order, each producer's position is said to provide a unique cost and revenue profile for manufacturing a good of a given level of quality (Podolny, 1993, p. 829). In the real estate industry, developers seemingly benefit from differential costs relating to *approval times* and *development rights* (aside from financial borrowing), which impacts their cost of production. Developers with stronger ties to politicians and government officials would, therefore, be able to accrue higher profits as time delay due to approvals is potentially reduced, and the total buildable area in a project is potentially increased. Measurement of such a network advantage is, however, tricky because benefits gained from one's social position cannot be distinguished easily from specificities of the land being developed. Approval times and extent of development are contingent on various factors such as existing land-use, topography, access to civic amenities, environmental norms, etc. and hence require decisions to be made on a case-by-case basis. While Mumbai's development regulations, make clear the general guidelines to be followed by authorities when granting building permissions, developers and liaison architects claim that concessions are allowed by the municipal commissioner, to circumvent the bye-laws stipulated in the DCR. It is these concessions, and the time taken to seek these concessions, that developers compete for, and which should determine the status order among developers. Below, I look at each factor that determines approval success and compare them across fifty-two projects, led by forty-eight unique developers of varying status.

5.1. ***Approval Times***

Delays in execution can severely hamper the profitability of a real estate project, especially when the cost of borrowing is greater than growth in property prices, as has been the case in Mumbai for the past five years (R. Kamath, 2020). One would, therefore, assume that developers are looking to reduce approval times in order to meet their profit expectations. The overall time taken to seek all approvals until the completion of a project should, therefore, serve as a quantitative indicator of developer status. However, through my interviews with liaison architects, and analysis of various approval documents accessible on government websites, I learned that it is common for developers to deliberately delay projects, depending on the speed of sale, project cash flows, and imminent policy changes. A developer could, therefore, intentionally allow a development permit to expire, or file an incomplete application in order to delay construction/ completion of a project. In such cases, the overall approvals timeline is a misleading indicator of a developer's ability to seek faster approvals. For this reason, I focus on a single approval permit known as Intimation of Disapproval (here on referred to as IOD), which is an authorization to begin the construction process following several checks from local authorities (see sample IOD certificate attached as Annex E). Unlike all other subsequent permissions that are contingent on the financial preparedness or intent of a developer to promptly execute a project, the IOD is simply an acknowledgment of a developer's intention to build, therefore making it more suitable for comparison, than any other building permit.

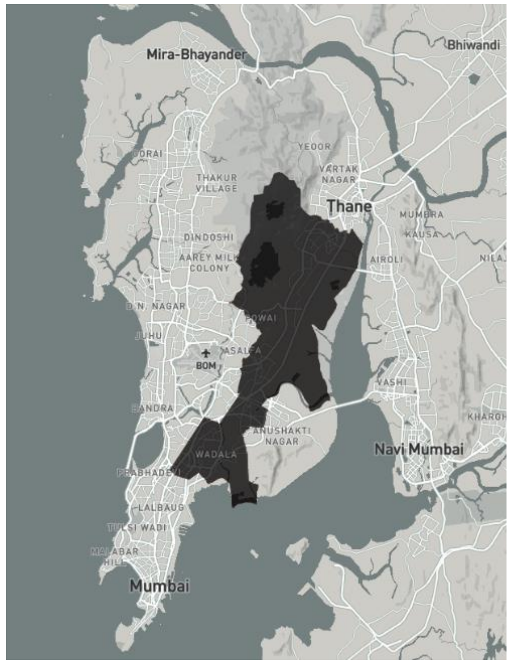

Figure 24: East Mumbai neighborhoods of Wadala, Chembur, Ghatkopar, Vikhroli, Kanjurmarg, and Mulund (Compiled by Author; Map: kepler.gl)

I began the exercise of comparing IODs by identifying projects that were launched in and after 2017 across Eastern Mumbai, which has recently seen a greater number of project launches than other parts of the city, therefore providing me a larger sample pool to choose from (Figure 24). The area selected comprises of six neighborhoods: Wadala, Chembur, Ghatkopar, Vikhroli, Kanjurmarg, and Mulund, all of which fall under the same executive jurisdiction of the Bombay Municipal Corporation. The year 2017 marks the enforcement of the Maharashtra Real Estate Regulatory Act (RERA), which made it mandatory for all ongoing projects to make public its architectural drawings and development permissions. As a result, there is a lot more data available for projects that were either on-going or commenced construction after 2017. Since I intended to compare developers of different types (small, big, new, old, etc.), project sizes had to necessarily be of a broader range. However, a minimum project size of 50,000 square feet was considered so that the variance between projects is not too large. In total, fifty-two projects satisfied these criteria. Of the fifty-two projects, seventeen are slum redevelopments (administered by the state-run Slum Redevelopment Authority), three are residential redevelopments (administered by state-run agency Maharashtra Housing and Area Development Authority), and the remaining thirty-two are either industrial redevelopments or non-redevelopment projects (administered by the local civic body Municipal Corporation of Greater Mumbai). The representation of developer groups (as outlined in Chapter 3) among the 52 selected projects is as follows (Figure 18).

Table 11: Representation of developer groups among the 52 selected projects

Group Name w/ description	Number of projects	Representation in the sample pool
1 (First timers)	18	35%
2 (Highly local)	16	31%
3 (Millennial)	14	27%
4 (Old-timers)	2	4%
5 (Corporate)	2	4%
Total	52	100%

Findings:

At first glance, the IOD timeframes of the 52 projects show significant variation, with some developers receiving their IODs in under a month, while some other developers have had to wait nearly 70 months for the same approval. When the projects are segregated according to development type (slum redevelopment and non-slum redevelopment), the range in IOD-times continues to be wide (1 to 62 months for non-slum redevelopments; and 2 to 75 months for slum redevelopments). The average of all projects combined, is, however, much smaller, at around 12 months. This is because the extreme cases of 62 and 75 months are aberrations, and if those two projects are eliminated from the list, the average time for seeking an IOD is eight months (just two months longer than what most elite developers claim it takes them for their IODs). In fact, 41% of the projects received IODs in less than six months (see Figure 25), which indicates that quicker IOD times are not uncommon and especially not an advantage restricted to a handful of developers.

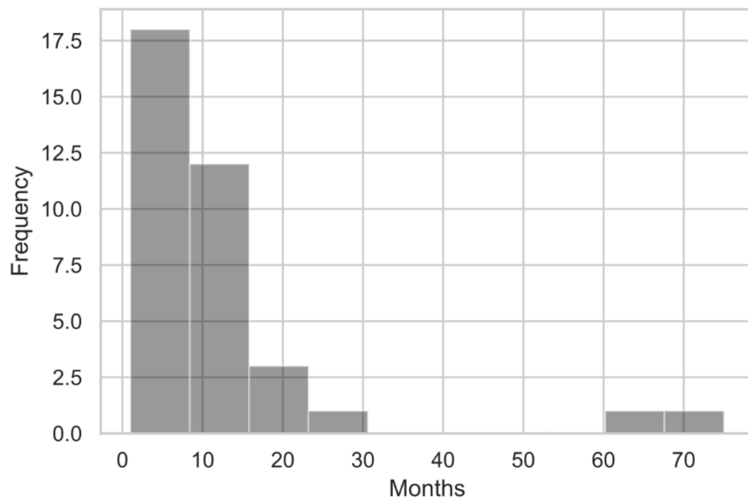

Figure 25: Comparison of IODs. Majority developers received their IOD approval within six months (Compiled by Author; Data: MahaRERA, 2019).

Group-wise segregation of the data shows that Group 2 and Group 3 clock in the fastest IOD times on average (7 months, if the two extreme cases are not considered), followed by Group 5, 4 and 1, with average IOD times of 8.5, 9.5, and 11 months respectively (Figure 26, below). Admittedly, the number of projects considered for Groups 4 and 5 is very low, and the findings may change should there be a higher representation from these groups in a sample.

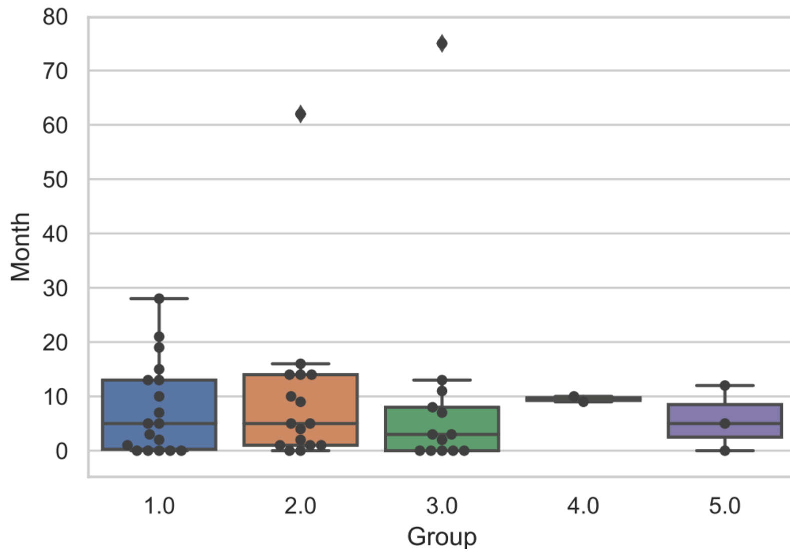

Figure 26: Average approval times between different developer groups (Compiled by Author; Data: MahaRERA, 2019)

Statistical analysis of the data reveals no significant correlation between IOD time and developer group, or between IOD time and project size. Therefore, contrary to the claims made by developers and the common perception that developers enjoy differential turn around times for project approvals, the comparison of IOD times indicates that faster approvals may not be a distinguishing feature of elite developers alone and that approval times may be contingent on factors other than just developer status, such as specificities of the land to be developed, and nature of the development proposed. Alternately, I would postulate that developers do not strive to seek faster approvals, and hence may not find it necessary to tap into their networks to rush the IOD process.

5.2. ***Development Rights***

Since the cost of construction is relatively low in Mumbai (around 15-20% of total project cost, as compared to 50% in London) due to the availability of cheap labor, the profit outcome of a real estate project is generally commensurate with the extent of development permitted on a site[40]. Developers, therefore, strive to stretch their built area allowance despite close monitoring of built-area consumption, or what is locally termed as Floor Space Index (FSI), by competitors and activists alike[41]. While developers and architects claim that FSI distribution in Mumbai is more or less transparent, they acknowledge that not everyone knows how to unlock the full FSI potential of a land parcel. Therefore, much like the IOD timeframe, FSI can be considered to be a quantitative indicator of developer status. However, unlike in the case of IODs, where the start and end time is known/unchangeable, the FSI of a project is non-determinable until all potential phases of a project are complete. In other words, development plans can go through several alterations even after construction commences, and hence the only way to assess actual FSI is by studying completed projects. However, all the projects on the list compiled for this study are ongoing. Moreover, since it is not mandatory for projects older than 2017 to share project details with the public, accessing data for older projects is much more cumbersome (requiring RTI inquiries into each project). Nevertheless, a comparison based on tentative FSI of on-going projects is useful to rule out a correlation between developer group and development rights. Since the FSI for slum redevelopment projects is contingent on the density of the slum being redeveloped, I have considered only non-slum redevelopment projects, which are subject to blanket development guidelines, so that projects are more comparable.

Findings:

A comparison of the ratio of built area vs. site area (a proxy for FSI), among the thirty-two non-slum redevelopment projects in the list, also generated a negative result like the IOD. There is no correlation between developer group and development rights

[40] Except in certain poorer neighbourhoods where property prices are so low that building taller structures (and the associated approval cost) is not worth the investment.

[41] Floor Area Ratio, or Floor Space Index is the ratio of a building's total floor area to the size of the piece of land upon which it is built. In Mumbai, FSI is a contentious issue, with developers negotiating with authorities for higher allowances on one hand, and fighting off accusations of malfeasance by activists and civil society on the other hand.

granted to a project. Since the data used for this analysis is not as robust as the data on IOD timeframes, descriptive conclusions such as average FSI, range of FSI between projects, etc. would be inaccurate. However, it is worthwhile to note that my analysis was unable to produce evidence of a systematic reproduction of competitive advantage among developers in regard to development rights. While these findings match the claims that gross violations in FSI norms are inconceivable under the current regulatory environment, it is also possible that government officials are wary of endorsing anything that could be seen as a circumvention of rules, officially. Rajashekhar Kamat, an ex-bureaucrat who, until 2004, worked in various agencies of the government such as the Maharashtra Housing and Area Development Authority (MHADA), responded bluntly when I asked him about the scope for variation in FSI granted to developers. “FSI is math,” he said. “There is no ambiguity over how much FSI one can receive (for a given plot),” he added. However, later during the same discussion, Kamat admitted that the Bombay Municipal Corporation did not have sufficient resources to carry out repeated inspections of buildings on site. Kamat was alluding to me that there may be discrepancies between official records on paper and the finished product on the ground.

That there is inequality in developers’ ease of seeking approvals is difficult to prove empirically. However, for the various reasons mentioned above, the lack of empirical justification, given the limited data, does not actually mean that such inequality does not exist. The empirical findings presented above, though, serve as an explanation for why it may be difficult for developers to conceive of status ordering in relation to development approvals. It also explains why developers contradict themselves by talking about their efficiency in seeking approvals and political clout on the one hand, and the non-existence of inequality in the approval system on the other. In the next section, I examine how developers navigate the approvals process in practice, and what conception of control they draw on when doing so.

6. NEGOTIATING APPROVALS: IN PRACTICE

Throughout my research for this chapter, I received contradictory responses from developers regarding the advantages of their network positions. Developers claimed to be better than others, while simultaneously asserting that there is little variance in project FSI, if not in approval times. It was also puzzling to hear developers talk about the ease with which they "handle government officials" on the one hand, while asserting that the RTI portal serves as an effective tool to flag discrepancies in the approvals process, on the other hand. When I directly confronted developers about this, they either contradicted themselves further or sounded ambivalent. I argue that this contradiction exists because developers live through dual conceptual worlds: one in which there is a collective orientation towards strengthening of their identity as a developmental hero – by tending to temporally closer, external challenges, which I claim is their active world. And the other, which remains dormant for the most part, is that conception of control wherein actors are oriented towards obstructing competition and establishing long term stabilization of role positions. While I have maintained that developer action is mostly guided by the first conceptual orientation, an acknowledgment of hierarchical ordering is sometimes necessary to authorize the imagination of the developmental hero. For example, when talking at a conference, engaging with investors, or when faced with direct competition. As a result, developers tend to switch between the two conceptual worlds every now and then, to mostly signal their status position – not to combat competition, but rather to strengthen their identity.

The rest of this section focuses on what developers do, in order to identify the cognitive frames that help them decide which actions to choose from, as interactions in the approvals process proceed. I begin by first studying how developers navigate the rules of building construction, by examining whom they hire for the job, in order to check for competitive strategies. Then, I study how changes to existing rules are negotiated, by looking at how developers organize themselves into developer associations, and the tactics they adopt to protect their individual and/or collective interests. Finally, I trace the responses of developers to the rules, by analyzing whether or not these rules are well established, and to what extent developer actions are constrained by them.

6.1. ***Hiring Experts***

Many of the developers I interviewed, claimed to be working with highly competent liaison architects who help them come up with ingenious ideas to maximize FSI, while "conforming to legal guidelines." Mohit Bhatia tells me there are few liaison architects in the city who are notorious for bending the rules. One among them, I was told, had their license revoked recently because they got caught forging an approval on behalf of the environment ministry. There were several such stories that I came across, which signaled the knavery involved in the approvals process, alongside the risks that accompany it. While architects claim that the scope for manipulation of FSI and malfeasance, in general, had drastically reduced since 2012 when Mumbai's development control regulations underwent major reforms, they nevertheless engaged in discussions about how some architects, under the auspices of their developer client, are more successful than others at exploiting loopholes in the system, and convincing officials to interpret rules in a certain way. The liaison architect, as I understand, is therefore not only integral to a developer's day to day operations, and the bearer of their trade secrets, but is also effective in disseminating stories that help establish a developer's status vis-à-vis their intrepidity.

Several of my classmates from architecture school turned to liaison work (in most cases to join their fathers who already had an established practice). Kaushik Bhopte was one among them. Although Kaushik's clients comprise of prominent developers, including the current and past presidents of The Maharashtra Chamber of Housing Industry (MCHI), the oldest developer association in Mumbai, he tells me that his firm is relatively small, with few loyal clients that provide him the opportunity to earn money on the side as a "silent partner." This practice, he claims, is common and often necessary to establish trust between liaison architects and developers. In contrast, Space Age, I was told, "ruled the approvals business." From the website of the Bombay Municipal Corporation, I was able to gather Space Age's list of projects along with client names. With around 200 on-going projects, led by eighty-five development firms, Space Age stands out for its scale of operations[42]. Their clients include almost all the major corporate developers (which I categorize as Group 5) who are meant to be direct competitors. My participants tell me that corporate developers, more so than others, depend on their liaison architects for generating "black money," and paying bribes to government officials. "These developers must completely trust their architect to negotiate the bribe amount (which can be as much as 15% of total project cost) and deliver the cash to the concerned officer because the developers themselves can't be seen engaging in such activity as a public listed company", noted one of my participants.

As competing developers use the services of the same liaison architect, they inadvertently augment the exchange of knowledge between them. One particular case involving the clients of Space Age is especially telling in this regard. Lodha and Lokhandwala, both developers of repute, found themselves competing for a view of the Arabian Sea, which commands a high premium in Mumbai real estate when the two developers acquired land parcels beside each other in the up-end district of Mahalaxm (Figure 27)

[42] On closer examination of these eighty-five developers, I found that many of the firms were actually sister concerns of a parent company. This makes it difficult to generate a unique list of clients, and therefore to sort them according to firm size/ group type, or derive patterns of social networks.

. Both developers were to build residential towers named Lokhandwala Minerva and Lodha Bellissimo, but only one of them (Minerva) could have an unobstructed view of the sea. Word among industry insiders is that Lokhandwala and Lodha, who share a liaison architect, knew of each other's building proposals early enough to strike a deal that would protect Lodha from bearing losses. As per the accounts of at least five of my participants, Lokhandwala was paid generous compensation to delay the Minerva project until Lodha sold all flats in Bellissimo – at a rate that was based on the promise of a sea view. While these accounts may or may not be part of a fictional tale that glorifies the crimes of developers, it is evident from the approvals records of Minerva (Figure 28) that the project was put on hold between 2005 and 2009, which happens to coincide with Bellissimo's launch in 2006 (Figure 29).

Figure 27: Lokhandwala Minerva and Lodha Bellissimo competing for a view of the Arabian sea (Author, 2015)

Figure removed due to copyright issues.

Figure 28: Excerpt from LOI certificate. Lokhandwala had originally submitted a Letter of Intent (LOI) for developing Minerva in 2005, but re-submitted a revised LOI in 2009 (MahaRERA, 2019)

Figure 29: Lodha Bellissimo was launched in December 2005 (Housing.com)

Therefore, while developers may seek exclusive expert insight into the approvals process to gain competitive advantage, their decisions seem to be constrained by several factors, including a general lack of trust in market actors, and in Lodha's case, the spatial fixities of land. Moreover, there appears to be no real effort towards withholding information by developers, despite the allegations of an "extortion racket" being run by RTI claimants. If anything, knowledge exchange seems to be useful to forge cooperation among competing developers in Mumbai.

6.2. ***Push for Policy Change***

Developers are of the opinion that while the approvals process is rather straightforward for an experienced developer, erratic changes in policy is what affects them most. Mumbai developers are therefore organized into associations in order to "support or oppose legislation affecting the interests of the construction industry" (CREDAI MCHI, 2019). The Maharashtra Chamber of Housing Industry was thus formed in 1982 and remained the largest developer association in the city with 1400 members. On their website, the MCHI notes that they pride themselves for "achieving the very best for all members and for the industry at large" (ibid). One of their recent achievements listed on the website is: convincing authorities to withdraw a circular that entitled the state to demolish any structure constructed beyond the height for which a construction certificate is granted. The MCHI's agenda, therefore, appears to indeed protect the interests of *all* developers, including those who operate at the seams of illegality. In 2015 however, reports of fighting among developers over the association's leadership emerged for the first time, with key members, including some of the founding members, quitting MCHI. In a local news report about the issue, one developer noted that the rift emerged because MCHI had turned into a "closed club with few members dominating the association's agenda" (Bharucha, 2015). A close look at the leadership structure of MCHI, however, reveals that developers in Mumbai are not actually striving to seek authority over the framing of collective agendas and that conflicts between members may not be related to struggles over policy decisions.

The representation of developers in MCHI's managing committee is indeed limited to a small group of developers, as pointed out by the discontented member. However, the group's leadership is non-reflective of the hierarchy among developers in regard to market share. Out of the ten developers that served as presidents of MCHI over the past twenty years, seventy percent belonged to Group 3, i.e., fairly new entrants into Mumbai's real estate industry. The core managing committee, including vice presidents and joint secretaries, also comprises of mostly Group 3 developers. While corporate developers (Group 5) are completely absent from the committee, representation of Group 4 (the original dominant class of developers), also appears to be shrinking. In fact, even top Group 3 developers like Lodha and Omkar, who jointly take up 6% of market share, are absent from MCHI's managing body. Core members, therefore, comprise of developers who are known within Mumbai's real estate circles but are neither the largest nor the oldest producers of real estate in the city. Irfan Siddique, a partner at a small development firm and a passive member of MCHI, admitted that being a committee member of MCHI is much work, with little rewards. According to Irfan, developers like to compete for key positions in the association, because it gives them a chance to meet with the Chief Minister ever so often. Manoj Gupta (MD, PropConsulting), on the other hand, claims that MCHI is a good platform for distributing and receiving real estate awards, and provides developers recognition, but gives them little sway on policies.

While affiliation with the MCHI may or may not translate to tangible advantages for a developer as far as approvals are concerned, I found that developers seem to benefit off of, as opposed to being disadvantaged by, each other's intervention towards policy change. This is because most developers, as I have shown in previous chapters, are non-committal to project timeframes and can, therefore, re-negotiate project approvals halfway through construction when the rules change in favor of a certain developer. As a result, the first-mover advantage for a developer who effectively lobbies for change in rules is reduced. A recent modification to the building restrictions around Mumbai's central jail serves as a good example to illustrate this point. The state of Maharashtra has traditionally restricted construction within a 182-meter radius of all jails in the state. In Mumbai, however, since the jail, once located outside city limits, today lies at the city's new geographic center, developers have been keen to revoke the restriction to facilitate (profitable) redevelopment of the many slums that exist along the jail's periphery (Naik, 2019)[43]. The Dhobi Ghat redevelopment (discussed in Chapter 4), is one such project. A petition to reduce the distance, to which the ban applies, was finally accepted by the Bombay Municipal Corporation in 2018 when construction at Dhobi Ghat commenced (Mahamulkar, 2018). With the revision of this rule, the developers of Dhobi Ghat were able to accommodate an additional building presently valued at INR 750cr (79 million GBP) in the development plan, which potentially increases the project's profitability by at least 30%. However, along with Piramal, seven other developers, who have projects under various stages of execution in the vicinity of the jail, as per the projects listed on SRA's website, become eligible for greater development rights as well. Incidentally, Shreepati Skies, the only project registered on the RERA website out of those seven, has moved its official completion date from December 2020 to December 2025, presumably to re-work their project plan in lieu of the recent regulatory changes (Figure 30).

[43] Developers like Lokhandwala, have in the past failed at this effort, leading to the demolition of an entire building constructed by the developer in violation to the rule, as pointed out to me by residents of Dhobi Ghat.

Project

Project Name	SHREEPATI SKIES	Project Status	On-Going Project
Proposed Date of Completion	31/12/2020	Revised Proposed Date of Completion	31/12/2025
Litigations related to the project ?	Yes	Project Type	Residential
Are there any Promoter(Land Owner/ Investor) (as defined by MahaRERA Order) in the project ?	No		

Figure 30: Project status of Shreepati Skies. Completion date extended to 2025 (MahaRERA, 2019)

The above findings suggest that the strategy for policy change among developers may not be to establish anti-competition laws, but rather the exploitation of protective measures by all developers, which incentivizes violation of rules while subverting efforts to set in place a stable hierarchical order among developers. Such a practice is both reflective of and contributive to the hybridity of formal-informal or commodified-non-commodified that developers seem to be entrenched in.

6.3. *Adhering to Rules*

Shakeel Ahmed Shaikh, an RTI activist from Mumbai, who has tirelessly conducted inquiries into illegal construction activity in the city, found that between January 2016 and July 2019, the Bombay Municipal Corporation received 52,154 verified complaints about illegal constructions and encroachments in Mumbai. (Upadhyay, 2019). He also gathered information that, in this period, the municipal authority had actively responded to just 4,166 (8%) of those complaints. Another inquiry along the same lines by housing activist Vinod Sampat revealed that over 50% of buildings in the city are without an Occupation Certificate, and hence not recognized on municipal records, nor by the fire department (Deshpande, 2018). Illegal construction activity, while not at all an anomaly in rich neighborhoods, is far more prevalent in poor, congested areas that receive benign neglect from the authorities. Responding to a recent building collapse in Dongri, one of Mumbai's densest neighborhoods, politician Rais Shaikh, noted this about his constituency:

> Over the past two decades, the area has seen haphazard development and redevelopment of many old buildings. These buildings are built without the BMC's permission under the pretext of carrying out structural repairs to the original

> building. It [the additional floors] adds weight to the original old structure and weakens it

BMC officials also attributed the disaster to developers' stealthy modus operandi.

> Many times, the developer over a weekend manages to construct several floors to a building, and by the time the BMC notices it [on the following Monday], tenants have moved in, making demolition very difficult for us

A BMC official is reported to have said (Bharucha & Ali, 2019).

Local residents, however, accuse the administration of turning a blind eye to illegal buildings. "It is the administration's job to know if an illegal building is coming up in the area, and make sure to stop its construction," complained one resident (ibid). Developers, on the other hand, claim that officials are well aware of every move of theirs. Vishal Kapadia, a developer who operates in a neighborhood where unauthorized construction is rampant, tells me that BMC officers seek payment for every square foot of illegal construction. "You can imagine how much money there is to be made," he exclaimed. In a move that appears to make official this practice, the Maharashtra government has set the ball rolling for a new bill to regularise all illegal residential buildings in the state, that were built before December 2015 (Phadke, 2017). As per the proposed policy, owners and occupiers of illegal buildings, as opposed to the developer, can now on payment of a penalty, get their buildings to be recognized by the municipal corporation. The notification is a part of the government's attempt towards "taking a realistic step to solve the problem of lakhs of unauthorised structures," an official of the urban development department announced in a press briefing (ET Realty, 2018). While citizens hail the policy to be pro-developer, developers argue against this claim by noting that homebuyers are equally responsible for the current state of affairs.

When asked about the policy, Kapadia tells me rather bluntly that he has no sympathy for residents of illegal buildings who now find themselves in a precarious position. "Flat buyers know what they are getting into when the pricing is suspiciously low," he says, adding that, "Even when developers reveal upfront to their customers that a building does not have certain permissions, customers are willing to take the risk." Is that because they are too poor to afford anything better, I ask? "It is because everyone knows that in this country demolition of an occupied building is impossible…They'll cut off the electricity and water supply, but the BMC legally cannot touch a building if it is occupied", he responded[44].

While not all developers may be evading rules of building construction in Mumbai, they all nevertheless live in a social world where engaging in corrupt practices is common among developers, officials, and flat buyers alike. Developers who operate at a larger scale are, however, predictably more inclined to follow the rules because the costs associated with a probe, later on, are greater. Liaison architects tell me that not only do big projects attract more attention, but that pay-offs too are dependent on the economic status of a developer, or the exchange value of a project. It is for this reason that several luxury developments in the city such as Palais Royal and Kohinoor Square hit a roadblock after it was discovered that construction guidelines in these projects were grossly violated (Parkin, 2019). The incentive to follow the rules, therefore, applies only selectively to developers and is not constrained by professional goals. Besides, it is not intuitive for developers to always follow the rules because the rules of land development have not been repeated by all actors enough times for it to gain legitimacy. As a result, developers are continually confronted by inconsistencies in recognizing the social meaning of rules when carrying out their day-to-day activities of land development.

7. DISCUSSION

Seeking approvals for land development and building construction in Mumbai requires developers to navigate a shaky regulatory landscape, wherein the rules of development are continually changing, and the bureaucratic encounters along the way are unpredictable. Both the rules of development and the process of seeking

[44] In May 2019, the Supreme Court of India ordered the demoloition of five inhabited apartment buildings in an upscale neighbourhood in Cochin, Kerala, for violation of Coastal Regulation Zone rules. The four buildings that housed 343 waterfront apartments, were raised to the ground in January 2020.

permissions are prone to much uncertainty because they are subject to a host of developmental and socio-political issues that have no easy solution. The sheer size and distribution of Mumbai's population necessarily require frequent regulatory interventions, causing development rules to not only fluctuate but also be inconsistent. On the other hand, in neighborhoods where civic needs are bursting at the seams, building practices receive benign neglect, due to the sheer density of built formations, if not for any other reason. Developers and other market actors recognize these challenges to be intrinsic to the commodification of land, as a result of which, there is much talk about the lengthy and cumbersome approvals process in Indian real estate forums. According to developers and financiers alike, this is the reason why development projects in Mumbai derail ever so often.

In the confines of their offices, and in settings where developers need to project themselves as capable of overcoming developmental hurdles, developers present a contradictory picture where having the required know-how and social ties makes the approvals process relatively easy. Similarly, developers suggest that there exists among them a status hierarchy in terms of ease of seeking approvals, while simultaneously asserting that the approvals system is both transparent and fair. I argue that these contradictions exist because developers, themselves, are confronted with, and subjects of, the many ambiguities and hybridities that accompany land and its development in the city. Even though developers acknowledge their market position relative to other developers, orientation towards their collective identities is more effective for (cognitively) overcoming the innumerable uncertainties related to development approvals, and land development more generally. Inter-firm competition is therefore perceived to be less of a threat compared to other destabilizing forces, such as hurdles posed by the shifting regulatory landscape, which generate project-specific problems that can seriously undermine developers' profit expectations. In other words, developers refer to status orders only when a situation demands them to do so, but at all other times remain focused on overcoming regulatory uncertainties through ad hoc means that surpass systemic advantages.

Uncertainty pertaining to development approvals not only distracts developers from the disparity in role positions vis-à-vis each other but also provides developers the opportunity to highlight their significance in the land market. The practices developers adopt when seeking building approvals reveal their tendency to: overcome mistrust by impinging on channels of information exchange; establish cooperation by subverting market competition; manage profit expectations by evading rules, and so on. These tactics are not only unsustainable in the long run, but they also foster an environment of murkiness, wherein external conflicts are plentiful, and that requires a "hero developer" to navigate. The uncertain regulatory landscape within which development approvals must be negotiated, therefore, serves as a fertile ground for strengthening the hero narrative, which, as I discuss in the next chapter, is of great consequence to the distribution and deployment of finance capital towards real estate production.

Chapter VII: **FINANCING OF REAL ESTATE DEVELOPMENT**

1. INTRODUCTION

I revisited Dhobi Ghat in December 2018 to inspect the slum's redevelopment. It had been a year since the last remaining residents had moved out to make way for construction work. A year ago, representatives of Omkar – the developer responsible for the redevelopment – had told me that residents would be able to move into their new flats within two years. Up until December 2018, however, there had been little progress with the construction, and workers on site expected it would be another two years before the project is ready for occupation. Former residents of Dhobi Ghat who continued to live and work nearby were aware that the timeline promised to them would not be met. However, residents had more pressing concerns on their minds. Residents claimed that the rent payments owed to them by Omkar were delayed beyond eight months. When asked what the developer's excuse was, the common response I got from residents was that funding for the project had not been flowing in. I found this to be odd, since the project is backed by credible funding partners, and the investment agreement (partial details of which have been made public), shows that enough funds were secured and locked-in for construction of the resettlement buildings and rent payments, in January 2018 (Construction Week Online, 2018).

Meanwhile, industry insiders had been talking about Omkar's bleak financial situation. Rajesh Shah, my friend from architecture school, who liaises between developers and the Slum Redevelopment Authority (SRA), claimed, "Omkar is no more." When pressed further, Rajesh reveals that the firm is reeling under the pressure of tremendous debt. According to him, the firm has been effectively taken over by Piramal Realty – to whom Omkar owes close to £1 billion. Other industry experts, like Manoj Gupta, whose job involves monitoring the performance of developers, also seemed concerned about Omkar's future. "It's not a good sign," Manoj responded when asked if the rumors were true. "Omkar is treading on thin ice at the moment… They are over-leveraged," he said. While news of Omkar folding has not surfaced in media reports, Omkar's delay in executing multiple projects besides Dhobi Ghat is concerning, since the firm is regarded as the "master of slum redevelopment in Mumbai," and currently ranks sixth in the city in terms of supply value (Samar Srivastava, 2012).

Omkar, once considered to be a distinguished developer and deemed as the expert of slum land acquisition, seemed to be in a precarious position. Propped up by new sources of finance capital that became available after the liberalization of the real estate sector, on the basis of their projected expertise in negotiating with slum residents, the firm now not only struggled to service their debt but also to hold on to the trust of slum residents. What went wrong for Omkar, and how did their situation change so quickly? On digging further, I discovered that institutional financing of real estate development in India simultaneously constricts developers and exposes them to loopholes to take advantage of (i.e., act opportunistically), which imperils the establishment of institutional order. Therefore, while liberalization of the real estate sector empowered certain developers through increased dependence on institutional finance, it did not result in institutionalized financing practices or the establishment of stable market hierarchies. Developers, who specialize in slum redevelopment work like Omkar, were especially prone to circumventing debt obligations in order to overcome the uncertainties that come with the acquisition of slum land, even though financing for risky projects like slum redevelopment is most exacting. As a result, and as I discuss in this chapter, developers who shot to prominence under the new regime of real estate finance became weakly fixed to their position in the market structure, in the not-so-long run.

This chapter focuses on the institutional conditions governing real estate financing, the inclination of developers to oblige with the conditions posed on them, and the practices adopted by developers to grapple with the realities of problematic commodification of land. The chapter comprises of three empirical sections. The first section examines and highlights the contentiousness and power struggles between developers and financiers, owing to their distinct and irreplaceable positions in the market structure. The second section demonstrates that the rules of land development are not easy to enforce, given land's stickiness in the Mumbai context. The final section demonstrates how developers must rely on precarious financial arrangements and resort to devious practices in order to sustain the pace and promise of delivering commodified land.

2. REGULATING REAL ESTATE FINANCE IN INDIA

The liberalization opened Mumbai's real estate sector to new sources of finance capital from abroad and within the country and made financial investors important new actors. However, access to finance continues to be cumbersome for most developers in the city. This is because, and as I show in this chapter, the institutions that govern financial investments and lending towards real estate, simultaneously hinder and aid the deployment of finance capital for land development. In fact, several regulations relating to development finance are in direct contradiction to the pro-growth/ open market agenda that liberalization is associated with. The reason being, regulations concerning development finance in India are, more often than not, geared towards the prevention of land commodification and mitigation of economic risks, rather than promoting the production of new real estate and housing. Below, I examine the most significant policies that govern real estate financing in India, before turning towards their impact on the organization of the urban land market.

2.1. *Finance for Land Acquisition*

Of all the regulations that influence how developers finance their projects, land financing is most significant. The Reserve Bank of India (RBI) has always maintained that private developers shall not avail, in part or full, bank finance for the purchase of land for real estate development. In a policy that was first introduced in 1979, that is when socialism shaped the principal economic and social policies of the Indian government, the RBI acknowledged that commercial bank credit had not been flowing to private developers in significant measure. It also acknowledged that developers play an important role in the field of housing. Nevertheless, strict controls were imposed on developer lending, such as "not less than 16% per annum rate of interest… for a maximum period up to 18 months" (RBI, 1988).

Besides, the RBI recommended that credit should be extended only to builders of repute and employing professionally qualified personnel (even though as I have demonstrated in Chapter 3, significant volume of real estate development in Mumbai, if not India, is carried out by developers with little experience and/or repute). In subsequent policies, The RBI emphasized its position in regard to land speculation. In a policy dated 1988, the regulatory body notes:

> It should be ensured through close monitoring that no part of such funds is used for any speculation in land. Care should also be taken to see that prices charged from the ultimate beneficiaries do not include any speculative element, that is, they should be based only on the documented price of land, the actual cost of construction and a reasonable profit margin (RBI, 1988, 4.III.(iv)).

Subsequent circulars released after the liberalization of the real estate sector in 2005, define the restrictions of lending to private developers in clearer language. In one such recent circular dated July 2015, the RBI notes.

> In view of the need to increase the availability of land and house sites for increasing the housing stock in the country, banks may extend finance to public agencies and not private builders for acquisition and development of land.... Banks, however, are not permitted to extend fund based or non-fund based facilities to private builders for acquisition of land even when part of a housing project (RBI, 2015, 2(C)(i)).

As of 2019, the above restrictions still hold despite repeated calls by developers, as well as, commercial bankers to relax the lending norms for land acquisition. Developers claim that the RBI's policy is contradictory to the State and Central Government's housing agenda, which requires increased participation by private developers. Developers also claim that the policy is oblivious to ground realities of development finance. Hussain Kadri, a Mumbai-based developer, who relies on informal sources of funding for his business, expressed his frustration to me[45].

> We mainly need finance for land acquisition. Banks only provide financing to cover construction costs, but this is useless because developers do not need financing for construction... We can raise this money through customer finance [i.e., pre-sales]. It is the land cost that developers struggle with[46].

Hussain's concern is shared and acknowledged by bankers too. In his annual statement to shareholders in 2015, Deepak Parekh, chairman of Housing Development Finance Corp. Ltd (HDFC), India's largest and oldest mortgage lender noted:

> The regulators [have] prohibited banks and HFCs [Housing Finance Companies] from funding land transactions. Such actions may be justifiable when there are fears of asset price bubbles. Over two years ago, the regulators reduced risk weights on exposures to commercial real estate and residential housing. This signaled that there were no fears of any speculative bubble. Then logically, the regulators now need to relax this age-old restriction (Rebello, 2015).

Parekh went on to suggest that regulators should either allow banks and HFCs to fund all land transactions within pre-specified limits or allow full funding for land purchases meant only for residential purposes. According to Parekh, this is a simple, doable solution, and will bring residential prices down, increase the stock of affordable housing and fulfill the aspirations of more Indians becoming homeowners (ibid). Parekh added that the high costs developers incur while borrowing for purchasing land is the key reason for housing being unaffordable in India. He further noted that at the initial stage, it is the private equity players, the non-banking finance

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[45] Hussain's skepticism to formal finance is partly a reflection of the financial exclusion of Indian Muslims. A report on the Social, Economic and Educational Status of the Muslim Community by the Government of India (2006) highlights the extent of financial exclusion among Indian Muslims. On average, the amount outstanding per account for Muslims is about half that of other minorities, and one third of non-minority borrowers.

[46] Cost of land generally constitutes 30 to 50 percent of a project's sale price in Mumbai. In comparison, construction cost is in the range of 8 to 10 percent. Even in case of slum redevelopment, which has a relatively low cost of land acquisition, the total upfront cost that developers have to incur to clear the land, runs up to 25- 30 percent of total sale value of the project.

companies, and informal private lenders that fund developers to acquire land at prohibitive costs, ranging between 18-24% per annum[47]. It is only at the construction stage and after requisite approvals are obtained that banks and HFCs are allowed to fund projects, by which time, developers are already saddled with high-cost debt to service.

Private Equity investors, who benefit from the current policy, present a different picture. Sunil Mhatre, managing director at a Mumbai-based equity firm, mentioned to me, that the risk associated with investments during land aggregation and approval stages justify higher rates charged by PE firms. According to Mhatre, it takes developers a lot of time to obtain approvals after buying land, and if they take a bank loan at this stage, developers would find it difficult to service interest costs. S Srinivasan, chief executive at Kotak Realty Fund, on the other hand, believes that irrespective of whether it is banks, PE firms or Non-Banking Finance Companies (NBFCs) lending capital to developers, the risk of extending loans at the land acquisition stage is extremely high because of title risk and the risk of not getting plans and permissions in time for the project to generate cash flows (R. Kamath, 2016b).

Officials of the RBI meanwhile, maintain that bank lending for land purchase will lead to increased speculation, and thereby inflation of real estate prices. Such a view is in direct contradiction to Parekh's claim that easier access to finance for land acquisition would bring down overall project cost, and therefore decrease housing prices. When questioned about the RBI's policies being at odds with the Government's housing agenda, Sudhakar Rao, a senior policymaker at the RBI retorted:

> If the Government wants to address the housing problem, they should use their own resources for that. Why should banks risk depositor's money? Banks are answerable to their investors, just like any commercial enterprise. Banks are not

[47] Normally, banks lend to developers at 13-15 per cent, PE firms at 20-26 per cent and non-banking finance companies (NBFCs) at 16-18 per cent.

> aid agencies... Real estate, all said and done, is a very risky business, and it is the role of the regulator to protect banks from excessive risk.

The regulations governing the financing of land purchase is therefore caught between diverging interests and conflicting ideological beliefs over free markets and commodification of land. As things stand, developers in India cannot access bank finance for buying land, and must necessarily look for alternate, more expensive means to do so. However, since banks are keen to lend and developers keen to borrow (from banks), it is not uncommon for bank funds to be used for covering part of the land cost, through devious practices that I discuss in subsequent sections of this chapter.

2.2. *The Exposure Limit for Real Estate*

In addition to restricting the use of bank finance in real estate development, the RBI also monitors the banking industry's exposure to real estate, to mitigate risks to the banking sector. The regulatory body, in a circular dated 2006, advised banks to frame comprehensive prudential norms to set in place ceilings on: the total amount of real estate loans; single/group exposure limits for such loans; margins and security; repayment schedule; and availability of supplementary finance (RBI, 2006, 4.1.1).

While the RBI does not specify what the exposure limit for real estate needs to be, the norm among most commercial banks is to cap their exposure to real estate at 5% of total credit. Similarly, most banks restrict their exposure to a single borrower at 10-12% of total capital, with the limit being even lower in the case of real estate developers. An outcome of these restrictions is that bank lending to the sector has seen little growth, despite the sharp increase in real estate activity. Real estate experts claim it is because of these restrictions that bank finance contributes less than 5% of total debt in the industry. As a result, the majority of development financing is served either through PE, or NBFC channels, or what is commonly known as shadow banking. NBFCs, however, in turn, rely on banks (among other sources) for finance capital, and therefore, financing through shadow banks is a roundabout route for developers to access bank funds, in lieu of the regulatory controls set by the RBI (Table 12).

Table 12: Comparison of Commercial Real Estate, Retail and Industry credit in proportion to gross Non-Food Credit (RBI, 2019)

Sector	2007-08	2010-11	2013-14	2014-15	2015-16	2016-17	2017-18
Industry to NFC	38.93 %	43.75 %	45.51 %	44.27 %	41.71 %	37.77 %	35.11 %
Trade to NFC	5.62%	5.05%	5.89%	6.09%	5.82%	6.03%	6.07%
Commercial Real Estate to NFC	2.87%	2.65%	2.77%	2.77%	2.71%	2.61%	2.42%

Accepting this to be a concern, the RBI has repeatedly warned of the regulatory gaps in the area of bank and NBFC operations in creating the possibility of regulatory arbitrage and hence giving rise to a potential systemic risk (Sinha, 2013).

The RBI's concerns and the overlap in regulatory controls came to light when Infrastructure Leasing and Financial Services (IL&FS), India’s largest infrastructure finance company, started defaulting on bank loans in 2018. When news of IL&FS’ crisis first broke in October 2018, it sparked panic among lenders and regulators alike, as the company had a total debt of about INR 91,000 crore, of which, nearly INR 60,000 crore (or 66%) of debt was at the project level, including road, power and water projects. Although IL&FS does not have a large exposure to real estate per se, a major reason behind its troubles, according to industry experts, is complications in land acquisition, and cost escalation due to project delays (Shruti Srivastava, 2019) According to news reports, the 2013 land acquisition law, which increased the minimum compensation to landowners, and provided landowners more power to question the law of eminent domain, made many of IL&FS’s projects unviable (Karthik, 2019). In an immediate response to the crisis, Indian banks put a plug on NBFC lending, which reopened the debate over the banking sector’s role in promoting urban development and economic growth. Subhash Chandra Garg, Economic Affairs Secretary, Government of India, in a media interview following the IL&FS crisis, said:

> The Reserve Bank of India should provide more liquidity to non-banking finance companies in a bid to boost lending.... This situation still requires support of liquidity, and we need to continue to help manage the economy in such a way that they do get enough liquidity for at least their normal growth if not the extraordinary growth they were having.... I hope we should be able to ensure this working with the RBI (Sikarwar & Pandey, 2018).

The government and the RBI were subsequently caught in a public clash, with the RBI accusing the government of meddling with its operations. Viral Acharya, deputy governor of the RBI, in response, warned:

> The governments that did not respect their central bank's independence would sooner or later incur the wrath of financial markets, ignite economic fire, and come to rue the day they undermined the regulatory institution (Financial Express, 2018).

The IL&FS crisis reveals the precarity of development finance in India, under which real estate actors operate. Despite being outside the regulatory purview of the RBI, shadow banking is affected by RBI's prudential norms for real estate lending. So long as land development and land acquisition are considered as high risk by regulators, bank lending to the sector, whether through direct or indirect means, will be tightly controlled (provided RBI's autonomy remains uncompromised). More importantly, crises like these highlight the discord between different government agencies regarding risk-management and urban development, which inadvertently hinders the seamless production of new real estate.

2.3. *FDI in Real Estate*

As discussed in previous chapters, since 2005, FDI restrictions in India have been eased through a series of ongoing policy changes. Per the latest amendment (in effect since 2018), up to 100% FDI in real estate development is permitted under the automatic route, i.e., without requiring any government consent (DIPP, 2017). Relaxation of FDI norms in real estate is significant because the infusion of foreign funds into the sector through alternate means, such as External Commercial

Borrowings (ECBs) and Foreign Currency Convertible Bonds (FCCBs), is presently banned in India. FDI is, therefore, an important channel for attracting the much sought after equity into real estate development since debt is costly, especially when borrowed at the pre-land acquisition stage. However, despite the continued easing of FDI regulations over the last decade or so, several critical restrictions still hold, which suggests that India's legacy of economic conservatism has not been wholly and seamlessly replaced by liberalization. Several clauses relating to FDI in real estate create onerous conditions that make the real estate sector less open to foreign investments than it is generally perceived to be.

The prohibition on acquisition and transfer of immovable property by foreigners is one such example. The Foreign Exchange Management Act (FEMA) of 2000 states that foreign nationals (except persons of Indian origin) shall not buy or sell land or property in India under no circumstance, barring few cases like setting up industry or business (RBI, 2000). The restriction means that India's real estate market is closed to the outside world for all effective purposes. More importantly, the trade of land and real estate is restricted to domestic buyers only, and hence FDI investors can invest money in real estate development, but cannot claim ownership of land/ real estate produced. This conceivably poses a risk to foreign financiers when investing in Indian land development projects.

Another such restriction, which discourages FDI participation, is the prohibition on foreign investments in the real estate business. The consolidated FDI policy issued by the Department of Industrial Policy and Promotion, states that FDI is not permitted in "real estate business," which as per the circular is "the business of dealing in land and immovable property with a view of earning profit or earning income there from" (DIPP, 2017, p. 33). FDI investors, as a result, cannot invest in an Indian development firm, and may only invest in a development project. The logic behind such a policy is that FDI investors shall not directly profit from land speculation the way real estate developers do, and shall only seek financial returns from investment in productive (i.e., non-speculative) activities like building construction, or infrastructure development.

Repatriation of invested capital is, therefore, just as cumbersome as putting money into land development. India's FDI policy states that foreign investments cannot be repatriated before a period of three years. In fact, until 2018, the exit conditions were tighter, with exits being conditional to not only a lock-in period of three years but also the project's completion, again, in order to curb land speculation. The latter restriction was, however, lifted in the 2018 amendment. While the new policy makes it relatively easier for investors to make an early exit, in reality, exits continue to be difficult, particularly in case of residential developments. This is because public issue of equity through Real Estate Investment Trust (REITs), an investment route that allows investors to divest their stakes, is not allowed under Indian laws (CRISIL, 2019).

In summary, despite wanting to open up the real estate industry to foreign investments, India's FDI policy continues to be restrictive and conservative in regard to land ownership and land speculation. While foreign investors are allowed to invest and profit from land development, they have little protection against exploitation by local developers and land brokers, since title rights and stakes in local firms are not transferrable to foreigners. Moreover, under the current policy, the repatriation of invested capital is conditional too. This explains why the investment frenzy that immediately followed the relaxation of FDI rules died down very quickly, bringing FDI activity in real estate to a complete standstill.

The stringent conditions on bank lending and FDI in real estate have meant that Indian developers have had limited access to affordable debt and flexible investments, despite changes in India's economic policies. Although a significant amount of finance capital has entered the sector since liberalization (as reported in Chapter 3), the terms and cost of these investments are expensive for developers across the board. As a result, much of the available finance is unattractive, particularly for developers who are well versed in the risks of external borrowing in real estate development.

The rush of expensive finance capital instead bolstered those developers who were least inclined to service debt obligations, precisely because of the loopholes in FDI rules. In the next section, I examine the nature of contention between developers and lenders/ investors, in lieu of the borrowing conditions imposed on land development.

3. CONTENTIOUSNESS AND POWER STRUGGLES

India's real estate industry is reported to have faced it's biggest ever slowdown in the financial year 2017-2018, with new project launches declining 91% from the previous year, and stalling' rates at an all-time-high (Kwatra, 2018) [48] . Local media and industry experts attributed the crisis to the three monumental policy/economic changes implemented in the country that year in quick succession: Demonitisation (the recalling of high denomination currency), RERA (introduction of the real estate regulatory bill), and GST (consolidation of the Indian tax structure into a single regime). It was during this period of crisis, which caused panic among investors and financiers, that I conducted much of my research for this chapter. Vasudev Krishnan, Director of a Mumbai-based Housing Finance Company that I had previously worked at, was my first point of contact in the finance industry. When I met with Vasu in September 2018 to discuss my thesis, he was perturbed about one particular developer his firm had lent to. Our conversation started off with a discussion about the case. Excerpts from this conversation, below:

> Vasu: This guy (referring to the developer) has not been paying his EMIs on time. The project is stalled because sales are slow, which I understand… but I hear the bugger bought three BMWs, one for each brother, using the money we disbursed for construction
>
> Anitra: Are you going to take punitive action?
>
> Vasu: No, I have to handle this delicately, or else he's going to hang the project around my neck and wash his hands off. If he can't sell his own project, we as a lender definitely cannot either

[48] Stalling rate is the value of stalled projects as a percentage of all projects under implementation. As of Q3 17-18, an estimated INR 2.5 trillion was stuck in stalled projects across India.

Anitra: So why do you think he didn't take the binding contract seriously?

Vasu: You know; contracts are least enforceable with these mid-sized developers. The big guys obviously are conscious of their reputation and have a board that keeps them in check. The small guys on the other hand, who borrow from the underworld and politicians, cannot even think of swindling because their heads are on the line

Anitra: So, what are you going to do now?

Vasu: I'll have to sit down with him and find a solution that works for both of us

Through the course of this conversation, I realized that developers who I have classified as Group 3, are an interesting case to study, not just because they attracted majority real estate funding in the post-liberalization era, but also because they present an interesting paradox. While these developers are most indebted compared to other groups, and thereby necessarily locked into an obligatory position with financial institutions, they appear to be least inclined to oblige with the rules of borrowing. This is because, a defining feature of Group 3 developers, aside from their position in the market structure, is that many of them specialize in large-scale urban redevelopment [49]. These could be projects as complex as slum redevelopment, which entails tedious negotiations with slum residents, or industrial redevelopments, which requires a series of approvals from various government agencies for land-use conversion in addition to getting consent from labor unions.

From the data made available to me by PropConsulting, I found that among the top five developers in Group 3, 30% of their combined on-going projects accounted for redevelopment[50]. Similarly, among five randomly selected developers from the group

[49] The mass sale of mill lands by the National Textile Commission in 2005, key changes to SRA policies in 2004 (coinciding with the first ever attempt to redevelop Dharavi), and the sudden increase in property prices are just some of the reasons behind the growth in redevelopment projects. Evidently, the new breed of entrepreneurial developers (Group 3) who emerged during this time, without the land banks that their predecessors (aka the dominant firms) had, found redevelopment work to be their ticket to success.

[50] Here, I consider projects to be redevelopment projects only when they are officially classified as such for the purpose of FAR calculation (since redevelopment projects qualify for higher FAR compared to other development projects). The three main redevelopment project types include: Slum Redevelopment, Industrial to Residential (I toR) redevelopment, and Society Redevelopment (large scale tabula rasa redevelopment of old residential clusters).

(excluding the top 5), 21% of their total on-going projects constituted redevelopments. In comparison, the same percentages were at 11% and 3% for the top five developers in Group 2 and 4, respectively. These figures suggest that Group 3 developers are poised as specialists in acquiring land and seeking approvals for land development, in a context where land is not readily available for development and sale. In a water-locked city like Mumbai, this work of converting un-tradable land into a tradable commodity is worth, as one of my developer participants put it, "more than what money is worth." I argue that it is this idea that the work developers do (particularly in case of redevelopment projects) is highly valuable- possibly more than the value added by financial actors-, which dilutes shared beliefs in the hegemony of finance among developers and financiers alike. Support for this idea lies in the following claims made by my participants while discussing developer-financier conflicts:

Financial actors cannot lead development projects

While attempts have been made in the past by financial firms to develop land themselves, these attempts were largely unsuccessful. Citing the example of investment firms such as Heinz, TCG, Vernada, and IDO, that had ventured unsuccessfully into real estate development in India, the real estate experts unequivocally agree that that the model of financier-led development has not worked in India thus far. According to equity investors, the landscape of real estate development in India is such that reliance on local developers is unavoidable, not only because of ease of operations but also for protective measures. Financiers claim that in order to develop land in India, political patronage is a must, because of the discretionary powers held by politicians and government officials in determining land-use and development rights. In addition, the cash-component, colloquially termed as "black money," in land transactions is generally very high – constituting anywhere between 30-50% of the land cost (Kumar, 2017; Searle, 2014, p. 69). Financiers, therefore, rely on developers to either convert "white" money to "black," or infuse the project with cash from other sources, to be able to pay off bribes and purchase land. However, both activities: paying of bribes and dealing with unaccounted money are lethal for a financial firm (more so than for a developer), as it would be a blatant violation of the foreign corrupt practices act (FCPA). Financiers, therefore, prefer to be distantly involved with land acquisition and approvals, which means unwittingly handing over the reins to the developer. Developers, however, present a different perspective. According to Rustom Khambatta, CEO of a leading Group 3 development firm, it would be foolish for a financier to not let the developer lead. “If a developer does not have any skin in the game, he is going to steal for sure,” says Khambatta, adding that, “it is better to have the developer take ownership and stay interested than to isolate him because in any case, it is the developer who holds the keys to the treasury.” Both perspectives point to the shared understanding among real estate actors that financiers cannot lead development projects in India.

Developers are irreplaceable

Partnerships between financiers and developers can, in theory, be terminated during the course of a development project, as per standard investment agreements[51]. The replacement of a developer or the exit of an investor is all the more easier on paper when a project is structured as a Special Purpose Entity, which many large scale projects in India these days are[52]. However, in reality, developer-financier divorces are drawn-out procedures that are far more expensive for the financier than it is for the developer. Rohit Khatter, a senior executive at a development firm that specializes in the redevelopment of old building clusters, attributes the difficulty in replacement of developers, to social relations. According to Rohit, developers establish bonds with landowners, residents, union leaders, municipal officials, and anyone else involved in the exchange of land. “These bonds cannot be transferred,” says Rohit, adding that, “slum residents, or a landowner (in case of Joint Venture developments) won’t accept

[51] Exceptions include slum redevelopments- wherein the rules set by SRA calls for a re-election of the developer by slum residents.

[52] A special-purpose entity (SPE) is a legal entity created to fulfill narrow, specific or temporary objectives. SPEs are typically used by companies to isolate themselves from financial and legal risk. In case of real estate, developers and financiers both benefit from structuring projects as SPEs, as both parties are typically engaged in multiple projects with different partners.

a new developer just like that." Rohit claims that replacing a developer would cost the project at least a couple of years of delay, and hence it is wiser for a financier to just reconcile any differences with the developer and finish the project somehow. Arbitration lawyer Manish Vora, whose client list includes Piramal Capital, largely agrees with this sentiment, noting that, "when a financier pursues a case until the very end, it is generally about ego and not money." Bankers and creditors, on the other hand, have slightly different concerns. Taking legal action against a defaulting developer would require the credit-issuing firm to report the default in their books, what, according to Vasu, most firms would like to avoid as much as possible to keep their non-performing loan rate low[53]. As a consequence, defaulting behavior is more often than not, covered up or dodged until the problem is too big to handle (Tripathy, 2016)[54].

Developers ought to receive higher returns on their investment than financiers

Recent delays in project execution, slow sales, and plateauing property prices in Mumbai have exacerbated the debt load on developers, and under these conditions, financial actors imaginably eat into the developer's profit. However, the reversal of profit distribution between developers and financiers, I found, does not reflect the return expectations of actors at the time of negotiating a deal or assessing the viability of a project. Manoj Gupta (Director, PropConsulting), who serves as an advisor to developers, investors as well as lenders, tells me that when a developer comes to him with a potential project for feasibility advice, they seek a minimum return of 30%. According to Manoj, "30-33% is what a developer is settling for, in today's market

[53] A non-performing loan (NPL) is a loan that is in default or close to being in default. Generally, loans become non-performing after being in default for 90 days.

[54] Since banks are required to increase their capital commitment in case of NPLs, in addition to showing reduced deposits, banks have an incentive to under-report NPLs. According to my informants, there are various ways in which banks do this. The most obvious and traceable practice involves issuing a fresh loan to the defaulting borrower, for payment of the outstanding loan. Alternately, banks may re-value the underlying asset (land in case of real estate projects) with the intention of inflating asset value, so as to tweak the conditions of repayment. A third way, which is most difficult for regulators to detect, is round-tripping of loans. This refers to a series of transactions between companies that bolster the revenue of the companies involved but that, in the end, don't provide real economic benefit to either company.

condition.... Traditionally, their expectations have been much higher – nothing below 40%". Manoj further noted that during the real estate boom in 2005, developers sought over 50% return, and some of them did actually earn something close to that. Investors, on the other hand, have significantly lower return expectations. According to Manoj, "Equity investors today would be satisfied with a return promise of 18-19%.... The expectations are even lower in case of mezzanine structures, wherein there is a minimum guarantee of around 12%. In such cases, even a 14-15% return is considered good". Much like developers, financiers also have had to lower their expectations over the last decade. "When FDI investors were bringing in pure equity to the sector back in the day (referring to the period between 2005-2011), they used to ask for 23-25% ROI", says Manoj. When questioned about the consistent disparity in return expectations of developers and investors, most developers pointed out that their risk and contribution to a project is very different compared to an investor. "Developers do not have any downside protection, which investors these days do," noted one developer, adding that, "our return is based on the sweat equity we put in, in addition to our financial investment." Financial actors share the opinion. "It is only fair that developers earn more returns because they are taking on the founder's risk, which is far greater" responded one investor, adding that, "We [investors] ensure that our exposure is better protected by claiming first rights over the revenue generated.... The developer's return comes out of the surplus, this automatically increases the developer's risk". Both developers and financiers, therefore, are in consensus about developers seeking higher profits from land development, even though actuality, it is the opposite that is realized during times of crisis.

Power struggles and contestations between developers and financial actors may not be as visible or confrontational as conflicts that get played out in public, between landowners and developers. Nevertheless, the developer-financier relationship is less than stable, and the two parties are perpetually prone to disagreement because of struggles over profit distribution on the one hand, and local embeddedness of the developer, on the other. The shifting socio-political-economic planes within which real estate is produced, and the distinctiveness of each development project, means that the agreements between developers and financiers cannot be normative, but instead must be continually re-assed and negotiated, an exercise which is inevitably prone to conflict. Besides, for developers and financiers to move forward on an agreement, it is necessary for both parties to abide by the formal rules of borrowing.

In the next section, however, I discuss how, no matter how tightly formulated these rules are, developers nevertheless look to the gaps that get produced as an inevitable consequence of land commodification to navigate the contentious landscape of real estate financing.

4. RULES OF DEVELOPMENT FINANCE

Despite the matched fight for power, formal agreements that make an exchange of funds between developer and investor/lender legally binding, are, according to developers, always one-sided and in favor of financial actors. Developers claim they have little bargaining power at the time of negotiation, and up until the funds are released. In order to understand why this is so, and to delve into the perspective of developers on the issue, I met with Rustam Khambatta, CEO of Khambatta Developers, which I consider a typical example of a Group 3 developer. Khambatta, who has been successful in attracting investments from the largest funding sources in India, used the idiom, “He who pays the piper calls the tune,” to explain his position as a borrower to me. “Why would you sign an agreement that doesn’t suit your interests?” I asked in response, expecting an admission of the lack of funding options real estate developers have in India. Khambatta, however, looked at me with a gleam in his eyes and said, “My power lies in what’s not written in the contract.”

On being pressed to elaborate further, Khambatta confessed that no matter how stringent and extractive financing contracts are, they have their limitations in the market for land. Khambatta went on to cite instances of the past wherein financiers have struggled to exercise close control over developer (mal)practices, despite legal stipulations. During the course of our conversation, I noticed that even though talks of transgression are commonplace if not fashionable in Mumbai’s real estate industry, Khambatta's confession was actually a mere statement of fact, an unavoidable reality. Formal contracts, no matter how scrupulous, cannot but avoid the physical and social specificities of land. Khambatta's little quip nevertheless explains why there is no coordination failure at the time of negotiation. However, his lax attitude gives financiers and their lawyers more room to tighten the noose, albeit on paper. Evidently, these contracts are even more exacting in the case of non-reputable developers who fall outside the lending norms of banks, and who rely on alternate, expensive means of financing for their projects.

The standard covenants in debt and investment agreements for development finance have evolved over the last decade owing to critical changes in government regulations, particularly the introduction of the Real Estate Regulatory Act, which seeks to protect home-buyers, and boosts investments in the real estate industry. The Act, which was passed by the Indian Parliament in March 2016, establishes a Real Estate Regulatory Authority (RERA) in each state for regulation of the sector and acting as an adjudicating body for speedy dispute resolution. The introduction of RERA was seen by many as recognition of the problems plaguing India's real estate industry, by the central government (S. Jain & Madan, 2017; Zia, 2019). Designed primarily to monitor the actions of real estate developers, RERA is expected to bring the much-needed structure, transparency, and accountability to the real estate sector, post the decline in FDI flows in India (FICCI & Grant Thornton, 2016). Referring to RERA as a watershed moment for Indian real estate development, Ashul Jain, MD Cushman & Wakefield, noted in an op-ed piece:

> Just as the Securities and Exchange Board of India [established in 1988] cleaned up an unregulated public market space, ending decades of malpractices, misrepresentation, and misuse of public money and restored investor faith in the functioning of the stock markets, RERA will inspire trust through its provisions and punitive actions (A. Jain, 2017).

Changes in the regulation of real estate practices have been accompanied by new kinds of financial instruments that are geared to mitigate the risks of developer default. Most significant of these new instruments is Mezzanine debt, which is what most developers relying on formal, non-banking channels, utilize for their projects. Mezzanine debt is a hybrid between debt and equity, which gives a lender the right to convert to an equity interest in the development firm (or SPE) in case of default. The rules of financial exchange, according to my informants, are continually evolving and adopting stringent measures to curb developer opportunism. But as is common in financial crimes all over the world, new tactics are constantly being discovered by those wanting to evade regulatory controls. In the Indian real estate sector, recent modifications to financing rules that have affected developers' operations include rules relating to funds disbursals, project risks, and repayment of dues.

Until not too long ago, financial firms would disburse funds directly into the bank accounts of developers in a lump sum. In recent times, this has changed, and disbursals are now closely controlled and monitored by the financing agency, in order to prevent misuse of funds. While I could not access a working contract issued to a developer, lawyers that I met with, in connection to this chapter, guided me through the covenants of a standard financing contract. According to my lawyer participants, as per revised contracts, disbursals are linked to development schedules and are directly credited into the accounts of vendors or service providers (such as cement supplier, labor contractor, etc.), rather than the developer. While the new method, according to lawyers and financiers, ensures greater transparency and accountability, developers argue that such strict control on disbursals is not only inefficient for the development process, which requires developers to have cash available at hand at all points but also displaces the developer from the driver's seat.

Similarly, in the early days of liberalization, when pure equity was available to developers, project risks like delays in getting planning permissions or land acquisition, and slow sales due to cost escalation, would be shared by the investor, by virtue of being a development partner in the project. In case of debt, if a project faced temporary hurdles or setbacks, banks would refinance loans, and if the situation got worse, the project would be dissolved, in order for banks to recover perhaps not all, but some part of the outstanding loan, just as in the case of any other entrepreneurial venture. In both instances, the developer was rarely held accountable for any mismanagement of time and cost, in part, because escalation in real estate/ land prices have always shielded developers from time and cost overruns. However, under the mezzanine debt structure, investors are better protected. At the slightest deviation from the envisioned development schedule, debt converts to equity, and the developer loses control of the project. Therefore, as regimes of financing become stronger, developers face the imminent threat of being replaced from projects, should its economic performance not match the pre-set expectations.

Another major shift in rules of financing pertains to the modes of repayment. In earlier agreements, investors, as well as lenders (i.e., banks), would have first rights over any incoming cash generated through the sale of property in a development project. As part of this arrangement, customer payments would be deposited into an escrow account, from which a fixed percentage would directly go towards repayment of investment or debt. For instance, for every hundred pounds deposited, sixty would go back to the investor, and the remaining forty would be used for meeting construction cost. This cycle of repayment would continue until a watershed rate (for example, principal amount + 15% interest) is reached, only after which the developer gets to access the project's earnings. However, financiers claim that many developers concealed actual earnings and circumvented the arrangement, by accepting part of the customer payment in cash (which also serves as a source of black money for the developer). In order to outdo the developer at this game, investors began pegging every registered sale to a fixed rate that is reviewed biannually. Therefore, for every sale registered, the developer would have to pay the investor a fixed amount, irrespective of the actual selling price of the property. This new mode of repayment impinges on the profit expectations of the developer, as delayed earnings decrease developers' opportunity to gain from re-investment of earnings, besides putting a plug on the siphoning of funds.

In summary, the rules of development finance appear to serve the interests of financiers, by providing them greater protection against developer default, despite the contentious power dynamics between developers and financiers. In fact, financing agreements have undergone critical changes in recent times to become all the more scrupulous, because of wider regulatory controls imposed by the central government on the one hand, and the bitter experiences of financiers, on the other. Developers nevertheless continue to forge, what they deem as one-sided agreements with financial actors, on the assumption that hurdles posed by the (problematic) commodification of land will provide them room to wrestle out of untoward obligations. In the next section, I draw on the example of Omkar developers and the Dhobi Ghat project, to show how developers navigate, or rather circumvent, the rules imposed on them, in their attempt to develop land, which exacerbates their relationship with financiers and adds to the precarity of financing arrangements.

5. REAL ESTATE FINANCE: IN PRACTICE

The meteoric growth of Group 3 developers is indeed evidence of the remarkable effect finance capital has had on Mumbai's real estate industry. The developers I refer to have been able to increase their supply, in both volume and value, and in a short span of time, by making use of the new sources of finance available to them. Omkar, for instance, is a great example of such production-oriented behavior. The firm was founded in 2003 by two friends: Babulal Varma and Kamal Kishore Gupta, who had no prior experience in real estate, but had, as quoted in the company's website, "the zeal to redefine real estate in Mumbai" (Omkar, 2018). Verma and Gupta began their real estate career with small residential redevelopments in the outskirts of Mumbai and quickly graduated to very large-scale slum redevelopments in the most expensive neighborhoods in Mumbai. Within a span of ten years, Omkar's real estate supply volume grew 300 times (personal interview). This rapid growth was only possible because of the institutional funding that backed most of their projects. In fact, Omkar was one of the first few developers in India to secure PE funding for slum redevelopment work (Nandy, 2011). Until then, slum redevelopments were considered high risk, and beyond the purview of formal finance.

Omkar is not the only developer to utilize institutional finance for boosting slum redevelopment activity. Other developers who also specialize in slum redevelopment work, like Transcon and Radius, share a similar growth story (Babar, 2017b; R. Kamath, 2016a). During Mumbai's construction boom of 2012-15, these developers and their ability to draw funding made regular headlines. Sanjay Chhabria from MD. Radius Developers was recognized as "Mumbai realty's go-to man," by the Business Standard Newspaper (R. Kamath, 2016a). The same news article commended the two-year-old firm for developing 12.5 million square feet of real estate in Mumbai; a fourth of what DLF, the country's largest realtor, was developing at the time. However, such production-oriented behavior is unusual for Indian developers, especially one that specializes in slum redevelopment, since slum redevelopment work, as I have discussed previously, cannot be carried out through standardized practices, because of the specificities of each project. Rather, the acquisition of slum land requires the adoption of ad-hoc practices that do not guarantee success.

Deconstruction of the practice of real estate financing, however, reveals the cracks underneath developer growth stories and demonstrates how real estate financing is far from being a linear, rule-bound practice that is production-oriented. In fact, the attempts to institutionalize land development by financial firms actually leads to further fragmentation and deviation of development goals, thereby exacerbating opportunistic behavior among developers. The rest of this section breaks down real estate financing practices to demonstrate just how precarious and unpredictable real estate production, or rather, the financial agreements backing real estate activities, actually is. I pieced together these details from the accounts of five developers (three of which were Group 3), six financiers, five real estate consultants, and three lawyers – all of whom I interviewed between May 2017 and January 2019. In order to support the accounts of my participants with substantive evidence, I refer back to the case of Piramal Mahalaxmi and the story of Omkar in particular.

Borrowing for land development

Cash outflow in a development project is linked to spending on land, approvals, and construction. Financial firms, therefore, base their disbursements on the above three costs. While the rules of the lending state that disbursements shall be made to the beneficiary's account directly, in reality, this is difficult in case of land acquisition, particularly in case of redevelopment of inhabited lands wherein there are multiple (official and unofficial) claimants; and in case of approvals, wherein bribing is involved. Financiers, therefore, acknowledge that they need to be flexible in this regard, and hence land and approval costs are, in actuality, paid to the developer for further distribution. In the case of slum (and society) redevelopments, however, financiers do not disburse land cost until the land is fully cleared. That is, the developer is reimbursed for land cost only after all residents have vacated the site. However, land acquisition can take anywhere between 2-5 years (or longer), during which time land prices could change greatly. This poses the challenge of determining the reimbursement amount for land cost. Developers claim, irrespective of how much they actually spent on land acquisition (which is difficult to decipher in any case, since transactions are partly made in cash), financiers must pay them an amount equivalent to current land price, or what is known as "replacement cost" in real estate lingo because the money they receive would go towards the purchase of their next land parcel, as opposed to the reimbursement of costs already incurred. This combination of ambiguous land cost and non-transparent spending encourages developers to assume the role of a landowner (i.e., benefit from increased land valuation) whilst acting as a developer.

Spending on construction costs, on the other hand, comes with a different set of challenges for a financier. The rules of financing state that funds for construction shall be released: as per construction progress and directly into the vendor's account. Financiers, however, do not have any say in the selection of the vendor, and in determining the pace of construction activity, both of which financiers agree, are best left to the developer to decide. Developers, therefore, make use of this loophole in the system to embezzle funds via kickbacks from their preferred vendor and juggle around construction materials across different projects based on the opportunity (i.e., arbitrage) they foresee. While most developers I talked to, refrained from commenting on embezzlement, few justified the practice of manipulating the distribution of construction resources across projects. Developers claim that it makes the most sense (for them) to direct resources to projects that are selling faster and stall construction of projects with low demand because that would increase their financial liquidity. The result of such a practice, however, is that developers become speculators and brokers of construction supplies, rather than producers of real estate.

In the case of Piramal Mahalaxmi, Omkar received a total of £280 million + 40% profit share in exchange for land acquisition, project approvals, and construction of the resettlement buildings. As per calculations provided in Chapter 3, the project could earn anything between £463 million to £700 million, which means that Omkar would be paid something between £322 million to £344 million for carrying out the work expected of them. The known costs to be incurred by Omkar for this work include: payment of rent to residents, payment of the land cost to the BMC, standard approvals and development rights from SRA/BMC, and construction of new flats for 2,215 households – all of which amounts to a total of approximately £45 million (calculation estimates below, Table 13). The balance amount of £277 to £299 million is, therefore, a mix of all the undocumented costs borne by Omkar, and the firm's gross profit. The line between the two is, however, impossible to trace, for anyone but Omkar.

Table 13: Cost break-up of development costs incurred by Omkar for Dhobi Ghat's redevelopment (Author, 2020)

Type of charge	Details of charge	Amount in INR (appr.)	Amount in GBP (appr.)
Approvals	Includes scrutiny fees, building permits, FAR premiums, and other development charges	4 crore	416,000
Land	Includes development of basic infrastructure & land cost	2.30 crore	240,790
IOD deposit	Deposit to be held by SRA until the project's completion	715,267	7,470
Maintenance	Corpus fund for future maintenance of rehab building	9 crore	925,220
Labor cess	Contribution towards the welfare of construction workers	3 crore	314,860
Construction	The building of 2,215 rehabilitation flats for residents	295 crore	30.8 million
Rent	3-years worth of rent for displaced residents	119 crore	12.4 million
Total cost			**45 million**

Aside from the difficulty in determining actual project costs, a financier would also find it hard to monitor the final destination of project resources. In Omkar's case, for instance, at the time of land acquisition and construction of the resettlement buildings for Piramal Mahalaxmi, Omkar had ten other projects under construction, and two other projects in the acquisition stage, all at varying levels of economic productivity (see Table 14). To ensure that funds remain project-bound, in such a case, is almost impossible, and that the developer would indulge in the diversion of funds, is inevitable.

Having said that, there is no way for researchers like me to prove financial discrepancies. The use of Omkar as a case is to merely illustrate that while new sources of formal finance made it possible for developers operating in the risky business of slum redevelopment to increase their pace of production and land acquisition, it paradoxically opened new doors for developers to adopt practices outside of formal contracts, to service the increased in pace and scale of operations.

Table 14: Omkar's year-wise supply of units (Liases Foras, 2018)

PROJECT	builder group	LOCATION	Min Start Date	Max End Date	Sales Value
Umiya Tower	Omkar Realtors	Mulund (E)	Jan 08	Dec 11	1.73%
Nirmal Kunj	Omkar Realtors	Nerul	Apr 10	Feb 11	12.30%
Omkar Roga	Omkar Realtors	Chembur (E)	Jul 10	Dec 12	3.65%
Omkar Vayu	Omkar Realtors	Mahim (W)	Sep 11	Dec 16	1.47%
1973 Omkar	Omkar Realtors	Worli	Jan 12	Dec 19	0.76%
Alta Monte	Omkar Realtors	Malad (E)	Oct 12	Dec 21	1.04%
Omkar Veda	Omkar Realtors	Parel	Jun 11	Mar 16	1.04%
Omkar Meridia	Omkar Realtors	Bandra (E)	Jun 13	Apr 18	1.38%
Omkar Ananta	Omkar Realtors	Goregaon (E)	Mar 14	Dec 17	1.50%
Kenspeckle	Omkar Realtors	Andheri (E)	Oct 14	Dec 19	0.25%
Omkar Vive	Omkar Realtors	Bandra (E)	Feb 16	Dec 20	2.02%
Omkar Signet	Omkar Realtors	Malad (E)	May 17	Dec 20	3.94%
Lawns & Beyond	Omkar Realtors	Jogeshwari (E)	Nov 17	Sep 22	5.88%
Rachana Zephyr	Omkar Realtors & Rachana Housing	Baner	Aug 08	Oct 10	3.40%
Crescent Bay	L&T Realty	Parel	Jan 12	Dec 22	0.93%
Piramal Mahalaxmi	Piramal Realty	Mahalaxmi	Jan 18	Jun 25	3.44%

Putting borrowed money to use

One of the main risks for a financial firm when lending to, or investing in a land development project, is the diversion of funds by the developer. It is for this reason that over the past ten years, the rules of financing have gotten tighter to ensure that cash outflow and income in a project remains dedicated to the project. However, because developers normally rely on a combination of financing sources for a single project, and most real estate financing is debt-based, financiers admit to not being too vigilant about the flow of funds, so long as the developer is not defaulting on repayments. Developers, on the other hand, acknowledge that the practice of funds diversion is rather common, especially when sales are good. According to developers, the practice is at its peak when the market is doing well because that is when financiers have their guards down. Developers may, therefore, divert revenue earned from one project through customer advances, towards the purchase of new land parcels for future development (instead of using that money for project completion). Since financing provided by customers comes at zero cost, any increase in the value of the newly purchased land is pure profit for the developer. Although, with the recently introduced real estate regulatory act, RERA, customer payments are protected in an escrow account, developers are able to bypass the restricted access to customer payments by delaying official registration of the property sale and collecting a large amount of pre-payment in the form of cash. According to my participants, a developer may typically collect up to 25% of the sale price from customers within the first three months of booking, while registration of the sale may only take place after all approvals have been received, which could be as much later as four years, or more.

When real estate sales are slow, and developers have access to thinner streams of income, their goal shifts from portfolio expansion to debt management. At such times, developers strive to service their debt obligations by typically replacing expensive debt (PE money, for instance), with less expensive debt (such as customer advances, or bank borrowing). Since developers usually have multiple on-going projects at any time – all at varying levels of economic productivity (as highlighted in Table 14) this practice also entails the diverting funds from one project to another to ensure that their overall earnings, or more accurately, their EBIDTA (Earnings Before Interest, Tax, Depreciation and Amortisation) stay healthy. While financial firms receiving the repayments should ideally flag this practice, financiers acknowledge that they rarely carry out the due diligence to ascertain whether the sources of repayments are fresh sales, further borrowing, or diverted funds from another project. Therefore, the practice of debt management by moving project resources around – though illegal – is commonly accepted by developers as well as financial actors. The logic behind this practice is, however, peculiar, notes Vasu (ex-chairman of a housing finance company). According to Vasu, most businesses operate on a reverse logic. That is, when the firm is cash-rich, they pare debt. Developers, on the other hand, behave abnormally by leveraging themselves further in good times and settling their debt when most-pressed for cash. Vasu observes that Indian developers behave this way because they have been traditionally deprived of funding, and hence their actions reflect what he calls a "scarcity mentality," which compels them to prioritize resource administration over real estate production.

I discovered this to be true for Omkar when I analyzed their sales records (made accessible to me by PropConsulting). A study of Omkar's growth behavior till date shows a significant linear correlation (Pearson $R= 0.92$, $p<0.05$) between the firm's sales and production (Figure 31). This means that Omkar's production of new real estate coincided almost perfectly, in terms of timing, with their sale of produced real estate. In other words, the revenue earned from sales was invested almost instantly towards further production (note: there is no linear growth from year to year). However, a strong linear correlation between sales and production is peculiar for a real estate developer, especially one that is exclusively engaged in slum redevelopment work, which entails a long period of waiting for land acquisition. This is because the land would need to be procured at least four years before production begins, and since customer payments are generally staggered over time, the full earnings from a property sale would not be collected until at least a year after the sale is recorded. Given that financiers never lend or invest towards the acquisition of slum land at an advanced stage, and that developers rarely invest their own funds in development projects, it is highly possible that Omkar utilized funds reserved for the completion of an on-going project, for the acquisition of future ones.

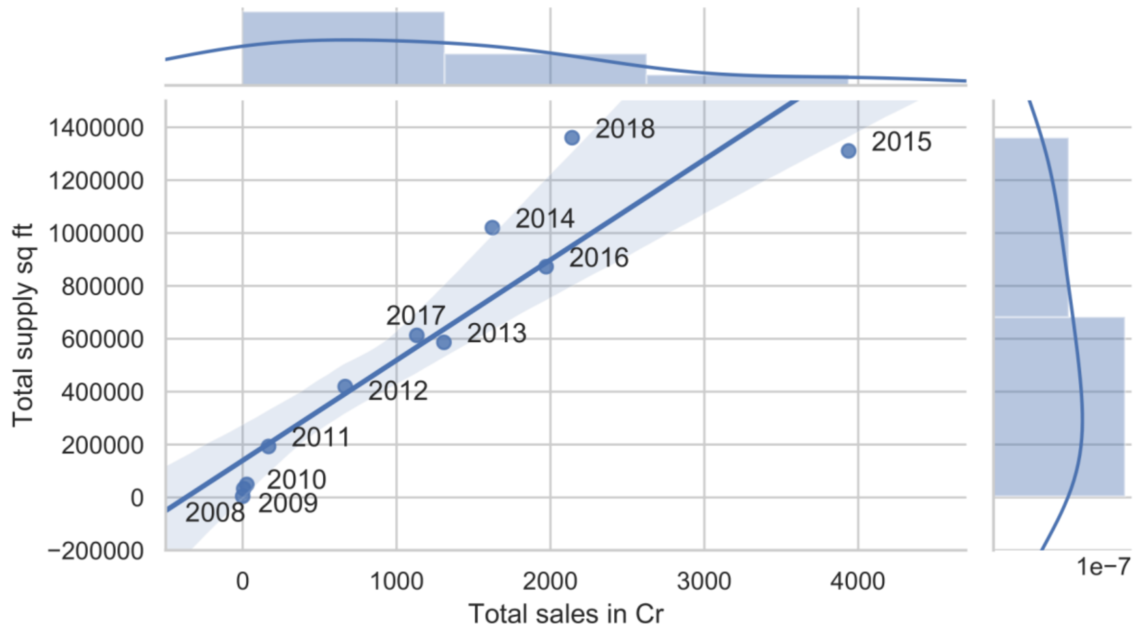


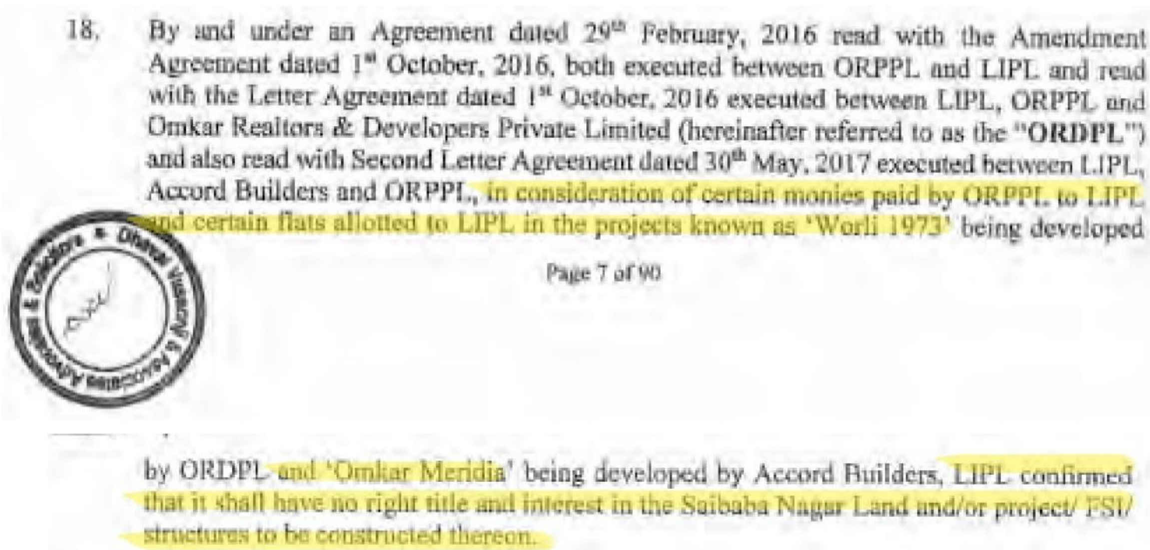
Figure 31: Correlation of Omkar's total supply and total sales from 2008 to 2018 (Liases Foras, 2019)

Repayment of dues

While the exact rules of repayment vary from deal to deal, developers are by and large compelled to repay their lenders or investors as soon as a sale is made, an amount that is, in most instances, pre-fixed. In case a developer defaults on this commitment, or if the project does not generate as much income as imagined, financiers have the legal right to take over the project from the developer. Under these circumstances, developers are under pressure to demonstrate to financiers that a project is performing well and in line with debt obligations while safeguarding their own self-interests. Therefore, depending on the contractual constraints and the level of indebtedness, a developer may either artificially boost sales or conceal sales, in order to achieve all of the goals at once. One commonly adopted practice, I was told, includes selling a new supply of property to bogus buyers. As part of this practice, developers create the illusion of high sales by selling several apartments to *benami* (literally translating to anonymous) customers, who may, in reality, be relatives or known associates of the developer. The practice allows developers to buy more time to arrange for funds, or until the financier realizes that a project is under financial stress. Interestingly, benami transactions also serve as a means to replace expensive debt with cheaper debt, since the interest rate on home loans in India is at least 6% cheaper than developer loans. The practice is, therefore, a roundabout way of utilizing mortgage finance for the purpose of land development. A slight variation of this practice involves reporting (fake) sales at a higher than normal price, to distort the project's economic projections. By doing so, developers are able to attract fresh funding on the basis of "good sales," which, however, may later be canceled.

The opposite practice of concealing sales is also common, according to financiers, who claim to have been duped by developers. As part of this practice, developers use their unsold inventory as proxy money for paying off officials, politicians, or anyone else needing monetary compensation for their role in land development. Developers, therefore, informally trade their unsold inventory in lieu of liquid finance capital, with the intention of releasing the pawned inventory back into the market should a real buyer come by. According to financiers, this practice is akin to providing the same security to multiple lenders without anyone's knowledge. Another similar malpractice involves the double selling or overbooking of property. Financiers note it is not uncommon for developers to sell the same property to two different buyers, or sell more apartments than is being built/ planned in a project, in anticipation of successfully finagling development rights in the future, to accommodate the extra sales. While the practice allows developers unrestricted access to customer payments, it grossly increases the risks associated with the project. In recent years, several developers have got caught trying to pull off this practice of speculating on building approvals, resulting in the abandonment of the project until a lengthy legal process unfolds.

For example, Lodha, Mumbai's largest developer, recently found itself embroiled in a legal case after the developer failed to deliver what was promised to a flat buyer: a flat on the 60th floor in their project Lodha Dioro, in Eastern Mumbai. It was later discovered that Lodha only had permission to build up to 45 floors, and yet, according to the complainant, Lodha continued to demand payments from the customer, for over a year, until it was discovered that Lodha had been accepting payments for a non-existent flat. In Omkar's case, I found evidence of the contrary practice. The title deed relating to the acquisition of Dhobi Ghat slum, mentions several accounts of undocumented trade of flats between Omkar and various parties. In the ninety-page document, the phrase "flats allotted" appeared seven times (example below, Figure 32), which highlights transactions pertaining to past projects that Omkar had to declare to Piramal Capital at the time of drawing up a deal for Piramal Mahalaxmi. These findings are an indication that Omkar's reported stock of unsold inventory may not be dormant capital after all, and that Omkar too may be involved in the practice of off the books trading.



18. By and under an Agreement dated 29th February, 2016 read with the Amendment Agreement dated 1st October, 2016, both executed between ORPPL and LIPL and read with the Letter Agreement dated 1st October, 2016 executed between LIPL, ORPPL and Omkar Realtors & Developers Private Limited (hereinafter referred to as the "ORDPL") and also read with Second Letter Agreement dated 30th May, 2017 executed between LIPL, Accord Builders and ORPPL, in consideration of certain monies paid by ORPPL to LIPL and certain flats allotted to LIPL in the projects known as 'Worli 1973' being developed

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by ORDPL and 'Omkar Meridia' being developed by Accord Builders, LIPL confirmed that it shall have no right title and interest in the Saibaba Nagar Land and/or project/ FSI/ structures to be constructed thereon.

Figure 32: Excerpt from Dhobi Ghat's title deed. The phrase "flats allotted" appears seven times in the 90-page document (MahaRERA, 2019)

6. DISCUSSION

An investigation of how real estate projects are financed in Mumbai revealed that access to finance is cumbersome for most developers, despite the liberalization of India's real estate sector nearly fifteen years ago. This is because the rules of development finance are embedded in diverging agendas of pro-urban growth, anti-land speculation, and risk mitigation. Under these conditions, the funding that does become available to developers is highly conditional and expensive, which either deters or restricts developers from utilizing institutional finance for land development. Developers who do resort to utilizing new sources of real estate funding have demonstrated quick growth, by virtue of increased land bank, and project size, but are the same developers, who appear to be faulting on their debt, as well as production commitments. This is because, production-oriented behavior is impossible to establish no matter how capable a developer may seem, given the many loopholes in financing regulations on the one hand, and the challenges linked to land's specificities, on the other.

The tendency of developers to deviate from formal obligations means that developers are subject to close control by financial firms. An analysis of the institutional frameworks that govern real estate financing in Mumbai, however, revealed that, while stricter rules of borrowing do influence developer actions, the rules are difficult to enforce; at conflict with fundamental beliefs over the hegemony of financial actors; and not necessarily in the best interest of financiers. A closer study of financing practices confirmed that the practices adopted by developers, although common, are not shared informal norms because: 1) the practices are not talked about openly as they are mostly illegal, 2) practices take place in a dynamic regulatory environment, and 3) use case of each practice varies greatly, i.e., its application does not always guarantee success. I, therefore, argue that developer actions are ad hoc, creative responses to highly context-specific problems that, while useful in the short term, end up becoming hurdles for the marketization of real estate in the long run.

This is because the deconstruction of the financing practice revealed that there exist several opportunities within the practice itself, for developers to earn a profit outside the planned sale of a property. Developers can, therefore, make money off the different components of the financing practice, such as: procurement of resources, deployment of borrowed funds, and the coordination of sales. Since developers are able to access these additional profits outside of official records, and starting at the early stages of the financing practice, the project's completion and its final economic outcome become less consequential for the developer compared to the financier. In other words, profit may be accrued by the developer, irrespective of the completion of the development cycle. More importantly, developers who received the most funding from the new financial sources made available to the sector post-liberalization are least likely to engage in shortsighted opportunism, which paradoxically sustains the perception that they are “capable developers,” and hence worthy of investment.

Chapter VIII: **CONCLUSION**

1. THE LIBERALIZATION PROJECT DERAILED

Fifteen years since the Indian real estate sector liberalized, Mumbai's real estate industry continues to scramble for money. The neighborhood of Lower Parel, which adjoins the now-stalled Dhobi Ghat redevelopment, is visual proof of the cash crunch that has derailed real estate production in the city. Here, a dusty, golden-colored Trump Tower, under development since 2012 (but expected to be complete in 2020), stands on a site that once housed a textile factory. While news reports claim that 80% of the 400 luxury apartments in the tower have been "sold," reports also claim that Lodha Group, the local project partner, is seeped in debt of 190 billion INR (2 billion GBP) (Schultz, Raj, & Lipton, 2020). The firm was downgraded with a negative outlook by two global rating agencies in August 2019: Moody's and Fitch Ratings, on concerns of liquidity and falling sales (Kelkar, 2019). In fact, of the thirty-nine projects currently under development in Lower Parel, over 90% are stalled due to financial stress and slow sales, according to my colleagues at PropConsulting. While the number and scale of projects underway in the neighborhood mark the enthusiasm with which finance capital had once flowed into Mumbai's real estate sector, their current state of uncertainty reflects a bumpy unfolding of the liberalization project.

When Mumbai's urban development was thrown open to foreign participation, politicians and financial consultants had envisioned land and property in the city to turn into globally legible vessels of finance capital and means of spectacular accumulation. Mumbai was to become yet another "global city," a piece of which investors from afar could own and sell when they please. In 2004, Manmohan Singh, the then Prime Minister of the country, dreamt of India becoming Shanghai. "I share this aspiration to transform Mumbai in the next five years in such a manner that people would forget about Shanghai," Singh said while addressing his party workers in the city ahead of the state assembly elections (Anand & Rademacher, 2011). Around the same time, consultants talked of boosting investments into real estate development in urban India, by pitching what Llerena Searle calls "The India Story." One such pitch by consulting firm Colliers India noted:

> As one of the fastest-growing economies in the world, India's real estate sector is booming. With the growth in the economy, property prices are rising. Investors predict that the consumption-driven growth of the Indian economy is translating into rising demand for homes, shopping malls, multiplexes and luxury hotels. The number of shopping malls alone is expected to grow four times to 358 by 2007. India's emergence as a favored destination for global outsourcing makes the prospects for investment in property especially attractive (Colliers India, 2004)

The ambition to physically and economically emulate Shanghai has, however, proven to be farfetched, and so have plans to financialize the real estate market. Efforts by policymakers and financiers to introduce financing tools such as REITs, and the public issue of real estate bonds have failed to take off (Agarwal, 2019). While there are several reasons for this (low rental yields coupled with high tax being one of them), the structural opposition to easy liquidity of real estate products, as I have discussed in Chapter 7, has been one of the most notable obstacles to the marketization of real estate. As per existing regulations, at least 80 percent of REITs funds must be invested in completed, income-generating, commercial properties, to ensure the protection of investors, as opposed to the development of new residential projects that, in reality, constitutes for maximum real estate activity in India. What this means more generally is that regulations governing investment in real estate development are torn between diverging agendas of pro-urban development, protection of land rights, and risk mitigation.

Local developers were to play an important role in executing the liberalization project, by absorbing the risks of land development, which was of utmost concern to foreign and local investors. Developers were to carry out the social work of converting land into commodity form, by acquiring land, clearing it off its inhabitants, seeking necessary government approvals for development, and setting an exchange value to enable its commensuration. Developers who projected themselves as being capable of "getting the job done," earned anything between 20-30% of overall project value from land development partnerships. However, despite the hefty remuneration and acknowledgment of the developer's importance, the delivery of commodified land has been patchy. Instead, what one finds now are dusty, unfinished buildings, perhaps in tradable form, but entangled in new kinds of uncertainties, such as the invalidity of development rights, legal disputes over compensations to displaced residents, and financial liabilities attached to projects.

2. OBSTACLES TO MARKET-MAKING

Distraught homebuyers in Mumbai have frequently taken to the streets to express their concerns over development projects. In one such case, where a redevelopment project faces a six-year delay, residents, many of who had invested their life's savings in the project, sought intervention by the Maharashtra Real Estate Regulatory Authority to receive compensation and/or ensure completion of the project at the earliest. Mamta Tiwari, one of the protesting residents' complained:

> We had to sell all the gold we owned, including my mangalsutra (wedding chain), to be able to pay the advance. Even though they had given us an allotment letter, which clearly says the possession of our flat would be given to us by 2013, now they are not even willing to commit to a date of completion. When we had booked the flats, we had hoped that our families would move into a two-bedroom house. Now, my daughter is getting married, and we have no idea when the construction will be completed (A. Sarkar, 2017).

Mamta's plight, while highlights the lengths to which people have to go to own property in Mumbai, demonstrates that public anger in such instances is targeted not at the marketization of land or the housing unaffordability it produces, but rather at (unscrupulous) development practices.

Discontentment to capitalistic land development is often conceptualized from a Polanyian double movement perspective. This is because critics of neoliberalism have increasingly recognized Polanyi, for his "analysis of the pathogenesis and malign consequences of a free-market economy," and his "trenchant critique of laissez-faire capitalism's 'Satanic Mill'" (Zhang, 2013, p. 1609). In Polanyian interpretation, the dynamics of marketization is driven by an on-going double movement – the liberalizing movement to expand the scope of the market, and the protective countermovement that emerges to resist the disembedding of the economy and to protect the society against its perils (Polanyi, 2001, pp. 79, 136). Neo-Polanyian scholars, therefore, conceptualize the 'counter-movement' as a social backlash, by actors with a political agency (Block, 2008; Zhang, 2013).

In this dissertation, I have argued that while anger among homebuyers and displaced residents in Mumbai, takes the form of social agitation ever so often, such agitation is rarely a retaliation against land commodification per se. Rather, it is symptomatic of the more commonplace, but less visible obstacles to capitalistic land development. A multitude of such obstacles linked to land's specificities continually hinder capitalistic processes, such that the commodification of land always remains problematic. I propose that hurdles to the marketization of land development often emerge in the form of fragmented social arenas within which interactions in a land market take place, and the incoherent institutions that govern land market practices.

Ambiguities and inconsistencies in institutions, in turn, encourage developers to adopt ad hoc practices that are more often than not, opportunistic. In Chapter 7, for instance, I discuss how developers often siphon funds towards acquisition of new projects because of the restrictions imposed on financing of land acquisition in India. In Chapter 5, I provide an account of how developers tend to inflate project valuations, again in order to get hold of funds to acquire new land. To justify these valuations, developers, as I discussed in Chapter 6, impinge on development rights, with the expectation that future changes in development rules would make right their decision. Although most of these practices serve as solutions to very complicated land development problems, which need overcoming for land to become commoditized, these practices inevitably derail the goal of producing new real estate for sale, and unwittingly hinder the marketization of land development.

3. PRACTICES OF LAND DEVELOPMENT

Identifying and understanding the nature of obstacles to land's commodification requires an acknowledgment of the ambiguities and contradictions in land's treatment as a commodity. In Chapter 1, I argued that a non-dualistic, hybrid conception of land allows one to recognize the patchwork and precarious arrangements that make land exchange possible. This is because land's specificity restricts the establishment of institutionalized practices, shared conventions, and distinct and uncontested property rights. Therefore, even if land becomes a resource available for global investment through patchwork solutions, or an assemblage of heterogeneous elements, these arrangements cannot but shape-shift over time. The meaning of "commodified" and "non-commodified" land is thus turned on its head, with the many socio-legal transformations that land undergoes within just a single development cycle. Development practices in Mumbai are particularly telling of these shifts in land's treatment as a commodity, due to the length of project timelines, the popularity of slum redevelopments, and the capriciousness of development regulations. Below, I present a recap of the land development process in Mumbai to make clear how, with each step towards land's development and marketization, the distinction between commodified and non-commodified becomes increasingly ambiguous and problematic.

3.1. ***In Pursuit of Commodified Land***

In Chapter 3, I discussed how Mumbai's unique topography and high population density contributes to the scarcity of land, and why despite being affluent, the city has one of the worst housing conditions in the world. Over the last two decades, state authorities have attempted to ameliorate the city's housing crisis by incentivizing redevelopment of land. This most notably involved the scrapping of protective policies such as the Urban Land Ceiling and Regulation Act, diluting laws governing the redevelopment of industrial lands, and the demolition of slum settlements. Redevelopment efforts in the city, however, highlight the difficulty to commodify land, i.e., strip land off its social ties, despite the state's support in doing so. I propose that the complications that accompany land's redevelopment are the most defining feature of Mumbai's land market. In Chapter 4, I unpacked the redevelopment process at Dhobi Ghat, which has taken over ten years to develop, to establish just how complicated redevelopment work can be, even for the most experienced developer.

Experts claim that unclear property rights in Mumbai hinder land from becoming "economically productive." Alain Bertaud, an urban planner popular among Mumbai's policymakers, writes:

> Land use efficiency is not produced by clever master plans but by the continuous trading of property, which progressively reallocate land to reflect current demand from consumers. The trading of properties depends on clear property rights. Any fuzziness in titles or in the right to dispose of property decreases the volume of real estate transactions and eventually freezes urban land into obsolete uneconomical land use (Bertaud, 2004, p. 6)

Industry professionals, many of whom are engaged in the development of tile insurance products, share Bertaud's sentiments on fuzz-free land titles. "Real estate projects have got stalled on account of various defects in the title of the owner/ developer to the property," writes Divya Malcolm, a practicing lawyer specializing in Indian property law (Malcolm, 2020). Consequences of the "defects" that Malcolm refers to, may include: litigation by a co-owner who was not made a party to the sale of land; boundary disputes with neighboring plot owners; non-availability of the requisite approvals, and so on.

The recently introduced Real Estate Regulation & Development Act of 2016 (RERA) has made it compulsory for developers to obtain insurance against any discrepancies in the title of the land and buildings in their projects. However, there has been little progress on this front. While a number of companies have started offering title insurance products since 2016, there have been few takers for it (S. Roy & Law, 2019). HDFC Ergo, a subsidiary of India's largest housing finance company, for instance, sold only two such insurance products, in three years (ibid). Legal and financial experts claim this is because title insurance in India is an expensive product, with marginal protection for buyers. With a premium ranging from 0.5% to 3% on the gross developed value (which includes the value of land, cost of construction, and profit margin of the developer), title insurance is a significant added cost to real estate production, particularly when sales are already slow due to high prices. Besides, title insurance only covers past discrepancies, leaving out risks of future and present disputes. Delays on account of government approvals are also excluded from the ambit of title insurance, making it all the more unattractive (Malcolm, 2020).

Without the support of private insurers and the state to protect against risks of project delays due to ownership disputes, the onus of navigating the discrepancies of private property and development regulations lies entirely on local real estate developers. Managing multiple future uncertainties in land development, however, requires the adoption of ad hoc strategies geared towards solving highly context-specific problems, since the core practices of land development, including land acquisition and approvals, cannot be institutionalized, as demonstrated in the empirical chapters of this dissertation. And yet, these ad hoc solutions do not guarantee success, even when implemented by the most competent and experienced developers.

Omkar's struggle to turn slum land into a tradable commodity, as discussed in Chapter 4, is the reason why developers who are successful at acquiring land and navigating development approvals, receive recognition and fame in Mumbai. In Chapters 3 and 7, I demonstrated that entrepreneurial developers like Omkar, who are known to be experts in redevelopment work, are supported by funding agencies, no matter what the developer's financial credibility is. Their empowerment paradoxically undermines the establishment of market order since the same developers are also least inclined to adhere to debt obligations for several reasons, including their embeddedness in local communities. Such a paradox is highly telling of the faults in a binary conception of land commodification.

3.2. ***Managing Sentiments***

Newly empowered developers, I found, followed a quick and consistent pace of project launch, irrespective of market conditions. In Chapter 5, I discussed my empirical findings, which indicate that developers in Mumbai distinguish themselves from each other, not through pricing of their products or speed of sales, but by the number of projects in their portfolio. There is also an observable pattern and similarity in the pace of portfolio expansion among developers with a relatively high project count. For instance, developers who have built up an initial momentum, continue to launch new projects at a steady pace of roughly 1-2 projects per year, irrespective of their development capacity, size of projects, or changes in market conditions. This is peculiar since there appears to be no positive impact of growth in project launch, on the economic performance of a development firm.

The tendency of experienced developers to adhere to a normal pace of project acquisition/launch indicates that developers may not be inclined towards becoming adept at the business of real estate development, but rather inclined only towards accumulating land and increasing their portfolio size. I attribute this tendency to constraints posed by the social meanings and prestige associated with the acquisition and development of land in the Indian context, as is evident in this excerpt from a news article covering the rise to fame of a prominent Mumbai developer:

> Sanjay Chhabria, 45, managing director of Mumbai-based Radius Developers, comes across as calm and seasoned. However, his two-year-old company seems in a hurry. What really sets it apart from other developers is that the company has taken bold bets… His two-year-old firm, Radius, is developing 12.5 mn sq ft in Mumbai; that's a fourth of what DLF, the country's largest realtor, is developing (R. Kamath, 2016a)

Chhabria's rise to prominence has a back-story. Chhabria had previously worked at Wadhwa Group, another well-known development firm owned by his relative Vijay Wadhwa, for twenty years, where he managed over sixty projects. However, when Chhabria was superseded by Wadhwa's son-in-law, as part of a business restructuring plan, a miffed Chhabria quit the family business and went on to start his own company, which has very quickly taken over the Wadha Group in project count. The competition between the two rivals is now down to the project pace, with both developers striving to launch two projects a year (Bharucha, 2014).

In Chapter 7, I discussed how the growth of land bank for young developers, such as Radius, who operate on a small base capital, comes at the cost of expensive and conditional debt. With the build-up of unsold inventory, developers in Mumbai can no longer rely on land price appreciation to adjust against finance costs, which has worked as a strategy for developers until now. Nevertheless, in Chapter 5, I provided accounts of how developers are reluctant to pare debt by shrinking land bank size, even in tough times. Many developers instead prefer to secure partners and co-investors to fund their on-going projects. "There are only two strategies left in this market. One is to divest whatever you can, and what you can't divest, get into partnership with somebody else because there is no capital available for everybody," notes Mohit Saraf, senior partner at L&L Partners, a Mumbai-based law firm in a news interview (Sapam, 2019).

Holding onto existing projects by getting into joint-venture agreements or any kind of development partnership, however, is prone to complications, and therefore just as risky as increased indebtedness. In Chapters 5 and 7, I discussed how conflicts over valuation and profit share are commonplace and inevitable, because evaluation practices in Mumbai's real estate industry are loosely defined, and non-institutionalized. Besides, the embeddedness of developers in redevelopment projects, makes it all the more difficult to set profit boundaries based on exchange value of land alone. Therefore, the more developers get caught in the trend of increasing land bank size, and the longer they hold on to their land, the messier and more uncertain the fate of their projects, as well as market positions, become. I understand this to be almost a reversal, if not break down, of land's conception as a commodity.

3.3. ***Overcoming Uncertainty***

To keep up with their expanding portfolio of projects, developers must maximize the development potential of projects, to assuage the adverse financial implications of debt-based acquisitions in a low-growth real estate market. Since development potential is closely linked to land-use and building regulations, the infringement of regulations serves as a tactic to increase profit expectations under conditions of uncertainty. In Chapter 6, I provided accounts of how developers skirted around, manipulated, or interpreted development regulations, in ways suitable to their financial interests. In Mumbai, impinging on building heights, or more accurately, Floor Space Index (FSI), is the most common way to expand profitability. This practice is so common, that even developers of high repute succumb to it, despite the reputational loss that comes with getting caught.

The stretching of FSI norms, though hailed as a necessary measure to combat density in some cities, has had disastrous consequences in Mumbai, such as building collapses, as discussed in Chapter 6. Mumbai-based architect and activist Shirish Patel has frequently called into attention the dangers of indiscriminately stretching FSI limits. He notes:

> Going vertical, in other words, raising the FSI blindly, without understanding the complexities and limitations [of ground realities of street congestion], seems to be the "solution" currently on offer to address Mumbai's steadily worsening housing situation. [However], raising the FSI, especially for the poor, will only make matters worse, and life in the city will become more intolerable (S. B. Patel, 2013, p. 72)

The violation of FSI norms is therefore, akin to "the social and cultural destruction wrought upon society and nature by the treatment of land as if they were commodities" (Lacher, 1999, p. 319)

Developers, however, see betting on development permits as unavoidable, because building regulations are never constant. Lodha Group's recent hearing with The National Consumer Disputes Redressal Commission (NCDRC) brought to light this perspective shared by developers (Ali, 2019). Lodha, it seems, had failed to deliver on their promise of a 60th-floor apartment in their project Lodha Dioro to a consumer, because the project only received permission for building up to 45 floors. Lodha, however, claims that it was far into the project's development and after the initial approvals for the 60 floors were granted, that the Civil Aviation Authority woke up and took notice of the building's height. Lodha, therefore, suggests that what is publicly perceived, as speculation on building heights, is, in fact, a situation of shooting the dart in the dark.

In Chapter 6, I described several other accounts of the ad hoc, albeit opportunistic, practices adopted by developers when seeking development approvals. In the same chapter, I also discuss how succeeding at the approvals game, is viewed as a heroic feat by most developers. This is because, as mentioned earlier, seeking approvals entails interpreting development regulations that are continually shifting, while also navigating an equally inconsistent bureaucratic system that processes approval applications to unpredictable results. While developers are often required to tug at their ties with several actors involved in the approvals process such as civic officials, politicians, liaison architects, RTI activists, etc., these social ties cannot be purchased or transferred, or extended indefinitely, since these are bonds built over time, as opposed to class or caste proximities.

While managing uncertainty by tweaking development regulations is often seen as a heroic feat, no matter the means adopted, FSI violations nevertheless bring multiple risks to developers. Not only are the outcomes of the approvals process unpredictable and thereby expensive (when results do not match the effort), but the risks of getting caught are high too. In Mumbai, a long list of projects stands abandoned because of FSI violations. In many cases, delays caused by the lengthy legal investigations that follow recognition of a violation, bring tremendous financial stress to projects. This not only derails the capitalistic processes of land development but also imperils the life expectancy of development firms. The attempt to treat land as a commodity by chiseling at protective norms, therefore, creates new complications for developers and the project in question, thereby blurring land's conceptualization as a commodity.

3.4. *Adhering to Contracts*

With development firms slipping into precarious positions because of their inability to manage financial uncertainty, the legal procedure for debt recovery, especially in the case of stressed firms, has gotten tighter. In Chapter 7, I discussed how financing agreements have undergone critical changes in recent years, to become all the more scrupulous, because of wider regulatory controls imposed by central and state governments on the one hand, and the bitter experiences of financiers, on the other. Most recently, the Insolvency and Bankruptcy Code, 2016 (IBC), has ushered in a speedy and effective mechanism for reorganization and insolvency resolution of stressed companies, including development firms. As part of this change, individual homebuyers can now register a case against a defaulting developer. Until September 2019, 10,860 bankruptcy cases were registered against developers, of which, 1,821 cases (or 17%) were cases filed by homebuyers (G. Das, 2019).

Developers are predictably displeased with the changes to the IBC, particularly the rights provided to homebuyers to move the courts directly in case of delayed projects. Developers allege that some homebuyers are misusing the new law and that the frequency of such cases is causing (further) delay in the construction and delivery of projects. Developers are therefore demanding that consumer complaints be heard first by the real estate regulatory body RERA before insolvency proceedings are initiated. "Even a single home buyer is approaching (the courts) with grievances against real estate developers…. Their pleas are being admitted in many cases. This is becoming an epidemic," Rohit Raj Modi, a spokesperson for the developer body CREDAI, is reported to have said, adding that, "the government's intention to protect homebuyers' interests is being abused, as the insolvency law is being implemented in a wrong way" (Shah, 2019).

In Chapter 7, I presented similar accounts of displeasure among developers regarding the rules of debt recovery. Developers point out that they have little bargaining power when forging agreements with investors or creditors. Besides, the use of new financing arrangements, such as mezzanine debt structures, is also perceived as being one-sided. Mezzanine debt, as explained in Chapter 7, is a hybrid between debt and equity, which gives a lender the right to convert to an equity interest in the development firm or project, in case of default. The term default, however, has a broad interpretation in financing agreements, including deviation from project timelines. Therefore, should a development project take longer than planned to execute, perhaps for reasons linked to land acquisition or approvals, which are not entirely in control of the developer, then the developer loses control of the project, if not the firm.

Reforms in both the regulation of the real estate sector and the bankruptcy and insolvency regime, have been critical in alleviating the distress caused by severed contracts. However, the combination of multiple interventions has produced a messy situation between developers, homebuyers, and creditors. Goals are now torn between providing primacy to creditors through quick liquidation of a project and attempts to put consumers before creditors by finding the best possible solution to complete a project. Acknowledging this to be a "fundamental contradiction" a report by The Associated Chambers of Commerce and Industry of India, notes:

> While IBC was passed with the intention to smoothen the process of "closing the business," RERA has been implemented to "regulate and formalize the real estate sector." But, in case of insolvency, the objectives of these two acts are often getting pitted against one another (ASSOCHAM, 2018)

Inconsistencies in the resolution of stressed real estate companies have, therefore, resulted in projects being mired in greater complications. Industry members fear that if insolvency proceedings are admitted against a development firm that also has many home buyer complaints pending before RERA, it is likely that the bidders of stressed projects may either seek to limit their liabilities by distancing themselves from the complaints of buyers or avoid bidding altogether.

Disputes concerning developer defaults are, therefore, not so easy to resolve, no matter how stringent the laws governing real estate financing become. In Chapter 7, I demonstrate that this is because developers are embedded in the very land they are meant to commodify, which makes it difficult for debt recovery agents to replace or evict developers from non-performing projects. Moreover, the different institutions governing developer behavior, such as RERA, SRA, IBC, etc., are all caught between different, and often, diverging goals such as protection of consumers, and/or creditors, promotion of housing production, establishment of transparency and so on. Therefore, the harder these regulations tug in a certain direction, the more gaps they produce between them, for developers to take advantage of. This, I argue, hinders strict enforcement of contracts and, thereby, the deployment of finance capital for the marketization of land development.

4. THE HERO NARRATIVE

Sociologist Lyn Lofland who has written a paper titled The Real Estate Developer as Villain points out that developers in the United States face an occupational stigma. She writes that her field notes are replete with stories of those developers, who have "reneged on promises, bribed officials, torn down historic structures in the middle of the night, misrepresented their aims, broken or at least skirted the law, trampled on the environment, and reaped ignominious profits" (Lofland, 2015, p. 93). In the case of Indian developers, I argue that these very same qualities that Lofland attributes to the occupation's stigmatization results in the valorization of developers, and the strengthening of their role in the land market. In a context where land development is prone to multiple hurdles, mobilizing finance, negotiating with landowners, overcoming bureaucratic red tape- all the standard activities of an Indian developer- are seen as acts of heroism.

Rather than feeling stigmatized, Indian developers perceive themselves as deliverers of progress- one whose job it is to turn Mumbai into Shanghai. Developers frequently tell stories of their persistence, entrepreneuralism, and willingness to get their hands dirty to achieve India's developmental goal. By making explicit their supposed resolve to deliver projects as promised, no matter the means adopted, real estate developers flip the perspective on their "villainous deeds" to qualify as actors worthy of recognition and reward. A good developer is, therefore, one that finds different modes of accommodating reality, depending on the orientation of the situation, by defying social norms and moral thresholds, if required, to deliver a project (on time).

In this dissertation, I have argued that the social expectations riding on developers to deliver on the future promise of commodified land, and the prestige that comes with being successful at it, serves as an orienting schema that guides action in Mumbai's land market. As discussed in the sections above, land's specificities, and the ambiguous distinction of land as a commodity, produces great uncertainty for land market actors. The uncertainties pertaining to fragmented institutions, capricious rules, and the inability to institutionalize development practices are, however, temporally closer concerns (than say, demand-supply mismatch) that overwhelmingly capture the imagination of land market actors. In other words, the future, that primarily occupies the imagination of land market actors in Mumbai, is one in which land is free of social, political, and bureaucratic encumbrances, as opposed to one, where property prices go higher. Real estate developers, market actors believe, are poised to overcome these uncertainties, to deliver on the imagination of commodified land.

The role of a developer is, therefore, pivotal to the land market because predictions, and thereby the participation in the market, are pinned on the ability of a developer to commodify land. Market actors, as a result, bet not on the accuracy of predictive models, but rather on the accuracy of a developer's self-assessment: Will the developer be able to acquire land, get approvals, construct the building within the time/ cost frame he has set for himself? The more a developer is perceived to be ever successful at overcoming hurdles, the more market actors are willing to bet on him. The idea of an entrepreneurial, albeit opportunistic developer, who can effectively get things done, even if it means flouting development rules, or intimidating slum residents, is therefore powerful in a context where the future of land development is riddled with uncertainty.

While uncertainty pertaining to land acquisition, development approvals, and project financing, provides developers the opportunity to protect their position in the land market, it paradoxically distracts them from other important concerns such as inter-firm competition, and the changing appetite for new real estate. In their eagerness to emerge triumphant against the hurdles of land commodification, the establishment of long-term institutional order, which is necessary for markets to function, seems to be a forgotten goal for developers in Mumbai. The growing number of insolvencies among them highlights developers' inability to execute projects all the way through and meet their debt obligations after the initial success of land acquisition. In fact, with financing agreements now pinned on stringent timelines for land acquisition, even this success may not be so profitable for a developer, after all.

Today, few news reports acknowledge that developers themselves are to blame for their dire situation. “When they diverted funds from one project to another, and their indisposition to paying off loans quickly so that banks could find them reliable in the future... It had a cascading effect on the entire ecosystem”, notes a news article, which, ironically, regards Niranjan Hiranandani, one of Mumbai’s largest developers, as “a man extraordinaire,” for his continued efforts to “build iconic structures” (Mendes, 2020). Hiranandani, not unlike other developers in Mumbai, has been embroiled in several legal disputes, for wrongful doings, including hoodwinking investors and usurping land meant for social housing (Samervel, 2018). Yet, the ability to turn Mumbai into a luxurious paradise remains to be in people’s imagination a heroic feat, carried out by men extraordinaire.

5. FINAL COMMENTS

Mumbai’s real estate industry faces a crisis, which serves as the starting point for this dissertation. Fifteen years since the liberalization of India’s real estate sector, the reality on the ground looks bleak. After an unprecedented flow of finance capital into real estate production in Mumbai, today, hundreds of real estate projects lie unfinished, abandoned, and/or unsold. The stock of unsold inventory is steadily mounting as project launches outpace sales by a significant margin. Investments in real estate development from both local and international sources have thinned out. Worse still, several developers in the city, many of whom emerged as a consequence of the new sources of finance available to the sector, have filed for bankruptcy, leaving thousands of small investors and home buyers stranded. This crisis, as I have pointed out, is puzzling because the demand for housing and real estate, in general, remains as high as ever before in Mumbai.

When development projects do not go as planned, it is those who are least responsible for the execution of projects that bear the maximum brunt. Mumbai’s real estate crisis presents examples of housing insecurity that go beyond forced displacements, such as: losing your life’s savings in a project that has gone bust, or being indefinitely displaced until your slum or building gets redeveloped, or ending up with a flat that bears no resemblance to what was promised to you, and so on. Mumbai, however, is not the only city, which faces these concerns. Other cities that straddle between high property prices and low "transparency," such as Moscow, Sao Paolo, Lagos, and Johannesburg, which have been subjected to sudden growth in real estate activity post economic liberalization, face a similar crisis-prone future. It is important to study the consequences and causes of this crisis because millions of new housing units must be developed to address the existing housing inadequacies in the cities I mentioned.

Considerations about land have significant theoretical implications because, as Brett Christophers (2015) puts it: "once land exists, so too does political economy, and the latter cannot be understood except in relation to the former." The particularities of Mumbai's real estate crisis are all the more pertinent for a sociological inquiry into land since it provides a window into the mechanism and processes of marketized land development that would be otherwise obscured in contexts where the problematization of land's commodification is not so visible. Mumbai, therefore, offers important insights into the often-overlooked obstacles to land's commodification that guide urban spatial (re) distribution, which I argue, cannot be studied effectively through the lens of the Polanyian double-movement. The theoretical significance of this dissertation, therefore, is that it builds on key debates around land's conceptualization as a commodity, by capturing the non-binary, hybrid nature of land, and the nuances of its marketization.

By adopting an economic sociology perspective and leaning into my instincts to think like an architect, I was able to study the practices of developers to identify and understand the obstacles to land's marketization. I recognized that the social arenas within which interactions in a land market take place are fragmented and that the institutions that govern land market practices are incoherent. More importantly, I recognized that land's specificity dictates as well as triggers the patchwork and precarious arrangements on which land exchange rests. Land's commodification is therefore riddled with uncertainty, if not impossibility, by virtue of the complexities that accompany any effort to disassociate land from these specificities. In this dissertation, I show how the need to overcome uncertainties in land development, led to the rise of a certain type of developer in Mumbai, considered to be experts in land commodification. This group's struggle to follow through with the execution of land development has paradoxically resulted in several abandoned projects and driven away financial investors from participating in further real estate production.

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Annex A: Area calculations for Dhobi Ghat (SRA, 2018)

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Annex B: Eligibility count for Dhobi Ghat (SRA, 2018)

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Annex C: Density calculations for Dhobi Ghat (SRA, 2018)

	Marketable Supply (mn sqft)	Sales (mn sqft)	Sales (units)
Q2 15-16	2.98	0.08	34
Q3 15-16	2.9	0.07	18
Q4 15-16	2.83	0.03	9
Q1 16-17	2.87	0.01	7
Q2 16-17	2.59	0.04	14
Q3 16-17	2.55	0.09	22
Q4 16-17	2.46	0.04	10
Q1 17-18	2.46	0.06	18
Q2 17-18	2.36	0.08	36
Q3 17-18	2.24	0.13	41
Q4 17-18	2.66	0.09	45
Q1 18-19	3.32	0.02	9
QoQ Change	25%	-75%	-80%
YoY Change	37%	-66%	-50%

Annex D: Price trends for Mahalaxmi (Liases Foras, 2018)

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Annex E: Sample IOD (Bombay Municipal Corporation)

References

No.	Actor	Title	Date	No. of interviews	Place	Data
1	Developer	Ex-Chairman	17-04-2017 27-04-2018 10-05-2018	3	Mumbai	Independent Interview
2	Developer	Project Manager	26-09-2019 18-09-2019	2	Mumbai	Independent Interview
3	Developer	Project Engineer	24-06-2017	1	Mumbai	Independent Interview
4	Developer	Co-Director	29-04-2017	1	Mumbai	Independent Interview
5	Developer	Ex-COO	29-04-2017	1	Mumbai	Independent Interview
6	Developer	COO	03-05-2017	1	Mumbai	Independent Interview
7	Developer	Project Manager	24-05-2017	1	Mumbai	Independent Interview
8	Developer	General Manager	20-05-2017 03-05-2017 24-09-2017	3	Mumbai	Independent Interview
9	Developer	Project Manager	27-05-2017	1	Mumbai	Independent Interview
10	Developer	Director	01-06-2017	1	Mumbai	Independent Interview
11	Developer	Director	08-06-2017	1	Mumbai	Independent Interview
12	Developer	Managing Director	08-08-2017	1	Mumbai	Independent Interview
13	Developer	Executive Director	12-08-2017	1	Mumbai	Independent Interview
14	Developer	Business Head	23-08-2017	1	Mumbai	Independent Interview
15	Developer	AGM, Operations	21-08-2017	1	Mumbai	Independent Interview
16	Developer	Project Manager	07-05-2018 05-05-2018	2	Mumbai	Case Study
17	Developer	Project Assistant	07-05-2018	1	Mumbai	Case Study
18	Developer	Managing Director	14-01-2019 15-05-2019	2	Mumbai	Case Study
19	Developer	Director	24-04-2018	1	Mumbai	Case Study

No.	Actor	Title	Date	No. of interviews	Place	Data
20	Developer	President-Operations	24-04-2018	1	Mumbai	Independent Interview
21	Developer	Head Liasioning	05-09-2019	1	Mumbai	Independent Interview
22	Developer	Business Head	05-09-2019 06-06-2019	2	Mumbai	Independent Interview
23	Developer	Chairman	20-11-2017	1	Delhi	Independent Interview
24	Developer	Head Human Resource	31-08-2018	1	Mumbai	Independent Interview
25	Resident	Resident at neighbouring slum	06-05-2017 05-05-2018 10-05-2017	3	Mumbai	Case Study
26	Resident	Resident at neighbouring slum	06-05-2017	1	Mumbai	Case Study
27	Resident	Resident at DG	22-06-2017	1	Mumbai	Case Study
28	Resident	Resident at DG	05-05-2018 27-04-2018	2	Mumbai	Case Study
29	Resident	Resident at DG	05-05-2018	1	Mumbai	Case Study
30	Resident	Resident at DG	05-05-2018	1	Mumbai	Case Study
31	Resident	Resident at neighbouring slum	14-05-2017	1	Mumbai	Case Study
32	Resident	Resident at DG	01-07-2017	1	Mumbai	Case Study
33	Resident	Resident at DG	01-07-2017	1	Mumbai	Case Study
34	Consultant	Managing Director	08-05-2017 17-05-2017 24-11-2017 13-05-2018 11-06-2019	5	Mumbai	Independent Interview
35	Consultant	General Manager	23-04-2017	1	Mumbai	Independent Interview
36	Consultant	Business Head	04-06-2017 23-09-2019 01-06-2019	3	Mumbai	Independent Interview
37	Consultant	Chairman	12-06-2017	1	Mumbai	Independent Interview
38	Consultant	Project Lead	04-06-2017	1	Mumbai	Independent Interview

No.	Actor	Title	Date	No. of interviews	Place	Data
39	Consultant	Project Lead	11-11-2017	1	Mumbai	Independent Interview
40	Consultant	Project Lead	01-05-2017	1	Mumbai	Independent Interview
41	Consultant	Partner	12-08-2017	1	Mumbai	Independent Interview
42	Architect	Partner	06-05-2017 03-08-2017 07-05-2018 19-12-2018 07-06-2019	5	Mumbai	Independent Interview
43	Architect	Principle Architect	13-09-2019	1	Mumbai	Independent Interview
44	Architect	Principle Architect	16-06-2017	1	Mumbai	Independent Interview
45	Architect	Principle Architect	03-06-2017	1	Mumbai	Independent Interview
46	Architect	Principle Architect	27-04-2017	1	Mumbai	Independent Interview
47	Legal Expert	Manager	23-04-2017	1	Mumbai	Independent Interview
48	Legal Expert	Counsel, Bombay High Court	15-08-2017	1	Mumbai	Independent Interview
49	Legal Expert	Partner	27-09-2017	1	Mumbai	Independent Interview
50	Legal Expert	Partner	27-09-2017	1	Mumbai	Independent Interview
51	Legal Expert	Partner	17-12-2018	1	Mumbai	Independent Interview
52	Financier	Managing Director	23-01-2019	1	Mumbai	Independent Interview
53	Financier	Managing Director	11-01-2019	1	Mumbai	Independent Interview
54	Financier	Ex-Director	05-01-2019	1	Mumbai	Independent Interview
55	Financier	Ex-Chairman	21-12-2018 01-06-2019 25-08-2018 03-01-2019 11-10-2017	5	Mumbai	Independent Interview

No.	Actor	Title	Date	No. of interviews	Place	Data
56	Govt. Official/ Regulator	Ex-President MHADA	19-09-2019	1	Mumbai	Independent Interview
57	Govt. Official/ Regulator	Chief General Manager, RBI	01-08-2017	1	Mumbai	Independent Interview
58	Govt. Official/ Regulator	General Manager, RBI	10-09-2017	1	Mumbai	Independent Interview
59	Govt. Official/ Regulator	General Manager, RBI	10-09-2017	1	Mumbai	Independent Interview
60	Activist	Director of NGO	24-09-2017	1	Mumbai	Independent Interview
61	Activist	Housing Activit	06-05-2018	1	Mumbai	Case Study
62	Journalist	Senior Editor, TOI	22-04-2017	1	Mumbai	Independent Interview

Annex F: Interviewee list