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Making Space for Capital: The Production of Global Landscapes in Contemporary India

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Making Space for Capital: The Production of Global Landscapes in Contemporary India

Abstract
This study investigates the construction of globally familiar landscapes of malls, office towers, and high-rise housing complexes in Indian cities. Across the country, firms eager to produce these elite landscapes are snatching up industrial estates, inner-city slums, and peri-urban agricultural land, displacing the poor and forcing up land prices in the process. This study draws on interviews with foreign and Indian investors, developers, and consultants, as well as participant observation with a European real estate fund in India, in order to examine the decisions and practices of the industry members who are constructing these landscapes; it argues that they are transforming Indian land and buildings into new, international routes of capital accumulation. This dissertation examines the ways in which real estate industry members use representations of a prosperous globally integrated Indian future to fuel the expansion of global finance capital into Indian real estate. It highlights the creative role that stories about the future play in shaping investors’ actions, thus contributing to our understanding of the productive power of speculation. This study also examines the image-work and politics that marks collaborations between Indian developers and their foreign investor-partners, who differ on how to conduct business, value land, and define construction quality. By examining how industry members struggle to overcome differences in order to close deals and construct buildings, this research demonstrates that the expansion of capitalism and the transformation of space are cultural projects, dependent on the reproduction of social ideologies, business cultures, and figures of personhood.

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Third Advisor
Dr. Greg Urban

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MAKING SPACE FOR CAPITAL:
THE PRODUCTION OF GLOBAL LANDSCAPES IN CONTEMPORARY INDIA

Llerena Guiu Searle

A DISSERTATION
in Anthropology

Presented to the Faculties of the University of Pennsylvania
in Partial Fulfillment of the Requirements
for the Degree of Doctor of Philosophy

2010

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Making Space for Capital:
The Production of Global Landscapes in Contemporary India

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Llerena Guiu Searle
For my parents,
Colgate Metcalf Searle Jr. and Cecilia Guiu Searle
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ABSTRACT

MAKING SPACE FOR CAPITAL:
THE PRODUCTION OF GLOBAL LANDSCAPES IN CONTEMPORARY INDIA

Llerena Guiu Searle

Dr. Asif Agha

This study investigates the construction of globally familiar landscapes of malls, office towers, and high-rise housing complexes in Indian cities. Across the country, firms eager to produce these elite landscapes are snatching up industrial estates, inner-city slums, and peri-urban agricultural land, displacing the poor and forcing up land prices in the process. This dissertation complements research on the effects of this urban upheaval on the poor by examining instead the elite actors who are transforming Indian land and buildings into new, international routes of capital accumulation.

Two key players – Indian real estate firms, eager for capital, and foreign investors, eager for returns – collaborate to produce new buildings. Each building is an individual accomplishment in their effort to develop an internationally familiar real estate market in India that can be integrated with global networks of speculative finance. This study draws on interviews with foreign and Indian investors, developers, and consultants, as well as participant observation with a European real estate fund in India in order to examine the work that these industry members do to attract investment and collaborate successfully. It thus provides a window into the mundane hopes, decisions, and practices of the industry members whose combined agency produces what we commonly label “globalization.”
This study documents the ways in which real estate industry members use representations of a prosperous globally integrated Indian future to fuel the expansion of global finance capital into Indian real estate. It highlights the creative role that stories about the future play in shaping investors’ actions, thus contributing to our understanding of the productive power of speculation. This study also examines the image-work and politics that marks collaborations between Indian developers and their foreign investor-partners, who differ on how to conduct business, value land, and define construction quality. By examining how developers and investors struggle to overcome differences in order to close deals and construct buildings, this research demonstrates that the expansion of capitalism and the transformation of space are cultural projects, dependent on the reproduction of social ideologies, business cultures, and figures of personhood.
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>List of Tables</td>
<td>ix</td>
</tr>
<tr>
<td>List of Illustrations</td>
<td>x</td>
</tr>
<tr>
<td>Note on Pseudonyms, Money Terms, and Transcription Symbols</td>
<td>xi</td>
</tr>
</tbody>
</table>

## Chapter One

**Introduction: Building a Market Infrastructure**

1.0 A Profitable Landscape: Gurgaon                                       1
1.1 Large Scale Land Sale                                                10
1.2 Literature Review                                                    16
1.3 Global Finance and Real Estate                                       22
1.4 Interconnected Markets and the Growth of Indian Real Estate          25
1.5 Making Indian Real Estate Internationally Legible                     38
1.6 Who I Studied and Why                                                43
1.7 Chapter Outline                                                      45
1.8 Secrecy, Banality, and “Studying Up”                                  46
1.9 Value Projects                                                       52

## Chapter Two

**Speculating on Indian Futures**

2.0 The India Story                                                      54

**Part 1: Capital Expansion and the Spatial Fix**

2.1.1 The Flood of Money                                                65
2.1.2 India Re-Branded                                                 70
2.1.3 Getting in the Game                                               75
2.1.4 Infrastructure for Growth                                         79
2.1.5 Enter Foreign Investors                                           84

**Part 2: What to Build Where: Allocating Land to the “Needs” of Capital**

2.2.1 Making the Pitch                                                  91
2.2.2 Foretelling the Future                                            93
2.2.3 Allocating Land for Capital                                       101
2.2.4 Convergence Logic                                                 103
2.2.5 Reanalyzing Speculation                                           116

## Chapter Three

**Transparency and the Quest for International Capital**

3.0 Introduction                                                        120
3.1 Transparency Problems                                               124
3.2 What is Transparency?                                               131
3.3 A Murky Business                                                    136
3.4 Risky Investments                                                   147
3.5 Developer’s Credibility Problems                                    157
3.6 The Appearance of Professionalism                                  169
3.7 The Value of Expertise                                              175
**List of Tables**

Table 2.1  
Regulations for foreign direct investment in Indian construction-development projects  
83

Table 2.2  
Anticipated investment in Indian real estate c. 2006-7  
85

Table 2.3  
ASSOCHAM estimates of foreign direct investment in Indian real estate  
89

Table 2.4  
DIPP estimates of foreign direct investment in Indian real estate  
90

Table 3.1  
Selected real estate and construction firms on the Bombay Stock Exchange  
186

Table 6.1  
Selected real estate developers’ profit after tax (in Rs millions)  
334

Table 6.2  
Executive salaries at selected Indian real estate development companies  
334
# List of Illustrations

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Delhi and surrounding towns of the National Capital Region</td>
</tr>
<tr>
<td>1.2</td>
<td>Mehrauli-Gurgaon Road in Gurgaon</td>
</tr>
<tr>
<td>1.3</td>
<td>DLF Cyber Greens, Gurgaon</td>
</tr>
<tr>
<td>1.4</td>
<td>Advertisements line Golf Course Road, Gurgaon</td>
</tr>
<tr>
<td>1.5</td>
<td>Daily life lived in public, Gurgaon</td>
</tr>
<tr>
<td>1.6</td>
<td>The Indian real estate industry consists of numerous, interlinked markets</td>
</tr>
<tr>
<td>1.7</td>
<td>Malibu Towne advertisement</td>
</tr>
<tr>
<td>1.8</td>
<td>Ansals Residency advertisement</td>
</tr>
<tr>
<td>1.9</td>
<td>DLF Corporate Park, Gurgaon</td>
</tr>
<tr>
<td>1.10</td>
<td>The Unitech Corporate Parks Plc corporate structure</td>
</tr>
<tr>
<td>2.1</td>
<td>The “India story” has been popularized by magazines such as <em>Newsweek</em></td>
</tr>
<tr>
<td>3.1</td>
<td>SAP advertisement</td>
</tr>
<tr>
<td>3.2</td>
<td>EmaarMGF full-page advertisement</td>
</tr>
<tr>
<td>3.3</td>
<td>Nitesh Shetty</td>
</tr>
<tr>
<td>4.1</td>
<td>Taj President Hotel advertisement</td>
</tr>
<tr>
<td>4.2</td>
<td>Omaxe Heights brochure</td>
</tr>
<tr>
<td>4.3</td>
<td>DLF Riverside Kochi brochure showing computer generated advertising imagery</td>
</tr>
<tr>
<td>4.4</td>
<td>Central Park II Belgravia brochure</td>
</tr>
<tr>
<td>4.5</td>
<td>Indian developers use international certifications to make claims about “quality.”</td>
</tr>
<tr>
<td>5.1</td>
<td>The original NCAER market structure diagram</td>
</tr>
<tr>
<td>5.2</td>
<td>NCAER statistics are often quoted in popular magazines</td>
</tr>
<tr>
<td>5.3</td>
<td>Hansa Research’s “Great Indian Pyramid” of social classes</td>
</tr>
<tr>
<td>5.4</td>
<td>The McKinsey Global Institute focuses on future predictions since present income data is so bleak</td>
</tr>
<tr>
<td>5.5</td>
<td>Indian real estate developers replicate NCAER diagrams to demonstrate future demand in their reports for investors</td>
</tr>
<tr>
<td>5.6</td>
<td>The McKinsey Global Institute pyramid of Indian cities and towns</td>
</tr>
<tr>
<td>5.7</td>
<td>Jones Lang LaSalle Meghraj matrix for grading Indian cities</td>
</tr>
</tbody>
</table>
NOTE ON PSEUDONYMS, MONEY TERMS, AND TRANSCRIPTION SYMBOLS

Pseudonyms

With a few exceptions, all of the personal names in this dissertation are pseudonyms, as are the company names “EuroFund” and “BuildIndia.” I have also changed project details, locations, and company information so as disguise the identity of the firms EuroFund and BuildIndia. Where an individual has been quoted or company information is available in a published source, I use the real name. I also do so on two or three occasions where the person’s position or experience lends credence to my narrative and where I am certain that the information they have disclosed will not harm them or others in any way.

Money Terms

Throughout the dissertation I use the Indian terms *lakhs* and *crores* to discuss Indian real estate prices, as my informants did. I use the terms billions and millions when quoting non-Indian real estate sources.

1 lakh = 100,000

1 crore = 100 lakh or 10,000,000

Wherever I have calculated dollar costs for rupee amounts, I have used an exchange rate of Rs41.5 to the U.S. dollar, the average exchange rate during my fieldwork period (October 2006-March 2008), according to Federal Reserve currency exchange statistics. Using this average exchange rate, one crore rupees is $US 241,000 or just shy of a quarter million U.S. dollars.
Transcription Symbols

I took handwritten notes to record some interviews and tape recorded others. In transcribing interviews, I use the following symbols:

(       )  My best understanding of an unclear stretch of talking
(?)  Unclear word
((laughter))  Extra-linguistic information
(. . .)  Untimed pause
. . . Ellipsis: I edited something out of the transcript for the purposes of clarity
[ ]  I have added clarification or replaced a word
=  Latching: two utterances which follow one another without pause
[  ]  Interruption with overlap (the amount of text left on the line after the bracket indicates talk which overlaps with the next speaker’s utterance)
1.0 A Profitable Landscape: Gurgaon

The greater Delhi conurbation, now called the National Capital Region, includes satellite towns such as Faridabad, Ghaziabad, Noida, Greater Noida, and Gurgaon in the neighboring states of Haryana and Uttar Pradesh (Figure 1.1). To get to Gurgaon, twenty kilometers southwest of central Delhi as the crow flies, you must travel south through the city’s variegated urban fabric: south from the lanes of Shahjahanabad, built in the seventeenth century; past the palatial bungalows and tree-lined avenues of late Colonial Delhi; past the narrow lots of post-partition refugee colonies or through the low, pastel-colored blocks developed by the Delhi Development Authority; through the posh, gated neighborhoods of South Delhi and out into the rural areas between Delhi and Haryana.

The Mehrauli-Gurgaon Road runs to Gurgaon from the Qutab Minar, a medieval tower near the village of Mehrauli at the southern edge of Delhi. Its numerous lanes of traffic wind past wooded scrub, nurseries, and stone dealers; side lanes lead to villages and “farmhouses” (estates of the rich and famous). There is always at least one pani-wala with his umbrella-shaded metal box inscribed “machine se thanda pani” (refrigerated water) serving the crowd at the bus stop at Andheria More, the big intersection where the traffic coming south along the Mehrauli-Gurgaon Road meets the traffic coming east from Vasant Kunj. You can also catch a ride from here in one of the white SUVs that buzz up and down the road

---

1 Alternately, you can travel down the National Highway-8 (NH-8), from Duala Kuan, passing near the airport and the Radisson. Both routes were under construction during my fieldwork. The NH-8 was being widened (and was therefore partially closed), and, especially towards the end of 2007 and into 2008, the Mehrauli-Gurgaon route was torn up to build the extension of the Delhi metro into Gurgaon.
Figure 1.1 Delhi and surrounding towns of the National Capital Region.

taking workers to Gurgaon’s call centers. On the right side of the road, behind a line of trees now marooned in traffic, people sell hand-forged metal implements from a row of huts. Andheria More gets it’s name from andheri, darkness, and mor, a turn. According to a friend who used to commute along this road, even a few years ago, there was “nothing” here; it was a turn into the darkness. Now this is a bustling thoroughfare, linking Delhi to up-and-coming Gurgaon.

Near the Delhi-Haryana line, the road turns to the right and rises, crossing the Delhi Ridge, as the tail end of the Aravalli hills is called. Here you can glimpse the occasional, lumbering nilgai (an Indian antelope) among the scrub and trees. From the ridge, you descend into a chaos of billboards selling alcohol and real estate: Gurgaon. The road zips past Corporate Park and the Global Business Park, each with large expanses of mirrored, tinted glass. The cream colored walls of Garden Estate, one of the earliest gated housing complexes in Gurgaon, are visible behind walls of bougainvillea to the right. The road takes a tight bend at the village of Sikandarpur, past construction supply venders and real estate brokers. Another sharp turn brings you to a strip of road where thirteen malls in different stages of construction elbow for space (Figure 1.2).

In front of the malls is a littoral zone of parking, pedestrians, and small shops with jaunty, jostling signs: plywood dealers, hardware vendors, painters, brokers, decorators, stone dealers, contractors, electricians. The city’s main business seems to be self-construction. Cars are parked higgledy-piggledy, overflowing designated parking areas. Shoppers wind past water-tanker tractors and chai stands to reach security-guarded, manicured mall entrance areas.
Gurgaon’s industrial clusters are along the National Highway-8: to the north, the Maruti automotive factory, started in the early 1980s, and to the south, Hero Honda scooters. Numerous multinational industrial suppliers have located near these plants. Since the late 1990s, alongside manufacturing, textiles, and pharmaceuticals, the Information Technology industry has boomed here. Gurgaon accounts for ten percent of the country’s software exports and its call centers employ between 150,000 and 200,000 people (GurgaonWorkersNews; Vinayak 2006).² Familiar names – Eriksson, Nokia, Sapient, Genpact, Citibank, Dell, and Microsoft – adorn Gurgaon’s Business Centers, World Trade Centers, and Info-Technology Parks.

To the north of the Mehrauli-Gurgaon Road, past the residential neighborhood DLF City Phase II (named after its developer, Delhi Land and Finance), DLF’s recent corporate venture, Cyber Green, is actually blue with tinted glass and metal siding (Figure 1.3). To the south is DLF’s golf course, the American Express Building, and the concrete and rebar husks of the housing complexes coming up along Golf Course Road: the Palm Springs, the Exotica, the Pinnacle, the Belaire, La Lagune, and others. Cheap metal site fencing lines Golf Course Road, supporting lush, colorful advertisements for as-yet-non-existent places: happy families, romantic couples, swimming pools, and palms are familiar motifs (Figure 1.4). Beyond the fencing and the sweeping entrance archways of future projects are muddy lots and dusty, windswept fields.

Banners advertising “world class” real estate and “international standard” construction crowd Gurgaon’s intersections. Indeed, the new malls, housing complexes, and business parks being constructed in Gurgaon are not unique to India but familiar to cities.

² These figures are from 2006 and 2007, respectively.
Figure 1.2  Mehrauli-Gurgaon Road in Gurgaon.
Source: Photo by author.

Figure 1.3  DLF Cyber Greens, Gurgaon.
Source: Photo by author.
the world over. New residential complexes offer amenities that seem unremarkable: gyms, swimming pools, clubhouses, master bathrooms with his-and-hers-sinks, open kitchens, and children’s rooms. However, such elements are new to Indian housing, a conclusion evidenced by the manuals for living that developers issue to new residents.

Gurgaon’s architecture is not merely self-consciously global; it is futuristic. Taking architectural cues from Dubai, Shanghai, Singapore, and California, Indian builders are imagining a global future and building it in Indian now. The buildings themselves – with their spiraling atriums, space-needle towers, and jutting prows – seem forerunners of some future age. Bright, computer generated images of buildings in street-side advertisements look animated, as though they might take off.

Gurgaon’s futuristic malls, gated high-rise housing, golf courses, and five-star hotels tower over the remnants of what was, until twenty years ago, an agricultural landscape of fields and villages. Where once farmers grew mustard, employees of transnational corporations can now sip coffee or shop for Mercedes Benz cars. For some, Gurgaon has proved a profitable landscape to build and a prestigious one to inhabit. In popular media and everyday discourse, Gurgaon’s glitzy buildings have come to index India’s newfound prosperity and the country’s new footing on the global economic stage.

If Gurgaon represents the “India of glitter and privilege” (Bhaduri 2007, 552), however, it also offers stark reminders of social inequality. Beneath the oversized cell phones, shoes, and fashion models of the malls’ saturated signs, beyond the bright lights of the Metropolis, the Acropolis, and the City Centre, a sea of poor men ebbs home after a long day of work. As night falls, they walk two and three deep on the side of the honking,
dusty road. They carry empty tiffins and smoke bidis. They pack onto buses, suffering the further indignity of a stifling ride home in the halting evening traffic.

In the clear light of a winter morning, this other Gurgaon is visible too. Dodging the SUVs, Mercedes, and Hondas of the morning traffic, a boy cycles me on a rickshaw, standing to get speed. His thin shirt falls from his frame; sweat gathers at his nape. A recent arrival from the countryside, he does not know the route. We cycle past trash-strewn open scrubland and fenced construction sites. Between empty concrete towers under construction and opulent, gated three story houses, lush with potted plants and bougainvillea, children play in piles of rubble. There are signs of daily life lived in public – cooking fires, dishes, laundry – among the rebar, gravel, and huts fortified with blue tarps and bits of plastic (Figure 1.5). At the large construction sites, hidden behind advertisements for Technicolor luxury lives, laborers’ shacks extend like barracks, absorbing the summer sun and the midwinter chill, often without the basics of water, sanitation, and electricity.

The dramatic coexistence of rich and poor, conceived of as the juxtaposition of the ultra-modern and the ultra-traditional, is a common trope in popular and academic media. In Third World cities, we are told, the global financier meets the peasant, fresh from the village, and the gleaming metal and steel of the newest skyscraper reflects the brick huts of a nearby slum. Gyan Prakash, for example has written of “the uncomfortable coexistence of the modern and the ‘obsolete’, the intrusion of the rural in the urban, the combined emergence of official and unintended cities” (Prakash 2002: 5). However, the poor and the rich do not inhabit the past and the future, nor do they merely coexist: their lives are deeply, causally interconnected. High-rise residents inhabit homes constructed, maintained, secured,
Figure 1.4  Advertisements line Golf Course Road, Gurgaon.  
Source: Photo by author.

Figure 1.5  Daily life lived in public, Gurgaon.  
Source: Photo by author.
and serviced by the poor, often on land once inhabited by them. Developers and investors rake in crores of rupees by constructing projects with an impoverished workforce.

Gurgaon’s new towers are striking. To explain their extraordinary rise, and the rapid transformation from fields of mustard to coffee shops and luxury car showrooms, we must consider these buildings as more than spaces for work, living, and leisure. They are tools for making money. For developers and investors, buildings are a means of transforming agricultural land into high-priced homes and high-rent yielding offices; they are speculation on the city’s future ability to bear those high rents. In Gurgaon, numerous people, each motivated by their own desires for profit, prestige, expertise, or growth, make landscapes to make money. In so doing, they carve new routes of capital accumulation, defining a cutting edge of global capital.

In this dissertation, I look beyond the facades of Gurgaon’s glitzy buildings to the international networks of speculative finance and the individual collaborations through which they are produced. By studying the producers of these self-consciously global buildings, I illuminate how elite actors – investors, developers, and their consultants – construct new international networks of accumulation by transforming Indian land and buildings into internationally tradable assets and Indian developers into internationally acceptable business partners. By “studying up” (Nader 1969), I do not mean to ignore the poor; rather, I believe that by tracing the development of new methods for accumulating profit, we can understand better how the poor are displaced, excluded, and dispossessed.

My research provides a rare window into the mundane hopes, decisions, and practices of those building Indian real estate markets. A host of different actors collaborate deal by deal and project by project to move money through a new route of capital.
accumulation that they are developing. They are playing a creative role vis-à-vis circuits of capital, not just in drawing it to India (itself an important component of their activities), but also in developing new avenues for it: new assets, markets, and market participants. My ethnographic enquiry into this process shows that while developers and their foreign-investor partners similarly envision India’s global future, they differ on important issues: land valuation, construction quality, and accounting practices, for example. These conflicts indicate the fragility of their standardizing project, as well as the work required to sustain it.

Contrary to popular and anthropological characterizations (cf. Appadurai 1996), capital does not “flow” around the world; it is painstakingly moved. The combined agency of these developers, financiers, consultants, and bureaucrats produces the integration we commonly label “globalization.”

1.1 Large Scale Land Sale

There are Gurgaon-like landscapes all over India today. Nonexistent in the late 1990s, Indian malls now number in the hundreds, constructed alongside golf courses, luxury homes, and IT campuses. In Mumbai, high-rises increasingly replace the walk-up, multi-unit chawls that housed generations of the working class, thanks to government programs which provide incentives to developers to redevelop them (Mukhija 2003, 19-35; see also Nijman 2008; Nainan 2008). In Kolkata, high-rise housing complexes now sit uneasily alongside the fisheries of the Eastern Wetlands. At Hinjewadi, outside of Pune, brave glass facades house software firms in a technology “park” reminiscent of New Jersey or

---

3 According to one retail consultancy, there were only three malls in all of India in 1999, but by 2007, there were 104 (ICICI Property Services and Technopak Advisors 2007, 2-1). Another market research group reports that there were 5 malls in 2000, 179 in 2007, and an estimated 289 in 2008 (Images Multimedia 2007). According to this last report, there was 1 mall in the NCR in 2000, 40 in 2007, and an estimated 64 in 2008.
California. Similar corporate parks are common sights in Bangalore, Hyderabad, Chennai, and other, smaller cities, too.

These buildings serve Information Technology (IT) companies and related service industries, as well as a “new” post-liberalization middle class (Banerjee Guha 2002; Batra 2005; Fernandes 2004; Nair 2005; Nijman 2007). City governments, eager to attract these users, have poured money into highways, flyovers, and airports and provided concessions to private developers. Even Marxist governments in Kolkata and Kerala have sponsored IT parks and townships in an effort to attract industry and investment (Ajayan 2008; Chakravorty and Gupta 1996; Dasgupta 2007; Economist 2004; Krishnakumar 2007).

Middle class activism around urban aesthetic issues has galvanized support for moving manufacturing, wholesale markets, and informal economic activities (hawking, rickshaw driving, etc.) away from city centers, just as skyrocketing land prices have provided incentives to municipal governments and private landowners anxious to profit from new urban uses (Baviskar 2003; Mehra 2009; Rajagopal 2004; Sanjay Srivastava 2009). As land values outstrip manufacturing profits, industrialists have sold mill land to developers, often to the detriment of former workers (Adarkar and Menon 2004; D’Monte 2002, 2006; Hussain and Das 2007; Thomas 2007). Various government agencies – the railroads, postal service, and Department of Telecom, for example – have also made plans to auction off surplus land or redevelop properties to capitalize on realty values (Aryad 2008; Bharati 2007; Philip 2008; Philip and Bharati 2008; Sanjai 2008; A. Singh 2007); politicians have de-
reserved public plots, opened up ecologically sensitive land to development, and auctioned off government land to private bidders.  

City governments have also found land for real estate development by clearing slums. According to official estimates, the Municipal Corporation of Delhi relocated more than 53,000 households living in *jhuggi-jhopri* clusters between 1990 and 2005 (*Economic Survey of Delhi 2005-6*) – though non-governmental organizations estimate that 79,000 households were evicted in slum demolitions in Delhi between 2000 and 2006, and that 27,000 households alone were evicted when the government razed the Yamuna Pushta settlement in 2004 (Menon-Sen and Bhan 2008, 12; Sanjay Srivastava 2009, 341; see also Batra and Mehra 2008; Dupont 2008; Ghertner 2008). In Kolkata, the government evicted 131,000 people to make way for the new township at Rajarhat, as well as several hundred more within the city at Beleghata Canal and Tolly’s Nala in the early 2000s (Dasgupta 2003).

In Mumbai, the municipal corporation demolished approximately 90,000 slum dwellings, displacing as many as 450,000 people and clearing three hundred acres of land between November 2004 and March 2005 (*Economic and Political Weekly* 2005; Mahadevia and Naryanan 2008). The private developer HDIL plans to relocate 80,000 slum dwellers for the Mumbai airport expansion project (*Mint* 2008), and the Maharashtra government is eliciting bids from private developers to redevelop the 535 acres of the Dharavi slum into market-rate commercial and residential space; the project would affect close to 60,000 slum dwellers.

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4 Against the protests of environmentalists, the Delhi Development, for example, awarded developer Emaar MGF the contract to build thirty-four towers of athlete housing for the 2010 Commonwealth Games on twenty-seven acres of Yamuna riverbed; in the original agreement, Emaar MGF would be able to sell almost half the apartments as private housing (Pandit 2006; Emaar MGF Land Ltd 2007).

5 As Mahadevia and Narayan (2008) show, the history of slum demolitions in modern Mumbai stretches back to the 1950s. In the later half of the 1990s, the Municipal Corporation was removing slum dwellings at a rate between 50,000 and 100,000 each year.
dwellers and net the government as much as Rs 10,000 crore (Jacobson 2007; Jamwal 2007; Ramanathan 2007c, 2007d).  

In the countryside, too, a struggle over land is raging. Land aggregators representing major companies are out in villages, convincing farmers to part with their land. Public authorities have also been taking rural land by eminent domain, invoking the Land Acquisition Act of 1894 to jumpstart highway projects, ports, mines, industrial plants, and townships (Analytical Monthly Review 2007; Handique 2007). The private companies, investors, and developers who will develop and operate these infrastructure projects through “private-public partnerships” benefit from the state’s involvement, while land-owners, farmers, and laborers are often poorly compensated.  

The 2005 Special Economic Zone (SEZ) policy has spurred the acquisition of land by providing considerable tax incentives to the developers and industries who build and operate SEZs, privately controlled territories established to encourage exports. As of February 2008, an estimated 760 SEZs had been proposed, with a combined area of over 450,000 acres; these projects would displace 10 lakh people currently dependent on...

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6 In return for the right to build at high densities on the Dharavi land, developers are required to build new homes for slum dwellers. Residents complain, however, that the government estimates of the slum population are low and that the plan will dispossess artisans, business owners, renters, and those that have moved to the slum in the last decade. Anyone who owns more than 250 square feet in Dharavi currently will have to buy back space.  

7 For example, for its Maha Mumbai SEZ, Reliance Industries was paying the government Rs5-10 lakh per acre for land the government acquired from farmers on its behalf. However, concurrent transactions in the area suggest land was trading privately at Rs3-5 crore per acre (Kuber 2007; Manoi 2007). Similarly, Jha and Guha (2007a) report that farmers unable to obtain change in land use certificates were selling land to Reliance for its Haryana SEZ at Rs20 lakh an acre as against a market price of Rs28-30 lakh per acre; in Dadri and Greater Noida, Uttar Pradesh, farmers were selling at Rs10-12 lakh an acre, while the market price was Rs25 an acre. Jha and Guha point out that large companies setting up SEZs do not have to get change in land use certificates when they have tied up with state governments and that many state government also mandate that transactions take place at government-established circle rates that fall below market value. For a review of land compensation practices at Singur, West Bengal, see Chandra 2008.  

8 The SEZ act was passed by Parliament in 2005, put into effect in February 2006. The SEZ rules were tweaked after protests over land acquisition in 2007.
agriculture (Citizens’ Research Collective 2008). Moreover, since only 50 percent of a multi-product SEZ area need be allocated for industry, observers worry that much of the SEZ land taken out of agricultural production will be used for real estate speculation and development, not industry (Frontline 2006; Ramakrishnan 2006; Seminar 2008; Shrivastava 2008, 13-14).

Real estate developers and other large companies such as Mukesh Ambani’s Reliance Industries, the Mahindra Group, and Videocon, have accumulated vast tracts of land reserves, called “land banks” in the business. Morgan Stanley Research estimated that as of February 2007, seventeen major Indian developers had acquired a total of 46,200 acres, much of it in the previous two to four years; the same companies planned to purchase another 99,164 acres (Baisiwala and Desa 2007). The two real estate giants Delhi Land and Finance (DLF) and Unitech held over 10,000 acres each. DLF more than doubled its land reserves between April 2006 and January 2007, from 4,265 to 10,255 acres (Dagar 2007; DLF Limited 2006, 2007). We can assume that these numbers – accounting for only seventeen of the hundreds of developers in the country – present a conservative sample of the true scale of land sales. Moreover, these data were probably outdated soon after publication.

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9 The developers may not own this land outright. DLF’s land total, for example, includes: land owned by the company; land to which the company has sole development rights; land which the company plans to develop through a joint development agreement; land leased to the company by various government authorities; and land in respect to which the company has signed memorandum of understanding to purchase or develop (DLF Limited 2007, 3).

10 To put the current land sale underway in India in context, we should remember that traditionally, land in India has been economically vital as a means of agrarian production. Indians have viewed land as a permanent store of wealth more enduring than gold, cash, or livestock. Simultaneously, land ownership carries prestige, associated with high caste status, political power, and wealth. In many places in South Asia, people see themselves as sharing in the substance of their land; ancestral land embodies ties of kinship, citizenship, and village belonging (Daniel 1984; Osella and Osella 1999; Selvaduri 1976). For these reasons, land markets in India, while existent, have been constrained; historically, Indians have sold land primarily in distress situations.
Protests over land indicate the extent of dispossession currently underway. On March 14, 2007, police and Communist Party of India – Marxist (CPI(M)) members opened fire on villagers protesting government acquisition of 14,000 acres of agricultural land for Indonesian conglomerate Salim Group’s proposed chemical-industrial SEZ in Nandigram, East Medinipur district, West Bengal.\(^{11}\) They killed at least fourteen people and brutally assaulted and raped uncounted women (Chaudhuri and Sivaraman 2007; R. Das 2007; Niyogi and Sen 2007; TASAM 2007).\(^{12}\) Nandigram shocked the nation. Activists, scholars, and opposition parties condemned the CPI(M) and called for West Bengal Chief Minister Buddhadeb Bhattacharjee to resign. Yet Nandigram is merely the most dramatic flashpoint in this struggle over land. In Singur, farmers protested the government’s appropriation of nearly 1,000 acres for the Tata Group’s Nano car factory; they eventually forced Tata out, though not until after land had been acquired (see Chandra 2008).\(^{13}\) Through marches, of extreme debt, drought, or famine (see Agarwal 1994, 18n37). In a study of land transfers in Uttar Pradesh over a thirty year period (1952-3 to 1982-3), for example, Kripa Shankar (1990) found that only 0.13 percent of land was sold annually and that “marginalized farmers” with small holdings were the most likely to sell their land. Other studies report similar findings (for a review, see Rawal 2001, 617-19).

\(^{11}\) Both the Central Bureau of Investigation (although their report was never released to the public) and a three-member team from the Congress party concluded that CPI(M) militias and other cadres, some of them dressed as police, joined the police in the violence (Economic Times 2007b; Economic Times 2007c).

\(^{12}\) Eyewitness accounts suggest the death toll was much higher (see TASAM 2007). The attack followed months of sporadic violence between the CPI(M) – the majority party in the Left Front government that has ruled West Bengal since 1977 – and the Bhumi Uchhed Pratirodh (Land Eviction Resistance), a group formed by local peasants and opposition parties (the Trinamul Congress, Jamait Ulema-i-Hind, and the Socialist Unity Centre of India) to resist the Left Front government’s plans to acquire 14,000 acres. Clashes between the CPI(M) and Bhumi Uchhed Pratirodh continued throughout the summer and fall (A. Banerjee 2007; Chaudhuri and Sivaraman 2007). In September, the government announced that the SEZ would be moved to Nayachar, a sparsely inhabited island (Times of India 2007c). After violence in Nandigram again made national headlines in November, the state called in the Central Reserve Police Force to pacify the area (Chattopadhyay 2007a, 2007b; Hossain and Chaudhuri 2007).

\(^{13}\) Government appropriation spurred real estate speculation in the vicinity of the project. The price of land rose more than tenfold (from Rs3-5 lakh to Rs50-60 lakh) in some areas near Singur (Acharya and Gooptu 2008; Dutt and Pain 2007). As Majumder (2009) points out, there was “silent approval” of the car factory from some landowners interested in profiting from land sales and in gaining non-farm employment. These landowners, he contends, were not “peasants” but middle caste and middle class bandralok who aligned themselves with state narratives of industrial progress and thus supported the project. His investigation reveals that the social realities in Singur were more complex than the narrative of peasant resistance that the national
rallies, sit-ins, and violent clashes with authorities, farmers have opposed land acquisition at Manesar, Haryana; Wagholi and Raigad, Maharashtra; Nandagudi and Mangalore, Karnataka; Deganga and Chakchaka, West Bengal; and across Goa, Andhra Pradesh, Orissa, and Jharkhand, among other places (Balagopal 2007a, 2007b; Business Standard 2009; Dash 2007; Economic Times 2007c; India Knowledge @ Wharton 2008; Jones 2008; S. N. Kumar 2007; South Asian 2007).

New tools of capitalism make this vast acquisition of land possible. These new tools have transformed Indian land into an asset that serves the “world city” pretensions of urban elites and the high profit expectations of developers, corporations, and investors. These tools extend beyond regulations like the SEZ Act to the web of international practices we call real estate. The possibility of developing real estate colors how Indian land is valued, used, and traded. By developing new real estate practices in India, investors, developers, consultants, and government officials are transforming Indian land from a resource for agricultural or industrial production into a financial resource increasingly available to international corporations and investors.

1.2 Literature Review

Scholars have interpreted the Indian government’s appropriation of land for SEZs and other development projects as an example of Marx’s “primitive accumulation” (Basu 2007; Batra 2007; Chandrasekhar 2006; Whitehead 2003). Marx coined the term to show (contra Smith) that capitalism originated in a brutal conflict that tore men from their land...
and means of subsistence, creating a landless work force and a stock of capital (Marx 1906).

Both Perelman (2000) and Harvey (2003) argue that rather than a historical event that set
capitalism in motion, primitive accumulation remains an integral part of capitalist expansion.
Perelman sees primitive accumulation in the slow erosion of families’ ability to self-provision
and in the commoditization of goods and services once produced in the home.

Harvey uses the idea of primitive accumulation, which he renames “accumulation by
dispossession,” to understand the expansion of global finance since the 1970s. He argues
that “[C]apitalism always requires a fund of assets outside of itself if it is to confront and
circumvent pressures of overaccumulation. If those assets, such as empty land or new raw
material sources, do not lie to hand, then capitalism must somehow produce them” (Harvey
2003, 143). New assets are created through the privatization of public goods, environmental
commons, and cultural forms; through the territorial expansion of capitalism into Eastern
Europe, China, and elsewhere; and through financial crises. Although Harvey’s formulation
highlights the inequalities created through capitalist expansion, it requires specification (Hart
2006); Harvey does not describe in detail how new assets are produced or markets are
created for trading them.

Scholars of urban geography have also linked urban change to transformations in the
organization and reach of global capitalism. They argue that urban governments have used
urban space as a tool to attract international investment and become centers of financial
production, like New York, London, or Tokyo (Sassen 2001). The “entrepreneurial” city
governments that have replaced the social welfare-oriented managerial governments of the
1960s actively lure investment by sponsoring and providing concessions to urban
redevelopment projects that “mobilize city space as an arena both for market-oriented

This scholarship produces a useful political-economic framework for understanding urban redevelopment, but much of it treats “global capital” as a unitary actor. Few scholars provide details on the practices of the real estate developers and government officials who initiate and develop urban redevelopment schemes. They thus fail to problematize fully the macro-economic and geographical trends they describe. For example, Neil Smith, writing about gentrification as a global phenomenon, comments that “the mobilization of urban real-estate markets as vehicles of capital accumulation is ubiquitous,” and he cites high real estate prices in mid-1990s Mumbai as an example (Smith 2002, 446). Smith naturalizes the very phenomenon this dissertation seeks to understand: how has “real estate” become a global phenomenon?

Other scholars have similarly identified certain building types as self-consciously global, without explaining their proliferation. Scholars have studied the gated housing phenomenon in India (Falzon 2004), Brazil (Caldiera 2000), China (Fraser 2000), Egypt (Kupping 2004), Indonesia (Leisch 2002), Turkey (Onca 1997), and the United States (Blakley and Snyder 1997; Low 2003), among others places (Webster, Glasze, and Frantz 2002). Authors have explained the adoption of Western building styles in terms of their ability to produce distinction in local markets (Wu 2004), attract business (Gaubatz 2005), and legitimize local governments or social hierarchies (Guano 2002). For example, Leaf
contends that the production of “American”-style suburban housing in Jakarta is a state-supported tactic to transform the city into a symbol of modernity and thus demonstrate the success of the New Order’s developmentalist philosophy (Leaf 1991, 1994). Yeoh (2005) shows that many of the urban megaprojects in South East Asia (Malaysia’s Petronas Twin Towers or Singapore’s Esplanade, for example) fulfill the twin goals of “going global” and building postcolonial national identity through a presentation of local cultural heritage (see also Bunnell 1999). While these authors place high-rise housing (and occasionally, offices) into the context of the global competition for “world city” status and investment, few look beyond the state or building residents to understand the spread of these global forms.

This scholarship follows in the tradition of anthropological studies of the built environment, most of which have primarily considered the production of urban space in terms of state control and citizen resistance (Bourdieu 1979; Comaroff and Comaroff 1992; Foucault 1984; Ghannam 1998, 2002; Holston 1989; Mitchell 1988; Wright 1991; Yeoh 1996; J. Scott 1998). Similarly, studies of colonial Indian cities have described British attempts to transform colonial society through urban projects and have highlighted the role of modernist ideologies in that process (Glover 2008; Hosagrahar 1999; Oldenberg 1984). While drawing on these scholars’ attention to processes of cultural negotiation and subject formation, I break from this tradition by considering instead the production of the built environment by the private sector in a post-colonial capitalist setting, where profit – not control or reform – is the explicit aim of building producers. Much of the urban world is now produced in this manner.

Despite the ubiquity of private-sector construction, scholars have paid little attention to building producers. As John Logon writes, “Much is written about land-use patterns,
gentrification and world cities, but little is said about land developers, real estate syndicators or insurance companies” (Logon 1993, 36). By considering the production of “global” buildings in India, I contribute to a small, provocative literature on the globalization of architectural and real estate services (Cuff 1999; Fainstein 2001; Haila 1997; Thrift 1986; Tombesi 2001; Tombesi et. al. 2003). Developers now work with a range of international consultants: bankers, property consultants, accountants, architects, and engineers. These groups are members of what Olds has called the “global intelligence corps” (Olds 1997) and others have labeled the global “professional-managerial class” (Castells 1989) or the “transnational capitalist class” (Sklair 2001, 2005). While many scholars suggest that these professionals’ universalizing expert knowledge (about planning, finance, property, etc.) enables global transactions by producing trust and uniformity (e.g. Lash and Urry 1994; Giddens 1991) – few have provided ethnographic accounts of how such communities operate, establish standards and practices, or communicate knowledge (Mitchell and Olds 2000; Olds 2001).14

In order to address these issues, I draw on scholarship about making markets. Anthropologists, historians, and sociologists have shown that making markets takes work. Studying the construction of markets requires attention to the abstracting and simplifying work done to make objects tradable. Callon (1998, 2005) has called this process “disentangling”; he argues that objects must be “decontextualized, dissociated and detached” to be traded (Callon 1998, 19).15 Scholars have long recognized that alienation

14 Applbaum (2004), Mazzarella (2003), Arvidsson (2000), and Miller and Rose (1997) undertake analogous work in their studies of the production of marketing discourses and practices.

15 Callon’s essay in the Laws of the Markets (1998) has been influential to my thinking on this topic. I am, however, uncomfortable with his entrance into the discussion with the question of “calculative agencies” which raises the red herrings of mentalité, rationality, disinterestedness, etc. His definition in his 2005 article is
enables exchange; the process of commodification strips objects of their singular histories and human attachments (Kopytoff 1986; Stallybrass 1998; Weiner 1985, 1992, 1994). Humans have devised various mechanisms for “alienating, titling, standardizing, [and] utilizing” things that were initially difficult to exchange (Kockelman 2006, 88). Indeed, the current expansion of markets relies upon the quantification, standardization, commensuration, and privatization of what had been qualitative, unique, incommensurable, or commonly owned – for example, semiosis and sociality (Kockelman 2006), land (Verdery 2003), nature (Nevins and Peluso 2008), social networks (Elyachar 2005), and “culture” itself (Brown 1998; Myers 2004). Scholars have shown that privatization and standardization are inherently socio-cultural processes with unpredictable and varied outcomes (Burawoy and Verdery 1999; Espeland and Stevens 1998; Lampland and Starr 2009; Mandel and Humphrey 2002).

However, processes of abstraction do not leave commodities stripped of their human associations but entangled in new ones. Sole focus on alienation misses the work that various agents undertake in order to construct markets as well as the variety of social

clearer, noting that agencies are enabled by social and physical structures, “(R)configuring an agency means (r)configuring the socio-technical agencements constituting it, which requires material, textual and other investments” (2005, 4). We can see that he is grappling with the production of what other scholars might call subjectivity, though the term agency enables him to discuss possibilities of action. Perhaps because of Callon’s terminology and his insistence on determining the origins of calculative thought, Daniel Miller’s critique (2002) of Callon misinterprets disentanglement as a personal detachment in the act of buying or selling, rather than the larger infrastructure (property rights, contracts, law, systems of credit-debt, ideologies about the market, etc.) that enables exchange to occur. That larger infrastructure (or Callon’s agencement) is not “rational” or “disentangled” in any way, though it does include complex social mechanisms for constituting particular objects as commodities. In fact, my analysis should demonstrate that constituting objects as commodities and people as traders requires systems of social regard, prestige, and aspiration. By discussing the development of a new market for Indian land and buildings, I do not in any way mean to suggest that Indian property developers and others have suddenly adopted a “calculative agency” where before they lacked one, though certainly their working methods and calculative practices are changing. Moreover, we should not confine our analysis of the infrastructure of market practices to financial discourses and theorems; as I have tried to do here, we need to analyze discourses from the larger business world – management consultancies, business schools, the popular business press, etc. – and to see how these discourses inform and diverge from actual market practices (see Thrift 2005).
and technical formations that enable exchange. Carrier and Miller (1998) for example, write in sweeping terms of the increasing abstraction of the economy and the rise of a new “virtualism” without engaging the specificities of particular abstracting projects. The constitution of objects as assets enables their incorporation into expanding capitalist markets by incorporating them in new legal regimes and social configurations, what MacKenzie calls the “infrastructures of markets: the social, cultural, and technical conditions that make them possible” (MacKenzie 2006, 13). My aim in this dissertation is not merely to assert that land in India has become commodified, for land sales have a long and complex history in India; rather, my goal is to show it being transformed into a new kind of commodity, structured through new social relations.

1.3 Global Finance and Real Estate

Indian land and buildings are being commodified anew in the context of the globalization of finance capital. Finance capital provides liquidity to the capitalist system, speeding up the circulation of capital and coordinating among different capital uses. Since the 1970s, this sector has grown dramatically (Krippner 2005), outpacing its traditional role in facilitating international trade and investments in production. New financial instruments (derivatives, mutual funds, bonds, etc.), new traders (pension funds, hedge funds, private equity funds, and sovereign wealth funds), and new markets in countries which had previously restricted foreign investment and foreign exchange transactions have resulted in a dramatic increase in the volume of financial transactions and in the significance of financial flows worldwide (see K. Singh 1998).
The rise of the global finance industry and its associated producer services has contributed to the development of international markets in real estate (Sasson 2001, esp. 190-6). As financial firms cluster in the center city districts of particular cities, land prices rise out of proportion with national markets and in line with financial districts abroad. These same financial firms invest in real estate in other cities, linking them together in an international market for particular real estate products.16

Real estate has also become a resource for finance capital. A new range of investors (the same financial industries for which the real estate industry builds office space, i.e., banks, insurance companies, pension funds, private equity and hedge funds) capitalize real estate projects through increasingly complex financial mechanisms, perhaps the most well-known of which is securitization (see Boddy 1981; Logon 1993). Real estate assets of all kinds have been “re-engineered” so that they can be traded as fluidly as bonds (Morris 2008, 57-8).17 As Donald Trump Jr. commented to an Indian newspaper during a 2007 visit, Real estate is a finance game today. From a banking perspective, it’s no longer considered any different from other forms of corporate finance. In the high end segment in which we operate, real estate is seen as part of an individual’s investment portfolio, along with stocks and bonds. (Economic Times 2007e)

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16 One might trace these trends back to the late 1960s. Several scholars describe the new role that financial firms played in the property boom in England during the late 1960s and early 1970s (Boddy 1981; Marriott 1967). Daly (1982) highlights the relationships between British capital and a concurrent property boom in Australia.
17 Despite efforts to transform real estate into a financial asset, real estate makes a strange commodity in part because it is dependent on land. Because land is limited in supply and unique in its properties, buildings are non-standard commodities, fundamentally different from mass-produced cars or blue jeans (Logon and Molotch 1987, 17-49). Property values depend in part on an owner’s ability to extract ground rent, i.e. value that accrues through the owner’s monopoly over a unique parcel with particular locational advantages. (Marxist scholars have debated the origins and role of rent in capitalist society and distinguished between different types of rent; for an excellent review see Patel 2005, 298-313). The tension between the unique nature of property and the desire to trade it internationally sets up interesting dynamics in the study of its abstraction.
The result, in places like London, has been “a long-term shift away from what might be called ‘industrial landownership’ (where land is owned essentially as a condition of other production) and towards ‘financial ownership’ where the ownership of land is itself the means of extracting a profit” (Massey 2007, 48). I argue that a similar transformation is unfolding in India.

Like many other countries, India opened its markets to networks of global finance when it liberalized its economy in the early 1990s. It did so in response to a balance of payments crisis that had been brewing since the 1980s. Strapped with high central government debts, current account deficits, a sudden outflow of Non-Resident Indian investments, and a plunging international credit rating that limited borrowing options, the government neared default in early 1991. In July, the Government of India arranged a stand-by loan\(^{18}\) of $2.26 billion dollars from the International Monetary Fund (IMF) and began a series of policy reforms to “stabilize” the balance of payments situation and to liberalize the economy in line with IMF and World Bank orthodoxy. This structural adjustment program included industrial, financial, and trade policy reforms designed to introduce tight monetary policy, increase exports, reduce state involvement in industry, banking, and financial markets, and increase foreign investment (see Bhaduri and Nayyar 1996; A. Ghosh 1992; N. Kumar 2000).\(^{19}\) In the Government of India’s words, the reforms

\(^{18}\) IMF Stand-By Arrangements are short term (12-24 month) loans, to be repaid within 3.25-5 years. They are often approved but not disbursed, remaining an option that countries facing a balance of payments crisis can call on should conditions deteriorate. https://www.imf.org/external/np/exr/facts/howlend.htm (accessed 31 August 2009)

\(^{19}\) The government devalued the rupee; liberalized its industrial licensing program; dismantled import quotas and reduced tariffs; allowed foreign investment (including in portfolio investments) without prior government permissions in many sectors; partially deregulated the state-owned banking system, permitting private sector and foreign joint-venture banks; and sold off public sector industrial assets.
were “aimed at making Indian industry globally competitive and increasing the extent of integration with the global economy” (Department of Economic Affairs 1996).

The liberalization of the Indian economy has precipitated an increase in real estate activity as builders and developers scramble to construct space for foreign tenants (many of them providing back office services for financial firms). Simultaneously Indian real estate is being developed as a financial instrument in its own right, a means for foreign firms and wealthy Indians to invest in Indian assets alongside stocks and bonds. We turn now to the legal and institutional changes that have enabled Indian real estate to grow so rapidly.

1.4 Interconnected Markets and the Growth of Indian Real Estate

To understand the effects of liberalization on the Indian real estate market, it helps to visualize “Indian real estate” as a series of interconnected markets for building-related products and services. These include: markets in land, construction materials, project finance, consulting services, mortgages, media about real estate, consumer durables, and home decorating products (Figure 1.6). Each of these interrelated markets consists of buyers and sellers, of course, but many of the buyers are real estate-related companies (construction, media, and consulting firms, for example) rather than building occupiers (home-buyers or corporate tenants). Each of these various, interconnected markets has grown over the last twenty years, especially since liberalization.\(^{20}\)

\(^{20}\)This view of the market that I heuristically provide here differs from that of my informants, who, couching specific local knowledge in international property jargon, see “Indian real estate” as a number of markets “segmented” by city, by grade of building (Class A, B, C), and by type of building (what my informants call “asset classes” or “verticals”: hotels, retail, office, housing, etc.). For example, my informants would differentiate between the market for Class A office buildings in Calcutta and that in Bombay – or even between sub-areas within one city. They would consider the market for apartments in both cities different from that for
Figure 1.6 The Indian real estate industry consists of numerous, interlinked markets. Lines in this diagram represent sales, with the buyer at the arrow end. Source: Chart drawn by author; computer imagery by Joshua Enck.

They reiterated that India is not “one market.” While this is certainly true, I find dividing the market up instead into its subsidiary parts is a useful way to understand its history.
At the hub of this growing system of interconnected markets is the real estate developer. The developer purchases the services of marketers, surveyors, architects, planners, lawyers, and construction firms and procures finance in order to transform land into buildings which he can sell or rent.\textsuperscript{21} He thus circulates financiers’ money through the process of property development, returning it with profits garnered through changing land uses and constructing or improving buildings. A developer, then, plays a different structural role than a builder, who constructs the building (and provides the labor, materials, and equipment for doing so). In practice, in India, many developers started out as builders and still retain some construction capabilities within their firms (see Patel 147-8).\textsuperscript{22} Similarly, a large development company might have its own in-house architectural, marketing, or land-surveying team.

This configuration of interrelated markets, with the real estate developer (or developer-builder) at its center, is new in India, as are many of the markets’ players and products. The role of real estate developer has existed in India at least since partition, in varying forms in various regions. However, developer-led capitalist property development has coexisted with cooperative, self-built, and government-produced systems of building development (Patel 1995).\textsuperscript{23} In the past, builders constructed buildings directly for

\textsuperscript{21} The overwhelming majority of developers are men.

\textsuperscript{22} Commenting on the real estate industry in Ahmedabad in the mid-1990s, Patel writes, “Given the complexity of building construction and the ever present possibility of contractors producing substandard work, developers in Ahmedabad cannot, in effect, ‘buy’ well-constructed buildings by contracting the entire building construction work to a builder” (Patel 1995, 160).

\textsuperscript{23} Patel (1995) offers an extended comparison between these various modes of building. He sees three features of developer-organized capitalist property development which together differentiate it from government-produced, cooperative, or self-built construction: 1) Buildings are produced as commodities; 2) the goal of building is capital accumulation; and 3) producers compete with one another (Patel 1995, 100). His account also provides good examples of the difficulties an analyst might have in disentangling these three forms. He argues that in Ahmedabad (Gujarat), the first real estate developers emerged in the 1960s; many were builders who moved from construction to developing property after gaining experience with cooperative housing

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government clients, industries, cooperative housing societies, or individual landowners. Those clients coordinated finance, land procurement, and sometimes, construction. While these other forms of property development still exist in India, the developer-led capitalist property model – with its subsidiary markets – has risen to the fore, particularly in relation to government-led construction.

In the National Capital Region, for example, government agencies such as the Ministry of Rehabilitation and the Delhi Improvement Trust developed close to 6,000 acres of land around Delhi to house the more than 500,000 refugees that came to the city after Partition. Private developers also sold plots of land, but the state, in an effort to control planning and ensure the provision of housing to the majority of residents who could not afford market-rate housing, established the Delhi Development Authority (DDA) in 1957 and froze all development on vacant lands in the city in 1959 (Kacker 2005). Similar legislation in other cities gave municipal urban development authorities a monopoly on large-scale building activities. In 1976, the Government of India passed the Urban Land (Ceiling and Regulation) Act (ULCRA), which limited the amount of vacant land that one owner could hold and established procedures for the state to appropriate land held by individuals and companies in excess of the limit (Acharya 1987). The government aimed to curb urban land speculation and ensure housing for the poor through such regulations.

Projects (Patel 1995, 60-61). He contends that by the 1970s, the cooperative housing movement (which had begun in the 1920s), was merely a façade for profit-oriented private development as developers created fake cooperative societies, complete with fictitious members, in order to avail of public financing (Patel 1995, 80; see also Wadhva 1989).

24 The act also established permissible building sizes for vacant urban lands, and it required sales of vacant urban land to be approved by the government. Passed by the central government, the act went into effect immediately in Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Maharashtra, Orissa, Punjab, Tripura, Uttar Pradesh and West Bengal, and all the Union Territories. Assam, Bihar, Madhya Pradesh, Manipur, Meghalaya, and Rajasthan adopted the act later, and Tamil Nadu already had similar legislation in place.
During this period, developers were restricted from large-scale private work. Some developers worked as builders on government contracts and small private projects. Others operated at the margins of the legal system. Some sold plots in unauthorized colonies, as demand for housing outstripped the Delhi Development Authority’s provision of new homes. By 1993, more than one thousand such colonies existed in Delhi (*Economic Survey of Delhi 2005-6*). Others became brokers in obtaining UCLRA exemptions from politicians, and they played the high-priced market for exempt land which developed. Writing about Ahmedabad, Patel argues that developers who learned to navigate around the UCLRA actually consolidated power during this period: “After 1976, not only was a specialist agent, who could manage the supply of land necessary, but possibilities of making super-profits from property development also multiplied” (Patel 1995, 137).

Since the mid-1990s, the model of state-dominated urban development crumbled nationally as states and municipalities, urged by the central government, opened urban development to private corporations. In the National Capital Region, this shift happened a decade earlier. While the Delhi government had closed off opportunities for developers to develop large projects legally, the neighboring state of Haryana invited private firms to develop townships. With the Haryana Development and Regulation of Urban Areas Act of 1975, the state established a mechanism for private companies to obtain licenses to develop...

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25 The DDA itself became a speculator in land – holding parcels until the price rose, selling through auctions to high bidders, etc. – in order to fund its building development costs. Its monopoly on land also squeezed supply and drove land prices up. It delivered only a fraction of housing and office space needed, and catered predominantly to rich and middle-income groups (Kacker 2005).

26 By many accounts, the UCLRA failed to deliver a more equitable distribution of urban land (see Acharya 1987). The exemptions, in particular, crippled its effectiveness. By 1999, when the government repealed the Act nationally, for example, municipal authorities had acquired only 8 percent of estimated surplus land (Batra 2007; Mahalingam 1998).
The state began issuing licenses in 1981, attracting developers especially to Gurgaon. There were reportedly twenty-six developers active in Gurgaon by the mid-1990s, although three companies – Delhi Land and Finance, Ansal’s, and Unitech – have dominated Gurgaon’s development (Jamwal 2004).

In addition to a government policy shift towards private-sector construction, developers in India today obtain financing from new sources. Before the late 1990s, developers had almost no access to formal, institutional financing because the government restricted public sector banks from lending to them (Patel 1995, 124). Developers funded projects by attracting investments from private individuals; by having housing buyers pay for their homes in advance installments; and by partnering with landowners.

In Delhi, the firm Delhi Land and Finance (DLF), for example, used to operate on a “land-bank partnership model.” Founded in 1946 to take advantage of the demand for housing after partition, the firm developed approximately 5,800 acres of Delhi, selling plots

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27 According to the Haryana Development and Regulation of Urban Areas Act of 1975, “colonizers,” as they are called, pay a fee for a license as well as a one-time external development charge for government construction of roads, electricity lines, sewerage, and water lines up to the boundary of the “colony.” Developers are responsible for purchasing land directly from farmer-landowners; constructing infrastructure within the colony; maintaining it for five years; complying with planning regulations; and providing open space, schools, hospitals, etc. as well as a certain percentage of housing for the poor (“economically weaker sections”). Critics charge that the private sector has benefited unduly from this program, while the state has born the burden of providing external infrastructure (Jamwal 2004). The one-time external development charges do not cover the cost of infrastructure provision or maintenance, which has fallen to Haryana’s overwhelmed Urban Development Authority. However, developers do charge large maintenance fees to housing residents. Developers have also found ways to dodge the economically weaker section quotas by selling such housing through shell companies to non-poor individuals. They have flouted land use regulations by allotting public uses to marginal lands, encroaching on public lands, and constructing buildings that do not comply with government-approved plans.

28 Several reports note that Delhi Land and Finance’s K. P. Singh, through his contacts with prime minister Indira Gandhi’s son Rajiv Gandhi, convinced Haryana chief minister Bhajan Lal to allow private township development in Haryana, beginning with Singh’s own project in Gurgaon (Damodaran 2008, 285-6; Namburu 2007, 25-26). The Haryana Development and Regulation of Urban Areas Act was passed earlier than the reports claim Singh was lobbying Gandhi; a more plausible version of the story has Gandhi helping Singh with permissions (Menon 2006). At the least, Delhi Land and Finance was the first to get a license under the Act in 1981. I also heard rumors (which I was never able to substantiate), that Singh bribed Haryana authorities for his license by providing land for National Highway-8, which bisects Gurgaon.
of land in the colonies Hauz Kaus, Greater Kailash I & II, Kailash Colony, South Extension, Shivaji Park, and others before the Delhi Development Act came into effect. The firm acquired land on a profit-sharing model wherein farmers sold their land to DLF on credit. The company paid landowners back from the proceeds of plot sales, in installments with interest; many landowners re-deposited the proceeds with DLF, in effect using the company as a bank (Damodaran 2008, 284-5; Namburu 2007, 11). The founder’s son-in-law, K. P. Singh, used the same strategy to finance his land acquisition in Gurgaon in the 1980s (Namburu 2007, 31).

In the 1990s, the government loosened restrictions on developer finance, and the banks began lending to developers. The government also allowed foreign investors to fund Indian construction projects beginning in 2002, and it further liberalized the policy in 2005. These changes radically expanded the capital available to developers, enabling them to develop large, speculative projects.

In addition, a mortgage market has been steadily growing in India since Deepak Parekh started the first mortgage granting institution, the Housing Development Finance Corporation, in 1977 (see Budhiraja et al. 2001). The creation of other housing finance companies beginning in the late 1980s; the entrance of commercial banks to mortgage

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29 DLF was unable to continue selling plots on this scale once the Delhi Development Authority Act restricted the firms’ ability to buy more land. The firm diversified into construction, then manufacturing, before returning to real estate development in the early 1980s (Damodaran 2008, 285).

30 The private Housing Development Finance Corporation (HDFC) began giving loans to real estate developers for construction in 1989, though it kept this lending at a very small scale (interview with a senior manager at HDFC, February 23, 2007). In an interview from 1991, HDFC’s Managing Director comments that banks do not fund developers in part because many set up their businesses as short-lived limited partnerships, producing “no track record for the financial institutions to consider.” Also, he notes that he is careful that his loans go for construction, not land purchasing: “it is in the builder’s interest to buy more land with our money, wait some 6-12 months, and sell the land to repay the loan and make a profit instead of investing it in actual construction” (P. Rao 1991, 51-2).

31 Banks continue to fund only construction, not land purchase. The latter accounts for more than fifty percent of project costs for most projects.
lending in the 1990s; a sharp fall in interest rates (from 16 percent in 1989 to below 10 percent in 2004); and the introduction of tax incentives for mortgage-takers helped the market grow.\textsuperscript{32} Outstanding mortgage loans as a percentage of GDP more than doubled between 2001 and 2005, from 3.4 percent to 7.25 percent (National Housing Bank 2006).\textsuperscript{33} Prior to the availability of mortgages, Indians purchased homes using personal savings, so this market has greatly expanded the consumer base for housing projects, particularly among the salaried “middle class.”\textsuperscript{34}

Developers began building for other new consumers as well: Non-Resident Indians (NRIs), multinational companies, and the Indian Information Technology and Information

\textsuperscript{32}The government took an active role in developing the mortgage market by establishing first, the Housing and Urban Development Corporation in the late 1970s and the National Housing Bank in 1988. The latter body develops regulations and provides funding for mortgage granting financial institutions. It attempts to expand the mortgage market through various schemes for expanding loan opportunities for rural populations, the poor, the elderly, and women, as well as through also developing a secondary mortgage market, creating securitization processes and devising other ways of involving the capital markets in housing finance (National Housing Bank 2006; interview with Shri Sridhar, Chairman and Managing Director of the National Housing Bank, December 24, 2006).

Indian banks, housing finance companies, and the National Housing Bank have begun to securitize mortgages, but this is relatively new; mortgage-backed securities remain a small percentage of mortgages, most of which continue to be held on the originating banks’ books. For example, at the end of fiscal year 2005-2006, HDFC had cumulatively sold loans aggregating 2,043 crores as mortgage-backed securities, while in 2005-2006 alone, HDFC disbursed 20,679.20 crores in new loans (HDFC 2006).

\textsuperscript{33}A rise in the total value of mortgages masks the fact that home prices are rising faster than new loan dispersions. A senior manager at ICICI bank told me that average loan sizes increased from Rs4.5 to 5 lakh in 2003-4 to 13-14 lakh in 2007. So while the mortgage industry has grown at a compound annual growth rate of 40 percent CAGR for the last five years, the number of new mortgage loans has only been growing at a rate of 8-10 percent (interview with a senior manager at ICICI bank, October 26, 2007). A senior manager at HDFC bank corroborated this picture, explaining that while their total loan portfolio increased by 25 percent in 2006-7, the number of new accounts had only grown by 10-15 percent (interview with a senior manager at HDFC, February 23, 2007). The Chairman and Managing Director of the National Housing Bank also explained the overall growth of the real estate and mortgage industries might be due to that the extraordinary rise in property values, masking an actual increase in the housing shortage (interview with Shri Sridhar, Chairman and Managing Director of the National Housing Bank, December 24, 2006).

\textsuperscript{34}One study of land markets in Lucknow conducted in the early 1990s found that 86 percent of 521 sampled households had paid for land (on which to build a house) in purchases dating back from the 1970s to the 1990s with a single payment, suggesting that families saved to buy land over a long period of time and did not avail of either developers’ installment payment schemes or bank loans (Kundu 1997, 233). Today, the majority of loans fund home purchases, not self-construction, home improvement, or home equity (interview with a senior manager at HDFC, March 26, 2007).
Technology Enabled Services (IT/ITes) industry. The entrance of multinational companies and Non-Resident Indians into the Indian market after liberalization in the early 1990s spurred a spike in real estate prices in cities like Mumbai and Delhi, as there was not supply to meet the sudden demand for space (see Brauchli 1995; Nijman 2000). In the National Capital Region, developers designed projects specifically for NRIs and recruited buyers from Dubai, Singapore, and elsewhere. Several told me that at that time, only NRIs and the wealthiest Indians could afford to buy what they were constructing.

Buildings and advertisements from the early 1990s indicate an NRI target audience. Malibu Towne, developed “by an ex-NRI Californian,” claimed to offer “the ambiance of a typical lush green American housing development” (Figure 1.7), while DLF’s Beverly Park condominiums were modeled after properties the DLF Chairman saw in Florida. Advertisements addressed NRIs or corporate employees: the “Colonial American Style Country Home” in one advertisement is “Ideal for . . . diplomatic residences, Multinational, NRIs, Exporters, etc.” Similarly, Ansal’s marketed its Residency Studio Apartments for the “busy businessman” (Figure 1.8). Today, developers continue to woo NRI clients, through advertisements (King 2002), NRI buyers’ guides, direct mailings, and offices and property fairs abroad.

As well as housing for NRIs, developers began building office space for the multinational companies expanding into India in the mid-1990s and the growing IT industry. Existing offices in Delhi did not meet these firms’ specifications, as they were lacking a

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35 The 1973 Foreign Exchange and Regulation Act was amended in 1993 to allow NRIs and majority-NRI-owned businesses to buy real estate in India (see Nijman 2000).
36 Many developers’ websites contain a page addressed to NRIs that usually includes information on the legal framework for NRIs and Persons of Indian Origin (PIO) purchasing property in India. For an example, see Raheja Developers, “Raheja for NRI” webpage, http://www.rahejabuilders.com/common/support-nri.asp (accessed January 15, 2010).
Figure 1.7 Malibu Towne advertisement.  

Figure 1.8 Ansals Residency advertisement.  
guaranteed power supply, air conditioning, and large contiguous spaces. Developers responded with new designs. For its first office building for this post-liberalization target audience, DLF flew its architects to look at a building near the Charles de Gaule airport in France. The result was Corporate Park, now home to Pepsi, GE, and Oracle (Figure 1.9).37

Multinational corporations such as McKinsey, Microsoft, the Royal Bank of Scotland, Fidelity, and IBM have worked directly with Indian developers, architects, and interior architects to construct “build-to-suit” offices in India. Architects I spoke with said they learned about international design, construction methods, and standardizing their own production through working on such projects. Many have also collaborated with multinational firms’ in-house architectural teams to recreate international specifications in India. Architects can do so now increasingly with imported materials: tiles, flooring, plumbing fixtures, siding, outdoor pavers, glass for curtain walls, and other architectural materials can now be imported from around the world, in another growing ancillary real estate market.

As the real estate market has grown, so too have other related services: architecture, engineering, marketing, accounting, and law firms were scrambling to add staff or build property-specific divisions in 2006-2007.38 Acting as intermediaries between Indian real estate developers and potential foreign corporate clients, subsidiaries of international property consultancies were first established in India in the mid 1990s: CBRE in 1994 and

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37 This information on the inspiration for DLF’s Beverly Park and Corporate Park come from an interview with a senior architect at the firm.
38 One study predicted 1,000 new architects and 5,000 civil engineers would be hired in 2007 (Business Line 2007). Anecdotally, all of the architects I interviewed said they were hiring. Srinivasa (2007) reports that the number of architecture graduates in India is not enough to keep pace with the demand, leading to rising salaries and stiff competition between companies to retain architectural staff.
Figure 1.9  DLF Corporate Park, Gurgaon.
Source: Photo by author.
Cushman Wakefield in 1997, followed by numerous others (DTZ, Jones Lang LaSalle Meghraj, Knight Frank, Colliers, etc.). Banks have also added property divisions. These companies publish industry reports and provide brokerage and advisory services, in effect circulating international methods for valuing, marketing, and maintaining property as they interact with Indian developers.

The market in real estate media has also grown. The *Hindustan Times*, for example, began carrying the occasional real estate related article in about 1999, in its Life & Style section. By 2001, it had a dedicated real estate section, HT Estates, which, alongside property listings, featured profiles of interior designers, residents, developers, and up-coming projects; advice on dealing with contractors; information about obtaining home loans; and tips on home decorating. Other major newspapers and magazines have followed suit, with special sections or “line extensions” devoted to real estate, and television channels have added property-focused television shows such as business news channel NDTV Profit’s “Hot Property” program. Developers took out a almost four thousand full paged newspaper ads in 2006; they also advertised heavily on the radio and on property websites such as magicbricks.com and indiaproperty.com (Bhatia and Shah 2007).

In addition, a growing number of architectural and interiors magazines, real estate magazines, and women’s magazines feature advice on home décor.39 These new media and the (imported) home products advertised in them – appliances, modular kitchens, bath tiling, fixtures, furniture, paint, etc. – have created a new interest in home decorating and interior

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39 Some are Indian productions (*Architecture + Design; Realty Plus; India Today Home; Ideal Home and Garden*) and others are international subsidiaries, with both Indian and foreign content (*Better Homes and Gardens; Good Housekeeping; Elle Décor*).
design among building consumers. Indeed, my informants underscored that decorating one’s home is a novel concept in India.

To summarize, the fifteen years since economic liberalization began have ushered in a larger role for private developers vis-à-vis the government; new avenues for financing real estate projects; new consumers; and new ancillary markets. As a result, the number, scale, and speed of Indian real estate projects has grown. These changes precipitated a real estate boom that involves many people – construction material importers, media conglomerates, architects, lawyers, graphic designers, bankers, builders, and developers – each working to expand these interconnected real estate markets.

1.5 Making Indian Real Estate Internationally Legible

These industry members are not merely expanding markets for Indian real estate and real-estate related products; they are integrating them with foreign markets. In order to integrate them, they are making Indian real estate internationally fungible, that is, transforming Indian land and buildings into globally legible financial instruments. To do so, developers, investors, consultants, numerous people in related businesses, and the Indian government are reproducing the complex of practices for constructing and trading immovable property that we call real estate. Indian developers and consultants are learning and adapting international techniques for valuing, building, brokering, managing, marketing, and investing in buildings.

Industry members fight to transform Indian real estate into an internationally familiar field of practice on numerous fronts. First, they have pressured the central and state governments of India to make a more “efficient” market in land through repealing acts like
the ULCRA which limited private developers’ access to urban land parcels; to open urban infrastructure projects up to the private sector; to enable foreigners to invest in Indian real estate and infrastructure construction; to reduce stamp duties (taxes on property transactions); and to computerize land records. While these efforts are often rationalized through appeals to efficiency, growth, or poverty reduction (e.g. Shastri 2007; World Bank 2007), they are also bids to make land a more easily traded asset, freed from the monopoly of state development authorities and the uncertainty of unfamiliar land titling systems.

Second, foreign investors collaborate to construct new buildings that meet international expectations. Although there are many buildings in India, foreign real estate investors feel there are few buildings in which to invest. A Senior Vice President at an American private equity firm told me that in India,

> There are no portfolios to buy, there are no fixed assets to buy. There are no rental buildings yet. You can count buildings on your fingertips. If you have moved in Delhi and Bombay, tell me, how many buildings can you buy today that has a single owner? Maybe DLF has five buildings. That’s it. Unitech has two buildings. Who else? Nobody else. Hiranandani might have one building. So where is that opportunity for anybody to buy these kinds of assets? Where are the portfolios? These portfolios will get built in the next ten years. But ‘til that time, a private equity player has to be a developer.40

In India, there are no readily available real estate portfolios the way there would be in the U.S. or Europe, where these firms are used to investing in groups of real estate assets at a time.41 There are not even individual buildings to buy because Indian buildings are not built to the standards that international real estate developers and their multinational corporate

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40 DLF, Unitech, and Hiranandani are large Indian real estate development firms.
41 By “portfolio,” he means a collection of investments. In the world of finance, a building is an abstract entity, an asset that can be bought and sold along with other assets in a portfolio. One can diversify a portfolio by investing in a wide range of assets, and one’s portfolio can gain or lose value as a whole, based on the valuations of its components.
clients expect: they have the wrong layouts, sizes, facades, construction quality, and features. Moreover, most existing buildings have been sold in “strata” to numerous buyers, making them impossible to purchase as one asset and resell. In the absence of buildings-cum-assets that meet foreign expectations, foreign investors are acting like developers: in partnership with Indian firms, they are constructing new buildings in which to invest.

Third, investors and developers devise ways of structuring buildings as financial instruments they can sell (or “exit” from) profitably. They have hired lawyers, accountants, and property consultants to figure out how to do this while meeting shifting government requirements for foreign direct investment. A foreign fund, for example, might establish a subsidiary company in a tax haven like the Cayman Islands, which in turn shares ownership of a joint venture company with an Indian developer-partner. That joint venture company (also incorporated in a tax haven) owns 100 percent of a “special purpose vehicle” (SPV) in India which constructs a new building. Instead of selling the building outright, and incurring the taxes and restrictions the Indian government has put on such a sale, the foreign fund can sell shares in either the special purpose vehicle or the joint venture company to other investors (Figure 1.10). As they devise these complex deal structures, foreign funds,

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42 Providing an example of a foreign (in this case British) critique of Indian buildings, Claer Barrett of Property Week writes of Gurgaon, “far from being a shoppers’ paradise, it is the stuff of nightmares.” She catalogues Gurgaon mall developers’ “obvious mistakes,” and warns her foreign investor-reader, “Investors who believe that Indian retailing is the hottest sector should take an aspirin before reading further” (Barrett 2007).

43 A special purpose vehicle (SPV) is a company set up for a specific purpose that limits the liability of the sponsoring company. In the U.S., the term is “special purpose entity” (see Financial Times 2005).

44 The example I’ve given here was as told to me by an informant who worked for a fund. The example in the figure explains a similar type of corporate structure for Unitech Corporate Parks, a subsidiary of Unitech (one of India’s largest developers) that is incorporated in the Isle of Man and listed on the London Stock Exchange Alternative Investment Market (AIM). The image is from the firm’s corporate investor presentation, downloaded from the Unitech website in November 2007 (a similar image can be found on the Unitech Corporate Parks website: http://www.unitechcorporateparks.com/group.htm). I think that industry members developed this type of structure after the Government of India declared that all foreign investment in the form of preference shares would be considered debt and thus be subject to the (more stringent) External
Developers and investors devise ways of structuring their real estate investments so that shares in construction projects can be sold outside of India. (G1-ITC, G2-IST, N1-3, and K1 are construction projects/buildings.)

Source: Unitech 2007b
Indian developers, and all their consultants construct new buildings-as-financial-structures (here, a building as shares owned by various off-shore companies).

Fourth, members of the industry produce representations of the Indian real estate market itself. Property and management consultants – groups like Ernst&Young or CBRE – write market overview reports that developers and investors pick up at conferences, download from the web, or Xerox from one another. Journalists summarize these reports in the financial newspapers, circulating their findings to the wider business community. By describing the Indian real estate market in the same jargon used for other markets – in terms of cap rates, yields, and asset classes – and by representing it using graphs that compare India to other markets along measures of mortgage penetration or retail space constructed, these reports help industry members envision Indian real estate as a market comparable to those elsewhere. They produce a narrative of industry growth and “progress” towards an international norm that attracts investors comforted by indicators of similarity and eager to share in the proceeds of growth.

Fifth, foreign investors and Indian developers help build an international real estate market by creating buildings-as-commodity-images. Developers and their consultants create a host of image-fashioning products that range from elements of the building itself (novel architectural motifs and features, elaborate entrance gates, landscaping, the building’s name, its location, etc.) to representations of the building such as brochures, model apartments, advertisements, videos, and scale models. These representations connect particular

45 Of course, as Patel (1995) points out, architects have historically been concerned with crafting unique building-images. He argues that under capitalist property development, image-making is characterized by the profit motive (and thus the limitation of costs) and competition (241-242). His extended discussion of image-making in the 1970s-1990s in Ahmedabad indicates that the brochures, model flats, and architectural motifs used today in India have roots several decades old and are not merely the result of foreign direct investment.
buildings with social discourses, imaginaries, and trends that developers feel will lend prestige to their properties, enable them to earn a higher profit, and increase their sales. Significantly, building-images usually pre-date the buildings they represent. Giving nonexistent commodities a coherent and desirable present form, they encourage property buyers to invest their money. Technologies for a speculative trade in future buildings, they enable trade to flourish ahead of the slow, capital-intensive process of construction.

1.6 Who I Studied and Why

A scholarly friend in Delhi described the real estate boom as resulting from the “perfect marriage” between foreign capital and Indian elites. And, indeed, conferences I attended resembled elaborate mating rituals between the two groups. In fact, foreign investors compared finding a local business partner to dating, and they used metaphors like “getting in bed with a partner” to describe the process of “tying up” with another firm.

Rather than witness conflict-free marriages forming, however, I saw people struggling to form fragile partnerships over difference. Foreign investors and Indian developers disagreed on critical issues like how to value land or how to hire architects. Investors confided that they found India perplexing. A developer from the U.K. told me pessimistically that he thought “half the guys” at a conference we attended in 2006 would go back to the United States or Europe without investing. I asked him why, and he explained,

Well, you’re a manager of five funds and you’ve got five hundred million dollars to spend – it’s much easier isn’t it when some guy comes to you with a mixed, balanced portfolio for New York or London? You can do the deal Monday afternoon. It would take you ten years to invest that money in India.
In part, this dissertation investigates why investing in Indian real estate is slow by international standards and what industry members are doing to speed up the process. As I conducted my research, I came to see globalization as work: those engaged in expanding markets face the problems of aligning others to their interests and gaining control over work processes, business practices, labor, and materials. This dissertation explores how industry members overcome differences in practice in order to form partnerships, move money, and build markets.

In telling this story, I focus on two groups – Indian real estate developers and foreign investors – because the frictions between them best illuminate differences between Indian and foreign real estate practice. The difference between foreign investors and Indian developers is not necessarily one of nationality but of interests and business practices. “Foreign” investors are often men of Indian origin, educated in prestigious American business schools with experience working for American or European banks, private equity firms, or consulting firms. Their firms have chosen them to head up their Indian operations because they assume they have local contacts and some understanding of Indian business practices. Also, many foreign funds that establish offices in India hire local staff members, as do the international property consultancies and other intermediaries working to make Indian real estate a profitable international investment. My discussions with Indian born, locally-educated staff indicate that they differentiate themselves from Indian developers and align themselves with the interests of their parent firms.

Real estate is an emerging field of practice populated by many actors. In addition to investors (fund managers, analysts for investment firms, etc.) and developers, I interviewed architects, marketers, brochure designers, brokers, bankers, high-rise housing residents,
planners, journalists, magazine editors, consultants with international property firms, and others. I used these interviews to gather descriptions about practices and interactions that I could not witness myself (deals in the making, for example); to triangulate in on Indian real estate developers, who were a difficult group to interview directly, but whose consultants (designers, architects, brokers, etc.) were happy to talk with me; and to piece together a picture of the interconnected markets that make up the field of real estate practice.

1.7 Chapter Outline

Chapter Two examines the speculative discourses that have fueled changes in Indian law regarding foreign direct investment, spurred investment in Indian real estate, and informed individual developers’ decisions about what to build where. I argue that investors in Indian real estate are betting on India’s economic integration and on cultural convergence between India and the West as they decide which projects to back. I underscore the uncertainties surrounding real estate investment in order to highlight the role that stories about the future play in shaping investors’ and developers’ actions.

While Indian real estate developers and their foreign investor-partners have similar visions of India’s future, they differ on how to conduct business, value land, and define construction quality. My research investigates the politics and the boundary work that marks their relationships, thus highlighting the fragile nature of their standardizing project. In Chapter Three, I argue that international investors use transparency claims as tools in a bid to transform Indian real estate developers into globally familiar business partners. By labeling Indian real estate practices non-transparent and illegible foreign investors insist
upon changes in developers’ accounting practices, valuation methods, firm organization, and interaction style.

In Chapter Four, I examine one European real estate investment fund’s strategy to produce profit in the Indian market, a strategy that hinges on the category of quality. The fund’s struggles to carry out its quality project throws light on the differences between Indian and international real estate development practices. This case study demonstrates that the standardizing work of globalization requires selling expertise and controlling work processes.

Chapter Five considers in detail a tale which both developers and investors tell about the emergence of a young, high-earning demographic in India. They project this story – true today for a tiny fraction of the Indian populace – into the future, forecasting the development of a prosperous, internationally familiar, consumerist Indian society. These discursive sleights of hand enable real estate developers and investors to target the elite today while talking about a future middle class.

The dissertation concludes by investigating the dispossession of real estate construction workers, who build expensive buildings for meager pay. The routes of capital accumulation that developers and investors are developing contradict the theories of trickle-down economic gain that they use to justify the industry’s spectacular growth.

1.8 Secrecy, Banality, and “Studying Up”

I conducted fieldwork for this dissertation from October 2006 to June 2007 and from August 2007 to March 2008, primarily in Delhi and its environs. My dissertation fieldwork built on pre-dissertation research I conducted in Delhi, Pune, Mumbai, and
Kolkata during the summer of 2005. My fieldwork corresponded with the height of the Indian property bubble, a moment of frenetic capital expansion and speculative hubris. The market showed signs of slowing in the second half of my fieldwork, as the U.S. – and with it the rest of the world – slipped into financial crisis in the fall of 2007. The dissertation does not document the effects of crisis and devaluation on the industry but instead focuses on the production of the speculative bubble that preceded the economic downturn.

Researching the Indian real estate industry was deeply frustrating: I had difficulty meeting and interacting with industry members, gathering basic information, and delving into industry practices. Gradually, however, I began to find my moments of frustration revealing. The challenges of studying business practice revealed the contours of different business cultures and helped me to see the particularities of the Indian real estate industry in its moment of turbulent and sudden expansion.

My first moment of disconnect as an anthropologist came with my definition of my interactions with my informants. Whereas I thought of myself as “conducting interviews” in an anthropological mode, my informants saw our interactions as “meetings”: bursts of time that had to fit into a schedule and compete with the other meetings that crowded the day. To achieve face-to-face interactions, I had to adapt to Indian businessmen's meeting scheduling habits. My informants were very busy; they scheduled appointments flexibly and chronically arrived late. Often, my informants would ask me to call them on a particular morning, and they would tell me then if they could fit me in, or very likely, to call back the following day. Some contacts would put me off for weeks or months and then call to say they were free that afternoon, or in an hour. I spent much of my fieldwork frantically trying to get across town and waiting in office reception areas once I had arrived. After weeks of
calls, cancelled meetings, and false starts, I might have half an hour with an important contact, a time shorter than the ideal interviewing conditions outlined in books on anthropological method (e.g. Weiss 1994), but consistent with business people’s practices and schedules. My informants also often answered their phones, checked their email, or attended to employees or clients in the middle of our interactions, as they would in other meetings.

While I found these meeting practices jarring, my informers found my motives, plans, and status mysterious. For example, they attached their own meanings to my word “research.” In keeping with the discipline’s history in India, many of my informants associated anthropology with the study of tribal groups or archaeology. They asked me the moment they saw “Department of Anthropology” on my business card, “What is an anthropologist doing studying real estate?” Those who understood I was doing a study expected it to be an industry report, available in a few weeks. Everyone wanted a copy, and they were baffled when I said I would be in India for another year or so doing research. From their point of view, my study would be out-of-date, and therefore useless, before it was published. Moreover, as a foreign female student, I did not fulfill my informants’ expectations of the kind of person with whom they usually met. While industry members usually negotiated deals during meetings, they found that I was neither a potential investor nor a possible partner. I had no “skin in the game,” no stake in a particular deal or project; I didn’t bring money, land, or contacts “to the table” – only questions and dubious expertise.

My ambiguous position in meetings was reinforced by another problem inherent in “studying up:” I could not afford the emblems that would have placed me in my informants’ social world. Since my informants assumed that I lived in a fancy, expatriate neighborhood,
they were surprised on the rare occasions that I admitted to living in déclassé Lajpat Nagar (a lower middle class Punjabi neighborhood). Similarly, I did not wear a fancy watch or jewelry, travel with my own car and driver, or flaunt a late-model cell phone. Whereas many anthropologists struggle with the problems created by their comparative wealth, my research budget paled in comparison to the incomes of those I studied and the budgets of their companies, putting certain research activities out of reach. I was unable to accompany visiting architects on a last-minute Delhi-Chennai flight because the cost of the ticket was US$1,000, much more than my monthly budget. Although corporate data was often the only source of data for trends I was interested in quantifying, I could not afford it. Some corporate events were also prohibitively expensive. For example, registration at the Global Real Estate Institute conferences cost US$2,475 (for single non-members who pre-register six weeks in advance). While frustrating, my encounter with these barriers and questions of status revealed crucial facts about the contours of the social world I was studying that might have remained invisible to me if my way had been smoothed by money and status.

Ultimately, I found a way into development conversations: a European real estate fund whose managing director saw a use for a cultural anthropologist. Where I hoped to learn about residential building, he hoped that I would be able to provide insight into Indian housing preferences so that his firm could “tap into cultural norms” when designing a new housing complex. He agreed to let me “intern” at the office in return for access to my

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46 Detailed research reports from the international property consultants can cost upwards of Rs10 lakh. The 2004 report from the National Council of Applied Economic Research, *The Great Indian Middle Class*, which I tried to obtain for Chapter Five, sells for Rs2.5 lakh (or $6,024).

47 Luckily, this conference’s organizers waived the fee for me as an academic. Many conference organizers do not have such a policy, making corporate conferences inaccessible to ethnographers. This is a pity because conferences are excellent ethnographic resources. Beyond providing the opportunity to observe formal presentations of industry concerns, they are essentially social events, excellent for meeting numerous industry members in one place, speaking with them informally, and getting a sense of industry politics.
findings from resident interviews. Even here, the managing director – otherwise quite supportive of my work – was reluctant to let me sit in on meetings. Most problematically, the first project to materialize for the fund was a commercial project (described in Chapter Four). As fund employees focused energy on commercial real estate, my offer of residence preference data lost value. In order to remain involved in the firm’s activities, I helped to do basic research for the firm, and I took corporate visitors on tours of Delhi and Agra. In return, I gained industry contacts, learned about project finance, and interviewed the managing director and other employees. Though I wrote relatively little about the firm itself, these meetings and interviews provided insights into the industry as a whole.

Even once I reached a meeting, the conversations were initially baffling. I regularly felt that my informants were fobbing me off with pat phrases and vague explanations. Many of my informants were skittish about sharing even the most banal information with a tape recorder running. As Kiran Wadhva has argued, some of this secrecy emerges from illegality: “Due to the illegal overtone of their operation, the private developers were not very forthcoming with information (especially quantitative) regarding their activities” (Wadhva 1989, iv). However, the real estate boom itself also created conditions that demanded secrecy. Since information itself was a commodity in the highly volatile, competitive real estate market, industry members treated prices, profits, deal structures, and project details as highly guarded secrets. My Indian developer informants cared less about

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48 In a most frustrating incident, the head of a small marketing agency allowed me to record an interview. Afterwards, he had me play back what I had recorded, and then he asked me to erase it, citing concerns about the recording being digital, and thus easy to circulate. From what I could tell, there was absolutely nothing on the tape that was remotely confidential; he merely described his concept for a brochure for a Gurgaon office building (the brochure had already been printed, and I could have obtained it from the developer). After I unsuccessfully tried to convince him that I would never email his interview to anyone nor let anyone else listen to it, I erased the file. Because of incidents like this, my fieldnotes are filled with complaints, concerns (did I do something wrong?), and frustrated rants.
being quoted in an American book than about saying something from which I (or their competitors) might profit. As a result, I found it nearly impossible to obtain financial records, projections, deal structures, construction costs, and profit margins due to this data’s commodity value.\textsuperscript{49}

It was not only Indian developers who were secretive. Missed meetings, un-returned phone calls, dodged questions, and polite promises illuminated a strategy that differed from the corporate secrecy of large companies but mirrored it. Employees of large corporations operate within a tight legal framework that regulates what they can and cannot say about projects. Many sign non-disclosure agreements about their work. As a result, foreign informants were concerned about their names or company names being used in published material. For example, one woman to whom I was introduced through a mutual friend was concerned that her job at a multinational company, or even her ability to continue working in India, would be jeopardized should she speak with me. Although I promised her that we could come up with a way of identifying her in my dissertation that did not compromise her position, in the end, she declined to be interviewed. Working in a world where information is worth money, and where sharing information can damage the course of careers and lives, anthropologists of finance must negotiate these silences and use them. These moments of silence can show us the shape of communication and the structures of power within the industry.

Once I finally achieved meetings, I often found moments of speech to be as opaque as moments of silence: I found my informants’ rehearsed answers exasperating. So cohesive

\textsuperscript{49} Industry members also claimed not to keep historical price data, old brochures, and the financials for constructed projects (of which, actually, there were relatively few).
were many of their accounts of the industry that I gathered that I began to think of a particular narrative as “the party line.” I felt I was delineating only the public face of the industry, and the practices I could not investigate directly cast a long shadow over my fieldwork. Eventually, however, I recognized that this “party line,” what my informants called the “India story,” both mattered and required explanation. What were its origins? How had industry documents, international reports, and the narratives of individuals that I interviewed come to be so congruent? What uses did the “India story” serve? I came to see stories and image work as vital to my informants’ attempts to draw investment to India and construct a new market. It is these stories, their congruity and their material power, that this dissertation explains.

1.9 Value Projects

Throughout the dissertation I portray efforts to produce a new market as a series of value projects: industry members work to boost the value of their company, its properties, and its promoters in the eyes of investors, consumers, and the general public. Much of that work involves positioning these entities well in relation to other highly regarded trends in order to convey the possibility of profit. Using the term project, I also mean that industry members pursue strategies for reaching their goals, but that outcomes are by no means certain. I hope to capture the improvisational nature of market-making without suggesting that interactions between Indian developers and potential foreign partners are mere “contingent encounters” across difference (Tsing 2005, 4). The individuals with whom I interacted are heavily invested in their projects, though they do not necessarily have the power to implement them alone.
Despite the large number of different individuals and corporations involved in Indian real estate, industry members – whether Indian or not – tend to communicate profitability using the discourses that have become the shared market common sense. Just as development discourses define problems so as to necessitate particular techno-managerial interventions (Ferguson 1994; Mitchell 2002), business discourses set the stage for certain actions: they are *instrumental* in drawing investment to India and in creating an international market in Indian real estate. Thus, while the documents produced by the industry – from investor presentations to stock prospectuses and glossy magazine features – appear banal in their rehearsal of stale claims and statistics, they are quite important, for they constitute the background against which arguments are made, properties are sold, and deals are closed. This lingua franca between industry members mark certain practices, formulations, and futures as desirable, constituting a hegemonic view that pushes real estate practices (and landscapes) towards an international standard. Even within these apparently hegemonic performative discourses, however, there are fissures. This dissertation points to the necessity of grounding discourse analysis in institutional arrangements, cultural practices, and political economies, as it points to the divergent meanings differently situated members of the real estate industry ascribe to commonly used terms and to the disparate projects that underlie an apparently seamless industry narrative.
“What was a speculator anyway, if not a storyteller, who wrote the ending before the beginning?”

— Scott A. Sandage, *Born losers: A history of failure in America*

“In politics, it is important to not only do the right thing but to be *seen* to do the right thing. This is not to build a case for deception; it’s just that the ‘optics’ is vital. A similar type of situation is faced by a business organization that is seeking an image overhauling and turning itself around – or for a country presenting itself as a potential economic powerhouse and competing with the rest of the emerging markets as an attractive investment destination.”

— Kamal Nath, *India’s century: The age of entrepreneurship in the world’s biggest democracy*

### 2.0 The India Story

Sanjeev, a broker specializing in Gurgaon and South Delhi realty had assembled some old housing brochures for me, and I stopped at his office in central Delhi to pick them up. As we sat across from each other at his desk, sipping tea, he handwrote price information on the brochures, and we chatted about various Gurgaon housing projects. He suggested, as many of my informants did, that I should personally invest in real estate. Perhaps I could even convince friends back home to join me. I protested that I should have invested four years ago, before the real estate market took off. Surely, now whatever I bought was bound to lose value. Sanjeev looked up from his writing, put his pencil down, and told me he was going to tell me a story. He motioned to my notebook and instructed me to write it down.

Sanjeev recounted that his uncle bought property in Defense Colony (an affluent neighborhood in South Delhi) in 1965. He paid 4.5 or 5 lakh for a 500-yard plot of land and the construction of a house on it. His uncle’s next door neighbor sold an identical piece of
land (without the house) for 6.5 or 7 lakh a few years later. That plot of land kept changing hands. In 2002, it sold to a developer for two crore. Five years later, it sold for 15 crore.

Sanjeev asked,

The question is, when was the best time to have bought that property? It may have been in the last couple of years. The highest appreciation may have happened between 2002 and 2007, or even after that, because the property may have rose from two to five crore and then maybe the prices were flat for a bit, and then it tripled to 15 crore.

He concluded his tale with a moral:

You see, any time seems like a bad time to buy property because of the appreciation. But in the last fifty to sixty years, property on a five year cycle has never let anyone down. If, God bless you, you have enough money to buy property, and you invest in a decent location, real estate in India will not let you down.

Sanjeev hopes to convince me that appreciation indicates profit to be made, not an impending crash. In so doing, he recounts a morality tale for a booming market, a story of incredible appreciation extrapolated as faith in continued appreciation.

Sanjeev was not alone in his ability to cite real estate values from memory, nor in his insistence on their continued escalation. Informant after informant expressed faith in ever-increasing values. One real estate consultant argued that prestigious locations face no limits to appreciation, citing the sale of an apartment on Marine Drive in Mumbai at an astounding 85,000 rupees per square foot to prove his point.\(^1\) Many insisted that real estate would never decrease in value. Gurdeep, the marketing director for a Gurgaon-based developer, asserted:

\(^1\) The most expensive apartments in Gurgaon at this time were about Rs12,000 per square foot. My informants at EuroFund mulled over news of the same sale at lunch one day, debating whether the purchase was “rational” or not. *The Times of India* reported the story as well: a four-bedroom apartment on Marine Drive in Mumbai sold for 34 crore, or Rs97,842 per square foot, making it the largest recorded real estate transaction in India (Bharucha 2007). Another newspaper later reported the price as Rs63,000 per square foot (R. T. Sharma 2007). The variation in these reported prices on the same property indicates the difficulty one would have
Real estate is something that has to appreciate. It is historically in the last thousands of years, if you see, real estate cannot have a cycle that goes down, it only has to appreciate. Yes, within a cycle there are graphs that are going up and down, but over a period of time real estate has to appreciate. Every five years it has to go up by one hundred percent. It has to. I mean if you see historically, it has. So there is no way that it won’t.

Like Sanjeev, Gurdeep transforms historical trend (however loosely interpreted) into future necessity, claiming “real estate has to appreciate.”

Many of my informants simply told dramatic, personal stories of appreciation. They recounted tales of relatives and friends who bought plots of land in Gurgaon in the early 1980s at 300 or 350 rupees per square yard; by 2006, those plots were worth about 60,000 rupees per square yard. A broker in Gurgaon bought an apartment for his family in 2002 at Rs1700 per square foot; in 2007, it was worth Rs6000 per square foot. A mall developer told me he paid Rs900 a square meter in 2003 for land on the outskirts of the National Capital Region (in Ghaziabad); he claimed that nearby land was selling for Rs35,000 a square meter just three years later. Another developer boasted that his plot in Saket (a posh South Delhi neighborhood) had appreciated to 1.5 crore (15 million) in 2006 from one lakh rupees in 1985. Like Sanjeev, he concluded, “When we bought it in 1985, we said the price is very high. Today we say the price is very high. But I believe in the next ten years, this fifteen million will become thirty million.”

These ubiquitous stories about price appreciation are just one example of stories about growth circulating in the Indian real estate market in 2006-2007: stories about the growth of consumer demand, of the Indian workforce, of Gross Domestic Product (GDP),

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[Note: This text seems to be taken from a larger work, possibly a research paper or a book, and contains a reference to a source.]

An apartment in the same building apparently sold for Rs73,000 per square foot in 2006 (Bharucha 2006).
of incomes, of foreign investment, of the real estate industry, of infrastructure, of Information Technology (IT). These stories appeared in newspaper articles, industry reports, investor presentations, Government of India publications, brochures, and conversations. My informants have a shorthand for this collective narrative about India’s growth: they called it the “India story” (Figure 2.1).

The “India story” has elaborate endings and thin beginnings. Indian developers, foreign investors, consultants, and the Indian government love to talk about the future, pausing only briefly to extrapolate from the past. Members of the industry repeat predictions until they gather the patina of common sense and the persuasiveness to motivate action. As a result, high land prices precede discernable economic activities and demand; colorful brochures describe buildings which, in present form, are muddy lots; and predictions of India’s glorious globally-integrated future coincide with its impoverished present. Persuasive endings, told and retold, are helping to create the Indian real estate market.

The fundamental difference between discourses about the present and those about the future is that there is not yet a future against which to judge the latter. Stories of growth do not describe the future, so much as open up possibilities and motivate others to orient themselves towards them; they are instrumental. Through the discourses that I describe here, various actors attempt to position particular investments as profitable by delineating their relationship to a desirable future. Such a future is possible, they claim, if you just buy our apartment, invest in our project, or partner with our firm. Discourses about the future provide models for action. Thus, to the extent that they convince their audiences, discourses about the future are technologies for organizing action in the present.
Figure 2.1 The “India story” has been popularized by magazines such as *Newsweek*.
Source: Zakaria 2006.
As an example of a speculative discourse, my informants’ stories about real estate prices work on several levels. First, they constitute a major source of information in a market lacking statistical data. Neither I nor my informants had an “objective” ground from which to view the rate or geography of price appreciation. In India, there are no reliable statistical indicators or official sources of real estate data: no housing starts or completions, no residential sales statistics, no construction spending data, and until 2007, no price indices. No one could tell me how many projects were under construction, how many square feet had been completed in a given year, or what had been sold. Moreover, prices were difficult to determine. Many property transactions are unrecorded; those officially documented usually under-represent the actual selling price to avoid taxes. As one fund manager told me, one has to stay “close to the ground” to learn of transactions as they occur; one needs to be well-connected to be well-informed. On this informational level, then, stories about prices guide developers and investors as they buy, sell, and invest; they extrapolate from what they know now to position themselves and their projects for the future.

2 The National Housing Bank began a residential price index, the Residex, only in July 2007. As of December 2008, however, the index had only been updated once and still covered only five cities (Delhi, Bangalore, Mumbai, Bhopal, and Kolkata). Given the number of unrecorded, cash property transactions, observers doubted the index’s usefulness. Still, the index showed that residential property rates increased by more than 20 percent between 2002 and 2007 in Delhi and Bangalore (18 percent in Mumbai, 17.5 percent in Bhopal, and 15.7 percent in Kolkata over the same period). These appreciation rates are the first official statistics available about real estate prices, and they are not particularly fine-grained (Verma and Chatterjee 2008). As of July 2009, the index had been expanded to include Ahmedabad, Faridabad, Chennai, Kochi, Hyderabad, Jaipur, Patna, Lucknow, Pune, and Surat (see http://nhb.org.in/Residex/About_Residex.php).

3 Apart from articles reporting specific deals and land auctions, some newspapers publish aggregate price data collected from the international property consultants for particular neighborhoods; the accuracy of this data is unknown. (Kundu did use prices he gleaned from newspaper classified ads in his 1997 study). Official price data from transactions registered with the Land Registry offices usually under-estimate prices because buyers registering properties often bribe land registry officials to record a price that reduces the Stamp Duty (property transaction tax) the buyer will owe (for a description of this process, see Kundu 1997, 150). Other official data sets often produce low price estimates. For example, Kundu reports that the minimum average price was Rs160 per square meter for land purchased in Lucknow public sector colonies in 1981-3 according to his questionnaire-based field data, while a government study based on data from state urban development institutions found the price to be Rs65 per square meter (Kundu 1997, 147).
Second, industry members use stories about prices for their own ends. Just as Sanjeev told a story about price appreciation in the context of asking me to buy property, brokers, developers, investment fund managers, buyers, and others tell these stories to one another to prove their own success, persuade others to invest with them, sell their services, convey a lesson, or dismiss another’s claim. Information about real estate in India comes embedded in these interactional contexts. Given that my informants engage in buying and selling, often, the context is a potential sale. Just as brokers use stories about appreciation to convince a potential buyer, developers make presentations laced with predictions to entice investors, and consultancies publish reports about the real estate market in order to showcase their competence and gain clients.

Third, taken together, these stories of meteoric price appreciation chronicle massive change. They herald the creation of new assets, the entrance of new investors, and the emergence of large-scale trading in land and buildings – in short, the expansion of global finance capital into Indian real estate. Moreover, these stories help fuel that expansion. As people tell stories about price appreciation, they advertise the profitability of real estate as an investment. The possibility of profit draws more investors into the market, further increasing demand, and thus escalating prices. If one can sell while this inflationary spiral is still growing, escalating prices means high profits. Stories about growth are, and are intended to be, self-fulfilling prophesies.

4A large range of consultancies – from international property consultants, to accountants, lawyers, and financial service firms – offer some kind of real estate advisory to their clients. These same firms publish yearly or quarterly updates on the Indian real estate market, among others, as part of their efforts to attract clients to their services and to retain them. This motive is more or less clear depending on the report. For example, international consultancy Deloitte Touche Tohmatsu’s 2007 report “Real Estate Investing in India: Why Now?” reads as dual advertisement for Indian real estate and Deloitte’s services; it combines an optimistic market description with statements informing the reader about Deloitte’s Construction Advisory Services practice and its foreign direct investment services (Deloitte Development LLC 2007).
Real estate industry members themselves see these dynamics. When I asked him why he thought the real estate market had suddenly become so “hot”, Pankaj, a consultant with an Indian engineering, real estate, and infrastructure consultancy, answered, “the runaway success of one or two locations in the country.” He explained, “if you take a Gurgaon, for instance, prime [residential] property selling at 14, 15, 1700 rupees a square foot has moved to the region of 5,500 – 6,000 rupees a square foot in less than two years. What that has done – is, ah, that it’s fueled a massive inflow of interest from developers of all hues and colors and across locations.” The possibility of profit – broadcast through stories, rumors, and reports – drives the inflationary spiral of speculation and fuels the transformation of land into a new asset.

This dynamic of perpetual growth is not inevitable. Stories of rapid appreciation can also indicate the possibility of a sudden crash. Profits can be too high and price rise too sudden to suggest long term money-making prospects. This was the point the managing director of a European real estate investment fund (EuroFund), Jeremy, conveyed as he told me about a parcel his fund looked into buying in Hyderabad.5 He prefaced his story with the assurance that this is “an absolute true story, no exaggeration or hyperbole.” The sellers, two men, had assembled three hundred acres of land at about thirty thousand dollars per acre two years before Jeremy approached them in January 2006. As Jeremy noted, “now there’d be plenty of places in [Europe] where thirty thousand an acre would seem like a pretty healthy price for an acre of land.” They offered the land to Jeremy for one million dollars per acre. While Jeremy was mulling over the offer, transactions on nearby land

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5 As a foreign fund EuroFund would not have technically been able to buy the land outright. However, any deal concerning this parcel (either between the fund and the landowner or the fund and an Indian developer) would factor in a cost for land.
indicated that values were shooting upwards. By October, the sellers told Jeremy that five acres adjacent to their land had sold for four million dollars an acre. Jeremy summarized:

So here, in the course of ten months – or if you want to look at it over two years – land that two years ago was thirty thousand an acre, in the year 2006, in the course of ten months, went from one million to one-and-a-half million to two-and-a-half million to four million per acre, in the course of ten months.

He indicates his incredulity at the speed of this price escalation by repeating the time frame “in the course of ten months.” Unlike Sanjeev’s tale, the moral of Jeremy’s story is the unjustified nature of appreciation, not faith in its continuance.

Jeremy underscores his view by using the term “speculation”:

[T]hat’s approaching Dutch tulip bulb speculation in terms of the ridiculous run-up in value. There’s – it’s impossible I think to believe that anything is happening in India and Hyderabad that would justify prices rising at that rate.

Jeremy’s analogy to the Dutch tulip bulb craze and his use of the term speculation, linked to “ridiculous” values, is pejorative. Jeremy was one of my most skeptical informants. Here he deploys his experience in international real estate to judge the Indian market as an “overheated situation.” He sees little rationale for the price escalations and believes that values will soon drop.

My informants classified certain markets as growing too fast. In late 2006, Pankaj, the consultant, described the situation as a “mania”:

[T]real estate market has started sizzling, and this sizzle is probably the only term that can describe the mania. You are talking about the appreciation rates of the order of 30-40-50 percent on an annualized basis, happening across locations. You are talking about a country where per capita incomes are still 700 odd dollars – you are talking about places like Delhi and Gurgaon offering no home, no house for less than a 250,000 dollar kind of ticket price.
For Pankaj, high appreciation rates are an indicator of a “sizzling” market, one in which prices no longer represent the underlying value of assets or match the spending power of buyers. These disconnects could signal an impending “correction,” the term my informants used to describe a downturn in prices, or more alarmingly, a “crash.”

Since stories about appreciation foretell two opposing possibilities – profit or loss – speculators were careful to avoid the suggestion of a “mania” or the possibility of a “crash.” Many Indian developers, anxious for foreign funding, eschewed terms like “speculative,” “artificial,” or “overheated.” In fact, almost everyone in the industry denied being “speculators” – a derogatory label – and insisted on long-term interests. In an interview with me, one developer punned, “So, that’s why it is called real estate. It is not artificial, nothing comes down here.” He added later, “demand is fundamental, solid, it will never go down.” Many went beyond extrapolating from past appreciation; they told elaborate stories to justify growth as they attempted to garner investment from others.

They believed that socio-economic “fundamentals” would drive demand to meet supply, avoiding an oversupply and price corrections. One veteran consultant recounted the crash in real estate prices that coincided with the Asian economic crisis of the late 1990s. Just before the crash, real estate prices had risen, making Mumbai and Delhi among the most expensive cities in the world (see Brauchli 1995; Nijman 2000). When comparing that crash with the situation in 2007, he concluded,

[T]he economic fundamentals were not the same, and that’s why the prices came down. We have come back to that peak now – in fact, we’ve gone beyond those prices, of course – only difference is that the economic fundamentals are today different: the demand is there, the consumption is there, the economy is doing much better than it did that time. We opened up.
“Fundamentals” – here economic indicators and consumer demand linked to the “opening up” or liberalization of the economy – are the lynchpin of his reasoning. There may be a slight correction, he explained, but there will be no crash this time because the fundamentals have changed.

Everyone active in the real estate market – consultants, bankers, developers, investors, buyers, journalists, and the Indian government – elaborated on the theme of fundamentals. In this chapter, I argue that the “fundamentals” are a set of shared stories about India’s economic and social future told to draw investment to India and to justify real estate activity. Stories about the “fundamentals,” then, guide the expansion of international capital into Indian real estate. Moreover, these discourses are not just lures for investors; they are also the tools investors and developers use to decide where to put their money and what to build. In guiding orientations to the market, these stories guide the production of particular landscapes designed for particular futures.

The first half of this chapter examines how fund managers, bankers, analysts, journalists, and the Government of India have used stories about growth to direct the expansion of global capital into Indian real estate. In the second half of the chapter, I look at developers’ and investors’ problem of deciding what to build where, and I argue that they use similar stories about growth to guide their investment and construction decisions. This story about speculation in Indian real estate shares many elements with other stories of speculation, and certainly, India was not the only place to witness a boom in property investment in the 2000s. Its universality enables us to reconsider speculation as productive, not merely irrational or insane, while its particularities enable us to see how industry
members translated internationally circulating stories about economic growth into performative discourses in India.

**PART 1: CAPITAL EXPANSION AND THE SPATIAL FIX**

2.1.1 The Flood of Money

Indian real estate became a popular new investment in the mid 2000s in part due to dynamics internal to the global financial system. The collapse of socialism in 1989-91 unleashed a massive expansion of capitalism, as transnational corporations, investors, and multilateral organizations rushed to rebuild formerly socialist economies. Economic reforms in China and India have also opened up new assets to investors. Similarly, due to the implementation of the World Bank’s structural adjustment programs and the International Monetary Fund’s fiscal policies, numerous countries around the world have privatized assets and opened up markets to foreign investors (see K. Singh 1998).

In addition to expanding geographically, finance capital has grown in complexity and volume since the 1970s, when the collapse of Bretton Woods spurred the growth of international currency markets. Since then, emboldened by steady deregulation (Krippner 2009), financial institutions have developed and aggressively sold new financial instruments upon which corporations have increasingly relied to manage the uncertainties created by increased monetary volatility and global production chains (LiPuma and Lee 2005; Morris...

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6 When Nixon abrogated the Bretton Woods monetary system in the early 1970s, unpegging the dollar from its fixed rate of exchange and dismantling capital controls, he helped create a “new role for private finance in international monetary relations” by letting the markets decide exchange rates (Gowan 1999, 22). Deregulation, monetary reform, and the volatility of oil prices in the 1970s further increased international dependence on the financial markets for managing currencies, spurring the growth of private financial firms and the prominence of Wall Street (New York) and The City (London). For overviews of the effects of the development of these financial markets on the sociology and geography of New York and London, respectively, see Sassen 2001 and Massey 2007.
2008; Partnoy 1997; Strange 1997, 112-115). These instruments have opened new assets up to trading. Simultaneously, individuals in the West have become dependent on financial institutions such as pension funds and mutual funds for savings and retirement plans, and these institutions have increasingly invested overseas (Martin 2002; K. Singh 1998, 20).

In the “vast casino” (Strange 1997) that has emerged, the magnitude of currency trading has far outstripped trade in goods, and largely liquid, speculative capital flows have precipitated international financial crises around the world (most notably in Mexico, Brazil, Argentina, and South East Asia). In the early 1980s, global financial assets were roughly the same as global GDP; by the end of 2005, they were 3.5 times global GDP (Morris 2008, 134). The bankers, traders, and financiers of the interlinked system of financial markets now speculate on future production and trade in insurance against risk, activities that are increasingly divorced from productive investment (see Gowan 1999).

By 2005, a crisis of overaccumulation plagued the global financial system. Money had been pooling up in Western markets: “an unprecedented wave of capital [was] flowing around the world, with all of its owners anxiously searching for a better return” (Ip and Whitehouse 2005). Due in part to high oil prices and low U.S. interest rates, the global total of fixed-income securities doubled between 2000 and 2006, reaching 70 trillion dollars (Blumberg and Davidson 2008). By 2007, pension funds, mutual funds, and insurance companies controlled

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7 In late 2000, the Federal funds rate (the rate at which banks lend each other money, usually overnight, to meet their reserve requirements at the Federal Reserve) fell from 6.5 percent to 3.5 percent; it fell further to 1 percent in 2003, its lowest in 50 years. As Charles Morris explains, “for 31 consecutive months, the base inflation adjusted short-term interest rate was negative. For bankers, in other words, money was free” (Morris 2008, 59). This meant that government treasury bonds were not making money above inflation, pushing fund managers to look elsewhere for returns. Fund managers also borrowed heavily (“leveraged” their investments) at low interest rates to increase returns; this increased the total amount of money circulating, as well as the possibility of greater losses.
US$59.4 trillion in financial assets; Asian central banks, hedge funds, private equity funds, and oil exporters together owned another US$8.4 trillion (Wessel 2007). Peter Fisher, managing director at the New York investment company Black Rock, told the Wall Street Journal, “People talk about a wall of money everywhere. Bankers talk about too much money chasing deals. Private-equity funds talk of money chasing them. And buyers of corporate and asset-backed debt seem to come at the bond market from all directions” (Ip and Whitehouse 2005).

With asset prices dropping, money managers sought new, and more risky, investment opportunities. They found two principal solutions which Indian real estate potently combined: real estate and “emerging markets.” First, investors turned to real estate assets, creating a worldwide real estate boom. In 2005, the Economist estimated that residential property prices in developed economies rose by $30 trillion between 2000 and 2005, “dwarfing” previous housing bubbles and the global stock market bubble of the 1990s (Economist 2005). In 2006, investments in commercial real estate worldwide reached a high of $645 billion, up 33 percent from the year before (Kilbinger 2007). Investors not only invested in new buildings; they found ways to trade existing assets more freely, elaborating

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8 Hedge funds are “unregulated investment vehicles that cater to institutions and wealthy individuals and promise extraordinary returns” (Morris 2008, 109). Scholars have increasingly noted the power of hedge funds to change the markets in which they operate, to operate in concert, and to control the companies in which they have invested (see Gowan 1999, 95-97; MacKenzie 2003; Mollenkamp et. al. 2007).

9 Private equity has been defined as investment in assets that are not publicly traded, though today private equity firms are also acquiring equity in listed assets through negotiated buy-outs. Most salient, private equity firms direct “their investments at acquiring a stake, often a controlling stake, with the aim of influencing the performance of companies rather than merely parking funds in financial assets incorporating varying degrees of risk and uncertainty.” They combine the role of investor and advisor (Chandrasekhar 2007).


11 As investors and fund managers looked for returns, they sought out increasingly higher risk assets, but with so much money pouring into these assets, their profitability compared to safe investments like U.S. Treasury notes plummeted. In financial lingo, the “risk premium” was low.
the mortgage-backed security structures that bankers had developed in the 1980s (Blumberg and Davis 2008; Morris 2008; Tett 2009, 94-98).12

Second, investors turned to the so-called “emerging markets,” including India, in search of returns. For example, Varun Sood of Capvent AG, a private equity firm based in Switzerland, explained why he started investing in India:

We started looking at India because the return expectations in Europe and the U.S. were slowing down due to the huge capital over-hang . . . [T]hree to four years ago, there was so much capital that investors were beginning to expect very low returns. We had to look outside because we had a target of 25-30% IRR [internal rate of return] and we could only get that by looking at some of the more under-served markets. So, we set up operations in India and China. (Snighda Sengupta 2007)

Indian real estate combines the appeal of real estate and emerging markets. An employee of Hypo Real Estate, a German real estate bank, told me that “India is the land of opportunities. The margins India can offer are way ahead of what’s on offer in other markets.”

High returns attract investors, but the fear of few expansion possibilities also motivates investors’ interest in Indian real estate. An American investor at a roundtable discussion at a 2006 real estate conference had long-term ambitions for India: “We’re running out of markets. Where would we go next? . . . In three years time, if we move out [of India] where would we go? We’re in China, in Brazil, Russia, North America, Europe. So we’re trying to invest into a platform in India that will produce profits year after year.” The search for new markets has made foreign capital managers serious about investing in India.

Money managers’ and investors’ interest in “emerging markets” and real estate fits the broad outlines of Marxist geographical theory, particularly the work of David Harvey. Harvey

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12 The demand for mortgage-backed securities spurred the increase in sales of sub-prime mortgages that eventually precipitated the global credit crisis that began in 2007.
postulates that in crises of overaccumulation, capital expands to find new assets, whether through commoditizing non-capitalist social arrangements or opening up new regions to accumulation:

The production of space, the organization of wholly new territorial divisions of labour, the opening up of new and cheaper resource complexes, of new regions as dynamic spaces of capital accumulation, and the penetration of pre-existing social formations by capitalist social relations and institutional arrangements (such as rules of contract and private property arrangements) provide important ways to absorb capital and labor surpluses. (Harvey 2003, 116)

Most importantly for Harvey’s argument and mine, investments in geographical infrastructure – roads, factories, airports, electricity grids, warehouses, housing, ports, schools, communication infrastructures, etc. – both absorb excess capital and lay the groundwork for future circulation and accumulation. This “spatial fix” is a “fix” in two senses: it is both a solution to overaccumulation and a “fixed” structure (a “dead weight”) that will eventually be devalued and destroyed in order to accommodate future technologies and modes of accumulation (Harvey 2003, 115). We can interpret investment in Indian real estate, then, as capital expanding to produce new landscapes for future accumulation in response to a crisis of overaccumulation.

While Harvey’s oeuvre provides a useful abstract framework, a bird’s eye view of the movements of capital, it is largely devoid of historical and social actors. Capital does not move of its own accord; capitalists circulate, invest, and accumulate capital. From the point of view of fund managers, real estate developers, and consultants, moving money into Indian

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13 Harvey uses the term “switching crisis” to describe the brutal re-structuring of landscapes, production processes, labor relations, etc. as capital moves from one region to another. He concludes, poetically, “Capitalism reaps the savage harvest of its own internal contradictions” (Harvey 1999 [1982], 429).
real estate is a risky endeavor, dependent on a leap of faith. The manager of a European architectural hardware firm’s Indian branch reminded me that when he opened the branch six years ago, India was a longer bet than is now: “now everybody’s going on about the boom in India and how it is, you know, going to become one of the big superpowers, but six years ago, it was just another undeveloped country that wasn’t going anywhere.” How was India transformed from “just another undeveloped country” to the next “big superpower”? Through growth and stories about growth.

2.1.2 India Re-Branded

An overaccumulation crisis might have prompted money managers to look for risky, unorthodox, and high-yielding assets, but enterprising fund managers and bankers have directed them towards particular investments. Over the last two to three decades, fund managers have increasingly marketed “Third World” countries as investment opportunities, using projections of economic growth to interest investors.\(^{14}\) Especially early on, this effort involved new language. Banker Antoine van Agtmael remembers coining the term “emerging markets” in 1981 as a marketing ploy. He had difficulty selling his “Third-World Equity Fund” to skeptical institutional investors and realized that he needed an elevator pitch that liberated these developing economies from the stigma of being labeled as “Third World” basket cases, an image rife with negative associations of flimsy polyester, cheap toys, rampant corruption, Soviet-style tractors, and flooded rice paddies.

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\(^{14}\) Banks and other financial services companies are also eager to expand to new markets. They aim to interest Western investors in investments in emerging economies as well as to set up offices abroad to service companies from those markets (Economist 2007).
He settled on “emerging markets” to sell the fund because it “suggested progress, uplift, and dynamism” (Agtamael 2007, 5). In order to interest investors, he felt he had to sell them something that sounded profitable, not hopeless. Numerous fund managers and bankers have similarly re-branded assets to sell growth opportunities in the developing world.

The investment bank Goldman Sachs has contributed largely to this effort, publishing a series of reports which have helped re-brand India as a profitable investment destination. Beginning in 2001, Goldman Sachs researchers grouped India with Brazil, Russia, and China (the “BRICs”) and announced a shift in the center of GDP growth towards these four large “emerging economies” (Goldman Sachs 2007; O’Neill 2001; O’Neill and Poddar 2008; Wilson and Purushothaman 2003). In particular, the 2003 report, “Dreaming With BRICs: The Path to 2050,” gained international attention for predicting that the BRIC economies would outpace those of the developed world by 2050. The authors conclude,

In less than 40 years, the BRICs economies together could be larger than the G6 [U.S., UK, Germany, France, Italy, and Japan] in US dollar terms. By 2025 they could account for over half the size of the G6. Of the current G6, only the US and Japan may be among the six largest economies in US dollar terms in 2050. (Wilson and Purushothaman 2003, 1)

The report spells out the implications of this shift for investors and companies, predicting “higher returns and increased demand for capital”; increased spending; and “significant opportunities for global companies” faced with “shrinking” markets elsewhere. In short, they suggest that moving into the BRIC markets will be an important “strategic choice” multinational firms and investors will want to make (Wilson and Purushothaman 2003, 2).
While these reports originally circulated among Goldman Sachs employees and clients, the *Financial Times*, the *Economist*, *Newsweek* and other publications summarized them, popularizing their message (Balls 2003; Bogler 2003; *Economist* 2003; Zakaria 2006), and other banks and global consultancies published their own reports along similar lines. Subsequent media coverage soon signaled a sea-change in international opinion. One review concluded, “the growth opportunities offered by some developing countries are just too exciting to be ignored” (Coggan 2003). A commentator in the *Financial Times* wrote, “After years of being overshadowed by China and its extraordinary record of economic growth, the world’s second most populous country is making a comeback. India, it is whispered, may at last have what it takes to start catching up with its larger neighbour” (*Financial Times* 2003). The term “BRIC” quickly became accepted business-speak, and the idea that economic growth would come from the emerging economies was the new common sense. The 2003 BRIC report’s success surprised author Roopa Purushothaman, who commented, “We thought it would be popular but we just didn’t think it would take on the form it did” (Dua 2006).

While the BRIC reports predicted economic growth over the next half century, they galvanized short-term interest in Brazilian, Russian, Indian, and Chinese stock markets. Morgan Stanley Capital International (MSCI) started an index of BRIC stock market performance in 2005, and the Dow Jones Indexes followed suit in 2006 (*Wall Street Journal*).  

15 The international consultancy PriceWaterhouseCoopers, for example, published a report titled “The World in 2050: How big will the major emerging market economies get and how can the OECD compete?” in March 2006, with an argument along the same lines as the Goldman Sachs reports. To differentiate its analysis, PriceWaterhouseCoopers investigates the growth potential of the “E7,” the BRIC countries plus Turkey, Indonesia, and Mexico. The report is available at http://www.pwc.com/gx/en/world-2050/growth-in-emerging-economies-opportunity-or-threat.jhtml.

16 For example, in 2006, the *Economist* declared that emerging economies like India and China “will provide the biggest boost to the world economy since the industrial revolution” (Woodall 2006).
HSBC Holdings Plc began the first BRIC investment fund in 2004, followed by Franklin Templeton Investments, Deutsche Asset Management, Schroder Investment Management, and Goldman Sachs (Karmin 2006a). BRIC funds such as these attracted $4 billion in investments between January and July 2006 alone (Hudson 2006). Emerging markets’ stocks began a long upturn in 2003, further interesting investors, and the Morgan Stanley Capital International BRIC Index more than tripled in value between 2003 and 2006, outperforming general emerging markets indices (Karmin 2006a, 2006b; Wilson 2007). As Craig Karmin of the *Wall Street Journal* put it, the emergence and popularity of BRIC funds “reveal[s] how fund companies act to capitalize on new trends – even ones that have timetables stretching out to midcentury” (Karmin 2006a).

The Goldman Sachs reports may not have caused the BRIC stock markets to surge between 2003 and 2006, for there was certainly interest amongst investors in “emerging economies” prior to 2001. Indeed, investors, fund managers, pundits, consultants, and journalists took up the term “BRIC” with a gusto that indicates they already believed Goldman Sachs’s claims; the BRIC reports perhaps gave name to what was already an incipient investment trend. Also, as noted above, fund managers faced pressures to find new investment opportunities. Yet the sudden popularity of BRIC funds, the rush to invest in BRIC stocks, and the surge in BRIC stock market valuations does suggest that Goldman Sachs’s research team was able to guide investment – and thus the expansion of finance capital – simply by coining a catchy new acronym and predicting growth. In so doing, they

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18 Goldman Sachs has continued to move lock-step with investors’ quest for new markets. In 2005 its researchers coined the acronym N11 to describe the “Next Eleven,” i.e., “the next set of large-population
helped position India as a desirable investment location, and they provided a language for talking about investing in India to numerous investors and developers.

My informants reiterated the stories popularized by Goldman Sachs analysts, other consultancies, and the media about India’s heralded long-term growth potential to describe their firms’ expansion into India. Simon, the head of the Indian office for a British real estate investment firm, described his firm’s owners’ interest in India:

[A]s the market is in the West in terms of prices being so low, uhm, I think they felt that long term growth was going to be in the, inverted commas, developing markets. So they wanted to find a country that has long term growth opportunities.

Similarly, the Michigan-based retail property developer, Taubman, faced with a stagnating U.S. market, sought to build retail properties in Asia, including India. The company opened its first international subsidiary, Taubman Asia, in 2005. The firm’s 2007 annual report described this expansion using the language of the Economist, the BRIC reports, and others as “a long-term strategic commitment to the broad markets of Asia, a region that over the next 20 to 30 years will likely prove to be the greatest growth opportunity that the world has ever seen” (Taubman Centers, Inc. 2007, 15).

One of my informants, a retail consultant working with a prominent Indian real estate development firm, had himself moved to India because he felt the Indian economy – and with it the real estate market – has long-term growth prospects. He thought that places like the Middle East might be “bigger marketplaces” right now, but “when the market starts to cool, India is still going to go.” The Indian economy, he explained,

countries beyond the BRICs” that Goldman Sachs researchers felt “could potentially have a BRIC-like impact in rivaling the G7” (Goldman Sachs Global Economic Group 2007, 131). Similarly, enabling investors in their quest for returns on the “frontiers” of capitalism, MSCI Barra launched a Frontier Market Index covering 19 “emerging emerging markets” in 2007. HSBC also announced a frontier market fund in the same year (Assis 2007).
will have highs and lows like all economies; you would not be insulated whatever anybody says. But, it will have probably fifteen years of steady growth, based on domestic population changes that go on there. And that’s a place that can guarantee an income.

He concluded, “if the rest of the marketplaces crash, everybody will try to enter India at the same time.” He, however, would already be there, where growth would “guarantee an income.” The senior vice president of an American private equity firm felt similarly that India was a sure-fire long-term investment: “Unless something dramatically happens to the overall region or the country, I don’t see, you know, that – at least for the next fifteen years, anything can go wrong in this story.” For real estate investors, the “India Story” seemed like a good long-term wager. While predicting long-term growth, then, the BRIC reports catalyzed near-term action: the movement of firms into India.

2.1.3 Getting in the Game

An ecstatic Indian media circulated the stories woven by Goldman Sachs and other banks and consultancies. In India, the Economic Times, Indian Express, The Hindu, Business Week, and others summarized BRIC reports with triumphant headlines like “No kidding, by ‘50 India may be No 3 economy” and “India to overtake US by 2050” (Indian Express 2004; Narayanan 2007; A. Roy 2003; S. Shukla 2003). By 2006, with the Indian stock market soaring, the GDP climbing, foreign investors investing in Indian firms and real estate, and Indian companies beginning to make overseas acquisitions, the Indian media celebrated India’s newfound status as a rising star:

In the past, India has been global number one in starvation deaths, getting food aid, getting foreign aid, and – according to Transparency International – in willingness to give bribes. But
suddenly, after two decades of playing second fiddle, analysts such as Credit Suisse predict that India will grow faster than China in 2007. A country once regarded as a bottomless pit for aid is competing for the number one position in the global growth league. (Economic Times 2006)

This is exactly the sentiment a wealthy investor expressed to me at a party I attended in Delhi: “It’s about time,” she said, “that India saw progress.”

During my fieldwork, the English language media channeled nationalist sentiments into support for “India Inc,” a synecdoche that elides India’s businessmen’s interests with the national interest. Tracking the rise of India Inc through corporate takeovers and overseas acquisitions, the Economic Times labeled these stories with tagline “the Global Indian Takeover.”19 As one New York Times commentator noted, “This desire to highlight every small achievement as proof of India’s unstoppable rise has become a national sport. An obsessive conviction that India is destined for international supremacy is spreading fast” (Gentleman 2006; see also Mishra 2006).

The front page of the Economic Times on September 25, 2007 provides an example of this “obsessive conviction.” The Economic Times uses sports metaphors to suggest that India is finally making the cut, arriving to compete globally at long last. A page-width headline reads: “Superpower: India 2020. They are unstoppable, they are restless, they are tireless, they are fun, they are fantastic. ET [Economic Times] cheerleads a young and zippy India.”

Below is a picture of India’s victorious Twenty20 World Cup cricket team, lead by Mahendra

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19 Some of the acquisitions which grabbed front-page headlines include: Mittal Steel’s purchase of Arcelor; Tata’s buyout of Tetley Tea; Tata Motors’s purchase of Jaguar and Land Rover; Tata Steel’s acquisition of Corus; Ranbaxy’s buyout of Aventis; and VSNL’s acquisition of Tyco Global Network. There was a rash of these buyouts in 2006 – 115 foreign acquisitions, worth $7.4 billion, in the first nine months of 2006 alone – fueled perhaps by regulatory changes and Indian corporate confidence (Knowledge@Wharton 2006). It is important to note that a lot of these buyouts are leveraged – i.e., funded through debt acquired from global financiers and institutional investors.
Singh Dhoni.\textsuperscript{20} The headline conflates India’s cricket victory with its predicted rise to superpower status, punning on Twenty20 (cricket) and 2020 (date). Beside the photograph is more copy which likens athletic to economic success:

Dhoni and his band of boys have done it, finally. Youth has triumphed. This team symbolizes India. It has loads of aggression, tones of determination and a feisty fierceness that can crumble the strongest of opponents. India Inc has been displaying this in-your-face aggressiveness for some time now and it’s only fitting that our Global Indian Takeover campaign has now been capped by this fantastic win. At ET [\emph{Economic Times}] we’ve been calling this pursuit of global dreams World at Your Feet. And this indomitable will to win comes from one of the greatest lessons taught in B-schools: teamwork. Which, dear reader, reflects the true spirit of Chak de India.\textsuperscript{21}

To the side of the photo of the winning cricket team is a blurb about Rahul Gandhi (another young Indian man) “winning” the post of general secretary of the Congress Party. Below, the SENSEX, India’s stock market index, reached new heights, as did the Rupee. Placing these news items under the same “Superpower: India 2020” headline, the \emph{Economic Times} editors suggest that economics, politics, and sports provide a combined arena for proving India’s prowess; just as Dhoni “and his band of boys” have won the World Cup against Pakistan, so too will India’s B-school (business school) graduates win in the arena of global capitalism.

The Indian media thus reads foreign investors’ eagerness to find new assets in a period of overaccumulation as a sign of India’s corporate strength. They interpret a global phenomena using the local idiom of cricket and the historical example of the colonial  

\textsuperscript{20} Twenty20 Cricket is a shortened form of the game introduced in 2003. Each team only bats for one inning, with a maximum of twenty overs. This form was designed to appeal to younger audiences and television viewers.

\textsuperscript{21} “Chak de India” refers to a 2007 Bollywood film by the same name, directed by Shimit Amin and starring Shah Rukh Khan as the coach of the (ultimately victorious) Indian women’s field hockey team. \emph{Chak de} means, roughly, “Go for it!”
struggle. Swaminathan S. Anklesaria Aiyar (a consulting editor at the *Economic Times*), for example, announced in his 2004 *Times of India* column about Indian companies’ takeover of international firms, “The global system is no longer rigged by and for white men. It can be used by Indians no less than Americans to leverage their talent to create global corporate empires. The process has begun” (Aiyar 2004). While the pride evoked when an Indian firm buys an American company or a British brand – as when the Tata Group bought Jaguar, Land Rover, Tetley Tea, and Corus steel – suggests a neo-colonial struggle, India’s current economic surge stems from global integration, not independence. Just as international investor activity has helped push India’s stock market up, global financiers are bankrolling Indian companies’ international buyouts. For example, the Tata Group funded its acquisition of Jaguar and Land Rover with a one-year, 3 billion dollar bridge loan provided by the State Bank of India, Citigroup, JP Morgan Chase, Mizuho Corporate Bank Ltd, Mitsubishi UFJ Financial Group, ING Financial Group, BNP Paribas, and Standard Chartered Bank Ltd (Krishnan 2008). Certainly, the acquisition marks a new “aggressive” attitude on the part of the Tata Group’s managers; however, it also marks the group’s integration with networks of global finance.\(^{22}\)

Joining the global game, Indians have had to change their rules of play. The BRIC reports (and others like them) prescribe reforms that would make India more conducive to foreign investment. The authors of the 2003 Goldman Sachs report comment, “the key assumption underlying our projections is that the BRICs maintain policies and develop institutions that are supportive of growth” (Wilson and Purushothaman 2003, 2). A 2008

\(^{22}\) Subsequent losses at Jaguar contributed to the Tata Group’s first annual loss in seven years – a loss of $522 million. Private financing enabled Tata to keep the Jaguar plants in the UK operating (*Mint* 2009).
Goldman Sachs report entitled “Ten Things for India to Reach its 2050 Potential” makes clear that their projections are predicated on a specific policy agenda: in short, “India needs to improve its governance, control inflation, introduce credible fiscal policy, liberalise financial markets and increase trade with its neighbours” in order to grow as predicted (O’Neill and Poddar 2008, 1).

The Goldman Sachs reports are projections with strings, predictions that prescribe the conditions necessary for their realization. The authors O’Neill and Poddar suggest neoliberal solutions for the problems of corporate governance, government deficits, declining agricultural productivity, poor education, and ailing infrastructure. The report is laced with the language of citizen “choice” and government “accountability,” and it promotes private-market solutions such as public-private partnerships, further financial deregulation, more foreign participation in education and agriculture, lower government subsidies, the removal of land ceilings, etc. The kind of “growth” described here requires the transformation of India into a profitable ground for finance capital. “Emerging markets” do not emerge on their own; they are made to emerge – coerced with the threat of economic stagnation.

2.1.4 Infrastructure for Growth

Goldman Sachs’s prescriptions for reform were not new. In the early 1990s, encouraged by the International Monetary Fund and the World Bank, the Indian government began enacting a program of structural adjustments to open Indian markets to foreign investment, encourage exports, and reduce state involvement in industry. By the late 1990s, the government had moved decisively in favor of market based provision of real
estate (housing, offices, and retail property) and infrastructure projects (ports, airports, bridges, water, sanitation, etc.). As it opened both fields to the private sector and to foreign investors, it enabled the emergence of an international market in Indian real estate. The government and its consultants used stories about growth to propel these regulatory changes.

In 1994, an Expert Group established by the Department of Economic Affairs used projections of growth to legitimize the shift in government policy towards the commercialization and privatization of infrastructure provision, arguing that “the kind of economic growth projected will not be possible without a substantial improvement in all areas of infrastructure” (Department of Economic Affairs 1996, 3). Meanwhile other consultants and real estate industry members argued that the real estate industry itself could contribute to economic growth. The 2001 report, *India: The Growth Imperative*, for example, contends that “land market distortions” – unclear land titles, land ceiling laws, stamp duties, and rent controls – stymie growth in property construction, amounting to “close to 1.3 percent of lost [GDP] growth a year” (McKinsey Global Institute 2001, 4).

Conversely, “growth” was also needed to boost the infrastructure and real estate sectors: the Expert Group maintained that “it will also not be possible to find the necessary resources [for infrastructure provision] . . . unless the country’s economic growth accelerates” (Department of Economic Affairs 1996, 3). Believing economic growth would

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23 Real estate industry members have consistently argued for the same set of legal changes (see Jha 2005). For example, a 2006 paper by the chief economist at Gujarat Cements quotes figures from this McKinsey report. He combines the argument that real estate is good for overall economic growth with a humanitarian appeal to enable the industry to “satisfy the basic need of quality housing of every Indian citizen” in justifying his calls for regulatory and financial reforms that would benefit the real estate industry by making more land available, reducing taxes, and removing rent controls (Nanda 2006).
only be possible with increased foreign investment,\textsuperscript{24} the Expert Group recommended the continued liberalization of the financial sector and the maintenance of “an open foreign investment regime” (Department of Economic Affairs 1996, 4). According to this circular logic, growth requires infrastructure, infrastructure requires growth, and both require foreign and private sector funding.

The 1998 Housing and Habitat Policy transformed these logics into official government policy.\textsuperscript{25} Asserting that “the Government has to create a facilitating environment for growth of housing activity rather than itself taking on the task of building,” it signaled a shift away from years of prioritizing the role of various state run development authorities and housing boards (Ministry of Urban Affairs and Employment 1998).\textsuperscript{26} Many states followed the national lead. In Delhi, for example, the 2021 Master Plan opened up more than 20,000 hectares for private development, breaking the Delhi Development Authority’s near monopoly on large scale development projects (MPD-2021 2007; N. Rai 2007). The \textit{Wall Street Journal} called the new Master Plan a “jackpot for developers and builders” (Sabharwal 2007).

\textsuperscript{24}This is exactly the logic propounded (and the language used) in the World Bank \textit{World Development Report 1994} on infrastructure provision in the developing world. The Expert Committee cites examples from this World Bank report of “successful public provision of infrastructure services” (Department of Economic Affairs 1996, 218; Ghosh, Sen, and Chandrasekhar 1997; World Bank 1994).

\textsuperscript{25}The 1998 Budget also introduced a tax incentive for housing developers and an increase in the mortgage deductions for home buyers to jumpstart private sector housing provision (Ministry of Finance 1998).

\textsuperscript{26}The policy also suggested the repeal of the Urban Land (Ceiling and Regulation) Act (ULCRA) in order to make more land available for development. This had long been a demand of the real estate industry. The act was repealed by the Central Government in 1999 and many – though not all – states followed suit. As of 2005, Andhra Pradesh, Assam, Bihar, Kerala, Maharashtra, and West Bengal had not repealed the act (CREDAI 2005). Maharashtra repealed the ULCA in November 2007, amid much fanfare. Stocks for Mumbai-based realty companies rose between two and 10 per cent upon the announcement of the repeal, despite the fact that the estimated 15,000 acres land likely to open up in Mumbai as a result would probably not become available for development for two or more years (Bavdam 2008; \textit{Economic Times} 2007i; Ramanathan 2007f).
In the most comprehensive attempt to set “in motion a completely market driven urban development process,” the Ministry of Urban Development established the Jawahalal Nehru National Urban Reform Mission (JNNURM) in 2005 (Batra 2007). This initiative links Central Government funding for projects in sixty-three cities to a set of mandatory reforms which reduce developers’ transaction costs, minimize uncertainties in the development process, and make more land available for development. In short, the program seeks to develop “an efficient real estate market with minimum barriers on transfer of property” (JNNURM 2007, 74) and thus “catalyze investment flows in the urban infrastructure sector” so that cities will live up to their projected contribution to national economic growth (Ministry of Urban Development 2006).

The Government of India has taken additional steps to make real estate development accessible both to the Indian private sector and to foreign investors. First, the Government of India 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-development projects (Table 2.1). Now foreign direct investment in real estate can proceed through the automatic route, i.e.

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27 As Lalit Batra writes, the JNNURM is the culmination of a process of neoliberal urban reforms that has been going on since the late 90s. Its predecessors include the Urban Reforms Incentive Fund (URIF) and Model Municipal Law (MML), both of which were formulated on the basis of a set of policy postulates developed by the World Bank (WB), the Asian Development Bank (ADB), the USAID and the UNDP (Batra 2007).

The Urban Reforms Incentive Fund, begun in 2003, linked urban reforms to an annual allotment of Rs500 crore in central government funding; it was subsumed under the JNNURM in 2005 (Ministry of Housing and Urban Poverty Alleviation). Similarly, through the Model Municipal Law, the USAID Financial Institutions Reform and Expansion (FIRE-D) project and the Government of India provided a model of accounting norms, financial management, and reforms for urban bodies to emulate (Model Municipal Law).

28 The reforms include: lowering stamp duty; computerizing land registration records; introducing property title certification; streamlining the approval process for building construction; repealing the Urban Land (Ceiling Regulation) Act; and simplifying the procedures for converting agricultural land to non-agricultural uses.
without prior approval from the government or the Reserve Bank of India. These regulations enable investment in construction projects rather than finished buildings; regulations about the conversion of agricultural land to other uses continue to prevent foreign investors from buying land directly.

Table 2.1
Regulations for foreign direct investment in Indian construction-development projects

<table>
<thead>
<tr>
<th>Minimum area developed</th>
<th>Serviced housing plots: 10 hectares</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Other projects: min. built-up area of 50,000 sq. meters</td>
</tr>
<tr>
<td>Minimum project capitalization</td>
<td>Wholly owned subsidiaries: US$10 million</td>
</tr>
<tr>
<td></td>
<td>Joint ventures: US$5 million</td>
</tr>
<tr>
<td>Repatriation period</td>
<td>3 years from completion of minimum capitalization</td>
</tr>
<tr>
<td>Timeline</td>
<td>Completion within 5 years of obtaining permits</td>
</tr>
<tr>
<td>Compliance</td>
<td>Project must comply with all local planning/zoning rules and obtain all necessary building approvals</td>
</tr>
</tbody>
</table>


Second, the Securities and Exchange Board of India began allowing venture capital funds to invest in real estate in 2004, a move which spurred the development of domestic real estate investment funds (TrammellCrowMeghraj 2007). Third, the 2005 Special Economic Zone (SEZ) policy has helped to make large tracts of land available for real estate projects by providing considerable incentives to both developers and industry. The policy waives import duties, service tax, and central sales taxes for Special Economic Zone developers and gives them free reign to construct infrastructure and townships. Individual states have added their own incentives in terms of rebates on land, decreased stamp duty, and various incentives for

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29 The Government of India has gone back and forth on the question of whether foreign institutional investors buying shares in an Indian real estate company in advance of a public offer should be exempt from this three-year lock-in period. The Department of Industrial Policy and Promotion and the Securities and Exchange Board of India has been in favor of the exemption, and the Reserve Bank of India, anxious about foreign investment fueling a real estate bubble, has opposed it (see Business Standard 2007a; Sikarwar 2007; Subramaniam 2007).
investors. With these regulatory changes in place, foreign investors were no longer “left with their noses pressed against the window” of Indian real estate development (Smith 2004); the government welcomed investors with open arms.

2.1.5 Enter Foreign Investors

Lured by the financial media, news about regulatory changes, or direct campaigning from municipalities and developers, foreign investors entered the Indian real estate market beginning in 2002. Like other stories about growth, the story about the influx of foreign investment served as much as an advertisement for the phenomena – attracting others to join in the Indian real estate rush – as it did an accurate representation of it.

Firms from Singapore, Indonesia, Malaysia, the Middle East, and Canada were among the first to take advantage of the newly liberalized real estate sector beginning in 2002, many investing in joint-venture housing projects with Indian state government housing authorities or Indian developers (Basu 2004). Reports written for foreign investor audiences showcased these new entrants as indicators of India’s “vibrant real estate investment market” (Ernst & Young 2006). As early as 2004 an article in the Asian Times proclaimed, “It's not just the stock markets in India that are being swarmed by a gush of foreign funds. The same goes for the country's property markets” (Basu 2004). Such cycles of investment and advertisement recurred after the regulations were further liberalized in

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30 Some of the companies investing included: Ascendas, SembCorp Engineers and Constructors, Lee Kim Tah Holdings, Singapore Housing Board, and Keppel Land, Evan Lim & Co from Singapore; IJM Berhad and Kontur Bintang from Malaysia; Universal Success Enterprise from Indonesia; Emaar Group from Dubai; and Royal Indian Raj International from Canada.
2004 and 2005. Articles and reports published lists of the investment funds various foreign firms had started, along with the amounts they planned to invest, thus calibrating world-famous financial firms’ interest in Indian real estate in the billions of U.S. dollars (Table 2.2).

Table 2.2
Anticipated investment in Indian real estate c. 2006-7*

<table>
<thead>
<tr>
<th>Fund</th>
<th>Total Planned Investment ($US)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMC Reit</td>
<td>1 billion</td>
</tr>
<tr>
<td>American International Group</td>
<td>250-300 million</td>
</tr>
<tr>
<td>Ascendas IT Park Fund</td>
<td>230 million</td>
</tr>
<tr>
<td>Blackstone Group</td>
<td>1 billion</td>
</tr>
<tr>
<td>Carlyle Group</td>
<td>500-750 million</td>
</tr>
<tr>
<td>Citigroup Property Investors</td>
<td>125 million</td>
</tr>
<tr>
<td>Emmar Properties</td>
<td>4 billion</td>
</tr>
<tr>
<td>Fire Capital</td>
<td>50 million</td>
</tr>
<tr>
<td>GE Commercial Finance Real Estate</td>
<td>63 million</td>
</tr>
<tr>
<td>GE-Ascendas Fund</td>
<td>500 million</td>
</tr>
<tr>
<td>Goldman Sachs</td>
<td>1 billion</td>
</tr>
<tr>
<td>Hines</td>
<td>1 billion</td>
</tr>
<tr>
<td>ICICI Venture</td>
<td>700 million</td>
</tr>
<tr>
<td>IL&amp;FS</td>
<td>530 million</td>
</tr>
<tr>
<td>JP Morgan</td>
<td>360 million</td>
</tr>
<tr>
<td>Lee Kim Tah Holdings</td>
<td>115 million</td>
</tr>
<tr>
<td>Lehman Brothers</td>
<td>300 million</td>
</tr>
<tr>
<td>Oak Investment Partners</td>
<td>5.8 billion</td>
</tr>
<tr>
<td>Pegasus Realty</td>
<td>150 million</td>
</tr>
<tr>
<td>Reef/DB Real Estate (Deutsche Bank)</td>
<td>300 million</td>
</tr>
<tr>
<td>Royal Indian Raj International</td>
<td>2.9 billion</td>
</tr>
<tr>
<td>Salim group</td>
<td>100 million</td>
</tr>
<tr>
<td>Siachen Fund</td>
<td>100 million</td>
</tr>
<tr>
<td>Solitaire Capital India</td>
<td>49 million</td>
</tr>
<tr>
<td>Stargate Capital</td>
<td>186 million</td>
</tr>
<tr>
<td>Sun-Apollo Ventures</td>
<td>630 million</td>
</tr>
<tr>
<td>Trikona Capital’s Trinity Capital Fund</td>
<td>450 million</td>
</tr>
<tr>
<td>Walton Street Capital</td>
<td>300 million</td>
</tr>
</tbody>
</table>

* This is not a complete list; it merely represents some of the figures the media reported.
Source: compiled from figures provided in ASSOCHAM 2006; Ernst & Young 2006; Ramanathan 2007b; V. Soni 2007; Zachariah and Abraham 2007.

31 The Wall Street Journal reported investors “flocking” to Indian real estate (Gangopadhyay 2006), as did reports by consultants such as Ernst & Young (2006), Knight Frank (2005), and the Associated Chambers of Commerce and Industry of India (2006), among others. Articles with titles like “Real estate funds bullish on sector’s growth” and “Foreign investors go into a tizzy over Asian real estate” brought news of the foreign investment influx to Indian readers (Kilbinger 2007; M. Mehta 2007).
The firms that announced plans to invest in Indian real estate included foreign developers, property investment companies and real estate investment trusts, large banks and investment services companies, private equity firms, and hedge funds. Numerous specialized real estate-related firms such as Israeli mall developer Gazit Globe, hospitality firm Four Seasons Hotels and Resorts, and Singapore-based Accor Hotels also expanded into India, announcing multi-million dollar joint venture projects. In addition, numerous small groups of Non-Resident Indians formed “informal funds” each investing $10 to $25 million in specific real estate projects, often in cities where the investors had relatives (Ramanathan 2007a). Indian banks (HDFC, ICICI), corporations (Tata, Dalmia), and real estate developers (Unitech) have established domestic real estate funds which operate similarly to the foreign funds, attracting both Indian and foreign investors.\footnote{In general, firms raise money from institutional investors (insurance companies, pension funds, mutual funds, etc.), corporations, and high-net worth individuals around the world. They dedicate these investments to an India-specific fund, or they invest through existing multi-sector or regional funds (for example an India fund not dedicated to real estate or an Asian realty fund). A few funds are publicly listed; for example, investors can buy shares in Trikona Capital’s Trinity Capital Fund on the London Stock Exchange’s Alternative Investment Market. Many of these firms invest through subsidiary companies officially incorporated in Mauritius, the Cayman Islands, or other tax havens. Whether floated by banks, private equity firms, or property investment firms, these various funds plan to invest in Indian real estate development companies directly or to form joint ventures with Indian companies to develop specific projects.}

News of particular deals, as well as foreign and Indian fund managers’ collective announcement of plans to amass billions of dollars to invest in Indian real estate, fueled ambitious – and highly divergent – estimates of future foreign investment flows. For example, Mint, Today, and the Economic Times all reported in 2007 that foreign funds had raised a total of $3 billion to invest in Indian real estate (R. Banerjee 2007, Chaudhary 2007, Economic Times 2007a). By contrast, Ernst & Young published a table showing a total of $6.2 billion in September 2006, while Real Estate Intelligence, a Mumbai-based real estate “deal
“tracker” estimated $6.3 billion a year later (Ernst & Young 2006; Ramanathan 2007b). In 2007, Cushman & Wakefield, a property consultant, reported that foreign funds had actually raised $15 billion (P. Singh 2007). However discrepant, reports of how much funds had raised incited analysts and consultants to predict that foreign investment would grow even more in the coming years.

Some of my informants cited similar predictions. An analyst with the international property consultant Trammel Crow Meghraj cited a Merrill Lynch report in a conversation with me, using its prediction that “$14 billion [in foreign investment] will hit the market in the next four years” to conclude that foreign investment “will double the size of the market” and cause Indian builders to build twice as much as they are now. Another consultant told me “I mean as a country we used to have a billion, maybe two billion dollars of foreign investment per annum, maybe two to three years ago. That’s jumped up to ten-twelve billion already, and the bulk of that is happening in real estate.” The director general of the real estate industry lobby group NAREDCO boasted, “In the past six months we have seen three billion dollars [of foreign direct investment] – maybe there will be 5-6 million by the end of the year.”

33 In part, these estimates diverge because each consultancy has presumably created its own estimates from rumors, press releases, fund announcements, Securities and Exchange Board documents, and other industry sources. No one source had the definitive list. When I asked a young analyst at Religare, an Indian financial services company, about foreign direct investment estimates, he told me he keeps his own personal tally meticulously recorded deal-by-deal from the newspaper reports and the rumor mill. Naturally, he was unwilling to give me a copy.

34 Early on, one report anticipated that the new foreign investment regulations would “inject more than US$1 billion annually into India’s development and construction industry” (Srinivas 2006, 18). In 2006, the head of research at Knight Frank, an international property consultancy, estimated that foreign investment would grow “40-45% over last year’s $1.2 billion” (Gangopadhyay 2006). By 2007, the estimates were even bolder: Indiareit Fund Advisors Pvt., Ltd. predicted that “India may get as much as $10 billion in overseas funds betting on real estate in the next two and a half years” (or roughly $4 billion a year) (Chaudhary 2007). ICICI Bank similarly estimated “FDI [foreign direct investment] in the Indian real estate market at US$4-5 bn annually for the next five years” (ICICI Securities 2007, 15).
Among all the buoyant predictions, it is difficult to discern how much foreign investors have actually invested in Indian real estate. While many of my informants talked about “massive” amounts of money coming in, I met several skeptics who pointed out the difference between deals announced and money actually making its way into Indian projects. One journalist felt that “only 25 percent of projected FDI [foreign direct investment] is actually coming in. . . . the picture the industry projects is rosier than the real picture of the FDI scenario.” In an interview, a representative of a foreign retail property developer pointed out

[Getting a deal done and executing the deal, the two are very different things. In India, there are many deals which are happening. If you look at the newspaper for the last one year, two year, you’ll find so many deals which are being covered in there. But please ask the media, how many of these deals are actually converted into successful structures? Not many.

Indeed, the Financial Express estimated that by the spring of 2007, only ten to fifteen percent of the foreign investment announced had actually been invested. For example, JP Morgan and SunApollo had only invested ten percent of their total fund amounts ($360 million and $630 million, respectively) (V. Soni 2007). Vinod Behl, the Editor of Real Plus magazine wrote to his readers, “It’s a matter of concern that despite the much hype over foreign funding, only $1 billion has been invested in Indian real estate during 2006-07, that is far below the projected amount of $10 billion” (Behl 2007).

Even Vinod Behl’s $1 billion may have been an inflated figure, though determining how much foreign funds have invested in Indian real estate is complicated. The Association of Indian Chambers of Commerce (ASSOCHAM) published some estimates in a widely-
cited report in November 2006 (Table 2.3).\textsuperscript{35} However, at that time, India’s Department of Industrial Policy and Promotion (DIPP), which tracks foreign direct investment, did not publish disaggregate data for real estate (see DIPP 2006), so it is unclear how the ASSOCHAM arrived at its figures, which do not accord with the real estate sector figures the DIPP later published (Table 2.4).\textsuperscript{36} According to the DIPP, foreign direct investment in real estate has certainly increased dramatically since 2005; however, it only accounts

\textit{cumulatively} for $2.71 billion, or 4.54 percent of the total cumulative foreign direct investment inflows for all sectors of the Indian economy between April 2000 and March 2008 (DIPP 2008). The DIPP, however, probably underestimates real estate foreign direct investment; according to an analyst I spoke with at an international property consultancy, the DIPP categorizes some real estate foreign direct investment as financial service sector investments.

\textbf{Table 2.3} \hfill  
\textbf{ASSOCHAM estimates of foreign direct investment in Indian real estate} 

<table>
<thead>
<tr>
<th>Year</th>
<th>Total FDI ($ billion)</th>
<th>Share of real estate in FDI</th>
<th>FDI in real estate ($ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>2.70</td>
<td>4.5%</td>
<td>0.12</td>
</tr>
<tr>
<td>2004-05</td>
<td>3.75</td>
<td>10.6%</td>
<td>0.40</td>
</tr>
<tr>
<td>2005-06</td>
<td>5.54</td>
<td>16%</td>
<td>0.89</td>
</tr>
<tr>
<td>2006-07*</td>
<td>8.00</td>
<td>26%</td>
<td>2.08</td>
</tr>
</tbody>
</table>

*estimated

Source: adapted from ASSOCHAM 2006.

\textsuperscript{35} A broad range of reports, blogs, and articles cite the November 2006 ASSOCHAM report, “Study on Future of Real Estate Investment in India.” For example, ASSOCHAM’s foreign direct investment estimates appear in a report by international consultancy Deloitte Touche Tohmatsu (Deloitte Development LLC 2007) as well as in articles in the \textit{Financial Express}, the \textit{Hindustan Times}, and Chandigarh’s \textit{Tribune} (Satyanarayan, S. 2006; V. Soni 2007; Uprety 2007). The real estate and financial websites Indian Real Estate Forum, Jab We Met Finance, and My Property India all quote from the report or its press release:


\textsuperscript{36} Neither of these sets of figures corresponds with some of the real estate consultancy reports’ calculations. For example, Jones Lange LaSalle reports: “Following relaxation of FDI guidelines by the RBI in 2005, we have seen an exponential growth of FDI investment in the real estate sector. FDI inflows in real estate rose from about USD 0.2 billion in 2003–04 to about USD 10.0 billion in 2007–08” (Jones Lang LaSalle 2008, 5).
Table 2.4
DIPP estimates of foreign direct investment in Indian real estate

<table>
<thead>
<tr>
<th>Year</th>
<th>Total FDI ($ billion)</th>
<th>Share of real estate in FDI</th>
<th>FDI in real estate ($ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>3.76</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>2005-06</td>
<td>5.55</td>
<td>0.68%</td>
<td>0.038</td>
</tr>
<tr>
<td>2006-07*</td>
<td>15.73</td>
<td>3.0%</td>
<td>0.47</td>
</tr>
<tr>
<td>2007-08*</td>
<td>24.58</td>
<td>8.9%</td>
<td>2.18</td>
</tr>
</tbody>
</table>

*provisional
Source: data from DIPP 2008.

Even if DIPP estimates under-represent foreign investment in Indian real estate, we can see that most of the predictions were exaggerated. For example, while the Confederation of Real Estate Developers Association in India predicted a “capital infusion” of $5 billion in foreign investment in 2005 (Basu 2004), the real figure was probably well under $1 billion. Media about foreign investment in Indian real estate – from consultancy reports to articles in mainstream business journals – consistently inflate stories about foreign investment by reporting plans and predictions rather than committed investments. Hyperbolic language (investments “surging,” “pouring,” or “flocking” to Indian real estate); the habit of citing total fund amounts (“the $250 million U.S.-based Maia” fund or “Trikona Capital’s USD 450 million realty fund” [Ernst&Young 2006; Gangopadhyay 2006]); and the unquestioned circulation of various consultancies’ rosy forecasts establish an atmosphere of perpetual overestimation. Foreign investment entered Indian real estate in an environment where the wet ink on a Memorandum of Understanding (a non-binding agreement) was

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37 These figures represent the equity capital components of foreign direct investment only (including advances), omitting re-invested earnings and other sources of capital (see Sadhana Srivastava 2003). The DIPP now includes a table estimating foreign direct investment according to the International Monetary Fund guidelines (or what it calls “international best practices”) that includes re-invested earnings and other sources of capital, estimating total foreign direct investment inflows at $6,051 billion for 2004-5; $8,961 billion for 2005-6; $22,079 for 2006-7; and $29,893 billion for 2007-8. I chose to use the smaller, equity-only (not “international best practices”) figures because the DIPP reports real estate foreign direct investment inflow data is in this equity-only format (see DIPP 2008).
taken as solid proof of money changing hands. More than tracking financial flows, then, these reports act as advertisements for Indian real estate: broadcasting its appeal to international investors, they make it attractive to other international investors. The small beginning – a few funds announcing plans to invest – is sold as a successful ending – Indian real estate attracting billions in foreign capital.

**PART 2: WHAT TO BUILD WHERE: ALLOCATING LAND TO THE “NEEDS” OF CAPITAL**

2.2.1 Making the Pitch

In Parsvanath Developers’ corporate presentation, everything on the powerpoint slide describing Indian real estate is rising, expanding, growing, or improving: it advertises India’s “consistent and sustainable GDP growth, expanding service sector, rising purchasing power, faster urbanization, increasing impact of IT/ITes and organized retail sector, [and] improving regulatory framework” (Parsvnath Developers Ltd. 2007). Building on stories of growth familiar from the BRIC reports, Indian developers seek foreign investors using media such as investor presentations, industry reports, and company prospectuses.

Like their counterparts in other markets, developers and fund managers use projections of high returns to attract investors.\(^{38}\) They also rely on the “India story” of

\(^{38}\)For example, “India Advantage: A white paper on the Indian real estate opportunity,” a pamphlet written by international property consultant Cushman & Wakefield and handed out at the Global Real Estate Institute conference in Mumbai in 2006, includes a section on expected returns. “The return potential of the Indian real estate market has been extremely attractive,” its authors explain, with before-tax returns of 17 to 25 percent, depending on the type of project (Cushman & Wakefield 2006, 8). The report uses the term “cash-on-cash return,” which is the ratio of before-tax earnings to the total amount invested. They estimate 17 to 22 percent returns for residential and township projects, 20 to 25 percent returns for IT parks, and 25 percent returns for hospitality, leisure, and entertainment projects. A year later, Deloitte’s estimates are even more promising: “Annual return rates now exceed 20% for office, 25% for retail and 75% for existing and newly developed residential property” (Deloitte 2007, 2). Other publications advertise the high cap rates (annual yields) of Indian commercial realty – “the highest in the region,” according to one article (Basu 2004). Many presentations favorably compare the returns from investment in Indian real estate to those from other assets like stocks, bonds, or gold.
dramatic economic growth to sell India. Describing the investor presentation he had drafted at his previous real estate investment firm in about 2004, Vivek, who now works at a private equity firm recounted, “BRICs [the report] had just come in the market. I took a lot of the themes from the BRIC report.” Indeed, his presentation begins with a triumphant statement of India’s arrival in the international spotlight – “India is here to stay as an economy” – and a chart showing a projected increase in India’s share of global GDP between 2000 and 2010. A graph demonstrates India’s “solid GDP growth” since the economic reforms – a process of growth that the presentation claims has continued despite changing governments and coalition politics. Not only is India growing, it claims, the process is not at risk of political derailment (Primary Real Estate Advisors).

Why is GDP growth a sign of the future profitability of real estate investments? Rajesh, the vice president of an Indian real estate development firm that operates in the National Capital Region, conflated general economic growth with individual returns as he explained why he thought foreign investors saw Indian real estate as profitable:

See, what they [foreign investors] come and observe is what I observe. It’s a eight percent GDP. So if I had 500 billion today, next year I’m going to be 500 billion into 1.08. And then that becomes the basis for another 1.08. So it’s a compounded annual growth rate at a much higher rate. And as the base expands, that 8 percent becomes more and more majestic.

He reads the rate of GDP growth directly as a compounded annual growth rate; high GDP growth translates into corporate growth and thus high returns. Although this may not work in practice, it reflects the general excitement about economic growth and the logic of the 2003 BRIC report, which foresaw greater returns for investors in countries (like India) that

39 An approximation of the presentation was still available at the firm’s website, which he directed me to look at. This website is what I’ve cited here.
need capital to grow fast. His statement also captures the self-perpetuating nature of investment and growth: rates of increase become more “majestic” over time.

By 2006-2007, the “India story” was industry common sense. At the Global Real Estate Institute conference in 2006, the head of India’s National Housing Bank, S. Sridhar, presented the audience with a powerpoint slide listing reasons for investing in India. The guy sitting next to me in the audience, a developer from Mumbai, shifted in his seat during the presentation, grumbling that this was “stuff everyone in the room knows” before leaving to take a phone call. Several of my informants claimed that they didn’t need to make a hard sell to attract investors. India was “hot,” Vivek explained; it had been the “flavor of the month” for the “last fourteen to fifteen months.” Whereas his twenty-three slide 2004 presentation included eleven slides explaining “Why India,” and eight “Why real estate in India,” his current presentations focus on his firm’s strengths and his particular investment strategy, since everyone already knows the “India story.” An executive at another real estate-focused private equity firm agreed: “India is a pretty sold-off story,” he told me.

2.2.2 Foretelling the Future

On one of my first days at EuroFund, I spoke with Ravi, a director at the fund. When I stopped by his office, he was pouring over the latest Gurgaon master plan, trying to read the future in the acres of land the development authority had just opened for construction. He pointed out the parcels of land EuroFund was considering and spoke anxiously about placing a hundred million dollar “bet”, as he put it, on any one of them. He wondered, what will this place look like in five years? Where will people want to live? He considered whether a prestigious Delhi address would remain desirable even as the city
became more congested. Would the “current urban centers sustain themselves?” – or would they become “unlivable”? Gurgaon troubled him too. He worried that the heterogeneity of projects coming up next to each other might compromise his project’s future value. “I have no clue who my neighbors will be,” he complained.

Ravi’s colleague Samiksha thought other areas in the National Capital Region would prove better bets than Gurgaon, which she felt was “fast on its way to becoming an urban slum” due to poor planning, a lack of open space, and congestion. She complained about Gurgaon’s reliance on Delhi for its infrastructure, and she wondered what would happen to it once the airport, in need of expansion and hemmed in by government land, moves. If, as she fears, Gurgaon is a “ghost town” or a “mess” in fifteen years, EuroFund’s project might lose value.

When I asked Jeremy, the managing director, about the high-stakes location decisions he faced, he answered with an analogy from the United States, for my benefit:

In Manhattan, for office space, I’d say the best address is 47th, 48th, up to 50th on Park Avenue. But it’s impossible to say in Gurgaon. What is the Park Avenue of Gurgaon? That’s a little like asking, what’s the Park Avenue of Houston? It’s all built helter-skelter, seemingly without a master plan. Even on this new master plan, nothing jumps out to say they’re really trying to organize it, it’s more like retroactively fitting what’s there.

He found deciphering the future of Gurgaon’s development difficult, even from the planning documents, because the city does not correspond well to his understanding of the relationship between urban form and real estate values. Presented with such a “helter-skelter” place, how could he determine what would make the best (i.e., most remunerative) location for a commercial building?
The fact that both investment funds like EuroFund and Indian real estate development companies must construct the assets they invest in exacerbates a problem in real estate: the need to predict what a market will be like in the future. Investors cannot observe occupancy rates in an existing building before buying it, as they might if they bought a building in another market. They must make predictions about what Indian markets will be like in three to four years, as the uncertain process of buying land, re-zoning it, and then designing, constructing, marketing, and selling or leasing a building is lengthy. Investors and developers face the problem of investing large sums of money in projects that will not earn a return for a long period of time.

Jeremy worried that land prices, “having gone up so dramatically in the last few years,” might have outstripped the future profitability of any investment his fund might make. The “proof” of whether a parcel of land is “really worth” its current selling price, he told me, will only come once somebody has built a building and leased it up and then held it for at least three years to see if those rents are holding for that period of time. . . . [Y]ou have to be able to look down the road and have some confidence about what’s going to happen over the next, you know, three, five, seven years, that in truth in our business you never can ultimately know for sure.

In choosing where to build, developers must guess what the future urban landscape will look like and how it will affect rents or sale prices. Developers and investors run the risk of creating a project devalued by future events: a collapse in land prices, an oversupply of similar buildings, a change in technology or design, an undesirable adjacent use, or a lack of demand caused by any number of factors. Perhaps this is the reason so many use the language of gambling to describe the business. My informants spoke of developers taking “positions in
land” or investors “taking calls” on a particular market. With each project, members of the industry are “betting” on the future.

Developers and investors have a range of strategies for investigating possible projects and markets, parsing the present to gamble on the future. Some developers hire marketing agencies to conduct focus groups to determine if a new housing type or mall will be well-received. Others commission international property consultants (CBRE, Jones Lang LaSalle Meghraj, Knight Frank, Cushman Wakefield, DTZ, etc.), Indian consultants (IL&FS Property Management and Services Ltd, Feedback Ventures, Technopak, etc.) or the property service division of Indian banks (ICICI, HDFC, etc.) to conduct market studies. These consultants perform property valuations, produce financial models, estimate the demand for real estate in a particular locality, and recommend a “product mix” for a particular piece of land (i.e., a mixture of hotels, shopping, offices, housing, and schools).

Many developers and investors, however, expressed doubt about the timeliness and accuracy of these formal reports. When I asked him about hiring property consultants, one developer asked rhetorically, “Who knows our country more than we do?” Another launched into a rant about how surveys ask “foolish” questions and produce equally “foolish” replies. He concluded, “If somebody tells you he does a market research, he is telling a lie. Nothing can be done there.”

Ashish, a consultant, expressed a similar skepticism:

A lot of it [research] is rubbish, these so-called experts don’t know. You can’t predict the market. You can forecast in the U.S. . . . they have 20 to 30 years of historical data. So they can predict, in the third quarter X will go up by Y percentage points.

40 Only one developer I came across actually used market research as a selling point in advertisements.
But this is a completely different market. Whatever is happening is unprecedented.

According to Ashish, a lack of historical statistical data renders much research and prediction nonsense. Furthermore, Indian real estate is such a new market, its dynamics are “unprecedented” – both historically and cross-culturally. By contrast, as we shall see, many of my informants believed that India was traversing a path already trod by more “developed” nations and that India’s economy and society would increasingly converge with the West over time.

Ajay, an analyst for a foreign fund, complained that the information in consultants’ reports was “common knowledge” and that commissioning research often took longer than the window he had for deciding on a deal. Rather, “informal” checking, he felt, was the “most productive”:

You pick up the phone, you get on the net, you pull up broker numbers, you start calling brokers randomly. You talk to five, ten brokers. With three, you talk about the possibility of buying land in a location that you know about, the rest you talk about selling land. You get differentials, you get an idea, right.

In order to “get an idea” about land prices in a particular location, Ajay informally polls a number of brokers, using the “differentials” between their answers to approximate prevailing prices. A shopping mall developer told me he polled relatives living in whatever city in which he was planning a mall. He also visited the main shopping districts and watched shoppers. Another developer said he relied on mortgage lenders (rather than brokers) to find the prevailing prices for apartments and the number of homes selling. He then visited to check occupancy rates, nosing around to see if laundry hung from balconies and lights came on at night.
Most of my informants swore by personal site visits as their primary tool of market research.\textsuperscript{41} Ajay described “checking out the site”: he asks local business owners in the vicinity of a possible project about rents, land prices, and their customers. His method resembled undercover sleuthing:

I have a story to tell people so that they give me a quotation they would give to a potential buyer, as opposed to a potential investor. If someone was to realize that I work for a fund, a real estate fund in Delhi, he would jack up the price. But if I was a potential home buyer – and I’m dressed in jeans and \textit{chappals}\textsuperscript{42} and T-shirt, so I’m not wearing, you know – the watch is off, the mobile phone doesn’t come out.

Prices depend on who the buyer is. In order to ferret out un-inflated prices, he makes site visits in the guise of an ordinary buyer, not a representative of a big city fund.

Govind, a developer, similarly recommended that in order to intuit a project’s possible success, one must “step in the shoes of the buyer”:

So if you go as – if you would buy a property somewhere, if you fit into a locale, become a local guy there, and then you go hunting for property yourself, and then you identify the kind of property you would want to buy, and if you can actually understand that, yes this is what the guy over here will buy and putting up something like that over here makes sense, then go to that city otherwise don’t.

He describes a process of personal interpretation, “becom[ing] the local guy,” in order to assess whether he (as potential consumer) would buy the kind of property he (as developer) has in mind. In the end, he felt that Jaipur would not make a good place for the kind of

\textsuperscript{41} In this they resemble researchers who have studied Indian land markets. For example, in his study of land markets in Lucknow, Kundu relied on land price data he collected himself through household questionnaires. He specifically developed a good rapport with the \textit{paan-wallas} and \textit{chai-wallas} in the neighborhoods he investigated in order to gain residents’ confidence, as well as introductions to important neighborhood figures and low-level government officials (1997, 127-30).

\textsuperscript{42} \textit{Chappals} are slip-on sandals, often what Americans would call flip-flops.
high-end product he constructed in the National Capital Region, Goa, Chandigarh, and Dehra Dun:

So Jaipur, I didn’t find much substance in the city. I didn’t think the local guys would really pay that much money for such a beautiful development because over there locally things are available much lower priced.

In the end, he based his determination on price – the lower prices available in Jaipur – as well as his understanding of the Jaipuri buyer.

Developers and investors claimed to investigate everything from the amount of competing space “coming up” nearby, the state of the roads, and proposed government projects, to the literacy rate and age distribution of a locality before taking on a project. Each had their own idiosyncratic method. At EuroFund, an employee combs the business papers every morning for news, accumulating binders and binders of articles on real estate trends, regulations, deals, and companies that other employees could mine for information. A developer I spoke with in Kolkata makes inferences from data on demand for other consumer products (cars, appliances, etc.), assuming that “it’s the same consumer” buying houses and cars. One NRI investor claimed that his interest in India was piqued once he estimated that wealthy Indians are becoming richer at a rate three times the Gross Domestic Product, or by roughly 24 percent a year. By examining the incomes necessary to gain entrance to the Forbes 500 over the years, he concluded that wealthy Americans were only increasing their wealth by nine percent a year. He therefore felt India was the more promising market.
In contrast to such investigative matrices, consultants and brokers characterize most developers as operating on “raw touch and feel” alone.43 One consultant complained, “very few [developers] do market research. Otherwise, it’s just a world of copycats. They just look at what their neighbor is doing and launch for two hundred rupees less.” Similarly, a broker told me that for most developers,

It is more of a gut feel. They say, “Oh, this is an affluent area. There are so many people around. They’ve all got big cars. For heaven’s sake, let’s put a shopping mall here.” . . . They just see an opportunity. OK, the land is reasonably priced. I can put it up for X amount of rupees per square foot. And I will be able to sell it for that much. There is money to be made. Let’s get into it.

Many felt that developers did not plan; they just copied their peers, rushing into new markets on very little pretense. Several developers, too, told me that they operated “more on gut feel than any research,” as one Gurgaon-based developer explained. His firm’s land purchases have been based, he said vaguely, “purely on the vision of the organization.”

However, both “gut feel” and well-documented research depend on often-unarticulated assumptions, whether they are as simple as “rich people will buy expensive apartments” or as involved as “an airport is essential infrastructure for globalizing cities, and the possibility of its moving threatens the vitality of this locale.” Even the basic question, “can I construct a building that will sell at the prevailing rate given the land costs?” requires judgment of what the prevailing rate will be in the future. Speculating on streams of future rents (or, for many Indian developers, future sales prices) requires recourse to stories about the future.

43 While there is probably truth to these claims, we also need to read them as characterizations of developers as un-professional and inexpert (see Chapter Three).
I had limited access to developers’ and investors’ decision-making process on individual projects in real-time. However, I contend that the stories they tell to garner investment also orient industry members to a shared understanding about the future of the Indian economy and society, and thus to common ideas of what to construct. Particular kinds of projects have emerged as good gambling pieces in the game of Indian real estate.\textsuperscript{44} Stories about the future make them so.

2.2.3 Allocating Land for Capital

David Harvey argues that land markets govern the allocation of capital to land, and thus, the production of space:

The land market shapes the allocation of capital to land and thereby shapes the geographical structure of production, exchange and consumption, the technical division of labor in space, the socioeconomic spaces of reproduction, and so forth. Land prices form signals to which the various economic agents can respond (Harvey 1999 [1982], 369).

Responding to signals in the land market, developers tend towards promoting the “highest and best uses” – i.e., the most profitable uses – forcing out those who cannot pay high rents and ultimately effecting a reorganization of space.

Harvey tempers this mechanistic view in three respects. First, Harvey acknowledges that developers and investors are betting on future rents, not current ones: “What is bought and sold is not the land, but title of the ground-rent yielded by it. . . . The buyer acquires a claim upon anticipated future revenues, a claim upon future fruits of labor” such that “the rate of interest and anticipated future rental revenues” govern the price of land (Harvey 1999

\textsuperscript{44}I am indebted to Aseem Shrivastava for the term “gambling piece.”
[1982], 367). Second, he notes that those anticipations can change, affecting property prices, and that developers “play an active role in creating conditions that permit future rents to be appropriated” through the changes they make to land use (367-368). Third, he recognizes that in the competition to profit from real estate development, developers, financiers, and builders can contribute to “material outcomes that often have little or nothing to do with the real needs capital and labor in general” (397). The system, then, is liable to failure as a means of producing productive landscapes for capital accumulation; land markets suffer from a tendency to dissolve “into a nightmare of incoherency and periodic orgies of speculation” (370).

Harvey sees “periodic orgies of speculation” as a “necessary evil” of the system by which land markets allocate capital to the production of new geographical configurations. I see it differently: rather than being aberrations, the processes of speculation, anticipation, and competition are integral to the production of land markets. Speculation drives the production of new spaces for capital. In a convulsive, tumultuous market, like India’s – a market undergoing great transformation – value is in flux. Prices seem constrained only by the imagination. Moreover, no one actor or institution understands the “overall requirements of accumulation” (Harvey 1999 [1982], 370) or the “needs” of labor and capital, much less has the capability to anticipate what they will be in the future. What will the “highest and best use” prove to be? Aquaculture? Private schools? Airports? Everyone is groping in the dark, anticipating various future scenarios, working to enhance their own profits, and situating themselves (they hope) well in the face of future trends.

Perhaps it is the anticipatory allocation of capital to land that shapes land markets, not visa versa, for the process of anticipating future land uses and rents – the leap from
present situation to future possibility – is guided as much by imagination as by current prices. This imagination is social in two senses. First, it depends on social imaginaries: visions of a future Indian society, its composition, income, and desires. Second, imagination itself is social in nature. Developers’ visions adhere to a shared common sense about the possible and the impossible, about what makes a good project or what will garner a high rent in the future. The stories I heard from my informants displayed a surprising coherence, even to the repetition of particular expressions, suggesting their origin in interactions and in the circulation of various media. This remarkable coherence lends a banality to the stories and logics that fuel investment in Indian real estate; they seem so commonplace as to be unremarkable, so familiar as to be true. Capitalists produce landscapes by repeating stories. It is to those stories that we now return.

2.2.4 Convergence Logic

Sanjeev, the broker we met at the beginning of the chapter, explained his enthusiasm for Indian real estate to me in this way:

[I]ntrinsically, if you believe in the India story . . . then you know Gurgaon is only fifteen kilometers from the airport, you know the biggest mall is coming up here, you know that most of MNCs are relocating to Gurgaon, then where is the risk over a five year cycle? A hundred and fifty fortune five hundred companies are in the pipeline to come to Gurgaon. They are going to move about a thousand senior Indian expats back into this country. BMW has opened its largest showroom in Asia in a mall here. So abhi [as of now], we have not yet scratched the surface.

Sanjeev believes that Gurgaon is poised for growth. The indicators? The possible relocation of multinational firms, the opening of a foreign luxury car showroom and the construction of a large mall signal that other investors also “believe in the India story.” Moreover,
Sanjeev believes that Gurgaon’s connections to the global economy, aided by its proximity to the airport, will grow. For Sanjeev, the predicted influx of multinational corporations is an index of future prosperity, a likelihood on which one should bet by investing in real estate.

Like many of my informants, Sanjeev’s pitch for investing in real estate hinges on his belief that multinational companies will continue to move their Indian headquarters, back-office services, software development units, and retail outlets to Gurgaon, integrating Gurgaon – and India in general – more closely with the global economy over time. Reports and presentations selling Indian real estate to investors reinforce the idea that economic growth depends on India’s new role in the global economy and on the further development of this role. They also suggest that as integration progresses, Indian society will converge culturally with the West. I examine the belief in the growth of an internationally familiar, consumerist Indian society in Chapter Five. Here, I argue that to bet on Indian real estate is to wager on India’s international economic integration and socio-cultural convergence.

Since liberalization, India’s economy has bypassed significant industrial development in favor of service-sector led growth. Services grew to around fifty percent of India’s GDP by 2005, while industry’s share leveled off since liberalization, and agriculture continued to decline (Banga 2005; Gordon and Gupta 2004). However, while the service sector has grown, service sector employment has not; in fact, services’ share of employment actually fell slightly between 1990 and 2000. India’s jobless service-sector growth means that the majority of Indians still work in agriculture, the sector whose share of output has dropped by thirty-three percent since the 1950s (Gordon and Gupta 2004, 5-8). Indian agriculture is in crisis: public investment has declined, new trade policies have left farmers vulnerable to
volatile international commodity prices, and input costs have grown (exacerbated by the entrance of international agro-business into Indian markets). By 2007, foodgrain production had slipped back to 1970s levels, and an epidemic of farmer suicides made international headlines (Jeromi 2007; Planning Commission 2007; Reddy and Galab 2006; Suri 2006).

The Indian real estate industry does not serve the majority of the population, which remains mired in this rural crisis. Rather, it serves the high-profile, fast-growing, and prosperous segments of the service sector. Since the 1990s, developers have provided offices for business services, IT (information technology), communications, banking, and insurance companies, and they have constructed hotels, restaurants, and shopping malls.

Industry documents employ a rhetoric of growth to argue that the demand for service-sector buildings that the leading edge of economic liberalization has produced indicates plenty of future demand for similar buildings. In particular, real estate reports harp on the growth of IT, an industry closely tied to international sources of contracts, funding, and now ownership. Emphasis on an “expanding service sector” and IT/ITes in industry reports’ “demand driver” lists makes sense in light of the fact that the IT industry currently accounts for “around 75% of the total demand” for Indian commercial real estate (JP Morgan 2007, 40). So naturally industry reports and Indian developers’ prospectuses are

45 Liberalized in the mid-1980s, the object of favorable state policies, and (partially) funded by venture capitalists from the U.S., India’s IT industry has grown tremendously fast, with a compound annual growth rate of 50 percent during the 1990s. As the practice of “body shopping,” i.e., farming Indian software engineers out abroad, has declined, more and more multinational corporations have begun “off-shoring,” i.e., establishing their own subsidiary software development units in India (see Dossani and Kenney 2002; Upadhya 2004; Xiang 2007). However, as Gordon and Gupta explain, while IT and IT enabled services (including software development, call centers, and business process outsourcing) have been “the most visible and well-known dimension of the take-off in services,” they make up only a small percentage of the growing service sector: “In fact, although IT exports have had a profound impact on the balance of payments, the sector remains a small component of GDP. As of 2003, business services (which includes IT) were only about 1 ¼ percent of GDP, accounting for just 3 percent of total services output” (Gordon and Gupta 2004, 4). Nevertheless, IT is a major consumer of Indian commercial real estate.
peppered with charts like “IT Industry: Increasing Real Estate Requirements” which match the growth of the IT/ITes sector to estimates of its continued demand for office space (Emaar MGF Land Ltd. 2007, 55). Industry consensus holds that the IT/ITes industry will “continue to be the primary driver behind A-Grade leasehold office space sector,” joined by other sunrise industries associated with the “new economy” and international investment (e.g., financial services, biosciences, pharmaceuticals, etc.) (DTZ 2007, 4).

Developers and investors believe that India’s service-sector heavy growth will lead India to improve its place in a global hierarchy of economies over time. This expected growth provides an aspirational path up what my informants called the “value chain.” Various industry reports hint that the transformation from back-office services to research and development is already underway: “From a mere provider of cheap labour as seen earlier, India is now a long term investment destination,” claims real estate consultancy DTZ (DTZ 2007, 4). Kamal Nath, former Minister of Commerce and Industry asserts that “the country’s journey upward from rudimentary call centers in basements” (Nath 2007, 86) will continue because growth is “implicit in the architecture of the ITES value chain that India is currently climbing. Leaving the simpler voice-based functions far behind, India has moved up to the highly complex territory of KPO [Knowledge Process Outsourcing],” off-shoring engineering, architectural, and biotech services (Nath 2007, 84).

This aspirational vision of India’s increasing integration with the global economy takes the IT sector – itself a small segment of the services sector and an even smaller percentage of employment – as the bellwether of “the Indian economy,” (a synecdoche that ignores most of the country’s economic activity and its populace). Real estate industry members believe that movement “up the value chain” will drive real estate growth as well.
An executive at a private equity firm claimed that as multinational firms like GE and Microsoft established research and development centers in places like Bangalore, the incomes of the “highly trained people” they employed rose:

So kind of the product now they aspired from the developers also started going up. So last four-five years in fact then you saw a shift in the kind of the real estate that started coming into the country. It was more aspirational. It was more in terms of quality, in terms of features, in terms of, you know, overall offering.

He suggests that as India’s IT industry becomes more knowledge-based, providing more “value added” for foreign firms, the Indian real estate industry will also progress, offering more sophisticated products. He believes that the IT and real estate industries can climb the “value chain” together.

Based on this belief in increasing integration and growth, real estate reports and investor presentations commonly recast disparities between India and other countries as potential growth opportunities and thus as advertisements for investment. Delhi-based Parsvnath’s investor presentation reminds the viewer that whereas China has 800,000 hotel rooms and Manhattan alone has 100,000, there are only 105,000 hotel rooms in all of India. Rather than seeing this figure as a sign of poverty, he uses it as evidence for a remarkable investment opportunity in the hospitality sector (Parsvnath Developers Ltd. 2007). Developers make similar arguments about other scarcities: the comparative lack of mortgage penetration, the dearth of organized retail, the meager contribution of real estate to GDP, the slow rate of urbanization, and the low number of housing units in India. Thus, by harping on growth, investor presentations and industry reports miraculously transform an infrastructure-poor country with an acute housing shortage into an attractive real estate investment
opportunity. They suggest that an investment in Indian real estate is a wager that these indicators will converge on an international “norm” as the economy becomes more closely tied to global trends.

Developers and fund managers often mention India’s housing shortage, for example, citing anywhere from 19 to 30 million units needed. They estimate that new housing construction in India is only growing at four percent, lagging behind China’s 15 percent a year (Slater 2002), and predict that the shortage will grow, from 20 million units in 2005 to 80 million units by 2012 (Unitech 2008). Industry members cite these figures to prove the industry’s social relevance, as well as to advertise the need for construction. As R. R. Singh, Director General of the real estate industry lobby group NAREDCO, told me, “the demand and supply gap is huge so there is tremendous scope of investment in construction and real estate industry. We have a 22-30 millions housing shortage.” Developers rarely mention that what’s needed is housing for the poor, since that is not seen as a profitable investment, nor that they overwhelmingly produce housing for the rich, since that would negate their claims to social relevance.46

Just as housing needs to be built, according to this logic, so do modern shopping malls and stores. A report on the Indian retail real estate sector by the Indian retail advisory firm Technopak and the Indian bank ICICI describes India as a “late entrant” to the “shopping mall phenomenon”:

46 While developers publicly talk about filling the housing shortage and “shelter for all,” some privately admit the discrepancy between the need for housing and what they build. For example, the marketing director for a Gurgaon-based developer told me, plainly: “These days, these high end apartments sell at about a crore – minimum, to start with – minimum a crore and upwards. But what about that 20 lakh guy or 25 lakh guy? Where the real demand is, when that real report comes in, that India Report, when they talking about housing shortfall of 28 million units, that is where the 28 million unit is. It is not there.” Of course, a 20 lakh house would still be out of reach of most Indians.
Currently, there are 137 operational malls in India, and still expected to grow at 40-50 percent per annum. However if you consider population to mall ratio, we are way behind some of the developed economies. USA, with just about 380 million inhabitants, has over 1200 shopping malls.

The comparison leads the authors to determine that in order to “catch up” to the developed world, “India needs at least 1000 modern shopping malls in over 500 towns and cities, providing high quality space options to various consumer goods and service providers to reach out to burgeoning consuming class” (ICICI Property Services and Technopak Advisory 2007, iii, my emphasis). Similarly, reports cite the statistic that “organized retail currently represents only 3% or $7 bn [billion] of the total $320 bn retail market India, one of the lowest penetrations globally” to bolster the prediction that formal, “organized” retail will surely grow (Unitech 2008). This gap-prediction routine is a call to action: in order to keep pace with the “next wave” of service sector growth, the reports urge, invest in “organized” retail formats now (ICICI Property Services and Technopak Advisory 2007, 2-2).

The representative of a foreign retail developer explained that the dearth of “organized” retail presents his firm with an opportunity:

And see what happens is, when you come to a market and you find something missing – like everybody says that India has only three percent or four percent of organized retail, rest everything is unorganized – but that unorganized thing is opportunity, right, actually if you look at it.

Similarly, he continued, a lack of “quality” real estate development provides a fortuitous business opening:

Same way in development, if somebody comes to India and sees there is hopeless development which is done across. That means
then opportunity of doing the right development and being a successful developer.

Another developer concurred that there was room for improvement, complaining that by international standards, the malls in India are not really malls but just “department stores.” He concluded, “We call them malls, but it is nothing. Retail has yet to start.”

Such comparisons lead to the characterization of the Indian real estate market as “immature.” Ajay, an analyst with a New-York based Indian real estate investment fund complained that “the markets here [in India] are very very very – not really unevolved, but they’re not that mature,” a claim he substantiated by citing the low mortgage to GDP ratio. Informants routinely began explanations with phrases like “Since you are from a very advanced economy. . .” to underscore their assumption that I would be used to a different level of real estate development. They also used terms like “catching up,” or made comments such as “the retail industry here is still at the very early stage” – all of which indicate that they believe that India is “behind” the “developed” world but moving forward on the same historical trajectory.

Following this logic of comparison and catch-up, the lack of the kind of assets that the global real estate industry likes to buy and sell, or what my informants call “something missing,” is an indication that these assets will soon be built. For example, a real estate report by the Indian investment bank Edelweiss Capital argues that

Investable real estate assets in India are only USD 50-80 bn [billion] or 6-10% of India’s GDP compared with 40-50% in most developed countries. As the sector becomes more organised and conducive to institutional funding, we expect investable assets to increase to 20-25% of GDP over the next ten years. This implies investable asset creation of USD 480-600 bn, which at 40% equity funding, means a further market cap creation of USD 160-220 bn. (Edelweiss Securities 2006, 34)
All this predicted asset creation requires funding and promises returns. Edelweiss Capital’s analysts have transformed the difference between India and “most developed countries” (what could be seen as a shortcoming) into scope for growth, which is an advertisement for investment. This logic explains why the predicted growth of the real estate sector itself is an ubiquitous selling point in industry literature.47

One informant claimed that this kind of gap/opportunity logic led him to predict that Indian real estate values would rise after 2004; he saw that real estate prices were “underperforming” based on the assumption that they should keep pace with inflation. Similarly, a developer in Kolkata told me that land prices will continue to increase in India because they were not yet at “accepted price norms” internationally: “So if in Singapore, the price is a thousand Singapore dollars per square foot, compared to Bombay or Delhi, the economic makeup is not that behind.” Convinced that India is similar but lagging in prices, he predicted that there would be price “convergence” in “five to ten years.”

The subtext of this comparative discourse is the assumption that India will become more like other nations over time, eventually meeting the “standard” for hotel rooms, population to mall ratio, or urbanization levels. Despite whatever makes India unique, these reports all assume that the country is destined to follow a trajectory that leads to shopping malls, office parks, hotels, and high-rise housing bought with mortgages. Moreover, that trajectory is shared by other “emerging economies.” One private equity executive told me that his bosses had done work in Mexico a few years back, and that they believed that they could “replicate the same kind of a business model maybe in India.”

47 Estimates of the total industry value of the real estate industry range from US$45-50 billion in 2010 to a staggering US$90 billion by 2015.
qualified them to work in India in 2007. By applying various statistical “benchmarks,” industry members find the “scope for growth” they use to advertise Indian real estate as an investment destination.

So strong is the idea that India should conform to statistical indicators from other countries that many of my informants spoke with prescriptive authority. Note, for example, the slippage between extrapolation and prescription in the following exchange with the consultant Pankaj:

Pankaj; . . . What needs to change obviously is the fact that you are talking about, I mean in sheer numbers today our urban population could be about 300 to 320 million. That needs to increase to about 550 million in the next 25 years.

LS; When you say needs to increase?

Pankaj; I mean, will increase to about 550 million, if you look at population growth and urbanization changes.

LS; So is that just looking at past trends and extrapolating [forward?

Pankaj; Absolutely, absolutely. And these are various extrapolations. You are talking about the need for urban capacity to more or less double over the next twenty-five years.

As Pankaj translates projections into prescriptions, he reflects the normative force of accumulated industry reports, which seem to suggest that India needs to urbanize, needs to increase the mortgage penetration, and needs to have more space for organized retail.

Some business sources use urbanization as a projected outcome of economic growth and a sign of future demand for real estate: according to the Wall Street Journal, for example, “the huge migration from rural areas to cities in China and India means that the urban population in both countries is forecast to increase by 25% in the next decade, creating
demand for every property type, from homes to shopping centers” (Kilbinger 2007). In the circular logic of industry rhetoric, however, other sources assert that urbanization is an imperative if growth is to be attained. For example, one Economic Times article uses the claim, “India desperately needs to urbanize in order to sustain a growth rate of 8% or more,” to argue that more land should be made available to private builders (Arun 2007). Industry members confuse cause and consequence, transforming signs of profitability into imperatives for change. Repeated often enough, such prophesies galvanize developers to concentrate construction in cities, sell mortgages, and build malls. They encourage investors to meet benchmarks, fulfill industry projections, and build an Indian real estate market that resembles those elsewhere.

The prescriptive tone of industry discourse encourages the expectation that the reform process will continue and thus the Indian economy will become even more globally integrated. For example, one report concludes, “[g]iven India’s apparently insatiable need for funds to drive and sustain its nascent economic growth, further financial liberalization can be expected” (Srinivas 2006, 4). The very process of liberalization kindles expectations of further reforms, especially when the press reports every possibility, hint, or prediction of further change, and when politicians encourage the belief that liberalization is an inevitable process undisturbed by politics. For example, Kamal Nath, India’s Minister of Commerce and Industry from 2004-2009, wrote in his recent book India’s Century:

Over the past decade, almost every major national and regional party has been part of one government or another. They have had their views and differences, their own opinions on the pace and acceleration of change. Yet the broad thrust of economic policy has not been disturbed. Governments come and go; the process continues. (Nath 2008, 76)
Since many see continued reform as critical to sustaining economic growth rates, few believe the government will derail the process.

My informants were keen to see further reforms that would create demand for real estate: in particular, liberalizing education, which would enable foreign schools to establish Indian campuses, and retail, currently open only to international firms investing in single-brand stores and wholesale trade units. They felt they needed foreign investment to be relaxed; many had built malls too large to fill with the limited number of Indian chain stores. At one meeting I attended, an Indian developer planning a large mixed-use development discussed creating office space that could be transformed into retail once the regulations were relaxed. Today, he claimed, you just can’t fill a million square feet of retail in India.

Despite a lack of “organized” Indian retail and significant popular resistance to it, Indian developers and foreign investors continue to bet on its growth. Even as protests against Indian retail chains made news headlines, a retail consultant I spoke with dismissed the ongoing *tamasha* as “just noise”:

> This is Indian democracy at work, and in one level it is good noise to make in small towns and cities where you’ve got a huge vaster population, and they will make these noises and in the big cities we will continue doing the malls. And the two won’t interface with each other, so that there is lot of noise talked but no action... And none of it will stop international retailers from coming in. They will come in. Its just noise. In truth it’s just noise, and that noise will continue.

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48 In August and September 2007, protesters concerned that organized retail would take business from small retailers attacked Indian retail chains such as Subiksha, Reliance Fresh, and Food Bazaar in Delhi, Ranchi, Kolkata, and Lucknow. The protests prompted the Uttar Pradesh government to close Reliance Fresh stores in Lucknow and Varanasi and Reliance to reconsider a planned expansion into West Bengal (Bailey 2007; Das and Bailey 2007; Datta 2007; G. Rao 2007; Roy and Bailey 2008). The entrance of Wal-Mart into the Indian market through a joint venture with the Indian company Bharti Enterprises also raised the ire of the political Left, apprehensive that international retailers would displace Indian wholesalers, squeeze Indian farmers, and run small retailers out of business (*Economic Times* 2007g; Sridhar 2007).
This consultant presents a stark view of the disconnect between small-town discontent and big city development, as well as between citizens’ concerns and the inescapability of liberalization. He claimed that politicians sometimes “play to” the “noise” of discontent, “but they won’t stop that [reform] process from going on.” Similarly, the marketing director for a developer in Gurgaon believed that foreign investment in retail would be further liberalized: “it has to happen, it has to. Government cannot avoid getting into this growth. . . And each government wants to out-perform the other. So they have to bring in this growth, and we have to sustain this growth.” In this view, growth is a self-fulfilling prophesy, propelled by its own momentum.

What is the anticipated result of all this growth? An urbanized, high income, consumerist society with great demand for apartment complexes, shopping malls, restaurants, and resorts. An economy integrated into the world financial-service-based economy through an evolving IT/ITes industry in need of office space. A retail sector open to foreign retailers and thus demanding new kinds of retail space, as well as national highways, ports, and storage facilities to support new supply chains. An India convenient to business travelers with plenty of hotel rooms, airports, spas, and golf courses.

This vision of India’s economic and social future informs developers’ and investors’ ideas about what makes a good gambling piece in the emerging game of Indian real estate. In anticipation of this future, Indian developers are building projects like Raheja’s 225 acre engineering SEZ in Gurgaon, a “duty free enclave” with its own power supply, sewage treatment facilities, and security; Delhi Land and Finance’s “Emporio,” a 300,000 square foot luxury mall in South Delhi housing international retailers like Cartier, Louis Vuitton, and Swarovski in a marble-clad atrium with chandeliers and grand pianos; “Aerotropolis,” a
2,300 acre airport-based city in West Bengal; and Silverglades’s “Tauns Valley Retreat,” a
gated community of hill homes “in the architectural style of the old Raj bungalows” just
outside of Mussorie. Indian developers and foreign investors are gambling that the Indian
economy will continue its current trajectory towards liberalization and global integration;
they are betting that this future-vision will come to pass, and they are building for it.

2.2.5 Reanalyzing Speculation

Scholars and pundits see speculation as a group psychosis, one that creates euphoric
manias and devastating crashes; they describe it as “irrational exuberance” (Shiller 2000) or
“the madness of crowds” (Mackay 1980 [1841]; see also Chancellor 1999; Galbraith 1994;
Kindleberger 2000). Describing speculation as psychosis, however, scholars downplay both
the pervasiveness and the productivity of forecasting as a capitalist practice. I have
underscored the uncertainties surrounding real estate investment in India in order to
highlight the vital, productive role that stories about the future play in shaping industry
members’ actions. Some of these stories take the form of narratives about India’s progress;
others are the statistical extrapolations and industry forecasts so common in business
discourse. Developers and investors imagine the future so that they can ready themselves
for it; they use speculative discourses to forge strategies, projects, and plans. These acts of
imagination are not “the madness of crowds” but the logic of contemporary business

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49 For information about these projects, see the developers’ websites. Information about Raheja’s SEZ can be
“Aerotropolis,” see Agrawal 2008 and Express India 2008. My description of the Silverglades Tauns Valley
Retreat project comes from the project brochure, which the developer gave me.
practice. They have become a significant means of organizing people that is distinct from the state-imposed dictates of planning and development projects (Ferguson 2005; Holston 1989; Li 2007; J. Scott 1998). They therefore deserve renewed scholarly attention.

The stories about the future that guide real estate developers and investors blur the neat Keynesian distinction between “speculation” (“forecasting the psychology of the market”) and “enterprise” (“forecasting the prospective yield of assets over their whole life”) (Keynes 1936, 158; see also Kaplan 2003). I have argued that the “fundamentals” that inform investors’ understanding of the prospective yield of Indian real estate assets are shared stories about the future of Indian economy and society that mingle with and are supported by third order interpretations about others’ belief in those stories. Estimations of the future state of the “market” do not rest on the assumption that “the existing affairs will continue indefinitely” as Keynes assumes (1936, 152), but rather on the assumption that they will change. Socially produced and circulated, stories about GDP growth, rising incomes, urbanization, and socio-cultural change are part of a very potent narrative about India’s post-liberalization triumph on a global stage.

In the context of these stories about India’s growth and progress, “speculation” has become as dirty a word in the real estate business as it is in academic scholarship. Real estate developers do not explain skyrocketing land and real estate prices as the result of their own speculative activities; rather, they take them as proof that the “India story” is true. My informants’ denial of their own acts of speculation is a central component of their attempt to attract investment: they must create the appearance of profitability, and avoid the appearance of “irrational exuberance.” As Anna Tsing writes, “in speculative enterprises, profit must be imagined before it can be extracted; the possibility of economic performance must be
conjured like a spirit to draw an audience of potential investors” (Tsing 2005, 57). Such dramatic performances are often materially effective, attracting investors, persuading buyers, and ultimately producing buildings.

Sociologists conclude that rather than merely describing markets, economic knowledge sometimes performatively produces effects in them (see Callon 1998; MacKenzie 2006; MacKenzie et al. 2007). It would be impossible to prove the performativity of speculative real estate discourses, since developers’ claims to profitability rest on broad sociological trends and stories about growth that circulate through many institutional environments, from international real estate consultancies to investment banks and multilateral organizations. Yet developers do not wait for social trends to play out, either. The mere activity of other developers and investors and the presence of new buildings in India serves as a sign of growth and an indication of the felicity of industry prognostications. Real estate discourses are therefore more proleptic than performative.50

These discourses about the future do create concrete realities – though not necessarily the social realities of industry rhetoric. Based on these discourses about a glorious, globally-integrated Indian future, Indian governments are clearing slums and displacing their own populaces to provide land for developers. The new “infrastructure for growth” that developers are building is not the infrastructure that the majority of the population needs: affordable housing, water, sanitation, and transport. Rather, it is a landscape designed to enable large multinational corporations, foreign investors, and Indian

50 I am indebted to Luke Fleming for this insight.
elites to accumulate capital. Its construction testifies to the power of these speculative discourses to present possibilities for action, align various individuals, firms, and governments to them, and produce effects in the world.

Where the state has partnered with private firms to build urban infrastructure “for the masses,” it is on model whereby users pay. Cost-recovery and user-fee schemes raise a number of issues in terms of equity, access, and implementation (see, for example, Ranganathan et. al. 2009).
CHAPTER THREE
TRANSPARENCY AND THE QUEST FOR INTERNATIONAL CAPITAL

3.0 Introduction

In June 2005, I accompanied Vinay, a young developer who worked with his father, to the municipal corporation building in one of India’s metros. Inside, its halls were teeming with men in the bureaucratic uniform: drab button-down shirts and brown pants. Vinay stood out in his deep blue shirt and snappy black trousers. The mint green hallways of the planning wing were crowded and hot, with no fans. Boys ran in and out with glasses of chai in wire baskets. Vinay was sweating, and he seemed a bit nervous. “I hate doing this, man, I just hate doing this,” he complained. We had come to do a little bribing.

Vinay wanted to remove a staircase from the plan for one of his buildings. For the signature of the deputy chief planning engineer bestowing final approval on the drawing, Vinay had counted out Rs5,000 and carefully placed it in his right front pocket before coming into the building. He had other bills in his left front and right back pockets. He told me, “What’ll happen is I’ll go in and ask how is he doing, ask after his health, some niceties. Then we’ll shake hands, he’ll open his drawer, and I’ll just put the money in. Done.” We were waiting in the hallway for the “liaison architect,” an intermediary who arranges these meetings, usually between the developer’s “design architect” and the appropriate clerk or official. Vinay wanted to come himself to make sure he’s not asked for too much money. For this signature, he will pay the clerk Rs2,500 and his boss Rs5,000, as arranged by the liaison architect and the clerk in advance.
I asked Vinay how many times in the life of a project he has to come here. He replied,

If you don’t make any revisions, then once at the beginning for approval of the plans. Then for the NOCs [No Objection Certificates] – fire, lift, drainage, etc., then again for the completion certificate. So that’s three, if you don’t revise. And when you’ve poured the first [concrete] slab, then you send your car and you bring the chiefs down to the site and they just see that everything’s going as per the plan.

The liaison architect arrived and told us our appointment was not for half an hour, so we went upstairs to two other offices to deal with other matters. Vinay ducked into one office and came out ten minutes later, disgruntled. The official had signed all but one of the forms he needed and then had been transferred. For the one remaining signature, the official’s replacement was asking for as much as Vinay had already paid. Nevertheless, Vinay paid him.

The last chapter introduced the foreign developers, private equity funds, and investment banks that have invested in Indian real estate since foreign direct investment was further liberalized in 2005. For them, Vinay’s routine visit to the planning office would be a nightmare. Regulations in these firms’ home countries prevent them from bribing foreign officials, a requisite step in the construction and approval process.¹ More importantly, navigating local planning bureaucracies requires local knowledge and connections. Even Vinay, involved in his father’s business for five or six years, relies on the liaison architect as an intermediary; still, he found he had to pay twice for the same job. Most developers operate through several layers of contacts: design architect, liaison architect, clerk, official.

¹ The U.S. Foreign Corrupt Practices Act of 1977 and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, which has been ratified by thirty-seven countries, prohibit payments to foreign officials for the purpose of obtaining business (OECD; U.S. Department of Justice). My informants referred to the U.S. Foreign Corrupt Practices Act by name.
Even then, as Akhil Gupta points out, bribing is “not . . . simply an economic transaction but a cultural practice that require[s] a great deal of performative competence” (A. Gupta 1995: 381). The Indian-born, U.S.-trained representatives that many foreign investors send to India to find investment opportunities (never mind their European and American counterparts) often lack the cultural capital and district-level contacts needed to buy land, change land use, and obtain permits – in short, to construct buildings in India.

Navigating local bureaucracies to bribe planning officials is just one of a number of hurdles that foreign investors encounter as they try to invest in India real estate. First, foreign companies face legal hurdles in buying agricultural land in most states. Second, land holdings are extremely fragmented, making assembling large tracts of land for construction projects difficult and time consuming. Third, from the point of view of a foreign investor, the land titling system in India is Byzantine, a Pandora’s box of village-level records, many in dispute between various parties. There is no title insurance to cushion the blow if someone should appear months or years into a project to dispute the land title, and the Indian courts are a notoriously Dickensian place to settle such disputes. Since investors plan to sell their assets in the future, land title complications jeopardize their ability to “exit” a project profitably. The analyst for an international real estate fund asserted, “We will not invest until all the land has been aggregated, has been put into the investing company, is clean, is usable, is transferable, is zoned for the right purpose, has to be. If it’s not happening, we are not investing.”

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2 According to an article in the Wall Street Journal, fully one third of the 26 million cases pending before the Indian judiciary in 2002 were property disputes; cases often take up to 15 years to resolve (Slater 2002). D. C. Wadhwa (2002) describes numerous problems with India’s land titling system. Beyond missing, outdated, and faulty records, he argues that the basic problem is that Indian land titles are presumptive, not conclusive; the government does not guarantee ownership, which is always open to challenge in court.
Given this impasse, foreign funds have turned to Indian real estate developers, who now find themselves in a lucrative position as intermediaries. Many Indian developers have already assembled large parcels of land (a practice locally called “landbanking”), and they are adept at negotiating the legal and political hurdles of land development. As a result, they now assemble and clean land for international investors and developers: they bring parcels with clear title, land use change approvals, and other permits into a joint venture where the foreign partner provides funding, serves as the developer, or brings other expertise to the project. By taking on the initial risks in the development process, navigating local politics, and assembling land parcels (often using intimidation, extortion, and violence), Indian developers transform Indian land into an internationally legible asset, a profitable route for foreign investment.\(^3\)

In their position as intermediaries to foreign investment, however, real estate developers in India today find themselves caught in a double bind. In order to participate in the international market in Indian real estate, they need to appear clean and transparent, yet their position as intermediaries requires that they do the “dirty” work of land agglomeration. This chapter examines Indian developers’ contradictory new position and the personal transformations it entails. It considers the role that discourses of transparency play in changing some Indian real estate practices while hiding others. Although triumphant

\(^{3}\) Oil “fixers” play a similar mediating role in the oil industry, enabling oil companies to take part in dealings that anti-bribery laws prohibit. Ken Silverstein (2009) reports, Edward Chow, a former Chevron executive who spent more than three decades in the oil business, described to me the logic by which fixers thrive. With the U.S. anti-corruption laws, he explained, “There is no gray zone. The lines are drawn very strictly. On the other hand, executives of oil companies are sent overseas to make deals, and they are measured by performance: you either make the deal or you don’t. So you’re supposed to be clean but you’re also supposed to create business. That leads to a tension, and a temptation to use middlemen. Let him do whatever he needs to do; I’m not a part of it and don’t want to know.”
narratives about the transformative powers of globalization would have us believe that foreign investment brings increased transparency to the murky business of Indian real estate, in fact, it merely creates new patterns of revelation and obscuration.

### 3.1 Transparency Problems

As much as foreign investors need Indian partners, the process of “tying up” with an Indian developer requires surmounting cultural differences. Foreign fund managers evoke “transparency” to describe interactional failures with Indian real estate developers and to signal a cultural divide between them that makes trust difficult to establish.

When I asked him about transparency issues, Simon, the head of the Indian office of a London-based real estate private equity fund, told the following story with vehemence and animation. He was frustrated with an Indian developer in Cochin regarding a project which he felt had potential:

> It was small, only a million square feet. ((chuckle)) We were told that land was worth five crores an acre, and we had the potential or the FSI [Floor Space Index] to create a million square feet. We believed that there was a reasonable market for it, which ultimately we had some kind of a comfort that these guys were capable of selling, ’cause marketing is key, naturally.

He and his associates did a lot of legwork and “due diligence” before meeting the company’s chairman:

> We went to see the site. We met with the directors of the company in one city, who gave us all the information, who gave

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4 He chuckles here because he thinks a million square foot project is not a small undertaking in India. He expressed this view elsewhere in the interview.

5 Floor Space Index (FSI) is the ratio between the total area of a building and the area of the plot of land on which it sits. Also referred to as Floor Area Ratio (FAR), FSI is used by planners to control construction densities. In this example, Simon means that according to the stipulated FSI for the site, he believes he could construct a building with a total area of one million square feet.
us what we thought to be a certain amount of comfort on the clarity of the transaction. So we spent three or four days there, doing that. And then the day is to go down to Cochin to see the site to meet with the chairman to shake hands and to decide how we move forward. We go see the site. We spend another day doing our due diligence – speaking to local agents, speaking to companies. Are these guys people we want to do business with?

However, when they met with the chairman, the deal unraveled:

Day two, we sit down to meet with the chairman, who doesn’t even bother getting out of his seat, with his arms crossed, to say, what can we do for you? Knowing exactly why we’re here. . . . So we play the game. Thank you for offering this opportunity to us. We are very interested in it. We believe this is the deal. We tell him the five crores per acre and the one million square feet that we’ve been by told, by his company, by his directors. He says, ((fake Indian accent for first three words)), “No, my land is worth eight crores and we’re creating one-point-five million square feet.” See you later, mate.

It is not the price of the land per se that bothered Simon, but the sudden increase in value:

And even though that five crores, even that five cores is on the high side. But whatever. We’ll pay them that. They’ve made their money on the land. Good luck to them. They’ve got the permissions in place. They’re ready to develop. They deserve to get paid for that. We have no issue. But when somebody tries to increase his value by fifty or sixty percent within a period of a week and then increases FSI [Floor Space Index] by another fifty or sixty percent within a period of a week, after getting the information from that company, within that company, from his directors, (…) doesn’t give you a huge amount of comfort.

Strikingly, what bothers Simon most about the entire episode is the inconsistency of the Indian developer, which is foreshadowed by his frosty welcome. Simon emphasizes that all of his information came directly from the company whose chairman changed the terms, increasing the price and the size of the project. The word he uses to express his unease is “comfort”: the chairman’s inconsistency on the terms of the deal did not give him “comfort,” while his earlier investigations and meetings had provided “some comfort on the
clarity of the transaction.” When Simon found that “clarity” and consistency were not there, he walked away from the deal. He told me this story as an example of a problem with an Indian firm’s “transparency.” The term here means a kind of interactive consistency that Simon feels is necessary in a business partner.

The chairman’s inconsistency was a “deal breaker” for Simon. Interactionally, something went wrong here – the deal collapsed – but was the Indian developer simply greedy, as many foreign investors describe them? Might the Indian developer’s behavior be appropriate to a different interactional style, a test of Simon’s interest, or an opening salvo in what was meant to be a longer negotiation? Or perhaps the developer felt that agreeing to terms Simon found favorable would unnecessarily leave “money on the table.” Maybe he had another offer and was no longer interested in working with Simon. Whether or not Simon parsed these various interpretations, he labeled the developer inconsistent and non-transparent and refused to risk partnering with him.

Simon complained later in the interview about a range of “partnership issues”:

> When you think you’ve got a certain partner and they want to bring in their partners and make friends and they want to be on the board and at the end of the day, the lack of transparency because there’s too many people sitting on the board. Ego becomes a problem, everyone wants to have a say in the matter. Timelines get, you know, get uh, get muddied. You know, your lawyers and your accountants making a shit-load of money trying to finalize the shareholders’ agreement, whereas it keeps being changed every five minutes. It’s not a way to do business.

Again, he relates the issue of transparency to a question of consistency. He thinks it’s no way to do business if your partner tries to “bring in their partners” without warning, if the

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6 Simon did not give me his interpretation of the developer’s actions. Foreign investors commonly describe Indian developers as greedy, unscrupulous businessmen, a reputation I address in later sections of this chapter.
board gets too large and unwieldy, and if agreements keep changing “every five minutes.” When Simon talks about inconsistency and lack of transparency, he means his own lack of control over his Indian partners.

Another firm, a European real estate fund we’ll call EuroFund, also had difficulty interacting with partners and finalizing deals. They had negotiated with one potential partner (Mr. M) for five months before they realized he had been simultaneously talking with another investor who he wanted to bring in on the deal. EuroFund’s managers liked neither the third party nor the fact that Mr. M had been negotiating with him in secret. They also did not like the fact that Mr. M refused to show them the two plots of land they were discussing; they later discovered that one of them would have been difficult to develop because it had very little road frontage.

EuroFund finally formed a joint venture with a large Indian development firm (we’ll call it BuildIndia) to construct a commercial complex. EuroFund’s managing director, Jeremy, expressed dismay at how long the negotiations took: “We first met with [BuildIndia] in August 2006. It’s now February 2008 and we haven’t signed the agreement document yet. That’s just one transaction. And we’re still wondering, do these guys really trust us enough to be responsible for the day to day construction of the building?” Such protracted negotiations and uncertain timing are difficult for foreign funds to weather because many have deadlines for deploying their money in India. Moreover, for Jeremy, the length of negotiations indicated mistrust. For contrast, he told me about a fifty million dollar contract that EuroFund had signed with an American firm, several years ago. While that deal had

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7 In general, the investors and fund managers with whom I spoke said that deals took between five and nine months to complete, a long time by their standards.
taken four months to negotiate, an immense amount of time by Western real estate industry standards, it paled compared to the fund’s troubles finalizing deals in India.

The terms of the agreement also indicated mistrust to Jeremy. While EuroFund routinely acts as the majority partner in its overseas ventures, BuildIndia insisted on a 50:50 partnership. Jeremy explained, “usually, when we get partners, they are quite happy to be in a minority and to have a smaller voice. . . . They want to be in business with us because they know we know what we are doing.” EuroFund also usually does “all the accounting and bookkeeping and we’ll manage the bank account and we’ll organize with the accountants to prepare tax returns.” However, BuildIndia wanted to hire a third party (an employee of the joint venture) to do this work. Jeremy told me, “I was genuinely affronted. The implication of this is they think we’re going to try to steal from them.” He doubted how an employee of the joint venture could remain “intellectually, emotionally, rigorously independent and equally loyal to both partners,” and he worried whether this model would work: “I think this is the only time we’ll ever have not basically been taking responsibility for the accounting. And it worries me. I mean it just worries me about whether it’s going to be done right.” Jeremy interpreted his lack of control over the project as an issue of trust between himself and his Indian partner.

By the time I left India, Jeremy was quite frustrated. He complained, “We [EuroFund] have a tremendous reputation for integrity and honesty. But in India, they think we’ll act like Indians, ‘they’ll rip us off.’” He felt that Indian businessmen general operated with a de facto assumption of mistrust and a competitive, rather than cooperative stance: they always start “with the assumption of taking the upper hand. They want to do better than you. And they operate on the assumption that the other guy is trying to best them
too.” He continued, “There are ruthless, bloody-minded business men in [Europe] and everywhere else too, don’t get me wrong. But we are almost completely transparent in [Europe]. You know who those people are, and if you choose to do business with them, you do so with your eyes open.”

Jeremy is frustrated by a different mode of working and by his lack of knowledge of Indian players. He finds it impossible to operate “with his eyes open” in this “non-transparent” foreign environment. He uses the metaphor of “seeing” to express his difficulty navigating an unfamiliar business culture. Through the discourse of transparency, foreign investors express their own ignorance of the Indian real estate market, its culture, and its participants. Simon admitted his own lack of local cultural knowledge: “the local guy has the mindset, has the language, has the knowledge, has the way the deal is done in India, whereas a foreign company is learning that on a daily basis.”

The secrecy and mistrust (rather than the openness foreign investors seek) endemic to the Indian real estate industry’s operations adds to foreign investors’ learning curve. The term “transparency” has become such a widespread idiom in India, that Rajesh, the vice president of an Indian real estate development firm that operates in the National Capital Region, characterized his own working methods by their lack of transparency. He was talking about “Indian work habits,” and I asked him for an example. He said,

Transparency. Transparency. When I come to the table, and I’m talking to a foreigner, I’m a little vague and I don’t want to reveal all my cards. I don’t know what I’m fearful — maybe the information that I reveal may be used to, you know, either take away my money from me or my control of equity from me. Or something. Somehow, this foreigner will harm me. There’s a fear at the back of my mind.
He concluded that this “fear” does not emerge only when dealing with foreigners; it is an established “work habit”:

It’s a way of thinking that up till now, what I have been doing is I know so-and-so minister, I can get this work done, but I don’t want to share it. Otherwise all sorts of jokers will come to me. So I’ve got into a habit of thinking that whatever my connections or networks are, or my ways of getting things done are, is exclusive to me and I need to guard it. So that is who I have become. You know, in all my dealings, in all sectors of life that I go to.

Rajesh accomplishes work using his personal connections to government officials, ministers, and others. In a system based on such personal networks and individualized interactions, he feels he needs to guard his personal contacts closely, lest “all sorts of jokers” attempt to exploit them (and him). He feels his efficacy is based on the “exclusivity” of his contacts, and so guardedness becomes part of how he normally operates.

He went on to say that even when a potential partner shows interest – he “comes along and says, ‘I’m here, you guys are making money legitimately, and I want to participate in it. Why don’t you tell me all that there is to be said and I’ll take a call on that?’” an Indian businessman will “not [be] revealing all his cards at one go.” He explained,

Every time you come back to him, one little piece [?] which is then impact[ing] on the financial flow or the amount of equity that you need to bring in, or the timescale that you are required for you to bring in, somewhere, you are affected. “So why don’t you tell me in the beginning?” So that’s a work habit that was there.

In Rajesh’s depiction, the Indian businessman metes out important details of the deal as he sees fit, much to the frustration of his potential partner, who asks “So why don’t you tell me in the beginning?” Information is power, and the Indian developer, in this portrayal, controls the situation by controlling the information he imparts.
The inconsistency that frustrated Simon and the mistrust that bothered Jeremy are, according to Rajesh, elements of a commonplace interactive mode, a “work habit” enabling Indian businessmen to guard contacts, maintain control, and test potential partners. Foreign investors’ frustrations highlight divergent modes of doing business, which investors see as threats to the viability of partnerships and risks to the productivity of capital. Unlike large, multinational firms, managed through formalized, impersonal, and institutionalized processes (Chandler 1977; Yates 1989), Indian real estate firms are generally small, run by a single proprietor and his family. If the former operates through the mechanical objectivity of depersonalized business systems (Porter 1995), the later operates through networks of personal trust and discretion.\(^8\) Indian real estate developers resemble bazaar traders who employ tactical secrecy, interpersonal relationships, and kin networks in order to operate in markets characterized by information asymmetries and goods of dubious quality and quantity (Fanselow 1990). Their “unscrupulous” practices are “not a function of the actor’s ethic but of the rationality of the market” (Fanselow 1990, 262). Foreign financiers’ complaints about transparency signal their own ignorance in such a market and the control Indian real estate developers have maintained over real estate projects in which they are anxious to invest.

### 3.2 What is Transparency?

When foreign investors use the term “transparency” – or any number of related tropes of visuality, legibility, opacity, clarity, or cleanliness – they draw on a prevalent

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\(^8\) I am over-drawing the difference between the two modes of working here in order to make a point. In actual practice, of course, members of large firms also operate through personal networks.
business discourse that powerfully combines several ideas. In economics, “transparency” refers to the availability of price information necessary for the functioning of an “efficient” market; it suggests a move toward the unattainable ideal of “perfect information.” More colloquially, transparency is “a buzz word for the idea that the more information is disclosed about an economic activity the better” (Economist). An advertisement for SAP business software plays on this meaning, announcing “[C]larity enables companies to anticipate and respond nimbly to a constantly shifting global environment. Transparency, visibility, accountability. These are the cornerstones of a clearer business.” SAP suggests that organizational “clarity” (provided by their software) enables CEOs to “see” markets clearly and therefore to identify new opportunities for profit (Figure 3.1).

SAP’s use of the term “accountability” suggests another shade of meaning. Organizations like Transparency International, the World Bank, and the International Monetary Fund use “transparency” to refer to their fight against corruption and their efforts to make people publicly “accountable” for their actions. The Economist, in the same article cited earlier, slides into these other connotations:

> The collapse of Enron provoked demands for greater transparency, to help improve corporate governance in the United States and other industrialised countries. Some economists reckon that transparency is one of the most effective methods of regulation. Rather than risk regulatory capture, why not simply maximise disclosure and leave it to the market to decide whether what the information reveals is acceptable? (Economist)

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9 For example, the *Oxford Handbook of International Financial Terms* defines transparency as “A condition of the markets as to the availability and timely dissemination of price and other relevant information to market participants. The opposite would be opaque (cf. bazaar)” (Moles and Terry 1997).
Figure 3.1 SAP advertisement.
Here, transparency is a means of disclosing and thus eradicating corporate malfeasance. It is a market-driven form of “corporate governance,” one of the “ways in which suppliers of finance to corporations assure themselves of getting a return on their investment” (Shleifer and Vishny 1997, 737). Transparency discourse, then, is a neoliberal form of regulation, aimed at ensuring profit and protecting investments through markets rather than government reforms. Calls for transparency may seem like neutral calls for information, but with corruption as the implied antonym to transparent, they carry a potent moral imperative. The claim that something is “un-transparent” suggests impropriety, illegality, and corruption even when it refers to a lack of statistical data or a cultural misunderstanding; it paints both wrong-doing and cultural difference with the same wash of criminality.

As the examples of Simon and Jeremy illustrate, “transparency” does not constitute an objective state in which more is visible, but rather adherence to a set of business practices, a mode of being and acting. Global financiers and Indian real estate developers

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10 The expansion of global capital into the “emerging markets” prompted corporate governance research in the 1990s, according to Gerald Davis and Michael Useem (2002):

The transition of state socialist societies to market economies, and the spread of financial markets to emerging economies around the globe, infused the puzzle of managerialism with enormous policy relevance. What mechanisms could be put in place to inspire the confidence of investors in businesses housed in distant and often unfamiliar cultures? The place of financial markets in the project of globalization, as a means to channel investment funds from wealthy nations to emerging markets with limited local capital, assured that corporate governance would be a topic of intense interest for years to come. (Davis and Useem 2002, 232-3)

This perhaps also helps to explain the interest of international organizations such as the World Bank in corporate governance. Large institutional investors such as CalPERS (the pension fund for California government employees) have promulgated their own corporate governance standards abroad as a means of protecting their investments (Davis and Useem 2002, 245-6).

11 The label “transparent,” like the label “normal” or other designations for identifying risk, carry a moral force, subtly delineating a vision of what ought to be. Scholars have explored the relationship between risk, morality, and governmentality (see Douglas 1990; Ericson and Doyle 2003; Rose 1996).

12 Recent anthropological and sociological accounts of financial practices have demonstrated that the traders who run the global financial system, like other groups, forge their own conventions, practices, and norms (Beunza and Stark 2004; Ho 2009; Knorr-Cetina and Preda 2005; MacKenzie 2003; Zaloom 2006).
each play their own games of revelation and obscurcation.13 My question is not, which set of practices is objectively “transparent,” but what work do calls for transparency accomplish?14

In this chapter, I show how transparency claims made by multiple groups in multiple ways help make markets. Powerful economic actors such as institutional investors and management consultancies strive to expand markets by governing economic practices. By labeling Indian real estate practices non-transparent – and by holding out the promise of funding – foreign investors can insist upon changes in accounting practices, valuation methods, firm organization, and even developers’ style of interaction. I contend that international real estate investors, consultants, and others use transparency claims as tools in a bid to transform Indian real estate developers into globally familiar partners and Indian real estate into an international route of capital accumulation. Here “transparency” is not an effort to make state power accountable to a suspicious public, as in West and Sanders’s account (2003), in which transparency claims are responses to conspiracy theories, rumors of corruption, and occult suspicions. Rather, investors’ calls for transparency more closely resemble accounts of auditing which describe systems of control that operate through standardization, quantification, and procedural norms (Dunn 2003; Power 1996, 1997; Power 2001; Power 2002; Power 2005).

13 Foreign investors’ business practices are sometimes neither legible nor legal, despite positive ethical connotations – even the moral imperative – of their calls for “transparency.” Indian developers may avoid stamp duties by conducting transactions in cash, but foreign banks and funds avoid taxation by routing investments through Mauritius, the Cayman Islands, Bermuda, and other “tax havens” (Braithwaite and Drahos 2000, 105-109; Christensen 2006; Sikka and Hampton 2005; cf. Maurer 2005). Indian developers may flout land use and environmental regulations by bribing planning officials, but foreign institutional investors flout investment controls by buying risky derivatives disguised as highly rated notes (Partnoy 1997). Historically, there has been a shifting, contentious line between acceptable capitalist practices and wagering, gambling, and chicanery (Cowing 1965; Mihm 2007; Lears 2003; Preda 2009).

14 In her study of late colonial Indian business law, Ritu Birla traces British Colonial attempts to code indigenous capitalist practices as private, cultural, customary, and, in some cases, illegal. She argues that “colonial authorities regulated vernacular capitalism exactly by coding it as a rarefied cultural form,” subject to Hindu personal law (Birla 2009, 5); and she demonstrates Marwari merchants’ attempts to legitimize themselves as Economic Men and modern subjects required them to use the very categories through which laws on market practice regulated them. We can find similar themes of subject formation, governance, and power in contemporary debates over the “transparency” of Indian real estate practices.
Strathern 2000). Foreign investors’ calls for transparency are attempts to govern: attempts to devalue Indian developers’ expertise, to obtain favorable investment terms, and to urge Indian developers to transform themselves into legible intermediaries (and less risky partners).

Indian real estate developers themselves have responded with their own transparency claims, weaving a narrative of the industry’s transformation and reinventing themselves to fit foreign expectations. However, for them “transparency” has a different valence and different attractions. In India, “transparency” suggests a host of positive attributes: world class status, professionalism, organized vs. unorganized industry, and white (formal, legal) vs. black (cash, un-taxed) transactions. Indian developers construct credible, “transparent” personas not only to attract foreign investment, but also to change their reputation domestically. To understand this process, let us start with Indian developers and their projects.

3.3 A Murky Business

When I first arrived in Delhi in October 2006, a researcher at the Housing and Urban Development Corporation, a quasi-government entity, told me that there were so many developers working in the National Capital Region (never mind all over India) that I would be unable to name them all. “Every day there is at least one new real estate company,” he claimed, repeating what became a refrain in my interviews. Some of the largest and best-known firms, however, have roots that pre-date the current realty boom.

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15 When I arrived in India to do research, there was no directory of real estate firms. I began my research with a partial list provided by the Confederation of Real Estate Developers’ Associations of India. I also found developers through their advertisements.
Their historical practices inform current real estate practice and color popular perceptions about real estate developers today, even as the sector has recently attracted new companies.

Delhi Land and Finance (DLF), arguably the first property development company in Delhi, began in the late 1940s selling plots of land to individuals in the wake of the influx of partition refugees. The firm developed approximately eighteen residential colonies (or neighborhoods) in South and West Delhi before the 1957 Delhi Development Act prohibited private real estate development in the capital (Damodaran 2008, 284-7; Kacker 2005). Other established firms in the National Capital Region today started as construction (Ansals, 1967) or engineering firms (Unitech, 1972) in the 1960s or 1970s, executing contracts for the government, the largest building client before economic liberalization (Namburu 2007; Surendar and Sinha 2008).

A number of Indian construction, engineering, and architectural firms worked in the Middle East and North Africa in the 1970s and 1980s. For example, Delhi-based Unitech and Bombay-based Kalpataru both began as engineering and construction firms; the former had significant contracts in Libya and the latter was based in the United Arab Emirates between 1974-1982 (Damodaran 2008, 37; Kalpataru Group). Charting an illustrative trajectory, PNC Menon, from Kerala, moved to Oman to do interior decorating in late 1970s and then started construction firms in Oman, United Arab Emirates, and Qatar. He moved to Bangalore in 1995 at the height of the last real estate bubble and established Sobha Developers. With his earnings from taking the company public on the Bombay Stock Exchange in 2006, he made the Forbes billionaire list in 2007. The firm now constructs projects all over India, including in the National Capital Region (Forbes; Sobha Developers).
With the exception of Delhi Land and Finance, whose proprietors are Hindu-Jats (agriculturalists), real estate has traditionally attracted entrepreneurs from upper-caste Hindu mercantile communities. There are few Muslims in the industry; two exceptions are Irfan Razaek’s Prestige Group in Bangalore and Siraj Lokhandwala’s Lokhandwala Construction in Mumbai. Both men come from trading communities, the Memons and Bohras, respectively (Namburu 2007, 218).

Like other Indian businesses, real estate firms have been run as family concerns, with sons joining their fathers in business after their education. Often sons will informally divide responsibilities within the company, for example, one looking after sales and the other construction. These divisions sometimes become part of the corporate structure, with brothers each heading an arm of the company, and occasionally, separate companies.

Indian real estate firms are usually managed centrally, by the proprietor and/or his sons. Rajesh characterized real estate firms as “one-man-shows” run by “highly motivated guys. . . . They are highly accomplished, successful people, and they have done it by keeping their hand on the levers of power.” Rather than formalized systems of control which diffuse decision-making capability through the company to people in defined roles, these promoter-owners make even minor decisions. As a result, the identity of the owner is intertwined with the identity of the firm; brand names rely on the highly publicized, celebrity status of a firm’s owners. The media perpetuates this cult of the owner, profiling K.P. Singh (DLF), R.

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16 The Ansals (Ansal Buildwell, Ansal Properties and Infrastructure, and Ansal Housing and Construction), Pradeep Jain (Parsvanth Developers), Rohtas Goel (Omaxe), Pankaj Bajaj (Eldeco Infrastructure), and Mofatraj Munot (Kalpataru) are Bania/Marwari; Ashok Sarin (Anant Raj Industries) is a Khatri; the Rahejas (K. Raheja Corporation), Ramesh Chandra (Unitech), and Niranjan and Surendra Hiranandani (Hiranandani Developers) are Sindhis (see Damodaran 2008, 27, 272).

17 This close association between the personality of the owner and the company is common for American and European real estate companies as well (think of Donald Trump), reflecting the general industry wisdom that
Especially before the late 1990s, Indian developers financed their projects through personal connections. In order to buy land, they asked acquaintances to co-invest. It was also common to partner with land-owners, and a few appealed to large Indian corporate houses for funding. The son of one developer described how his father, when he moved to Delhi in the 1990s, had difficulty finding financing because “he didn’t know anyone. Delhi is a close knit, clique-y society. . . . He only had a few friends.” He eventually convinced one friend, a jeweler, to bankroll his farmhouse development, and he also used the jeweler’s personal contacts to sell the houses. The architect Bimal Patel describes a typical transaction in Ahmedabad, in which the developer’s acquaintance, a textile trader, lent 80 percent of the money needed upfront for land at 18 percent interest; in addition, he

“personalities are more important in property than in many other types of businesses. . . it only takes one man to spot a site, visualize the development opportunity it presents, and negotiate a purchase (and possibly the finance for the scheme)” (Brett 2004).

18 Namburu’s recent book Moguls of Indian Real Estate (2007) expands the developer profile (a magazine article genre) to book length in its recording of the personal histories of prominent developers.

19 For the most part, banks and public financing institutions have been severely restricted from lending to real estate developers; it was not until 1998 that real estate was named a “priority” lending sector along with other industries. Formal domestic investment funds for real estate only emerged in 2004. Published articles on the industry and my interviews with developers indicate that developers also had a conservative attitude towards taking on formal debt. Unitech’s Ramesh Chandra recounts Deepak Parekh, Chairman of HDFC bank, “admonish[ing] Chandra for being a poor borrower” and promising to fund Rs500 crore of construction at a time when Unitech had only a total of Rs150 crore in debt. Chandra commented, “We were very conservative about borrowing but Parekh put ideas in our minds” (Surendar and Sinha 2008). By contrast, Patel found that the developers he interviewed in Ahmedabad all found debt an essential aspect of their projects; what prevented them from taking on more projects at one time (and more debt) was their ability to supervise construction on more than one site (Patel 1995, 122-123).

20 Patel (1995, 111-112) argues that the largest source of finance for housing developers in Ahmedabad in the 1960s and 1970s was government finance for registered cooperative housing societies. The developer would register a fictitious society, using his friends’, relatives, and fictitious names as dummy members. He would purchase land using his own resources or money from the pre-sale of units, and then he would avail of government loans to the dummy members of the society in order to finance construction. Over time, the dummy members would “resign,” and the real buyers who replaced them in the society membership would take on what remained of the government loans. I would assume that this kind of activity occurred in other Indian cities as well.
received 40 percent of the final profits from the project. The developer and his financier agreed on these terms without drawing up written documents (Patel 1995, 31-38).

Real estate developers also depended on brokers to bankroll construction by buying blocks of property in advance (A. Kumar 1982, 2002), or they financed building construction (and sometimes land purchase) through pre-sales. Today, condominium buyers often pay for their apartments in installments, with payments due as the concrete slab is poured for each floor of the building. As the building goes up, the money to build it rolls in. Often pre-sales were conducted by word-of-mouth. In Patel’s example, the developer only pre-sold apartments to buyers who knew at least one other person the developer trusted (Patel 1995, 36).

Alongside gold, property has long occupied a key position in the circulation of “black” or un-taxed cash assets. Real estate assets are heterogeneous and unique, making them difficult to value and easy to undervalue in official records. Developers routinely record only 10 to 25 percent of the value of land transactions to avoid taxes. Like land, apartments and homes are often sold with part of the value transacted unofficially in cash, part officially in check. This is especially prevalent in the secondary market, where the ratio of black to white money can be the largest negotiation point between seller and buyer.22

21 The economist Arun Kumar defines “black” incomes narrowly as “factor incomes which should have been reported to the income-tax authorities but are not” (A. Kumar 2002, 9). Kumar defines black incomes narrowly so as not to double count bribes and other pay-offs in estimating the size of the black economy. Yet colloquially, Indians use the term “black money” quite widely: for cash transactions, unrecorded or untraceable transactions, and bribes or protection money (bhatta) as well as counterfeit money, money not reported to the tax authorities, and money gained through illegal activities such as prostitution or smuggling. By contrast, “white” money includes checks, regular salaries, money on which tax has been paid, and money legally earned.

22 From people who had recently bought apartments in Gurgaon, I heard of negotiations falling through because of disagreements over the black/white component of the sale. Salaried professionals whose entire earnings are white (declared and taxed) generally try to reduce the black proportion of the sale when purchasing property; many sellers (whether salaried or not) prefer a higher cash component to reduce stamp duty (a property transaction tax).
With much of its value officially un-documented, property has been “an ideal investment for black savings” (A. Kumar 2002, 23). Landowners, contractors, and property buyers have all been historically willing to take cash (to operate “in black”) making real estate fairly unique among industries in providing opportunities to earn returns on cash assets without attracting the tax authorities (Patel 1995, 116-118).

Although the “black” or untaxed economy in India is vast – Kumar estimates that it accounted for 40 percent of GDP in 1995 and that it still extends into almost all aspects of life (A. Kumar 2002, 72) – the real estate sector’s dependence on black money and undeclared interests has contributed to popular perception of it as a “murky business,” as one real estate journalist informant characterized it. As Patel suggests, “for most lay people it is not entirely clear what it is that developers do, how they profit from development, and how they are able to amass large fortunes in relatively short periods of time” (Patel 1995, 42). One real estate lobbyist estimated that even today, “eighty to eighty-five percent of this sector is unrecorded, black money. Even government doesn’t have an idea what is the total worth of the sector.” The lobbyist conflates a lack of statistical knowledge with tax evasion and suggests further impropriety. Like other negative terms carrying a heavy moral charge, the term “black money” suggests criminality, even though “black” profits can be made through legal transactions.

Even industry members described developers’ reputations derisively. I spoke to a Bombay-based developer at a conference who evoked America’s “Wild West” to explain the

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23 Of course, estimating the size of black economy requires a lot of guesswork. Other estimates range from 20 to 42 percent of GDP in 1980-81 to 47 percent in 1978-79 (see A. Kumar 2002, 55-75).

24 For example, Kumar points out that people often confuse the “black economy” with the “unorganized” economy. The latter constitutes the non-corporate and often-small scale activities that employ more than ninety percent of the Indian workforce. Many of the incomes in this sector do not meet the minimum thresholds for taxability (A. Kumar 2002, 19).
lawlessness of Indian real estate. He acted out the iconic shady deal – all whispers and nods – and claimed that developers used to get money “from a guy in a white shirt and white pants, sitting at a table with a stack of cash and a gun.” This association with underworld politics both stemmed from a lack of formal funding and perpetuated it. As a veteran real estate consultant explained,

> There was no funding which was available to the developers: no bank or a financial institution would touch a real estate project with a barge pole. Real estate was a dirty word. A developer is bound to be a crook, and you could use some other word... But I’m just saying, you know – unreliable, and real estate market was operated by local brokers and everything. So there was no funding.

Thought to be a “crook” or an “unreliable” local broker, a real estate developer could not access institutional funding. Conversely, his lack of formal, “white” financial backing contributed to his association with illegal practices.

Real estate developers do sometimes earn their unsavory reputations. As they agglomerate land, real estate developers accrue not only unrecorded capital gains (“black money” in one sense) but also the proceeds of violence, intimidation, and fraud (“black money” in the more inclusive sense). In the least, aggregating land requires cultural competence. Delhi Land and Finance chairman K.P. Singh recalls negotiating with some 700-odd families in Haryana in order to purchase 3,500 acres of land in what is now Gurgaon. His shared caste background (Jat), as well as his ability to interact with “a

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25 Not all developers agglomerate land. Those with “deep pockets” who can afford to purchase farmland and wait to develop it and those with the political connections to get approvals are more likely to be in the business of buying up small parcels of farmland and agglomerating them for large projects. Instead, some developers buy parcels directly from the government, work with landowners with large holdings, or work at a smaller scale on existing parcels.

26 KP Singh needed the consent of all the adult members of these families, which was sometimes complicated by male relatives’ refusal to share land sale proceeds with married sisters (Damodaran 2008, 286).
sophisticated clientele simultaneous with drinking buffalo milk in the company of rustic farmers and *patwaris* (land record-keepers)” contributed to his success (Damodaran 2008, 286).

In addition to astute negotiating skills and cultural savoir, however, developers are also notorious for using brute force, intimidation, and deceit to obtain land (see Carney 2008; Reddy and Reddy 2007). Developers routinely operate through subsidiary companies and agents to hide their interest, subvert land-ownership regulations, and obtain better prices from farmers. They “flex their muscles” with reluctant landowners – either by sending in thugs or by exploiting government connections. One informant told me that Delhi Land and Finance coerced his uncle into selling land in Gurgaon by sending him letters, purportedly from the Haryana authorities, informing him that his land was to be taken by eminent domain at a low price. Whether this particular story is true or not, farmers often sell to private developers when faced with the possibility of the government seizing their land for highways and other public projects as the government usually pays less than the market rate for land. Politicians take sides in land disputes and profit from speculation themselves, blocking or speeding up the approval process for their own gain.\(^\text{27}\)

Land acquisition politics have intensified with the skyrocketing prices in land. Simultaneously, rising land values have transformed real estate into a highly visible and lucrative business since 2000, luring entrepreneurs from other fields to join the construction

\(^{27}\) Patel recounts a scandal in Ahmedabad in which a developer, Popular Constructions, signed non-binding pre-sale agreements with farmers at a very low price. When the farmers learned of a state container facility planned for their land, they attempted to get out of the agreements because the government rate was higher than the rate the developer had offered to pay. Instead of honoring the farmers’ rights, the state paid Popular Constructions directly for the farmers’ land. Although the scandal made the newspapers, the chief minister supported Popular Constructions and allowed the farmers to be defrauded (Patel 1995, 143n44).
rush. Relatively new firms in the National Capital Region include those whose promoters were contractors (Unity Group, Som Dutt Builders); engineers (Ashiana Housing and Finance, ATS Infrastructure); returned Non-Resident Indians (Silverglades, Malibu Towne); brokers (Parswanth); or employees of more established real estate companies (Vipul). One developer, who had worked in the U.S. and Saudi Arabia, returned to India to be closer to his family but was dissatisfied helping with his father’s jewelry manufacturing business. He remembered, “I went to buy a house and saw the price rise three times in three months. I thought to myself, I’m in the wrong business!” So he bought land and eventually began building high rises and villas.

Some developers started their firms to exploit land they had inherited or acquired for investment (Vatika, Suncity, MGF, and Raheja). They began selling one or two acre plots to individuals for building “farmhouses,” and later constructed multistory buildings and commercial complexes. Other non-real estate related businesses and industrial houses have diversified into real estate, continuing a trend that began in the early 1990s (Sheth 1993): for example, the consumer electronics company Videocon now runs Videocon Realty and Infrastructure, Ltd; the Essel Group, which also includes Zee Entertainment and DishTV, controls a stake in Suncity Developers; the Jaypee Group, an engineering, cement, and hydropower company, has been developing hotels and townships in the National Capital Region; and the Luxor Group diversified into real estate in 2003 from manufacturing and importing pens by investing heavily in commercial real estate projects in the National Capital

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28 Some of these firms entered real estate during the last speculative bubble, in the mid-1990s, and others have joined only since the industry recovered from the last downturn, after 2000.
29 This is a common euphemism for large villas and private residences for the urban rich on Delhi’s rural fringes. Many owners claim tax exemption and electricity subsidies as farms by growing a small number of crops on the property or running a plant nursery (see A. Soni 2000).
Region with the Uppal Group. Other large companies have turned extensive landholdings into new assets by developing them. For example, the industrial conglomerate Tata Group announced plans in 2007 to develop excess land owned by its group companies (Unnikrishnan and Pandey 2007).

As we shall see, real estate practitioners’ varied backgrounds (and especially the idea that they are “just landowners”), their association with the black economy, and their organization as family-run firms complicates their claims to professional status. On the other hand, the entrance of large corporations and of “professionals” from other businesses – and of course the industry’s sudden profitability – has given the industry a certain legitimacy, or even “glamour,” as one consultant described it.

Some new entrants to the industry profess to do business differently from their predecessors; one journalist went so far as to identify “a new breed of developers.” Certainly, in my interviews with developers, many claimed that they run their businesses “above board.” One described his business partners as “all professionals, really.” When they started their company in the late 1990s,

there is no greed really to make a quick buck, but the greed was there to actually do something different and to be known in the market as somebody very clean and as a group who’s clean and, you know, they can be trusted, and they’re very transparent and stuff like that.

Real estate developers increasingly see real estate as a means to fashion a “clean,” trustworthy, “transparent” professional self even as they continue to negotiate black markets and political connections. They struggle to make real estate development respectable – or at least to tell a convincing narrative about its transformation – in the context of a delicate mating dance with potential foreign investment partners.
Indian developers whether old or new are interested in working with foreign investors in order to fund ambitious plans to “scale up” their businesses. Most had previously worked in only one market in India and now plan to expand into new cities. For example, Delhi Land and Finance, which focused on developing Gurgaon throughout the 1990s, was constructing projects in fifteen cities throughout India by 2006. According to a senior staff member, the firm had grown from roughly 300 employees in 2005 to 1300 in late 2006, with plans to triple in size by 2010. Parsvnath Developers developed 3.46 million square feet in its first sixteen years of existence, primarily residences in the National Capital Region. By November 2006, when Parsvnath went public, the company was planning to build 108 million square feet of townships, IT parks, hotels, and malls across North India—all in five years (Batlivala and Karani Securities 2006). Another firm, Aerens Gold Souk International Ltd., opened its first gold and jewelry mall, Gold Souk, in Gurgaon in 2004. In the spring of 2006, the company announced that it would build 100 such malls in 100 cities in 100 months (Hindu Business Line 2006). Many other companies also announced extensive construction plans: grand townships (some upwards of 1000 acres), multiple shopping plazas, housing developments, and IT parks in numerous cities across India.

For this, developers needed money “at a very fast velocity and in great quantities,” as one developer put it. As the real estate boom was cresting in 2006-2007, real estate developers were searching for capital. Domestic institutional finance for the real estate industry had improved significantly since the late 1990s through a series of government initiatives and the rise of mortgage lending. However, the Reserve Bank of India (RBI), fearing a real estate bubble, made it progressively harder for developers to obtain capital in
India in 2006-2007. Pre-sales of housing units, a traditional source of funds, were also down, as consumers increasingly demanded to see finished construction before buying and interest rate hikes slowed the residential market. Whether they had tied up all their money in land and now needed money for construction, or they were trying to buy land in order to expand their operations, developers sought financing through two main routes. First, they could elicit investment from a foreign private equity or domestic real estate fund, forming a joint partnership company (JV), or a special purpose vehicle (SPV) for the purpose of carrying out a particular project. Second, a developer could go public, listing either on the Bombay Stock Exchange (BSE) or on foreign stock exchanges such as the London Stock Exchange’s Alternative Investment Market (AIM). Either way, Indian developers found themselves appealing to foreign investors for funding. It is to those investors that we now turn.

3.4 Risky Investments

Anthropologist Caitlin Zaloom reminds us that “risk reaps reward” (Zaloom 2004, 365). My foreign investor informants also believe that risk should produce profit, that Indian real estate is a risky, and thus potentially profitable, investment. As EuroFund’s

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30 In 2006, the Reserve Bank of India prohibited Indian banks from lending to developers for the purchase of land; it raised the collateral required on real estate loans; and it limited developers’ ability to borrow money from abroad through External Commercial Borrowings. In 2007, the banks raised interest rates for developers, from 13 to 15 percent, and climbing interest rates for home mortgages also slowed housing sales (Economic Times 2007f; Unnikrishnan 2007).

31 Often, when firms attract foreign private equity investment, the private equity investors help the firm list on the Bombay Stock Exchange, using the listing as a means to exit from the firm profitably.

32 O’Malley notes that nineteenth century economists and contemporary management gurus share the belief that profit stems from entrepreneurs’ creative engagement with uncertainty (O’Malley 2000, 2003; see also Knight 1921). O’Malley points out that both Knight and contemporary writers differentiate between risk (calculable, probable) and uncertainty (non-quantifiable); engagement with the later produces profit. As this section demonstrates, my informants believed that risk could produce profit. While I, and they, use the term...
managing director Jeremy explains, “for the complexity and the difficulty of getting something done here [in India], you should be entitled to a somewhat greater return.” Jeremy feels that a 20 percent after-tax return was “about the minimum I think is a reasonable level given the risks and complexities of investing in India today.” Other fund managers similarly estimate that they can provide investors with returns five to ten percent higher than they might earn in a developed market. Rumors circulated of foreign investors expecting to earn more than thirty percent.

Investors believe this premium over other markets stems from various Indian market risks. Since investors and developers must construct assets, there is considerable “development risk,” that is, the uncertainties of the design and construction process. Suraj, the head of real estate in India for an American investment bank, explained that in India, “you’re not buying existing assets, you’re not buying cash flow, you’re buying a significant amount of risk and land.” He explained the risks one “buys” in terms of transparency: “the market isn’t transparent, it’s not institutional, you’re dealing with owner-driven development businesses.” Like other investors, he uses the term “transparent” to identify differences between Indian real estate and how it is practiced elsewhere – Indian firms are “owner-driven,” not institutional – and he sees these differences as risks. Suraj characterized the lack of transparency in Indian real estate as a “market failure”:

[T]he market failures . . . are so dramatic that there’s a huge opportunity for people in my business here to. Because there’s just – there’s a big market failure in terms of information. . . . It’s

“risk” here, the risks in real estate development are not entirely quantifiable and might more precisely be called “uncertainties,” after Frank.

33 After-tax returns of nine to fifteen percent might be expected in American real estate markets, with the lower returns for build-to-suit projects or construction in cities such as New York, where the risk of finding tenants is relatively low. For speculative buildings in suburban areas or expanding cities, returns might be as high as fifteen percent.
the lack of transparency with land and the lack of transparency with everything else is – is, is, huge. . . . So if we can solve, there’s money to be made. That’s the reason we’re here. I think that’s the reason anyone is here. Although they may or may not be able to articulate it, I’m sure . . . they instinctively recognize there’s a big opportunity here. 34

Lack of information and problems with land – “market failures” – provide a “big opportunity” for profit. An international property consultancy report summarizes the inverse relationship between risk/profit and transparency:

To an investor, high transparency eases the free flow of information and capital, but also makes it harder to find undiscovered bargains or to earn a “risk premium.” Efficient markets tend to display “convergence to the mean.” Less transparent, inefficient markets tend to have a wider dispersion of results, which favor or penalize participants in the market, depending on which side of the trade they sit. (Jones Lang LaSalle 2006b, 3)

Like arbitrageurs who capitalize on price discrepancies, investors in Indian real estate hope to capitalize on the “failures” of transparency in the Indian market. That is, they hope to turn risk into profit.

However, risk impairs the likelihood that investors will get a return on their capital. Where investors see too many risks, they won’t invest. The moderator of a discussion on foreign investment at the Global Real Estate Institute conference in 2007 summarized “why deals aren’t getting done”:

[B]ecause investors are still learning the market; there’s not the right kind of data; there’s not the right kind of regulatory environment, so there’s nothing ensuring transparency and the kind of environment that investors want.

34 This informant had a habit of dropping the ends of his sentences. I have retained this quality of his speech in my transcription of the interview. I interpret this passage to mean that he sees opportunities to profit from the “market failures” and “lack of transparency” in the Indian market. When he says, “So if we can solve. . . .” I don’t think he wants to eradicate such market failures (“solve” them in one sense) so much as learn how to work within or despite them (“solve” in another sense).
Investors want an “environment” in which they have access to information and in which regulations protect their investments, enabling them to “exit” them profitably.

“Environment” encompasses all of the institutions that enable money to flow from and return to investors: legal, financial, and cultural. Investors use the term “transparent” to identify situations in which these institutions exist, low-risk markets that they understand and feel they can navigate.

The language of transparency that investors and consultants use stems indirectly from the international discourse about “good governance” and directly from consultancy reports such as the Jones Lang LaSalle Global Real Estate Transparency Index. First published in 1999, the index rates countries on a scale of one to five, “opaque” to “highly transparent,” in order “to help real estate market participants identify opportunities around the globe” and to “evaluate market risks” (Jones Lang LaSalle 2006b, 4).

Jones Lang LaSalle defines transparency more broadly than lack of corruption:

International relations experts sometimes equate “low transparency” with “corruption.” However, we take the view that a highly transparent market is not only fairly free from corruption, it also has readily available information and operates in a fair and consistent manner. (Jones Lang LaSalle 2006b, 1)

This broad definition of transparency reflects Jones Lang LaSalle’s commitment to international investors’ demands and expectations. They state the issue of “transparency” explicitly in terms of what “the new generation of cross-border investors and occupiers typically seeks,” including

- Accurate market and financial information
- Reliable performance benchmarks

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35 The index is compiled by Jones Lang LaSalle, a real estate services and consultancy company, and its real estate asset management arm, LaSalle Investment Management, Inc. The 2008 report rated 82 countries.
• Enforceable contracts and property rights
• Clarity regarding the taxation and regulation of real estate
• Fair treatment in the transaction process
• Ethical standards among professionals hired to transact business (Jones Lang LaSalle 2006b, 3)

The Index measures progress towards these investor demands through five “sub-index” measures that correlate well with the concerns of the investors I spoke with in India. The Jones Lang LaSalle transparency rating identifies safe, familiar, and enforceable environments for international capital. Not surprisingly, the “high transparency” markets include those in Europe, North America, and Australia, while the most “opaque” occupy Eastern Europe, Russia, and much of Latin America and Asia. “Transparency” merely labels markets that meet the criteria of Western investors.

The label “transparent,” like the label “normal” or other designations for identifying risk subtly delineate a vision of what ought to be. Such labels can shape aspirations to the point of self-regulation; as Ian Hacking writes, “most of us try to make ourselves normal, which in turn affects what is normal” (in Ericson and Doyle 2003, 7). Consultants such as Jones Lang LaSalle recognize the power of their labels. Jones Lang LaSalle writes in the 2008 India transparency report that as “the forces of globalization” open up “more previously unfamiliar markets,” their Real Estate Transparency Index helps to “heighten awareness of cross-border transaction challenges” and “raise awareness of government officials in a position to improve transparency” (Jones Lang LaSalle 2008, 3). The aim is not merely to identify “opaque” markets but to transform them.

Foreign investors in India use this language of transparency to describe the risks of working in an unfamiliar system in three ways. First, they complain about a lack of information. Simon told me, “it’s difficult to access information here, you know databases,
projects that have been implemented, numbers of square feet that are being developed, tenants that are looking to take space. No one really has that.” Basic statistical information about completed and proposed real estate projects is entirely lacking in India. International property consultants publish monthly summary reports on prices and occupancy rates, but many of my informants thought that they either did not have detailed, useful information, or they kept it for paying customers. The head of research for one international property consultant admitted at a conference that she felt her data was only accurate to a margin of plus or minus twenty percent. Rather than rely on such questionable statistics, most of my informants practice “market research” by personally visiting sites and cities, forming their own opinion about the viability of projects based on personal experience or “gut feel.” Unfamiliar with Indian markets, lacking local contacts, and used to working with statistical indicators, foreign investors and fund managers find this type of research difficult and time consuming. Without information, they risk sinking their money into an unviable project. As Suraj explained, investors (himself included) “may discover at the end of the day . . . that the opportunity that they’re building for is very different from opportunity that truly exists.”

Second, foreign investors – especially large institutional investors like pension funds – see the cash transactions and bribes routine to the Indian real estate industry as a risk they cannot take due to international anti-bribery laws and investment regulations in their home countries. As the head of one of India’s international property consultancies succinctly explained, “Cash is a non-starter for most funds.” One investor said euphemistically, “some of what needs to be done to acquire the land involves behind the scene maneuvering, things we’re not comfortable with.” EuroFund’s controller explained to me that the “culture of corruption” in India is a major risk to his firm’s reputation: “Our reputation means
everything to us. We don’t want one mistake in one far-flung office splashed across the front page of the Wall Street Journal. That would ruin us.”

Third, land title issues are one of the largest risks in the development process; no foreign investor wants to have his equity tied up in a project that is embroiled in a legal case. Ajay, an analyst for a real estate fund explained,

The only reason why a deal would fall through even when you are sitting there with your pen on the paper to sign it, is if someone shouted out, guess what, five acres is not clean. Or 10 percent of the land is not clean. You'd probably not do it. ... [T]hat’s very very important to have to clean land titles that you can transfer. Because if you are going to sell something to someone, you had better own it.

Dispelling land title risk involves a lot of legwork with village patwaris, local courts, police offices, and sub-registry offices of the Stamps and Registration Department – an investigative process industry members call “due diligence” – as well as brute force and other unsavory tactics.36 While there are a few foreign firms willing to take on the risks of land purchasing in order to maximize profits, most turn to intermediaries: Indian real estate developers who have already amassed “clean” landholdings.37

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36 In much of North India, the patwari is the village-level land record official, the officer of the Revenue Department responsible for keeping and updating land titles (records of rights). These land titles often include information about mortgages or encumbrances on the land. The tehsildar is the revenue official for a tehsil, a sub-sub district administrative unit that includes several villages. In addition, the Stamps and Registration Department maintains data on land transactions through the registrations of mortgages and sales. Sub-registries in this department provide encumbrance certificates that trace the transactions of a particular parcel over a period of years. For a description of these systems see World Bank 2007, 8-21; for an excellent treatment of their effects on women’s rights to land, see Agarwal 1994.

37 Investors knew that the closer they got to the role of the Indian developer – the fewer intermediaries they used and more risk they took on – the more profit they could make. Few, however, had the cultural competence and freedom of action to do this. One fund manager I met was the exception that proved the rule. Kaushal grew up in Delhi and went to college in the United States. He earned a lot of money investing in low-income housing in Florida and was now looking to find some deals in India with his own investment fund. As a relatively small-time player, he was looking for small but profitable projects. A lot of Indian developers, however, told him that if they saw the kind of opportunity he was looking for, they would develop it themselves. They were only looking for financing on large projects. Instead of working with developers, then, Kaushal told me he had hired brokers directly to find landowners willing to sell their land. Once he had a deal
As Jones Lang LaSalle recommends, “knowledgeable, trustworthy advisors or local partners are especially important to help cross-border market participants navigate markets with lower transparency” (Jones Lang LaSalle 2006b, 3). Indian real estate developers mitigate land title risks; they also provide market information, and, by doing the “dirty work” of bribing local bureaucrats, enable foreign investors to bypass anti-bribery regulations. As intermediaries, they enable Indian land to become part of international capital circuits; Indian real estate developers constitute a vital link in an emerging chain of capital accumulation.

However, foreign investors see Indian real estate developers themselves as a risky – though critical – link in that chain. Their necessarily “non-transparent” ways of working taint them as “investment risks” as well. An Indian securities firm, Edelweiss, summarized “developer risks” in a recent report:

- Developer’s track record
- Brand name
- Litigation, court cases - against the developer by government/semi-govt/public sector agencies/ general public
- Quality of construction, historically
- Service record
- Conformity with financial regulations and fair trade practices
- Management quality
- Execution capability/skill
- Proper accounting of money transactions

in place with some landowners, he would hire an Indian developer, basically as a builder, and would look for secondary funding from larger private equity investors. I told him that he was basically acting just like an Indian developer, and he said, “Yes!” He told me, “there’s a wall of capital coming once you’ve taken out the risk. If you take land and make a project, there are thousands willing to invest.” Though I do not know how he managed the actual land purchase and permitting, I assume that Kaushal was able to “take out the risk” through his close contacts in Indian real estate (his uncle was involved in land dealing in Delhi). At the same time, he claimed that because he was not directly connected with any of the established local real estate players, farmers trusted him not to use thugs to muscle him out of their land. He found them quite willing to deal with him. He claimed that his approach was very different from the big funds, which substitute legwork for “throwing money at projects.” While Kaushal felt that his returns would be higher, he was playing with less money overall than the big funds which have raised billions to invest in Indian real estate.
Liquidity risk - undercapitalised developers and projects, access to short term loans for acquisition and construction.
Financial leverage – D/E, debt servicing ratios
Margin contraction – As land cost rise, higher margins enjoyed earlier will no longer hold.

(Sharma and Pathak 206, 39)

With this list, Edelweiss suggests a number of questions: Is the developer likely to default? Can he build the project as he claims? In short, is the developer himself a “bankable” asset?

A developer’s history and reputation can be a liability. Ajay explained, “you don’t want to partner with someone who has been blacklisted by a bank or by a regulatory authority” because that jeopardizes the partnership’s ability to obtain approvals or debt (an important aspect of project financing even with equity). Perhaps more importantly, if the developer is untrustworthy, investors may not be able to get their capital back.

Industry members assess Indian developers’ bankability using terms like “clean” and “transparent.” An independent consultant explained that “clean” partners are hard to find:

Indian developers are financially unsophisticated in terms of formal accounting systems. So you do the due diligence and all these grey areas crop up, that in the Indian context are not significant. But to the foreign investor, they’re huge red flags. So transactions fail because of that. They [foreign investors] expect everything to be squeaky clean. But it’s never squeaky clean. The transparency is not there.

By “formal accounting systems,” the consultant means those of potential foreign investors:

Indian developers do not engage in the same procedures as foreign investors.38 Foreign funds remain accountable to investment committees in New York, London, and Hong Kong.

38 While Indian developers today might be “unsophisticated” accountants by foreign standards, certain groups of Indian businessmen have a long history of financial sophistication. Historically, Indian merchants from various communities have used bills of exchange (hundis) to finance far-flung trading activities and futures markets to hedge on crop prices; and Indian bankers set interest rates, developed a range of deposit and loan types, and kept detailed accounts (Bayly 1983; Birla 2009; Markovits 2000; Rudner 1994; Subrahmanyam and Bayly 1990).
that vet potential investments. Even if a fund manager in India has become familiar with Indian ways of working, investment committees need formal documentation and accounting that meets their requirements in order to approve projects.

Two consultants with one of the international real estate consultancies explained that deals often fall through:

Consultant A; Somewhere down the line there is title clearance slip. Developer assures, “everything is fine, everything is cleared.” Legal division pulls out 20 question marks, developer cannot answer them. “No, no we will take care of it. We have people in the government offices.”

Consultant B; And you know they might actually take care of it.

Consultant A; They will, but the investment committee cannot take it. They can’t rest it [a deal] on a handshake.

The developers’ way of working – “we have people in government offices” – often does not meet the formal requirements of investment committees or legal divisions, especially with major issues such as land title. Foreign firms like written assurances, not verbal ones. As the representative of a pension fund looking to invest in Indian real estate explained, his fund is looking for Indian partners with both “a good reputation” and “proper internal structures.” He concluded, “the partner needs to be institutionally friendly.” Foreign investors are not merely concerned with a developer’s reputation, but with his ability to become “institutionally friendly,” i.e. to operate in a way that conforms to the conventions and regulations of foreign investment committees.

In short, foreign investors consider Indian real estate developers risky investments; they would prefer Indian developers be “transparent” too. As we shall see, the quest for transparency involves transforming how Indian developers organize and conduct their
business as well as transforming their person – their practices, behavior, dress, and speech – in order to make them credible partners, solid links in an emerging chain of capital accumulation.

3.5 Developer’s Credibility Problems

In the 2006 Bollywood comedy Khosla ka Ghosla, the “unscrupulous realtor” Khuranna steals the plot of the land in which the middle-class hero, K. K. Khosla has invested his life savings. The two couldn’t be more different. Khosla is soft-spoken, polite, and anxious while Khuranna blusters and yells. The former lives in a modest house in Delhi; the latter in a palatial suburban home with a skylit dome, columns, and interior fountains. The former has painstakingly saved a lifetime of earnings from his salaried job; the latter has grown rich swindling people of their property.

The film pits Khuranna against another character: an actor playing a Dubai-based NRI named Sethi, who Khosla’s children are hoping will lure Khuranna into a fraudulent land sale, producing the money they need to get their father’s plot back from Khuranna. Khosla’s children provide the actor with all of the props of a successful NRI: a Mercedes with a driver, an obsequious secretary, two mobile phones, and a suite at a five-star hotel. When they meet for the first time, Sethi is aloof and cool, dressed in a dark suit with a silk cravat. Khuranna slouches in his chair, his shirt unbuttoned to reveal his gold chain. A driving cap is angled sportily on his head. He fingers his sunglasses and his oversized Nokia 9500 phone.

39 The title means “Khosla’s little house,” a reference to the dream house Khosla hopes to build on his plot of land.
It is clear that Khuranna admires Sethi, taking his stiff formality (a byproduct of the actor’s discomfort with the deception) as a sign of superiority. In one of the last scenes of the movie, Khuranna has invited Sethi back to his house for a drink. Sethi sits upright in his seat while Khuranna leans forward and drunkenly admits, “Mera problem kya hai, sir; aabhi bhi mei pichche ho jata hai.” (My problem is, sir, that even now I am behind/ I haven’t progressed). He makes a face and looks at his associate, hovering in the background, “Chchoti log ki company hai na sir” ([It’s because] I keep company with inferior types). He follows Sethi out to the car, urging him to become his real estate partner. When Sethi drives away without responding, Khuranna wanders into the lawn to take a leak.

Khuranna presents an unflattering stereotype of the developer. He is crude and dishonest, with unfortunately low-class habits: he hikes his trousers, scratches his crotch, and laughs with a splutter. He embodies the popular perception of real estate developers that many developers themselves would like to overcome. Indian real estate developers have never enjoyed a good reputation, but their reputation has now become a liability in the process of attracting foreign investment. Accessing capital increasingly requires playing by foreign investors’ rules. An influx of potential partners used to interacting with established corporations run by CEOs and boards of directors, trained professionals in separate departments, and “white” account books have transformed Indian developers’ reputation as shady characters into a new problem.

Indian developers have embraced investors’ calls for increased transparency, in part because they coincide with their own project for self-improvement and their desire to be seen world class professionals, not real-life Khurannas. Indian real estate developers’ quest for international finance is thus also a personal quest for respect. An Indian developer
asserted in a session called “Finding Local Partners” at the 2006 Global Real Estate Institute conference in Mumbai, “we want to become fine real estate property companies. How do we make a fine real estate property company? How do we become ‘world class’ with appropriate returns, where the market would respect that company?” The skeptical answer from a foreign investor: “You might mean that, but does everyone feel the same? Some [developers] just want to make a profit and after five years, go play golf.”

In order to prove themselves to be serious contenders and to conjure a flow of capital from London, New York, and Singapore, Indian real estate developers engage in their own transparency projects, building credibility by crafting new corporate and personal personae.

Members of the Indian real estate industry express their reputation problem as a lack of “professionalism.” For them, this is an issue of local personal status as much as international funding. Longstanding characteristics of the industry place it on the wrong side of the divide in India between the persona of businessman and that of professional. A businessman is a shady, uncouth trader, a small-time operator who deals in black money. Marketer Rama Bijapurkar describes businessmen as the segment of “self-employed India” associated with pre-liberalization business practices and the black market: “the business people” among the self-employed, she writes, “(as contrasted with professionals) have a fair amount of black money or undeclared income and will spend on ‘invisible’ or hidden assets.” (Bijapurkar 2007, 213).

By contrast, a professional is educated, above-board, and middle class. With the rise of white-collar employment in the service sector since liberalization, the Indian middle class has reoriented its aspirations from government employment to banking and multinational corporate jobs (Fernandes 2006). This shift has expanded the definition of “professional”
from the professions (doctors, lawyers, engineers, civil servants, teachers) – many of which traditionally included the self- or government-employed – creating a desirable new persona: the figure of the high-earning, educated professional associated with international firms and the new economy. It is this “professional” that my informants contrasted with the image of the “businessman” and to which they now aspired. This professional is “world class,” earns a steady, white salary, and is associated with contemporary Western dress, beliefs, and behavior.

In my interviews, members of the Indian real estate industry used the term “disorganized” as a negatively loaded catch-all for describing real estate’s lack of professional status. One Indian retail consultant who routinely works with foreign retailers and developers told me, apologetically, “real estate is not so organized here. Elsewhere, people have four hundred malls, REITS, etc. Here it’s just beginning. A lot of builders just have a small plot of land and they want to build a mall.” He uses the phrase “not so organized” to characterize a new market composed of numerous small players with limited experience in international real estate practices. For the analyst Ajay, the industry is disorganized because firms are family-run: “Real estate in India as you know is highly unorganized, very underdeveloped, and big players are primarily families.” Similarly, another informant distinguished between “professional” and “individual” companies.

“Disorganized,” like the other negatively loaded terms associated with non-transparency, suggests the taint of criminality; it implies illegality. A public relations man who has worked for several real estate firms summed up the situation: the “reality sector in

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40 A REIT, or Real Estate Investment Trust, is a trust invested in real estate (property or mortgages) that achieves a reduced corporate income tax rate by passing 90 percent or more of its income to investors, usually in the form of dividends. Public REITs list on stock exchanges; they enable investors to invest in real estate much as they would in other corporate entities, i.e. by buying shares rather than by directly owning property.
India has a bad name. Mostly localized people and lot of black money handling people and it is like nobody to regulate: it is disorganized.” A consultant, who specified that he didn’t want to be named, described one Delhi-area developer as “a scamster. He’s a petty contractor. They’ve never delivered. And the staff – it’s all his family, friends, and relatives. They’re making tons of money, but the major portion of their sales proceeds come in black.”

The consultant substantiates “scamster” with the man’s background as a contractor, his recent entry into the business (“they’ve never delivered”), his hiring of family members, and his reliance on black profits. His description fits most Indian real estate firms; their common characteristics are now liabilities. Inversely, these negative descriptors point to new markers of credibility: professionalism defined by white/check dealings, hiring educated non-relative employees, and a construction track record.

A journalist on the real estate beat for a major business daily derided Indian developers in general:

Real estate is an unorganized sector so the rules applied to interviewing people are not the same. A lot of these people don’t even understand English. They are not transparent. They don’t keep proper audited balance sheets. So you have to pressurize them to get the real figures.

Being “not transparent” involves more than just shady accounting practices; the journalist disparages a style of interaction she sees as secretive and downright ignorant. Moreover, the journalist casts aspersions on developers’ class backgrounds; she writes for an English language publication but she thinks developers “don’t even understand English.” Interacting with such people, she advised me, requires a different set of rules: “You can’t just take what they give you, you have to ask hard and tough questions.” Linking “transparency” to class,
linguistic performance, and intelligence, she highlights the personal nature of credibility. “Real estate developer” is a crass, ignorant, devious, and un-professional persona.

Members of the industry personally manage the incompatibility between working in real estate and projecting a professional persona. In an interview with the Business Standard, Delhi Land and Finance chairman K. P. Singh responded with umbrage to the question, “Will DLF always be controlled by the family?” Revealing fault lines in his firms’ image, he said, “What is wrong with family control? We have done very well. DLF will always be family-owned but will be a professionally run company” (Rai and Zarabi 2007).

Ashish, a veteran real estate consultant who entered the industry in the 1990s, before it was fashionable, told me that his family had been appalled with his decision, especially as he had been educated abroad. He described his early experiences,

[Winter]ever I went it was a bit embarrassing because you went to parties and they would say, “Oh you are a broker?” “No, no, no, but we are professionals and everything.” I think first two years, specially first two to three years, were very very tough, personally a) starting the business from scratch, nobody knows the brand in the market. They didn’t understand that real estate could be done professionally.

For him, the challenges of starting a business coincided with the personal challenge of

forging a professional identity in real estate.

Part of the reason Ashish found negotiating these identities difficult is that anyone can enter the industry, complicating its members’ claims to a specific professional expertise.

As Ashish explained, Even today and at that time there were no trained real estate people because India did not have any college or institution offering anything to do with real estate. The closest to anything to do with real estate anybody knew was either to be a civil engineer in the construction side or architect on the design side,
but not real estate. It’s only now, there are some private colleges offering some real estate courses, but still, it’s not like the western countries where there’s a discipline itself to study.

While a few real estate courses have been established recently, real estate is not a formal discipline in India.\(^\text{41}\) There is no certification process; developers and brokers have no specific real estate credentials. One broker wrote in an opinion piece in *Realty Plus*, “Unlike other professions, entry into the real estate sector did not demand mandatory academic or professional qualifications. So this field caught the attention of people with unemployable talent who naturally drifted in and ‘colored the water’” (Arora 2006).

Lack of professional training stigmatizes the real estate industry even as it has become high-profile. I heard many disparaging remarks about former brokers, contractors, and landowners becoming developers: “today every second person has become a developer. Even the brokers have become developers,” commented one investor. Another informant compared real estate unfavorably to the Information Technology (IT) industry, which, he claimed “is all professionals. It’s all the IT and the engineers and managers. Totally. See, nobody can enter there. No free player can enter there.” By contrast, with real estate development, “it’s like anybody and everybody can – anybody with huge stretch of land can build a township, you know.”

Foreign investors also derided Indian developers’ lack of professional origins. As Simon commented, “there’s also the vast majority who are just jumping on the bandwagon and saying ‘Oh, I’ve got a five acre parcel of land in the city center, we’ve got to do a mall here,’ but they haven’t really thought about it.” Similarly, EuroFund’s consulting American

\(^{41}\) At the time of my fieldwork, a few organizations had begun real estate courses, including: the Indian School of Business in Hyderabad, the Indian Institute of Real Estate in Pune (Hussain 2008b), and jointly, the Housing and Urban Development Corporation and the National Real Estate Development Council.
architect commented about EuroFund’s partner, BuildIndia, “They just had this money, this land that they’d assembled over decades, and suddenly it was worth a gazillion dollars, and they didn’t have the infrastructure to develop it or to know what to do with it.” Sumit, the Indian representative of an American mall developer, complained,

[T]here are many developers who are developers by virtue of holding great land pieces, and suddenly they become developers. Yesterday he was maybe a FMCG [fast-moving consumer goods] manufacturer, but today he has become a developer because his grandfather or somebody bought that great piece of landbank in Mumbai, so he has become a developer today.

If “yesterday,” the developer was merely a landowner, Sumit questions, “OK what is your expertise? If your expertise is only land, then OK, great, you become equity partner with us, we will bring in a construction partner and we’ll bring in our expertise.” Sumit would demote the Indian real estate developer from developer to equity partner, someone with no expertise, only land.

At a discussion at the Global Real Estate Institute conference in Bombay in 2006, one participant based his skepticism in Indian real estate on developer inexperience: “I don’t think development industry in India is sophisticated enough – they don’t have the ability to hold supply to make demand. Anyone buys land, builds a building, and calls himself a developer. The business needs discipline.” For foreign investors and developers, the idea that Indian developers don’t know how to “hold supply to make demand” is a major threat to the return-generating prospects of their investments. This has EuroFund’s Jeremy concerned:

We’re working in an environment where there are people out there who have, who already control, large amounts of land and who may or may not know anything of what they are doing about real professional real estate economics but nonetheless have the
capacity to start throwing buildings up very fast and a lot of them.

Indian real estate developers – inexperienced landowners-turned-developers eager for quick returns – might drive down prices by generating an oversupply. Their inexperience constitutes a risk for foreign investors.

Disparaging Indian developers’ understanding of “real professional real estate economics,” Jeremy is discursively distinguishing himself and his firm from his potential partners in India. These claims are examples of “boundary work” – a term sociologists of science use to describe scientists’ attempts to construct epistemic authority by “drawing a rhetorical boundary between science and some less authoritative residual non-science” (Gieryn 1999, 4-5). Through derisive comments about Indian developers’ origins and lack of professional training, Jeremy, Simon, Sumit, and others are discursively creating value for their own international real estate expertise by denigrating Indian real estate developers.

Indian firms engage in boundary work, too, in order to set themselves apart from their competitors. The corporate communications manager for the Indian firm Taneja Developers & Infrastructure publicly called for more regulation of the industry in an editorial in the Hindustan Times, complaining “While reputed developers have zipped through the learning curve to become professionally competent, many fly-by-night operators draw attention through their lack of transparency and inflated land bank claims” (Michael 2007). Using the same language as many foreign investors, he attempts to distance himself from “fly-by-night” or “non-transparent” developers and distinguish himself as among the “professionally competent.” In so doing, he contributes to the general image of the industry as unprofessional, inexperienced, and shady.
Similarly, the rash of inexperienced entrants to the industry bothers the marketing director for a Gurgaon-based real estate developer:

I just hope that people are realizing that it’s not as easy, just building. I mean, you know, these days in building construction specifically, there are agents, there are brokers who have become developers. It’s our core business. I mean, we can’t tomorrow be going into mining or setting up a telecom company just like that, but people who used to sell property for us, three years back or four years back, are making buildings, and talking about high technology and all that, but this is all crap from my point of view.

He emphasizes that real estate development is a specialized industry, “it’s not as easy, just building” and that development is his “core business” – not the expertise of some broker who has recently ventured into construction. Here he exploits the other key marker of developer credibility: the ability to construct buildings, in local parlance, to “deliver.” The labels “broker” and “landowner” pin a competitor as merely a dealer, not a constructor. By using these labels, the marketing direct questions his competitors’ construction ability and thus their capacity for making good on their promises; he questions their integrity.

Ironically, this informant later told me that his firm had started as a landholding company. Before 1999, “we used to sell farm lands to people, one acre each, two acres, and people used to build their farm houses.” While he derides brokers-cum-developers, his firm began as “just a business house which was selling land.” What is the difference between “just a business house” and a broker? Claims to expertise matter. As Indian developers compete for investors and consumers, they delineate boundaries between real estate development and “just building,” between brokerage and construction expertise, between themselves and their “fly-by-night” competition in a “disorganized” industry. Where the
boundary falls could determine who signs up with a prestigious, foreign fund for a multi-
million dollar project and who does not.

This rhetorical demarcation of expertise gains increased salience in an unregulated industry about which there is almost no statistical data. Even officially recorded property transactions represent only a fraction of actual transaction values, and international property consultants’ reports are often no more than “guestimates.” Where there is little standardized information, reputation is everything. Or, as Fanselow writes, “in the case of markets in non-standardized goods, the absence of a reliable means of qualitative and quantitative verification leads to a general loss of confidence, bringing about a situation in which everyone accuses everyone else of chicanery” (Fanselow 1990, 263).

Informants commonly talked about asking around “in the market” to find out about potential partners, and they also reported basing decisions on hearsay, rumor, and “gut feeling.” I spoke about failed deals with one independent consultant who connects Indian developers with foreign funds. He discussed a situation where “[I] liked the project, liked the numbers, but I didn’t like his [Indian developer’s] reputation.” He learned about this man “informally from the market. There are no formal sources. It’s all hearsay, really.” In the end, he didn’t go with the project because “I don’t trust, don’t like the guy.” Reputation can make or break a deal.

Indian developers impugn foreign expertise as well – not on grounds of professionalism, but on the basis of poor local knowledge. Govind, an engineer-turned-real estate developer working in the National Capital Region, described foreign investors as “scared.” He chalked this up to their inability to function in India, to deal with “the politician who wants his cut, there’s the criminal who wants his cut. And it’s not easy. You
have to get around everybody, you have to keep them happy. So these guys get scared.” He concluded,

[S]ee they are bankers, they are not real estate people. We are real estate people. So in a JV [joint venture], it’s like a marriage between a – what do you say? – an Aries and a Taurian or whatever. ((laughter)) So they don’t know the dynamics of the trade, and we say why can’t they just put the money on the table and let us do the work? Because we are confident we’ll deliver, and they say “no, but it shouldn’t be for so much,” then they run their numbers, through statistics on this page and that page and this survey and that – that’s also not going to happen in a hurry ((laughter)).

He scoffs at foreign investors’ reliance on number crunching and their inability to handle politicians and criminals, as he can. In the end, they are “just bankers,” while he is a real estate developer, equipped to deal with the fast pace and dirty politics of Indian real estate.

The consultants I spoke with also questioned foreign investors’ ability to survive in India. For example, one Indian consultant warned about “fly-by-night operators”: “They say they’re real estate developers, that they have 100 acres with them. Then you realize the land isn’t clean. They’ve told you 100 but really they bought it for 20. They’re just looking to cash out of the project.” This consultant predicted that many foreign investors would be unable to distinguish such untrustworthy “flippers,” in the business for quick profit, from good potential partners; many investors will be “taken for a ride.” (Other commonly used expressions for this were to “get in bed with the wrong partner” or to “get one’s fingers burned”). In his opinion, “the key to a successful fund is the kind of people they hire. A lot of them are hiring these ex-investment bankers, McKinsey guys. But without hands-on experience in India.”
If Indian developers are “fly-by-night operators,” foreign investors are doubly inexperienced: “investment bankers” ignorant of real estate and unfamiliar with India. As another consultant warned, “It’s always very political, you have to know the right people, have the right connections, make the right payoffs – wherever you are working. I don’t care where you are, real estate is always local. You have to understand local dynamics.” These consultants questioned whether foreigners can cope in India. They were also making a pitch for their own expertise: if “real estate is always local,” then foreign firms would do well to hire a local guide, someone with the expertise they lack – i.e., Indian consultants like themselves.

Similarly, Govind felt foreign investors should trust those few Indian developers with a “track record.” Given the number of unscrupulous players, they should seize upon a “good builder” like himself:

There are very few good builders today in the Indian industry. If you go to HDFC [a private housing finance company], they’ll tell you 6 or 7 names, that’s it in the NCR [National Capital Region], who can really be banked on, who are dependable, who mean what they say. So if the foreigners, . . . if they see a good builder, they must back him if they want to make money.

Given the dearth of “dependable” developers, “good builders” should be able to score foreign investment. Indeed, the appearance of professionalism is a sought-after commodity in the Indian real estate market.

3.6 The Appearance of Professionalism

Real estate industry lobbying groups, international property consultants (CB Richard Ellis, Jones Lang LaSalle Meghraj, Knight Frank, etc.), the press, and individual developers
have tried to redeem real estate’s reputation using the language of transparency to advertise Indian real estate – and real estate developers – as attractive investments. They collectively narrate real estate’s transformation, beginning with a description of a corrupt and troubled past. For example Bombay developer Niranjan Hiranandani reminisced about the old days to the *Economic Times*, “I still remember those days. Ministers used to instruct their personal assistants not to write our names in appointment diaries. We were considered on par with underworld dons like Haji Masaan and Yusuf Patel,” but continued with the industry’s metamorphosis: “We are witnessing the transformation now. There is a sea change in the mindset of administrators and financiers” (*Economic Times* 2007d).

For many commentators, the growth of real estate itself indicates newfound respectability. For example, developer Manoj Namburu writes in his book *Moguls of Real Estate*,

> From all accounts, organized real estate development in India is a relatively recent phenomenon and this sector has, therefore, had to fight hard to be recognized as an industry. With the real estate industry continuously recording the highest growth rates in the post-reforms era, it has finally been able to secure for itself the recognition it deserves. (Namburu 2007, xv)

Beyond growth, lobbying groups have been working to “bring this nascent, unorganized business to industry status,” according the Deputy Director Sumit Jha of The National Real Estate Development Council (NAREDCO). Groups such as NAREDCO and the Confederation of Real Estate Developers’ Associations of India (CREDAI) have now begun organizing conferences and publishing glossy newsletters in their bid to deflect negative attention without bringing in government regulation. For example, NAREDCO has
initiated a code of ethical practice for its members, a certificate program for real estate salespeople, a rating scheme for developers, and a quarterly magazine.

Developers, their marketing staff, and the press have worked to build real estate’s credibility and status among Indian consumers, Indian investors, NRIs, foreign investors, and others in order to accrue investment and attract buyers. Developers issue “brand-building” advertisements to familiarize the public with their firms’ merits. Viewing company growth as a marker of success, they advertise their quarterly earnings in full page spreads in the business papers. Size matters: developers tout their “pan-Indian presence,” the millions of square feet they have under construction, and the number of different kinds of buildings they will construct. New magazines devoted entirely to coverage of the real estate industry (including Realty Plus, Real Property Times, The Realtor, Real Estate Observer, and Real Estate Watch) heighten the industry’s image with gushing developer profiles. Developers’ webpages narrate company histories light on details and full of glowing pronouncements about future projects and company growth. Many tout their “professional” staff, for example, the “highly qualified, young, dynamic, creative professionals with extraordinary business acumen and insatiable thirst to work with passion” at SG Estates or the “dedicated team of professionals practically from all the fields” at Taneja Development and Infrastructure (SG Estates; TDI).

Just as developers deploy emblems of “professionalism” and evidence of corporate growth to distance themselves from the figure of the unsavory businessman, they also mobilize emblems of “world class” status. Many developers hold meetings in five-star

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42 The rating scheme is voluntary. As of November 2006, only 38 companies had been rated.
hotels. They drive imported cars and speak English. While some still occupy cramped offices in old buildings, many have renovated their premises or moved into buildings they have themselves constructed. Their offices’ divergent styles bespeak variety in the quest for a new image – from Unitech’s ultra-mod front office in chartreuse and white, to Delhi Land and Finance’s marble-clad stairwells, to Taneja’s re-appropriation of a colonial bungalow in central Delhi, complete with an ornate wood-paneled waiting room and clipped front lawn. Most common was an international corporate modern look: sleek black leather couches, glass partitions with oversized chrome hardware, and large flat-screen TVs with company advertising.

One prestigious marker of international success is entrance into the Forbes list of billionaires. Developers who had “achieved global recognition” on the Forbes list in 2007 include KP Singh (DLF), Ramesh Chandra (Unitech), Pallonji Mistry (Shapoorji Pallonji Group), Vikas Oberoi (Oberoi Constructions), and Pradeep Jain (Parsvnath Developers) (Bisht 2007; A. Kumar 2007). The story is intended to echo the rise of the prestigious IT industry; an article in the Real Estate Observer claims “A boom in the real estate sector has visibly led to a mushrooming of Indian billionaires on the Forbes list, a trend, reminiscent of that seen in the IT sector once” (Bisht 2007). Books like India’s Global Wealth Club: the Stunning Rise of its Billionaire and the Secrets of their Success (Hiscock 2008) place real estate developers alongside other Indian entrepreneurs in an international race for profit.

Building reputations as “world class” firms, developers boast of hiring international consultants and modernizing their business practices. Indian developers are proud to hire

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43 In the pre-liberalization period, five-star hotels were some of the fanciest buildings in India, associated with international visitors, imported goods, and inaccessible luxury. They retain this prestige today.
professionals from other industries to help them run their companies and to install business systems from well-known software companies like Oracle or SAP. Delhi Land and Finance chairman K. P. Singh told the Business Standard, “Two years ago, Rajiv [his son] got McKinsey to restructure the company. They did a great job and we paid them a lot of money! Then Rajiv gave a $13 million order to IBM for our systems. Today we have over 200 subsidiaries across India and we are one of the most automated companies” (Rai and Zarabi 2007). Note that the value of hiring these international business consultants lies both in the work they do restructuring business systems and in the bragging rights it provides.

Developers also flaunt international investment and partnerships with foreign firms as evidence of “world class” credibility. At a press conference just before real estate developer Emaar MGF’s attempted initial public offer on the Bombay Stock Exchange, the company’s managing director Shravan Gupta insisted, “We have a number of marquee investors: Citigroup, New York Life, JP Morgan. This shows the confidence the global community has shown in the integrity of our business.” He added later, “This is a stamp of approval from the best.” He also proudly listed his firm’s other international partners (two Australian construction firms, an American project management firm, and an international school from Singapore) and reminded the audience that the firm is itself a joint venture, “the largest FDI in the sector,” between Delhi-based MGF and Dubai-based Emaar Properties PSJC, “the world’s largest private development company,” according to Gupta. Like an advertising testimonial, Gupta implies that if these established international companies have invested in or partnered with his firm, Indian investors should feel comfortable buying shares.
Similarly, general articles tout investment as evidence that the industry is shedding its reputation for shady deals and black money transactions. For example, *The Economic Times* writes,

Today things have changed. More than six US-based private equity firms like Goldman Sachs, DSP Merrill Lynch, Morgan Stanley and JP Morgan have started investing in Indian real estate market. . . . Opening up of the market to foreign investors by relaxing the FDI [foreign direct investment] norms in 2005, growth of private equity and rising demand for high quality real estate are gradually transforming Indian real estate business into a more transparent and accessible market. (*Economic Times* 2007d)

Involvement of these large, internationally known investment banks acts as a stamp of approval for the industry as a whole.

Investment itself is an image-building tool in part because journalists and analysts with international property consultancies believe foreign direct investment causes “transparency.” According to Jones Lang LaSalle, “Developers are modifying their operating practices and processes to conform to international guidelines and be FDI [foreign direct investment] compliant, in order to compete for available domestic and foreign capital” (Jones Lang LaSalle 2008, 5). Journalists and consultants thus cite Indian developers’ access to international capital as evidence of the industry’s transformation, encouraging the very activity they describe.

International property consultants’ reports celebrate the industry’s transparency story, adding to developers’ own attempts to burnish their image. For example, an Ernst & Young report includes an entire section titled “Metamorphosis of Indian Real Estate Industry” and concludes that the “unified impact of rising demand for higher quality real estate, changes in the regulatory environment, the opening up of the market to foreign
investors and the growth of private equity is gradually transforming Indian real estate into a more organized, transparent and accessible market” (Ernst & Young 2006, 4). Similarly, Jones Lang LaSalle Meghraj presents a “before” and “after” picture of industry transformation in a chart that compares 1996/7 and 2006/7. In addition to regulatory reform, Jones Lang LaSalle cites “improvement in credibility and self governance” and “significant improvement in transparency and information availability” (Jones Lang LaSalle Meghraj 2007, 4). Bolstering the industry’s narrative of transformation, India’s rating improved in the 2006 Jones Lang LaSalle’s Real Estate Transparency Index (Realty Plus 2006b; Chittum 2006); and the 2008 Transparency Index projects this trajectory of industry transformation into the future, predicting an improved score in 2010 (Jones Lang LaSalle 2008).

3.7 The Value of Expertise

Indian real estate industry members are fighting for status and funding on a contradictory terrain. Their position as intermediaries both enables and threatens their professionalizing project by placing them in a double bind: they are required to be “transparent” in order to gain investment but at the same time asked to continue bribing local officials and “cleaning” land. We have seen that in their individual attempts to distinguish themselves as internationally transparent professionals, they often tarnish the image of the industry as a whole. More importantly, even while attempting to appear “world class,” they sometimes defend their own expertise as local knowledge and political connections – diminishing their attempts to bill themselves as transparent, international players and resist the labels “landowner” and “broker.” Paradoxically, when developers are
successful at appearing professional and hiding their local expertise, they erase evidence of their own labor and undermine their own value.

As foreign funds and Indian developers make deals, their debates about expertise, reputation, and credibility translate into profit and loss. Indian developers and their foreign partners indirectly determine the value of expertise as they negotiate profit sharing agreements and haggle over the price of land.\textsuperscript{44} If the Indian real estate developer is “just” a landowner, how much profit can he claim? What is the value of his local expertise and the risk he assumes in the land development process, especially if his newfound “transparency” hides this work from view? Is the risk – and the reward – inherent in the process of land-cleaning, investment, or construction?

In general, Indian developers believe that land prices should be high to remunerate their work in assembling and “cleaning” it, while foreign investors complain that such high land valuations cut into their returns. The head of land services for an international property consultancy in India explained that “a lot of mid- and large developers actually bought land four years ago and now the price is three times what they paid. So they quote today’s price to the fund.” Foreign funds, of course, think they should be charged the lower “historical” price.

Moreover, in this highly speculative market, there is often little basis for land valuations. Beyond rumor and hearsay, information on land transactions (many of which are unrecorded or occur partially in cash) is scarce. International practice holds that when you estimate the value of a parcel of land by comparing it to the value of similar parcels nearby,

\textsuperscript{44} While the foreign developer might not pay for land directly, the structure of the deal usually factors in a cost for land that affects profit sharing between the parties.
that valuation should approximate one achieved by running numbers on the development of a project on the parcel. But in India, where there are more buildings planned than constructed, there are few comparables from which to benchmark value or determine what the revenue from development is likely to be. As a result, comparative and potential valuations rarely align. In a heated debate about valuation at the 2007 Global Real Estate Institute Conference in Delhi, one analyst expressed frustration about using the comparative method for valuing property:

[I]t assumes you have the data, but here there is no data. Especially in a market like Bombay. I have seen two properties on either side of a road, one selling at 25,000 rupees per square foot and the other at 14,000 rupees per square foot. . . . I can get a number [a valuation] but the developer and investor will never agree.

The market is so volatile that even when values are known, they offer little guidance.

In the absence of hard data, the head of land services explained, “Many landlords see what their neighbors’ land went for X and say, so mine should sell for X+1.” Sumit, the mall developer, questioned this valuation approach: “Now we turn around and say, see, that particular deal was done, I don’t know for what reason. What was the compelling reason for that company to actually put in that kind of money?” He feels that valuations based on other deals are often unjustified.

Indian developers also commonly work backwards from their profits to determine the land price, but when maximizing their profits, they assume only “an IRR [internal rate of return] of 10-15 percent” for the foreign firm, according to the head of land services. This is far short of the 25-30 percent that most funds would like to make. Alternately, for very profitable projects, they promise the fund a 20-25 percent return, but through an unevenly
weighted promote structure; by putting up 50 percent of the equity, the fund will get back only 20 percent of the projects’ profits, with the Indian developer keeping the other 80 percent.

Potential investors see these various tactics as greed, pure and simple. Simon complained about

Landlords and developers making a hundred and a hundred and fifty percent on their land. Offering you land at five crores an acre, whereas you know they bought it three years ago at fifty lakhs. Then trying to justify the price. And then putting the price up because their cousin around the corner just sold it for seven crores. That doesn’t work. And then wanting a management fee. And then wanting a promote. And then trying to cap the IRR [internal rate of return].

He clicked his teeth disapprovingly and added, “It doesn’t work. It just doesn’t work.” As an independent consultant admitted, such tactics do amount to over-valuation: “Which isn’t to say that the Indian developer doesn’t say – I’ve got a bunch of idiots [foreign investors] coming in today, let’s milk them for all I can. So they overvalue everything and leave nothing on the table for the investor.” As a result, a lot of investors “come in expecting a 35-40 percent return, and they can’t find a project for more than 20. The developer says, if I put in all the hard work to get it to this stage, why should I give up my profit?”

Indian real estate developers justify high land valuations by reminding foreign investors of the work they do. As one developer explained to investors at a real estate conference,

The land that the developer buys – it’s a semi-cooked product. The investor isn’t coming in when the land is in agriculture. To change the use, you need to show construction permits. What we bought and what we are passing on to you is totally different.
This developer argues that he has “added value,” to use a phrase my informants commonly used; he is selling on to the investor a “totally different” product, one with a higher value than mere land. Another said bluntly, “if you come on board at the land level, then that return is there for the asking. Come, join us. If you expect that we should get land, approvals, and then [you] get 20 percent, that’s unreasonable.” In his opinion, if a foreign investor wants to buy into a project early, pay for the land, and assume the risk of getting permits, then he is happy to share the profits with the investor. It is “unreasonable” however, to expect the developer to research titles, aggregate land from different owners, and negotiate the bureaucratic hurdles of the approval process – all the while assuming the risk should these processes go awry and the land prove undevelopable – and still provide an investor with a twenty percent return on his equity. Where foreign funds see inflated prices, Indian developers see remuneration for their risk-taking and local expertise. Indian developers find themselves fighting both for the value of such local knowledge and promoting themselves as international professionals.

3.8 Rendering Indian Developers Transparent: The Investment Process

While the price of land and profit-sharing are contentious issues, they are not the only conditions negotiated between developers and investors. Foreign investors attempt to ensure the return of their capital by managing their relationships with developers. Most importantly, they hope to change their partners’ business practices and systems, rendering them legible, acceptable partners that they can control and from which they can profit.
Investors often think of developers in terms of how they can be controlled. One fund manager commented that established and “emerging” Indian developers pose different challenges:

The established player doesn’t want the value added. “I’ll just take the money, thanks.” The emerging player is getting lots of opportunities, so you need to help him stay focused on what you’re doing. The new developers – you need to help them set up an organization.

By “value added,” he means the advice and organizational interference that a new developer might be more willing to accept. Keeping an “emerging player focused” means controlling the projects he works on. Another fund manager told me that his fund specifically sought out newer developers, precisely because they are more easily molded:

[W]e are trying to pick up new developers, because, you know, certain people have done certain things and they’re mindsets are now fixated. But there are a lot of new young guys who want to do certain things, who have more fire in their belly. So you’re trying to incubate those kind of development companies, and saying, we will provide you capital, we will provide you our global perspective.

Again, by “global perspective,” he means advice. He felt that a new company, working on its first or second project, “will have a huge desire to execute it well.” This bodes well for his firm’s chances of seeing a finished project and a return on its investment.

Suraj, a fund manager we met at the beginning of the chapter, plans to develop intensive partnerships with a small number of developers, investing at the company level in order to work on numerous projects with each developer. (Simon shared this approach, commenting “You know, I’d rather have half-a-dozen developers dotted around the country than twenty-five developers I can’t control.”) With this approach, he feels he can achieve more control over each project, as well as changes in the development firm’s management
structure. Over time, he can build up a collection of assets and can exit his partnerships by taking firms public. This approach also produces a variety of buildings in different markets and limits the risk of being ignored or “written off” by the developer:

[I]f a developer has a number of opportunities that he’s developing with a variety of capital partners, then he could pick us off. If we get picked off, he’d be like, “Listen, I just don’t, you know, that asset is dying, and that happens to be yours, and I don’t feel like working on it. I’d rather work on the other ones, where I’m going to make a lot of money. And I’ll write that off.”

But we can’t. We can’t afford to write it off. So knowing that, we’d rather sort of be in that net, so we can collectively decide which ones to focus on and which ones not to focus on.

Working on numerous projects with one developer, Suraj hopes to maintain more control and to safeguard his returns.

He has also had luck working with “start-up” firms. He told me his first deal was with a young firm, enabling him to have “a significant hand in the development of the organization.” Suraj told the firm’s owner that he wanted him to focus on acquiring land and building relationships, and to hire a CEO to run the company. He told him, “You’ve got to hire a CEO that will to do X, Y, and Z and you’re never going to be that CEO.”

Although this was “a difficult thing for anyone to hear,” the partner complied, transforming the organizational structure of his firm into a corporation run by a CEO and Board of Directors, something familiar to Suraj’s fund’s investment committee.

Suraj has been surprised to find Indian developers “open” to such demands. He concluded,

[T]hey’re [Indian developers] all focused on the idea of creating value for themselves. They’re very entrepreneurial and capitalist in that sense, and to the extent that you are ah – and even if it means an ostensible lack of control, I think they’re, they’re – the
The surprising answer is that they’re really willing to give it up in the face of potential value creation for themselves.

The “value created” through tie-ups and public offers includes both prestige and profit. Investors believe developers are interested enough in such value to give up control of their own firms.

When Indian real estate developers refuse to adopt foreign investors’ working methods, they can lose out. The senior vice president of an American private equity firm, an Indian man, told me about a deal that fell through. The project looked promising—approvals in place, land with a single owner, good location—when, “Suddenly we realized the partner doesn’t have the mindset in which we want to operate. He was a local guy.”

Explaining the differences in “mindset” between his international investment firm and the “local guy,” he said,

> [W]e want to bring in certain systems and processes. We want to have certain disclosure norms. We want to have how we’ll monitor the certain project. Maybe we want a project manager team, we want certain level of, you know, people with certain credential to manage each of the projects.

The Indian developer questioned the cost of hiring professional managers and tracking systems, so the U.S. investors, concerned that they would not be able to achieve a level of control over the design and construction process that made them comfortable about investing their money, backed out.

Govind, a developer we met earlier, had been approached by various foreign investors (Morgan Stanley, Merrill Lynch, Trikona Capital, and others) but was ambivalent about foreign direct investment. He found potential investors’ reservations to his way of working unrealistic, commenting “It’s a very home grown industry, the real estate industry.
There’s no set norms, there’s no set rules – you can’t go by, there is no by the book over here. You can’t do it by the book.” He doesn’t believe real estate can be done in India in a formal, “by the book” manner. He told me he would rather hire an international consultant than work with a partner who would insist on change:

Why do you need a strategic partner, you know, who will tell you how to do things and say “OK, now” – there is too much interference. See this is a very delicate issue. You are used to a particular way of functioning, you have professionalized your set up but still you want independent decision making because that is what sees you through real fast, so right from day one, getting so much of interference is not going to be very easy because you are, you know, you have be conditioned to a particular way of functioning. So changing yourself over night is not possible.

He had yet to agree to a joint venture with a foreign firm because he was wary of such “interference.” He did not want to give up his “independent decision making,” his ability to move quickly to take advantage of opportunities, and his usual ways of working. In short, he did not want to give up control over his firm.

Many developers, however, have formed a joint venture with a foreign investment company, or they have taken their company public, attracting foreign investors to buy their shares through a listing on the Bombay Stock Exchange. Both avenues to investment require some change on the part of the developer. Just as a joint venture often necessitates loss of control, listing on the stock exchange (“going for an IPO”) requires meeting the stringent disclosure requirements of the Securities and Exchange Board of India.

Many firms approach the public offer as a means of publicly demonstrating compliance with these rules. For example, a little over a year before Emaar MGF’s attempt to list on the Bombay Stock Exchange, the chairman of the firm’s Dubai-based partner (Emaar Properties PJSC), Mohamed Ali Alabbar told Realty Plus magazine,
Our intent of going public is not just to raise capital. It is mainly because I like the transparency that comes with the publicly listed companies. As a listed company, we will be keenly watched by the public and the authorities. And as such there will be pressures on us to perform and meet targets in an aggressive manner. (Realty Plus 2006d)

Like a successful joint venture with a foreign partner, going public is a badge of transparency.45

Just as working with a foreign partner confers prestige, “there is an ego element involved” for the firm going public, explained Chetan, a public relations agent who has worked with many real estate firms during the listing process. When Delhi Land and Finance (DLF) announced plans to go public in the spring of 2006, the Indian business press interpreted the decision as a personal accomplishment for the company’s chairman K. P. Singh. A month before the offer, one author predicted,

With a forthcoming public issue of nearly Rs 10,500 crore for a 10 per cent stake in DLF, Singh, with a holding of 90 per cent, will be catapulted to the global stage as the fifth richest man in the world and the richest resident Indian (worth Rs 90,000 crore or around $20 billion), pushing Azim Premji to the second Indian slot. (Menon 2006)

The author (and others in the press) understands the public offering as a route to personal glory. Providing wealth legitimized by both the Security and Exchange Board of India and foreign institutional investors, the public offer would enable Singh to compete on “the global stage” of capitalist entrepreneurs. It could transform him from Indian real estate developer to world class professional.46

45 Jones Lang LaSalle regards public listings as a sign of transparency. They report that “The number of listed companies in the real estate sector has increased multi-fold over the past 2 years, which has served to improve accounting standards, financial disclosure and corporate governance” (Jones Lang LaSalle 2008, 5).
46 Commentators felt that DLF’s presence on the stock market would also change the image of Indian real estate in general. Akshay Kumar, head of the property consultant Colliers Jardine in India is cited in the same
After running into minority shareholder opposition, Delhi Land and Finance had to withdraw its prospectus and cancel the listing.\textsuperscript{47} Chetan, the public relations agent, commented,

You know, DLF was so upset about the IPO [initial public offer] process being derailed, they did all these things to get back. Because for them it’s a reputation. “They couldn’t do that, you know, they may be big, but they couldn’t go for it. Their books are all bad, that’s why.” You know, so then the reputation factor comes in. Once you go through it, they feel that OK, we are listed company, we are answerable to SEBI [Securities and Exchange Board of India], government, our investors. So it’s like, whatever they do, it’s fine.

Chetan feels that the failure to list cast a poor light on DLF’s operations; he even suggests that the public might have suspected improper accounting and dubious dealing, “their books are all bad.” The firm’s subsequent listing in June 2007, then, provided its promoters an opportunity to reverse public opinion.

Both to access capital and to prove their worth, a large number of Indian realty and construction firms have listed on the Bombay Stock Exchange in the past several years (Table 3.1). In addition, the London Stock Exchange’s Alternative Investment Market (AIM) has attracted public offers from the Indian firms K Raheja (Ishaan Real Estate), Hiranandani Constructions (Hirco), Unitech (Unitech Corporate Parks), India Bulls (Dev Property), and West Pioneer Properties. In 2007, the press reported many other firms planning initial public offers (e.g. Hussain 2007a, 2008a; Sukumar 2007).

\textsuperscript{47} DLF had previously been listed on the Delhi Stock Exchange until 2003. When it delisted, some minority shareholders remained with the company. Many of them, however, did not receive offer letters from DLF when the firm later converted their debentures into equity shares. They filed against DLF with the Securities and Exchange Board of India (SEBI), which forced DLF to withdraw its public offer prospectus (Sinha 2006). DLF settled with its minority shareholders for Rs1,300 crore before re-filing with SEBI in 2007 (Dalal 2007).
<table>
<thead>
<tr>
<th>Company</th>
<th>Issue Opening Date (day.month.year)</th>
<th>Issue Amount (Rs. crore)</th>
</tr>
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<tbody>
<tr>
<td>Sadbhav Engineering Ltd.</td>
<td>03.02.2006</td>
<td>53.65</td>
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<tr>
<td>Pratibha Industries Ltd.</td>
<td>16.02.2006</td>
<td>51.42</td>
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<tr>
<td>B. I. Kashyap &amp; Sons Ltd.</td>
<td>20.02.2006</td>
<td>200.02</td>
</tr>
<tr>
<td>Tantia Constructions Ltd.</td>
<td>27.03.2006</td>
<td>21.75</td>
</tr>
<tr>
<td>D.S. Kulkarni Developers Ltd.</td>
<td>25.04.2006</td>
<td>133.65</td>
</tr>
<tr>
<td>Patel Engineering Ltd.</td>
<td>03.05.2006</td>
<td>425.00</td>
</tr>
<tr>
<td>Unity Infraprojects Ltd.</td>
<td>19.05.2006</td>
<td>232.40</td>
</tr>
<tr>
<td>GMR Infrastructure Ltd.</td>
<td>31.07.2006</td>
<td>788.50</td>
</tr>
<tr>
<td>Gayatri Projects Ltd.</td>
<td>26.09.2006</td>
<td>85.55</td>
</tr>
<tr>
<td>Lanco Infratech Ltd.</td>
<td>06.11.2006</td>
<td>1067.34</td>
</tr>
<tr>
<td>Parsvnath Developers Ltd.</td>
<td>06.11.2006</td>
<td>1089.77</td>
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<tr>
<td>Sobha Developers Ltd.</td>
<td>23.11.2006</td>
<td>569.17</td>
</tr>
<tr>
<td>Akruti Nirman Ltd.</td>
<td>15.01.2007</td>
<td>361.80</td>
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<tr>
<td>C&amp;C Constructions Ltd.</td>
<td>05.02.2007</td>
<td>124.24</td>
</tr>
<tr>
<td>Abhishek Mills Ltd.</td>
<td>20.02.2007</td>
<td>41.00</td>
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<tr>
<td>Orbit Corp. Ltd.</td>
<td>20.03.2007</td>
<td>100.10</td>
</tr>
<tr>
<td>DLF Ltd.</td>
<td>11.06.2007</td>
<td>9187.50</td>
</tr>
<tr>
<td>Roman Tarmat Ltd.</td>
<td>12.06.2007</td>
<td>50.75</td>
</tr>
</tbody>
</table>

Source: adapted from Builders' Association of India photocopy, “Real Estate Industry,” n.d.

Often, these firms attract private equity (PE) investment prior to the initial public offer from firms such as Citibank, Morgan Stanley, Lehman Brothers, Old Lane, Trinity Capital, Quantum, etc. Chetan explained,

[I]n the last one year, PE [private equity] interest has changed the whole thing. They’re advising. They bring X money and say, “Listen to us.” And developers listen because they know that if their value goes up, they’ll make money. So those guys are forced to listen to them. It’s mutually beneficial. We also come in there. A lot of PEs know what a PR [public relations] agency can do in terms of producing the right profile.

Private equity investors promise to transform Indian real estate companies, enlisting public relations firms to give them the “right” profile to attract foreign investors. In short, private equity firms promise to make Indian developers both credible and profitable by making
them legible to international investors. After the private equity firm, in conjunction with its international investment banking partners and public relations firms, works with the Indian real estate developer to change his company’s internal structure (adopting a board of directors, hiring professional financial officers, putting in place construction monitoring or other business systems) and its accounting practices, the private equity firm will take the development company public and sell their shares at a profit. For example, Citigroup Global Markets had stakes in real estate developer DS Kulkarni, which went public in May 2006. Delhi Land and Finance attracted $600 million investments from DE Shaw and Company and Lehman Brothers Holdings, Inc. before its initial public offer in June 2007 (Raja D. 2008b). Similarly, EmaarMGF had garnered investments from Citibank, New York Life, and JP Morgan.

While Chetan’s firm works on the public relations aspect of the listing, building up the real estate firm’s reputation in the business papers with rosy feature stories and profiles (Figure 3.2), the private equity firm’s other consultants go to work on the developer’s books. Chetan recounted one developer who had yet to tie up with a private equity fund,

We had one small guy [developer], he wanted to raise money, so he called us. He said, how do we go about it? I asked him, [developer’s name], have you done any valuation of your company? He asked me, what is it? (laughter) So I said look, what we can do is, you put some of these PE [private equity] funds or merchant bankers on to you. They will advise you how to go about it.48

48 In India, people tend to use the term “merchant banker” as the British do; in the U.S., they are referred to as “investment banks.” Investment or merchant banks involved in Indian IPOs include: Goldman Sachs, Citigroup, HSBC, JP Morgan Chase, Merrill Lynch, and others (often through their Indian subsidiaries). Indian merchant banks involved in real estate IPOs include: Edelweiss Securities, Enam Financial Consultants, Kotak Mahindra Capital, and ICICI Securities.
Figure 3.2 EmaarMGF full-page advertisement.
This advertisement on the front page of a major business newspaper was part of the company’s brand-building campaign in advance of its attempted initial public offer in February 2008.
This developer’s firm is an unknown quantity, an entirely unvalued asset vis-à-vis global capital; in fact, the developer does not even know what a valuation is. Chetan suggests that private equity funds and merchant bankers will teach him how to do a valuation, thus beginning the process of making his firm a globally recognizable entity.

Many Indian real estate companies keep such a large percentage of their income in black money that outside auditors, examining their “official” accounts, would severely undervalue them – a problem since the private equity fund wants a high valuation at the time of the initial public offer so that the developer’s shares will fetch a high initial price. Exactly how international consultants and auditors clean up developers’ books was a process that few of my informants admitted to understanding. A young consultant with an international consultancy commented that it was a process of “financial engineering by the good old people of the top five consulting firms, audit firms.” Another informant commented that Indian real estate firms have been declaring their black assets over a period of a few years, resulting in what look like sudden and extraordinary profits.

49 The process of valuing that which has not been valued before is a contentious one. Since many consultants value real estate development firms based on their “landbanks,” the question of land value is tied up with the value of real estate firms. However, should the land be valued according to its purchase price, the likely return from development, or its current price? How does one value land that developers do not own outright (i.e., they own it through joint agreements with farmers), or land whose ownership is under litigation? Should the value of a company also reflect its development capacity and track record? What if it has no track record? Consultants, the SEBI, bankers, and others are answering these questions through daily decisions and valuations.

50 Tax authorities capitalize on the difference between the accounts reported to the Security and Exchange Board of India – which are also those reported to potential foreign shareholders – and those previously reported for tax purposes. Chetan explained,

They [developers] can’t show it suddenly that we are handling so much of money because then the tax fellows will go out. So we have crazy situation where, just before IPO [initial public offer] or during the IPO process, income tax raids . . . . That happened with all the companies, including DLF. Because you see, Indian tax system is such that people try to avoid tax, but then if you are going to the market, you need to put the best foot forward and you get good valuation, which means that your last two years have to be good and everything.
The private equity firms, bankers, lawyers, and public relations firms involved in the initial public offer not only launder the company’s books; they also clean up the director himself. Consultants train developers how to operate under Security and Exchange Board of India regulations and how to act in front of the press. For example, developers are prohibited by law from speaking about projects that are not listed in their initial public offer prospectuses. Chetan described developers’ typical pre-listing attitude: “In India, the CEOs and proprietors and directors, chairman, they take their liberty: it’s my company, I can speak whatever I want.” However, “Once you are planning to raise money from the public, you have to be careful. You have to be – you cannot say anything which you cannot substantiate in the offer document.” Reiterating this lesson to developers, practicing question-and-answer sessions with them before press conferences, and monitoring their public statements, Chetan and his associates are imparting a new form of discipline, teaching them the interactional style required of the chairman of a listed company.

Coached by merchant bankers, private equity firms, and public relations agents, Indian real estate developers have thus begun conforming to international accounting, interactional, and business systems’ norms. Conformity – and the international credibility it engenders – is extremely profitable. Omaxe grossed Rs550 crore, Delhi Land and Finance more than Rs9,000 crore, Purvankara more than Rs1,250 crore, and Parsvanth about Rs1,000 crore from their respective public offers (Jha and Guha 2007b).  

The process of making an Indian developer legible considerably raises the value of the firm – and of the investments a private equity firm has previously made. For example, 

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Chetan noted his public relations firm must then explain the tax authority investigations to the media: “Now that is one area where we step in and we have to tell to the media, look it’s a routine check that they do with everybody. In this sector you have lot of black money, so you be careful with it and everything.”

51 At an exchange rate of Rs41.5 to the dollar, Rs 550 crore is $132,500,000.00.
the venture capital branch of Citigroup, Citi Venture Capital International, sold 40 percent of its stake in EmaarMGF to the investment firm DE Shaw before EmaarMGF’s public listing at a price based on the valuation of EmaarMGF shares for the listing. At this price, Citi Venture had increased the value of its investment by 3.5 times between November 2006 and January 2008, i.e., in just over a year (Raja D. 2008a). Three other firms also invested in EmaarMGF just before the public offer to cash in on the expected post-public offer rise in the share price. Incorporated as a joint venture in 2005, EmaarMGF had not completed any construction by February 2008, when the public offer was scheduled. It had built no properties. The buying and selling of its shares prior to the public offer constitutes speculation on the worth of the company (based on its land) and the future rents it planned to accrue through buildings it had yet to build, or, perhaps merely on the continued buoyancy of the Indian stock market and the glamour of Indian real estate. Chetan corroborated the idea that the value of the company raised through the initial public offer process has little to do with a developer’s productive activities (construction or land

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52 Citi Venture sold 4.7 million of its 11.69 million shares to DE Shaw for Rs325 crore, or approximately Rs691 per share. This is at the top end of the price band EmaarMGF set for the initial public offer, which was Rs610-690. Citi Venture bought 1.46 million shares for Rs1,558 per share in November 2006. They were diluted in a ratio of 7:1 in September 2007, making the effective cost for Citi Venture Rs195 per share. Thus the effective value of Citi Ventures shares rose from Rs195 to Rs 691, or 3.5 times. Even at the lower end of the price band, the rise in their share values, from Rs195 to Rs 530, would 2.7 times, a considerable gain (see Raja D. 2008a, Raja D. 2008c).

53 Unfortunately for these investors, EmaarMGF’s initial public offer was not a success. The Bombay Stock Exchange had fallen 18 percent since the beginning of the year, due in part to worries over the U.S. financial crisis. Emaar reduced the price of the shares, from Rs 610-690 to Rs 540-630, and extended the offer, but institutional investors pulled out of the offer at the last minute, and retail investors under-subscribed to it. EmaarMGF eventually withdrew the offer, promising to “revisit the market only when the demand and sentiment are stable and better” (Hussain 2008c). Since the Citi Venture sale of shares to DE Shaw was contractually dependent on the initial public offer, the sale was aborted (Raja D. 2008c).

54 As seen by the ultimate failure of the EmaarMGF listing, these investor sentiments were fickle.
conversion), but with his firm’s image, which public relations firms like Chetan’s help to establish.

### 3.9 Conclusion: Emulating the ‘Blackberry Toting Gods’

Introducing an interview with Nitesh Shetty, Managing Director of Nitesh Estates in Bangalore, *Realty Plus* magazine informs the reader that he has developed “state-of-the-art office spaces, residential condominiums, retail, hospitality projects, SEZs and integrated townships” since the firm’s start in 2001 (*Realty Plus* 2006c, 46). However, the magazine includes no photos of his construction projects; instead, a large-format photograph of Shetty himself graces every page of the three-page article (Figure 3.3).

Shetty is very young, perhaps 30. He wears a subtly striped grey suit, pale yellow tie, crisp white shirt, cuff links, and sleek black loafers. A cell phone and expensive looking watch complete his attire. To appreciate his outfit, it is important to note its variance from the other styles of Indian business: his attire conveys neither the tropical informality of a short-sleeved cotton shirt, un-tucked, over khakis; nor the frumpiness of an oversized brown-on-brown suit, often worn with knitted vest or sweater beneath; nor the flamboyance of the stripes, pastels, wide lapels, and heavy cuff links of a striving nouveau riche. It is as though Mr. Shetty had been consulting the many articles and magazine features on how to dress like a professional. Like the models in *Business Today More’s* article “Decoding the well-dressed CEOs,” Mr. Shetty resembles an American.

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55 Developer profiles in real estate magazines commonly include several photographs of the developer himself and sometimes, of his buildings as well.
**Developer Speak**

Slideshow of New York. We have also won a Rs 500 crores and are in the process of closing one of the largest deals with a hotel operator. So things are going the right way. We have continued our operations in Kolkata, Chennai, and Delhi.

**Q. Analysts are warning of a possible price correction. Do you think the property market is overheated? Will the current prices be sustainable in the long run?**

A. I believe Analysts' view without uptraining creates a 15%-20% correction in property prices. It's very good for the industry because there are various underfinanced developers who are creating iridescent prices, making it unsustainable for genuine home buyers. If the correction is made, the absorption level also goes up because we want Shetty how did you come about at?

A. They were pitching in and felt that entrepreneurs spent between 25 and 35 years to get to work with. They found that looking with us. In the last few years, we have done reasonably well for ourselves and are quite transparent in our operations. That perhaps worked in our favor. Further, there are credible projects to be seen on the ground.

**Q. A lot of joint ventures and tie-ups are taking place across the country with various foreign companies. You also received $50 million funding from NAB Capital New York. How do you think these JVs and tie-ups lead to the growth of the real estate industry in the country and what advantages do these have in the long run?**

A. The robustness of India's stringent laws especially in land, where you can't really implement profits for three years, need to bring in an X amount of money and can't invest it in properties below a certain size. So it's not like it is going to be out of the reach of a lot of people. On the contrary, with foreign partners coming in, there will be good opportunities for developers like us. There will also be a lot of transparency in the projects making it easier for developers to get the right price for the right quality and global quality standards can be met. These are the advantages these tie-ups will have.

Further, a lot of institutional players using dedicated money will get cut off and the quality players who want to do good will stand. Various players who want to come

**Figure 3.3 Nitesh Shetty.**

**Source:** Realty Plus 2006c.
This is the attire of a young professional, a man who has worked with Morgan Stanley and Siachen Capital (a New York based private equity firm), as the article reminds us. In the interview itself Shetty aligns himself with the “new” real estate and distances himself from “various unorganized developers.” He talks the language of globalization and professionalization, aiming to “bring in construction on a global benchmark and achieve international standards in the quality of our products. We aim to get the entire management of projects handled by a professional team” (Realty Plus 2006c, 49).

By the time of an Economic Times article in 2007, Shetty has tied up with more global partners, Citigroup and Och-Ziff (a private equity firm). In his comments, he once again aligns himself with his international partners and a new, transparent Indian real estate industry:

I agree that reporting standards of private equity firms are stricter when compared with banks. But if your business is above board, it won’t bother you. I inducted four of their nominees in the board of my company. Their global business expertise is much valuable for future growth. (Economic Times 2007d)

He tells us, in short, if the new game requires one to be “above board,” he fits the bill. He even has foreigners, with their “global business expertise,” on his board.

Shetty embodies the new, transparent Indian real estate: conveying success (the 2007 article informs us that Shetty has “struck deals worth around $350 million during the past one month”) and professionalism with his American-style business apparel. Shetty has successfully adopted the business practices that his foreign investors demanded:

As a young company with no legacy systems, either in accounting or in corporate practices, it was relatively easy for us to adopt the stringent financial standards that PE [private equity] firms and hedge fund investors demand. We began by raising debt from Indian banks, so it did take a lot of learning for us to move from
accounting standards set by Indian banks to that demanded by
global investors; as a young start-up, we had to scale our systems
very rapidly. These investors have brought in a new level of
corporate governance and understanding of risk factors and
financial management to the company. (A. Rai 2007)

But it is his persona – his carefully cultivated dress, his demeanor, his young face – that
indicates his distinction as the head of the kind of Indian real estate firm with which foreign
funds can do business. The project of garnering international respect and capital is an effort
in image work.

Nitesh Shetty’s example suggests that Indian developers are learning more than how
to structure complex deals through subsidiary companies in off-shore tax havens, how to
value their companies and fix their books, or how to hire marketing professionals to build
their brands. They are learning the subtle, personal aspects of transforming themselves into
international real estate professionals, those nuances of interaction which enable them to
successfully engage the press, foreign investors, and international consultants. Etiquette
columns in the business papers which explain how to introduce oneself, shake hands, eat
with utensils, and disengage politely from conversation indicate the expertise required to
learn the interactional rules and cultural subtleties of doing business internationally.56

Perhaps, despite all the frictions and antagonism, some Indian real estate developers –
instrumental in transforming Indian land into an internationally “transparent” asset – have
become internationally “transparent” business partners themselves.

56 For example, Shital Kakkar Mehra’s etiquette column in the Economic Times weekly supplement “Corporate
Dossier” addresses these issues. At least one commentator has complained about the Western bias of such
etiquette advice. Commenting on an etiquette guide that the Standard Chartered bank issues its employees, S.
Mitra Kalita wondered in a commentary in the business newspaper Mint if “what is becoming accepted as
workplace etiquette is really a misnomer for Western etiquette” (Kalita 2008). Occasionally, an article also
instructs Western businessmen how to navigate the Indian workplace, as in an article reprinted from the Wall
Street Journal in the November 12, 2007 edition of Mint, entitled “How to tell when yes really means no” which
lays out some “general guidelines” for understanding workplace communication in India.
As this chapter has argued, “transparency” is not merely a state in which more information is available; it is a persuasive model of business organization, personal appearance, and interaction. Central to the dramatic performance of conjuring and moving capital, transparency claims have helped to create acceptable intermediaries out of Indian real estate developers and to reproduce international real estate practices in India. As we have seen, rendering Indian real estate developers legible partners requires more than changing how they organize their firms: it is a personal transformation. Developers motivate a range of emblems of professionalism and world class status in their attempts to appear “transparent.”

We might read the transformation of Indian developers as an example of the reproduction of a “transnational capitalist class” – or at least as the re-orientation of national capitalists towards the goals and outlooks of those that orchestrate and benefit from globalization (see Robinson and Harris 2000; Sklair 2001). However, the differences created are perhaps more interesting than the similarities. Indian real estate developers remain tied to a system of land procurement and a government regulatory process that does not meet international standards of “cleanliness” or “transparency.” Their new professional avatars hide the unseemly from view, a function that renders them indispensable to foreign investors. While Indian real estate developers may be becoming legible partners, this is not the legibility of an omniscient state over a well-ordered territory. Rather, it is the legibility of an “economy of appearances” (Tsing 2005).

The legibility created through claims to transparency creates a front and a back stage for economic activity. This kind of legibility relies on intermediaries to launder assets moving from one side to the other. The gap between present investment and future return,
like the time lag in commodity transactions (Haug 1986), creates a front stage of activity
where appearance is vital to securing investment. Global financiers conjure the “possibility
of economic performance” (Tsing 2005: 57) through image work: credit ratings, consultant
reports, quarterly earnings, posh offices, and private jets. A great army of “gatekeepers,” as
they are known, or “reputational intermediaries” – lawyers, analysts, credit rating agencies,
brokers, underwriters, accountants – enable money to flow by marking assets with the
emblems of credibility. Some Indian real estate developers have become gatekeepers
themselves, lending credibility to land purchased and assembled through means that do not
conform to foreign expectations.

Backstage, bribes and “under the table” payments remain indispensable activities to
Indian real estate developers’ new role of cleaning land for international investors. These
activities have not diminished. In fact, since economic liberalization, organized crime has
played a larger role than in the past in land dealing. As pre-liberalization sources of income
like gold and consumer goods smuggling dried up and land prices skyrocketed, organized
crime syndicates (mafias) have become a major force in land development politics in
politics in Bangalore: with multinational corporations and IT firms demanding land and
pushing up prices, gangsters have stepped in to control the real estate markets. These
authors provide a glimpse into a hidden world that contradicts the industry’s narrative. As
developers have honed the appearance of professional respectability, they have necessarily
continued – or perhaps deepened – their involvement with criminal elements and violent
means. In short, discourses about transparency hide a violent market from view.
It is not only in India that there is a front stage and a back stage to economic activities. In the West, backstage mechanisms have begun to show through the scrim of financial practices. The global credit crisis that began in 2007 has revealed that financiers and their consultants construct the appearance of profit by systematically disguising liabilities and exaggerating assets. The credit agencies that encouraged investment in risky assets with triple-A ratings have been revealed as fee-seeking companies, not impartial analysts (Morgenson 2008). In fact, as banks parked risky investments “off the balance sheet” in order to hide potential liabilities (Blackburn 2008), engaged in complex swaps that magnified their exposure to risks while appearing as insurance against it, and traded in complex derivatives dressed up as simple bonds\(^{57}\) – they created an unregulated and largely invisible “shadow economy” that is only now coming into view (see Tett 2009).

Indian real estate developers are now integral to this system, instrumental in moving land onto the front stage of international investment and real estate development. As they transform Indian land into an asset legible to international investors, they walk a delicate line themselves, actively cultivating new “transparent” personas while honing local expertise and connections. Their efforts make possible a new international route of accumulation.

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\(^{57}\) In his account of his experience as a derivatives trader for Morgan Stanley in the 1990s, Frank Partnoy characterizes derivatives as risky gambles on foreign currencies, exchange rates, indices, and assets. Credit rating agencies and traders disguise these gambles as highly rated bonds, enabling municipalities, pension funds, and insurance companies to sidestep regulations and expose themselves to large risks. Similarly, swaps, unregulated by the Commodity Futures Trading Commission after 1993, enable banks and other financial institutions to take on large exposures to risks not reported in their balance sheets. Partnoy’s characterization differs from the common interpretation that derivatives help companies place “risk-canceling bets” (Shiller 1993) against unpredictable losses. While derivatives such as futures may have emerged as tools for hedging risk, financial managers and derivatives traders transformed them into tools for taking on risk. Referring to “exotic swaps” involving the cubing of an interest rate index (LIBOR), Partnoy writes, “Such trades were obviously pure speculation. Investors did not have LIBOR-cubed liabilities hedged with LIBOR-cubed swaps” (Partnoy 1997, 139).
CHAPTER FOUR
QUALITY AND COMMENSURATION

4.0 Visiting Gurgaon

On a hot September day, I accompanied five American architects on a tour of Gurgaon. The joint venture between a European real estate investment fund (EuroFund) and an Indian real estate development company (BuildIndia) had hired an internationally famous New York architectural firm to design its project, and this was the architectural team’s first visit to India. After more than an hour in grinding traffic, we arrived at one of BuildIndia’s office buildings to meet their chief architect, our guide that morning. We reached his office through a winding series of open-air staircases and narrow corridors. As we ascended, EuroFund’s managing director Jeremy asked us to keep in mind that this is the office of one of the largest developers in India. We came to a halt in a foyer directly beneath a hole in the drop ceiling that caught the architects’ attention. Pointing up at the exposed pipes and wires, the head of the New York firm remarked, “I wish I knew that this was just for our benefit, but I have a feeling it’s not!” Everyone snickered. Informed that the man we were meeting was already outside, Jeremy led us back downstairs. As we were walking out, one of the architects commented that he had trouble believing that this was the office of a developer worth billions of dollars. He pointed to mortar oozing from behind the stone facing on the facade and repeated his boss’s comment: “I like that corner detail!”

That morning, we visited some of North India’s most contemporary buildings: blue-glass and stone encased office blocks, balcony-laden high-rises, and lush, manicured hotels. Throughout, the architects derided the quality of the materials they saw and criticized a lack
of “good detailing.” They discussed inconsistent metal work, discolored wall paneling, dirty glass overhangs, water damage, and leaky glass curtain walls. Their commentary extended beyond construction quality narrowly considered to the layout of rooms and the efficiency of office spaces. Nick, an experienced project manager and a member of the EuroFund team, declared that not one of the buildings they saw had “good architecture with efficient floorplates” and all the HVAC units were “primitive, very simple systems.” Taking stock of the bathrooms in an office building – assessed in terms of “cheap granite [countertops], wood partitions six inches from the floor, almost full height toilets” – one architect said she was reminded of Brazil, where she had done a project several years before.

Their critique also extended to aesthetics. The architects responded to Gurgaon’s post-modern pastiche of architectural styles with raised eyebrows, smirks, and sarcastic asides. An architect pointed to a row of classically inspired pediments which, with a chuckle, she likened to the work of Michelangelo. Someone else joked that maybe they could develop “curtain wall wallpaper” to screen out views of offending buildings from their own. The head of the New York firm mocked, “Every time you say attractive, [Jeremy] I don’t know if you mean attractive in quotes!”

These various complaints and evaluations – all glossed with the term “quality” – included commentary on materials, construction, labor practices, layout, amenities, and aesthetics. After a morning touring buildings, Nick commented on the group’s detail-obsessed behavior to me: we’re “looking at how can we do it better,” he said. “Most of the time, it’s pretty obvious.” This chapter examines EuroFund’s strategy for producing profit in the Indian market, a strategy which hinges on the category of quality and the goal of “doing it better” than Indian developers.
Like other corporate quality projects (e.g., Dunn 2003), this is standardizing project: EuroFund aims to build in India as it would in Europe, the United States, Brazil, or China, and so attract the same multinational corporate tenants. “Quality” means more than craftsmanship or structural integrity in this context: it is shorthand for a built environment conforming to the tastes of an international business elite. EuroFund is striving to construct buildings appropriate to a particular semiotic style, to fit them into an international register of the built environment and thus associate them with particular social practices and those who engage in them. Constructing a “quality” building for a global elite, fund employees hope to charge higher rents than their competitors in the Indian market. Paradoxically, EuroFund’s standardization project (to make buildings in India similar to those for the same audience elsewhere in the world) requires differentiation: the fund hopes to profit from the difference between Indian and international fields of real estate practice and gain a premium in rents over its Indian competition.

This chapter pays close attention to the work of standardizing and differentiating. It uses EuroFund’s struggles to carry out its quality project to throw light on the differences between Indian and international real estate development. Moreover, the chapter explores how EuroFund employees identify these differences and how they distinguish their idea of quality from Indian real estate developers’ ideas of quality. As the architects’ tour of Gurgaon demonstrates, determining a building’s quality requires expert judgment: visual

1 Asif Agha defines a register formation as “a reflexive model of behavior that evaluates a semiotic repertoire (or set of repertoires) as appropriate to specific types of conduct (such as the conduct of a given social practice), to classifications of persons whose conduct it is, and, hence, to performable roles (personae, identities) and relationships among them” (Agha 2007, 147). A register formation often includes linguistic and non-linguistic signs. Here I argue that “global buildings” are elements of a larger register formation that includes other signs (speech, dress, comportment, etc.). As such, it is associated with models of personhood and behavior and valorized vis-à-vis other registers.
acuity, knowledge, and fluency in specific aesthetic registers. These architects are engaged in a process of commensuration, rendering different qualities comparable by a common metric (Espeland and Stevens 1998, Kockelman 2006); however, they are commensurating without recourse to a quantitative measure. The architects’ expertise, born of participation in a design community with its own arenas of certification and prestige (see Larson 1993; Olds 2001, 141-157), enables comparison.

However, EuroFund’s employees and consultants make claims to expertise in an environment in which they do not necessarily wield much authority, for both the economics and the culture of real estate development in India mitigate against recognition of foreign construction expertise. Whereas elsewhere in the world, EuroFund’s consultants’ architectural taste may be dominant, one of the institutionally sanctioned “baseline norms relative to which other registers appear deviant or defective” (Agha 2007, 147), in India, a profusion of similar projects dilute their dominance. Thus, in order to construct buildings for a global elite, EuroFund and its consultants must not only commensurate – measure and

While “quality” may be transformed into specific measures during the construction process – distances, heights, thicknesses, tensile strengths, and loads – due to the particularities of location, design, and construction, buildings are never uniform commodities. Never truly substitutable (Faneslow 1990), their quality and value are difficult to commensurate and thus always in doubt. Some of the differences include divergent semiotic ideologies, valuation techniques, and construction practices. In short, we might think of Indian real estate as a separate field of practice, in Bourdieu’s sense. The architects’ expertise is cultural competence, the embodied understanding of “implicit schemes of perception and appreciation” inculcated through upbringing, schooling, and participation in the elite field of global architectural production (Bourdieu 1984, 2; see also Olds 2001). Masters of a highly valorized and institutionally sanctioned register abroad, these architects wield symbolic power, “the power to constitute the given by stating it,” the power to determine what is legitimate architectural taste (Bourdieu 1977, 117).

Expertise requires authority; symbolic power must be recognized as legitimate. For Bourdieu (1993) both authority and its legitimation – value and belief in that value – are produced through struggles in the field of cultural production. However, in India there is no unified “field of production.” Struggles for value and legitimation take place on a complex terrain: the intersection of the Indian field of real estate production, with its own history of practices and politics of prestige, and the international field of real estate production, with practices emanating from “world cities” such as New York and London. The application of Bourdieu to this case demonstrates how limiting the idea of bounded, unitary fields is in the analysis of real world situations, for these two fields overlap, intermingle, and mirror each other.
compare – they must also construct authority. EuroFund’s problem is twofold: it must enroll allies (partners, contractors, consultants, buyers) and control their behavior (Latour 1987).

This chapter explores EuroFund’s attempts to construct authority, find partners, and transform real estate and construction work processes. Practices and money do not flow seamlessly from one place to another; the globalization of Indian real estate requires work. Nor are the differences that impede (and enable) globalization mere frictions, “the awkward, unequal, unstable, and creative qualities of interconnection across difference” (Tsing 2005, 4), for the actors in this story actively identify, exploit, and bridge cultural difference as they carry out their own value projects and mobilize others to join them. This chapter presents globalization as the culmination of numerous struggles to construct authority and control.

4.1 EuroFund’s Strategy

Like other international firms entering the Indian market, EuroFund plans to “focus on the top-end,” to offer “‘global standard’ benefits at ‘global equivalent’ prices” (Ablett et al. 2007, 103; Bijapurkar 2007, 6). Jeremy articulates this strategy clearly in terms of “quality”: he aims to produce “very high quality, high profile buildings in the major markets” in India. The fund intends to replicate in India the construction and investment model it has used in other markets: “[T]he central premise of our company is . . . use better architects, try to do things that are more architecturally distinctive, use better quality products, and over all, build a higher quality building.” This “higher quality building” is a global building, like those the firm might build elsewhere in the world. One of the fund’s directors, Ravi, explained at
a PR meeting, “we’re doing only those projects that are of global quality . . . [it] will be the best building in whatever city to produce a new standard.”

EuroFund’s managers hope that constructing “global quality” buildings in India will make them money. Jeremy believes that “if you build a better quality building and better architecture and spend a bit more on materials . . . [i]t will create a higher value in the near term, and it will hold its value better and stand up better over time than its competition.” By attending to all aspects of quality – design, materials, efficiency, etc. – EuroFund aims to “elevate the standards of the local industry” as it claims to have done in other emerging markets – i.e. to construct a better building than the local competition has and thus achieve rents above market norms.4 Discussing a potential residential project, Ravi explained, “We want to redefine the price point, actually. If they [other developers] are selling at 10,000 [rupees per square foot] now, I want to push it to 15 [thousand].” EuroFund has drafted a confidential internal memo with the title “Why [EuroFund] Buildings Cost More . . . and Are Worth It” to help staff communicate the value of EuroFund projects to potential partners and tenants.

EuroFund employees believe that “quality” gives buildings endurance. They assume that their buildings will retain value better than others and that they will achieve a “certain degree of price insensitivity” compared to competitors’ buildings. As Jeremy explained, “we’d like to think we’ve got some degree of protection” in the face of a market downturn. Similarly, Nick predicted that EuroFund buildings would succeed in the future in India: “in

4 One of EuroFund’s employees estimated that the company makes a 20 percent premium over its competition in emerging markets.
the next five or ten years, those that have really started to build the true quality, the true international best standards kind of buildings are going to be the ones that are successful.”

EuroFund employees plan to replicate global quality in India because they believe they are serving consumers with globally-familiar tastes – wealthy Indians, NRIs, or foreigners – who are willing to pay high rents. Jeremy has described his ideal target audience to me as “the wealthy strata of Indians and a mixture of expatriates.” At other times, staff members described potential tenants as either NRIs or “the highest and wealthiest demographic” in India. In a discussion about appropriate residential building design in India, Jeremy, who was quite keen on understanding local housing preferences, commented nevertheless that “I have a feeling that if it’s designed and built with the expat in mind, in many aspects, it [a residential project] will also appeal to Indians.” Similarly, EuroFund intends its commercial projects for multinational corporations and international investors, many of which already have relations with EuroFund through its projects elsewhere in the world.

EuroFund employees think quality is a language that they share with this audience. Nick (the project manager) told me that for its first Indian office building, EuroFund is “going to hit most of the big multinational corporations who know on a corporate level what [a EuroFund] building is, what a quality building is.” Appealing to international consumers already familiar with EuroFund products, the fund has every incentive not to innovate for Indian audiences or deviate from its construction and design norms. One of the firm’s controllers on a visit from the home office commented that the fund has been very cautious about investing in India: “Despite investor pressure, we are very particular. If we built something like this [EuroFund’s rented Delhi office], we’d be run out of town. I
know we can do better.” He uses the phrase “run out of town” to conjure the disgrace that would befall EuroFund’s name should the firm construct anything like current constructions in Delhi – disgrace in the eyes of their multinational tenants: “[O]ur tenants have seen what we can do,” he explained. “They know what quality they’re getting into.”

The imperative for building “quality,” then, stems from meeting the expectations of EuroFund’s target audience in order to achieve high rents. As one staff member commented, “we’re targeting the crème de la crème, so we have to keep the specs high.” Other international funds and developers share this perspective. For example, Donald Trump Jr. explained to an Indian business daily, “The Trump Organization has always been focused on the high-end of the market. We’ve turned down deals involving middle-range projects because it wouldn’t go with our brand. We have a very wealthy, business-oriented clientele, and quite a few of them are Indians” (Economic Times 2007h).

EuroFund’s reputation, like that of the Trump Organization, relies on catering to a particular consumer base; deviating from it would compromise the brand.

Lowering quality – i.e., serving a different audience – moves companies down a hierarchy of prestige. Several Indian developers I spoke with shared this view. One described why he would not construct projects for IT workers (rather than his typical high-net worth and NRI clientele): “their price tag is too low for us to build. They don’t want high specs, just a shell. But we can’t do a shorty job. We can’t do lower specs. You know, they say, ‘a Mercedes can never build a Buick’ – even if they know it would sell more.” He feels that to move down the consumer hierarchy would involve not just “lower specs” (lower material specifications) but a “shorty job.” It would violate the intrinsic worth of his
company, its identity as a “Mercedes.” According to this mindset – shared by EuroFund and the Trumps – high-quality yet affordable construction is a contradiction in terms.

In summary, through their quality project, EuroFund employees hope to attract multinational tenants, reap high rents, differentiate itself from competitors, avoid risk of a market downturn, and support its reputation. However, constructing a quality building in India involves EuroFund in attempts to wield power – symbolic and otherwise – in an unsympathetic environment. Before we turn to that environment, let us first explore “quality” in more detail.

4.2 Quality as a Register

EuroFund employees define “quality” in terms of people; when they speak of “quality,” they mean building for a particular clientele. EuroFund employees pointed to the residential complex “The Laburnum” as a model for the best quality currently available in India. A marketing agent for Laburnum’s developer, Silverglades, described Laburnum tenants as about 40 or 45 years old,

They’re young but they’ve reached that height. They’re heads of multinationals and expats posted from abroad. Heads of good industries – IT, entertainment, FMCG [Fast Moving Consumer Goods], PR [Public Relations]. Name a big company, like GE, and their top guys are living there: IBM, Coke, Dell, they are all there.

Laburnum continues to outsell new construction by several thousand rupees a square foot though it dates from the 1990s, validating EuroFund’s strategy: quality attracts international tenants and produces profit. A “quality” building like Laburnum has the marks of refinement and good manufacture that make it attractive to a particular class of people –
here, those with international tastes and wealth, i.e. multinational corporations and their high-level employees.5

Conceptualizing “quality” as a repertoire of materials and design understood to befit a certain class – as a semiotic register – explains the surprise and dismay of the New York architects touring Gurgaon. Not only were they shocked to see “poor quality detailing”; they were shocked that such a famous, well-capitalized Indian developer would occupy offices with open stairwells, dingy corridors, and “bad” corner details. The developer’s office challenged the architects’ model of how personhood and place should align (wealthy developer : quality building). Similarly, Paul, one of the architectural firm’s partners, was “amazed by the lack of central air conditioning, even in the most top of the line buildings.” He was surprised that even expensive properties lacked the amenities he assumed were appropriate for the class of people buying them.

Quality, then, is a matter of taste, understood as “the practical operator of the transmutation of things into distinct and distinctive signs” (Bourdieu 1984, 174-5).

Dismayed at the violation of their expectations of the proper transmutation of things into social signs – their models for linking the semiotic and the social – the architects critiqued what they saw. Bourdieu writes, “tastes are perhaps first and foremost distastes, disgust provoked by horror or visceral intolerance (“sick-making”) of the tastes of others. . . . Aesthetic intolerance can be terribly violent” (1984, 56). Distaste is a violent reaction to the violation of often unarticulated but deeply felt models of appropriateness.

When, after looking for an office for EuroFund and a home for his family in Delhi, Jeremy remarked that “this city needs a lot more high quality residential and a lot more high

5 I am grateful to Dr. Asif Agha for this insight.
quality office space,” he was not criticizing Indian construction on structural or safety grounds, but on aesthetic grounds. When I asked him to explain what was wrong with the buildings he saw, he answered that they were not to his taste. He told me about visiting one office building, “considered one of the good addresses in Connaught Place, where rents are very expensive.” Despite the cost, Jeremy found the building “hideous”:

[I]t’s a very tall building that actually has an atrium that is open all the way to the sky inside . . . . [I]t’s open enough that actually inside the atrium you’ve got pigeons flying around, living there. And we went up to a high floor, maybe the 30th floor or 35th floor, and we got off the elevator and again, you’ve got this open atrium and the sense that you’re sort of open to the sky, and ah, you know, pigeons flying around, pigeon droppings on things. I mean, it truly looked like a set for a science fiction movie about the future after a nuclear holocaust or something. I mean, it was just grim, I mean really grim.

While Jeremy noted that his was his own perspective, he nevertheless he could not overcome his incredulity that a tall, concrete office building in central Delhi has an open atrium with pigeons in it. In fact, his revulsion is so strong that he likens it to “a set for a science fiction movie about the future after a nuclear holocaust” – expressing the violation of his expectations about building form and appearance, and about the correlation between rent, design, and the status of the occupier. Note that he does not describe the building in terms of facilities or structural integrity. He concluded, “you couldn’t imagine, having a) to go through that environment yourself every day to get to your own office space or b) having people come to see you and come into this building and experience this.” When he says that there is insufficient “quality” space in Delhi, he means the city lacks space with which he would want to be associated. There is nothing appropriate for him, his associates, or his clients.
EuroFund’s quality strategy entails reproducing in India a register of the built environment associated with foreign elites and thus with the global economy. Critiques of the quality of the Indian built environment – claims that it is currently unsuitable for foreigners – thus evoke repercussions of stalled economic advancement. Jeremy confided that after a year and a half in India,

the universal conversation I have with foreigners is – “How can you live here?” The housing is terrible, the offices are terrible. India wants to be part of the global economy. But foreign companies are not really fired up about sending their people back and forth and having them working where the conditions are abysmal.

Economic success requires an environment fit for foreigners. Jeremy commented, “the more sophisticated people [in India] recognize, you know, sooner or later we’re going to have to build something that’s a lot closer to an international standard if we’re ever going to be taken seriously as a true economic superpower.”

Some in India share Jeremy’s opinion and his understanding of “quality.” For example, the well-publicized 2007 Indian Ministry of Finance report, Mumbai – An International Financial Centre has imbibed a similar logic, arguing that a substandard urban environment is a major hurdle in the city’s quest to become a successful International Financial Center (IFC) like London, New York, or Singapore. In addition to the financial reforms necessary to make Mumbai competitive, it argues that “the most critical task in a strategy for making Mumbai an IFC is the challenge of upgrading the city to world standards in terms of the quality of its infrastructure” in order to attract “a globally mobile population of high-level IFS [International Financial Service] providers” (Ministry of Finance 2007, 181). Here, “quality infrastructure” includes not only the provision of basic services like
electricity and water but also schools, cultural amenities, and “lifestyle facilities,” all of which should be “catering to global tastes” (xxx). Clearly, by “quality” its authors mean befitting the “high-level expatriate staff” of financial service corporations (xxviii). Moreover, the force of the report’s argument comes from the consequences of inaction: should facilities remain at “not yet world class” levels (xxviii), Mumbai – and India – will be relegated to a low-skill, low-value locale in the global financial economy.

The report presents a geographical analysis of work in the financial sector, arguing that the lifestyle of a skilled IFS worker – indeed IFS production itself – requires a certain kind of urban landscape:

A day in the life of a skilled worker in IFS production may involve an early morning breakfast meeting at a club or hotel, a long commute to work, moving around several different meeting venues within the city throughout the day to meet clients, colleagues in other firms, accountants, lawyers, consultants, along with lunch and dinner meetings before returning home after a 12-16 hour day. (179)

The face-to-face interactions which characterize IFS production entail a series of locales – clubs, hotels, restaurants, and offices – with unfettered transport between them and among similar international sites via the airport (180).

The Mumbai – An International Financial Centre authors recast such locales of global financial production as necessities grounded in the monetary value of IFS workers’ time: “The more skilled a person, and the higher the opportunity cost of time, the less inclined that person will be to spend time in Mumbai’s traffic, or in solving mundane problems of power, water or electricity, or law and order” (180). The authors thus redefine rights over urban space – indeed the right to the determination of urban space – from public good to private value. The built environment should be a tool for international capital accumulation,
they argue, and the value of skilled labor to the international financial system itself serves as the measure of the landscape’s efficiency qua tool. “Quality” is a euphemism for a city suited to the conventions of the international financial services industry: the tastes, habits, and pleasures of a particular group of people rendered natural and desirable through appeals to the market value of their time and the threat of economic stagnation.

4.3 Indian Developers’ Quality Project

EuroFund and the Mumbai report share a sense of “quality” as a semiotic register appropriate to an elite foreign audience, suggesting that EuroFund’s quality project taps into discourses already circulating in India. In fact, numerous Indian real estate developers attempt to position their buildings as elements of this semiotic register. In doing so, they do not merely replicate international designs in order to appeal to potential multinational corporate clients; they capitalize on the appeal of foreign goods as longstanding markers of prestige in India, mobilizing international emblems to attract Indian audiences. As they enlarge the social spread of the register (from foreign to Indian elites), they transform it, simultaneously disseminating and reshaping “quality” (see Agha 2007, 190-232). Indian developers thus make claims to quality that compete with EuroFund’s own quality project.

Some Indian developers discursively insert their projects into the life-worlds of foreign financial elites in order to position them as part of the quality register. For example, the Indian real estate developers Suncity Projects and Dhoot Developers Pvt. Ltd closely follow the Mumbai report’s argument about efficiency in advertising their jointly developed office complex “Time Tower.” The Time Tower promotional video begins with an alarm bell’s ring and a barrage of businessmen in black suits holding oversized round clocks. A
voice-over in British accented English announces that time is in short supply as a black Mercedes with a stressed-looking businessman at the wheel, mobile phone at his ear, fills the screen. Shot with a blank background in a sound studio, the film is eerily non-descript and abstract, suggesting a world apart. It only provides one image of Time Tower’s context, reducing bustling hodge-podge Gurgaon to a generic shot of shopping mall signs at night.

The brochure for Time Tower integrates this world apart into the space of international business by recounting an imagined visit from “the New York based CEO of the multinational corporation,” able to reach Time Tower from the airport in “10 minutes flat.” Time Tower “reminds the CEO of his Manhattan office” and he is “pleasantly surprised to notice the offices of other large international companies” in the complex. By fictionally inserting the Time Tower into the work and travel schedules of a global elite, its promoters signal to potential tenants that this will be a “global quality” building.

Other developers position their projects as part of the quality register by replicating the style or tone of international advertising material. For example, a pair of Delhi-based designers created the feel of a fashion magazine for a Punjabi mall’s brochure. They wanted to create “a communication which when it lands on somebody’s table like a Esprit CEO who’s heading operations here, or like a Next or a Debenham’s, then they would get really excited about it.” They didn’t feel it was as important to communicate to these foreign retail firms the specifics of the project – “you now, how high is the ceiling or what it is” – as it was to talk “the same language as . . . their peers, like in magazines and all, the lifestyle communications.” To give the brochure an “international feel,” they employed an Indian fashion photographer to shoot South African models in mod outfits, shiny eye makeup, and
edgy fashion poses. The designers thought that their glossy, red-and-black brochure successfully reached a multinational retailer audience; the project was a “sell-out.”

Advertisers and their real estate developer clients believe they can accrue prestige among resident Indian consumers when they target foreign or NRI audiences; they feel that designing for an international audience will attract Indians too. The two designers above coached the developer to appeal to “multinational retailers, a certain tier of luxury brands,” and not merely Indian or Punjabi stores. As one of them explained, “See if you get A level retailers, then naturally, the rest will come.” Accordingly, they told the developer, “[L]et’s prepare a communication which will get to the A level, don’t worry about the B and the C.” Their strategy reflects their belief that multinational companies and global consumers top a hierarchy of consumers (the “A level”); that wealthy Indians and NRIs approximate that global consumer; and that those lower on the hierarchy aspire to move up it and so will respond to images designed for the top (“naturally, the rest will come”).

Some Indian marketers have expanded the register by crafting messages aimed at Global Indians, NRI or resident Indians with global consumer tastes. For example, in an advertisement, the Taj President Hotel in Mumbai presents itself as part of the international quality register – in fact, as exactly the kind of international business locale that the Mumbai report describes (Figure 4.1). Strikingly, it does so using the figure of a cosmopolitan Indian business person. The advertisement depicts a mixed-gendered group of young Indians, dressed in sleek jackets and sleeveless dresses, enjoying sushi and wine in a trendy bar. The

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6 Five-star hotels are the original “international quality” buildings in India. In the pre-liberalization era they gained prestige as places built to international specifications. They offered luxurious amenities (swimming pools, etc.), sold imported goods, and attracted foreign clientele. Five star hotels (and even hotels in general) retain a certain cachet today. For this reason, one consultant told me, “Every new developer wants to be a hotelier. They all have to become hoteliers.” This is also why many developers hold meetings in five-star hotels.
The copy reads: “Hi. I’m here to (a) Play hardball with clients at your business center (b) Inveigle a crusty banker into investing in a casino after sundowners at the Wink (c) Massage a few egos while I opt for the Swedish version myself. Tonight, I’d like (a) Cary Grant and a hot pepperoni pizza (b) To dissect a contract and a hot appam at the Konkan Café (c) To undress a sushi roll. And perhaps wake up to (a) A smoothie at my doorstep (b) A risotto that tastes great even when it’s not an expense write-off (c) The best Penang curry this side of the continent. And don’t forget (a) I like my Martinis just the way Daniel Craig doesn’t (b) I would rather go to bed armed with goose-down pillow (c) I crave Naushad Ali’s Nawabi Kali Dal.”
caption, “Because business can be demanding,” introduces the theme of mixed work and pleasure, suggesting that successful business interactions and glamorous recreation are in fact one zone of social life. The ad copy presents activities the hotel makes possible, many of them requiring a mastery of non-Indian practices and cultural icons, from Swedish massage to risotto, sushi, and Cary Grant. The ad employs Indian emblems too, in part through Indian-international hybrid activities like “dissect[ing] a contract and a hot appam at the Konkan café,” thus evoking the persona of a successful, world-wise, yet Indian business person. Bundling place, décor, persona, and activity, Taj Hotels aims to reinforce the association between its hotels and this persona. As such, it elaborates the quality register in India. It is a small contribution to the development of “world-class Indianness” (see Mazzarella 2003).

Other Indian real estate developers seem less concerned with the creation of hybridity than with linking their properties to overt international markers in order to position them as part of the quality register for Indian residents. Developers prominently display the names of foreign architectural consultants in advertisements, and they routinely list foreign clients, tenants, partners, and consultants in their corporate brochures. Certifying their ability to construct buildings in the quality register, some boast of having completed build-to-suit projects for multinational clients. For example, the developer Alpha G:Corp advertises,

Long before the real estate boom took root, our engineers, planners, and architects masterminded landmark projects that have served India’s most demanding residents: Motorola, Eriksson, British Aerospace, British Telecom, Cisco, Intel, and Microsoft.
By claiming to have met the “demanding” requirements of non-Indian corporations, Alpha G:Corp implies that they are well-qualified to construct “international quality” buildings for Indian consumers.

The marketing teams for Indian developers craft advertising campaigns to sell an “international lifestyle” to Indian audiences: as the Omaxe Heights brochure promises, “The lifestyle of London, Paris, New York. Right here in India” (Figure 4.2). Unlike the Taj Hotel advertisement, many of these brochures and advertisements eschew mention of characteristically Indian emblems, instead signaling international pretensions through the use of English names such as NRI City or Malibu Town (see Dupont 2005; King 2002), or foreign building features such as swimming pools, Italian marble floors, grand pianos, German modular kitchens, golf courses, and pool tables. Like the “export only” labels proudly displayed on some Indian manufactures, these international emblems bespeak “quality.”

The promoters of Central Park II - Belgravia employ this tactic for positioning their project within the international quality register. As I was informed by the marketing agent who gave me a tour, the sample apartment (designed by American interior designer Hirsch Bedner & Associates) combines Malaysian wood cabinets; Thai furniture; a German kitchen with granite countertops and imported washing machine and dishwasher; Kohler bathroom fittings; and imported dinnerware. Black and white photographs of Venice, beige

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7 Examples of housing complexes in the National Capital Region with British or American names include: Marble Arch, Wembly Estate, Trinity Towers, Hamilton Court, Victoria Gardens, Westend Heights, Malibu Town, Beverley Park, Central Park, Orange County, Park Place, The Palm Springs, and Aspen Greens. Other more generically “international” names include: Le Residency, Unitech Grande, Olive County, Uniworld City, Eldeco Riviera, Exotica, La Tropicana, and The Nile.
Developers insert their projects into the international quality register by using borrowed images and copy which suggests the international life can be lived in India. This brochure paradoxically (but characteristically) pairs a tagline about cities with an image of country living.

Figure 4.2 Omaxe Heights brochure.
upholstery, and tasseled pillows simulate the bland elegance of a fancy hotel. Nothing in the 2.5 crore apartment references Indian manufacture or living traditions.

Developers also convey international quality living through architectural sampling. Developers have built Spanish-style haciendas with tiled roofs and stucco walls; California-esque bungalows; futuristic glass and metal bubbles; Gothic towers with quatrefoils and pointed arches; and modernist concrete boxes with 1980s-style geometric color fields. There is no one stylistic indicator of the quality register. For example, at ATS Greens Village in Noida, twenty-five residential towers with the little green roofs of a Spanish hacienda encircle a decidedly neo-classical rotunda-cum-pool house. Similarly, the brochure for Delhi-based Uppal Group’s Marble Arch complex in Chandigarh uses British royal insignia (a sketch of Marble Arch in London, a crest with a lion) to advertise strikingly modern architecture (straight lines, glass and metal). Anything “international” – or even several different international genres together – conveys global quality.

While Indian real estate developers disregard the genre distinctions of the West, they are creating one of their own: a flamboyant global pastiche style that is an elaboration and partial transformation of EuroFund’s quality register. In a sense, this style pre-dates the current building boom. Patel complained in 1995 that the fast pace of the development process forces architects “to dip into the vast archive of existing architectural images, styles and elements” to quickly come up with designs, resulting in “inchoate collages” of international architectural motifs (1995, 267). The Indian architect Gautam Bhatia sees pastiche as the result of client demands: he coined the terms “Punjabi Baroque,” “Bania Gothic,” and “Marwari Mannerism” in the mid-1990s to caricature his Delhi clients’ chronic sampling of international and historical architectural styles. “The client, unsure of his
heritage, uses his new wealth to project a desired image” – that of a cultured traveler of the world – by combining the “pillared porches from an American home, window moldings from an Italian church, Mansard roofs from a French chateau” (Bhatia 1994, 150). We need not adopt the criteria of cultural and historic authenticity that motivates Bhatia’s critique to see that Indian developers today continue this practice of architectural eclecticism in order to index prestige and new wealth.

For example, the Mumbai-based developer Hiranandani Developers Pvt. Ltd., announces in its brochure for the Hiranandani Upscale township outside of Chennai, “Begone cramped spaces. Goodbye mediocrity. Hiranandanis have triggered a resurgence of good taste.” They signal this good taste, “style, grandeur, and elegance,” through architectural pastiche:

The buildings have spacious patios and stylish driveways. The arches are grand and wisely positioned. Dorics and cornices adorn the rugged warmth of greystone. Regal gargoyles and water-spouting lions also impart a sense of majesty. Dramatic atriums, cobbled pathways, theatrical stairways, striking pediments, magnificent rotundas and luxurious pillars – our creations are evidence of both, our keen eye for detail and a perceptive aesthetic that blends form and function.

This list of architectural elements accompanies photographs of Hiranandanis’ existing development at Powai (a northern suburb of Mumbai), a riot of oversized European architectural elements designed by architect Hafeez Contractor. With domes, colonnades, Mansard roofs, and Medieval gargoyles the Hiranandanis signal quality – not “mediocrity” – and distance their constructions from the “cramped spaces” of government built Nehru-era living. By assembling and re-combining architectural elements from abroad, developers build prestige and advertise their own taste. They align themselves with foreign travel, global
business, and the liberalized economy while distancing themselves from the drab functional architecture of the state. They are engaged in their own projects, incrementally building their own quality register even while they forge similarities between Indian and international building.

4.4 A Surfeit of Quality

Paradoxically, the dissemination of the quality register in India complicates EuroFund’s task of enrolling partners, contractors, consultants, and tenants. Indian developers are forging cultural similarity: borrowing, replicating, and recombining foreign markers of prestige in the creation of Indian “international quality” architecture. EuroFund, however, plans to earn a premium over its Indian competitors by distinguishing itself from Indian builders, attracting multinational tenants, and charging high rents. The ubiquity of quality-related terms and of images of Western-style buildings pose challenges to the exclusivity and distinction of EuroFund’s buildings and thus to the salability of its expertise. It is to this surfeit of quality words and images that we now turn.

4.4.1 Language

Relative language makes EuroFund’s task of distinguishing itself challenging. At an internal public relations meeting, Ravi asked, “When we’re talking with prospects [prospective partners] – and they say, yes, we’re also talking with Emaar, even with DLF or Unitech [large development firms] – how do I say, ‘I’m the best’? How do I prove it to them?” EuroFund employees had difficulty finding powerful words to express “I’m the best” for their Indian tagline at the public relations meeting. They discussed the merits of
numerous adjectives – best, premier, best quality, leading, global, reputed, respected, celebrated, foremost, unparalleled, unmatched – concluding that most were insipid, overused, or indistinct. At one point, Jeremy complained, “everyone uses the term ‘leading.’ It’s a word you don’t even hear.”

In the hyperinflated language of Indian real estate advertising copy, every developer is “leading” and “celebrated,” every project is “premium,” “truly world class,” “luxurious,” and “ultra-modern.” Developers have completed a “staggering” number of “elite” projects, each an example of their “commitment to excellence” or “high quality standards.” Terms referencing the international quality register pepper advertisements and brochures, indiscriminately labeling both nine-hundred square foot apartments in the outer reaches of the National Capital Region and several thousand square foot penthouses in central Gurgaon. Their ubiquity makes them suspect: to what do they refer? Bandied about and overused, terms like “high quality” and “world class” have been reduced to mere superlatives, synonymous with “super-luxurious,” “prestigious,” or “expensive.”

One Indian advertising executive whose firm has designed advertisements for several National Capital Region developers told me that he uses the term “world class” in advertisements because it “suggests it’s [the property’s] got to be premium, it’ll be expensive.” He told me about a mall coming up in Dwarka, an unglamorous government development on the outskirts of Delhi. The developer, a client of his, bought the land at auction at a very high price and thus plans to charge investors and shop owners the exorbitant rate of Rs40,000 per square foot to buy into the project. The advertising executive told me, “Now if I don’t use the word ‘world class’ there, I can’t sell it. . . . I can’t find another word. We cracked our head to see can we use any other word than world class?
It didn’t have – nothing had similar impact.” The property is so expensive that he feels only the phrase “world class shopping centre” conveys the right image.

What does “world class” mean besides “premium” or “expensive”? “Means nothing,” the advertising executive concluded. The problem, he determined, is that words like “premium” and “world class” are relative. They mean something different to everyone:

Premium is relative, no? To a guy who is in this office of mine, a person who is only a guy drawing low salary, to him his benchmark of premium will be what? To a person like me the benchmark to the word premium is going to be different. So premium has no standardization. . . . His aspiration is also to buy premium, as much as my aspirations are to buy premium. For me premium would be a golf course house, but for him premium may be just buying a flat would be premium for him.

Suggesting something different – but equally desirable – to different audiences, these descriptive terms fail to refer consistently to the same set of emblems. Is “premium” a golf course home or an ordinary apartment? The relativity of these terms is appealing to advertisers but threatening to EuroFund, whose India strategy rests on the rent-generating possibilities of an exclusive definition of quality. Others need to see EuroFund constructions as authoritative, authentic tokens of the international quality register in order for the company to gain the high rents it seeks. If premium means something different for everyone and if quality is in the eye of the beholder, then why partner with EuroFund or rent one of its buildings?

Surprisingly, the ranking system that the international real estate community uses – Grade/Class A, B, C – is also a relative terminology, referring to one thing in India and another abroad. In the 1990s, when multinationals began searching for office space in India, a Grade A office building met only their minimum functional requirements. Anshuman
Magazine, the Chairman and Managing Director of CB Richard Ellis, the first international property consultancy to establish an office in India, recounted,

So any building which had sufficient power, 100 percent power back up, and central air-conditioning was an A Grade building. It may just look like a dustbin, but if it offered all these three things, you know. Fourth of course, also important, . . . was contiguous large space. So there were hardly any buildings where . . . you could take 10,000 square feet on a floor. So these four things will define an A Grade building.

Multinationals were looking for “A Grade like you would see in the U.S., anywhere: there’s a nice lobby, there’s proper good construction, the building looks nice,” but in the mid-1990s, Mr. Magazine had to struggle to find buildings that met the minimal criteria of electricity, air conditioning, and sufficient space:

I think we could only define one building in the city [Delhi] which was A Grade, and it wasn’t really A Grade to international standard, but close to it, and the next building again we categorized as A Grade, but then we defined A Grade because we didn’t want to mislead or raise expectations . . . of someone coming and saying it is A Grade so they suddenly think it’s A Grade.

Note his difficulty: he did not want to mislead his international clients by using the label “Grade A” for buildings which he felt were not “really A Grade to international standard,” so he specified exactly what he meant by Grade A. If there is an “international Grade A” and an “Indian Grade A”, the term “Grade A” – which sounds very much like a standard – must not be one. Like “premium” or “world class,” Grade A is a relative measure.

In fact, the Building Owners and Managers Association International (BOMA), a standard-setting lobby for the commercial real estate industry, describes its building class system as
a subjective quality rating of buildings which indicates the competitive ability of each building to attract similar types of tenants. A combination of factors including rent, building finishes, system standards and efficiency, building amenities, location/accessibility and market perception are used as relative measures. (BOMA, emphasis added)

BOMA provides only a general definition of a “Class A” commercial building since it is a relative measure:

Class A: Most prestigious buildings competing for premier office users with rents above average for the area. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence. (BOMA)

This definition provides only one quantitative measure – rent – and a number of qualitative descriptors. What counts as “market presence” or “high quality standard finishes” or “state of the art systems”? Who are “premier office users”? What constitutes a “prestigious” building? According to BOMA, Grade A is a context-dependent categorization; it means “the best in a particular market.” But what – or who – constitutes the best? While real estate consultants consistently refer to the Grade A office market in India, EuroFund employees questioned this categorization. Jeremy commented to one of the visiting architects that one building, “widely regarded as the best in Delhi” would actually be “Class B space in a secondary market in [Europe].” While the relativity of such terms provides a space for EuroFund’s critiques, it constitutes a complicated terrain for doing so.

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8 There is no simple metric for comparison between Indian real estate and international real estate, between two buildings, or between two conceptions of quality. Even the universal commensurator, money, (here, rent) is of little help, first, because for EuroFund and others planning to construct buildings, rent is an uncertain, future possibility. Second, factors other than building quality – supply, demand, speculators exiting the market, regulations, etc. – affect rent. In fact, commercial rents in Mumbai, especially, have rivaled those in the world’s major cities, in 1995-6 (Brauchli 1995; Nijman 2000) and again in 2007-2008 (Pathak 2007; Ramanathan 2007e; Sadovi 2007) – despite a paucity of “international quality” buildings. Third, successfully commanding high rents in the market requires that tenants recognize a building’s value. As one international retail investor at a conference worried, “what bothers us is the guy across the road – we invest, our work conforms with all the due diligence . . . then some ‘cowboy’ comes across the road with a product that is built improperly, approved improperly, and they’ve got all your clients because he’s cheaper.”
Before we turn to how EuroFund distinguishes itself in this context, let us consider another aspect of it: images.

4.4.2 Images

Images offer EuroFund no more definitive terrain for proving its expertise than does advertising language; images are now easily replicated, circulated, and manipulated. As we have seen, Indian developers and their architectural consultants borrow architectural elements from around the world. The architects I interviewed in India referred to books of American, European, and Chinese architecture for design inspiration, as well as to digital photographs they had taken while traveling. Many worked as associate architects for foreign architectural firms. Graphic designers were equally connected to international trends. They subscribe to international design and fashion magazines, collect books, and use the internet. As one graphic designer explained,

[S]o our entire team, we have a twenty-member team – all of them are surfing, seeing blogs, seeing lifestyle trends. So, a lot of time is going into researching, reading up, seeing in terms of what’s happening abroad. To a certain extent, what’s happening now in India is actually what is happening abroad also. It’s quite related.

Many architects, graphic designers, and computer modelers do projects for international clients; they believe their own work is on par with designs produced elsewhere in the world.

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Technological advances such as computer-based drafting and email have enabled the geographic separation of the design process from the production of architectural drawings. In an emerging international division of architectural labor, some “design” firms in the global North now outsource routine drawing production tasks to “associate” firms in the global South with comparatively low wages (see Cuff 1992; Tombesi 2001; Tombesi et al. 2003). Part of this trend, some Indian architects outsource their services as draftsmen or “architects of record” to architectural firms based elsewhere in the world, exacerbating the existing divisions between Indian architects with “a significant ideological commitment to the formal and theoretical autonomy of Indian architecture from the globalizing forces of the present world market” and a more commercially oriented group, “unencumbered by the weight of history” (Tombesi et al. 2003, 84, 86).
These designers have produced a deluge of images for real estate marketing which help to position developers’ projects as part of the quality register. Billboards for proposed real estate projects clutter the streets of the National Capital Region, and large, colored advertisements for housing and malls fill the newspapers. At real estate exhibitions and developers’ sales offices and websites, animated computer renderings lead potential buyers on virtual tours of residential complexes that have yet to be constructed. Many of these still images and “walk-throughs” are convincing simulacra (Figure 4.3). Created entirely on the computer, they mimic the textures, lighting, and depth of actual architecture. These signs for nonexistent objects require little capital or effort to manipulate, and like verbal advertising promises, they lend themselves to hyperbole. Advertising images represent buildings before they are constructed, showing finished skyscrapers where only a muddy field or partially excavated hole currently exists. They are thus critical to developers’ attempts to draw investment (large investments, life savings) from potential buyers in advance of building construction.

Developers also use stock photography purchased from international image banks such as Getty or Corbis to position their projects as international quality constructions. These “build the lifestyle,” as one designer put it, by depicting scenes of light-skinned people playing tennis, using their laptops, drinking wine, swimming in pools, shopping, and dining out. These activities occur in patently foreign locales, often with shingled pitched-roof

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10 Before I interviewed a 3D modeler, I assumed that these renderings were actual photographs spliced together and altered in a program like Photoshop; in fact, they are created entirely on the computer. The director of the 3D modeling firm I interviewed was pleased by my confusion. She measured success in terms of “photorealism”: “Now when we say that we give the best 3D visualization in the country, we say it is more photorealistic. I mean if you can differentiate that yes this is 3D and this is not 3D, then that is where we have not done a good job.”

11 3D animation often takes only four to six weeks to produce and costs anywhere between Rs3 and Rs18 lakhs.
houses, non-Indian foliage, or recognizable places such as New York City’s Central Park in the background (Figure 4.4).

Graphic designers claim that the trouble and cost of organizing photographic shoots in India, as well as tight deadlines, lead them to download imagery on the internet rather than create their own. While they complain that international agencies offer little Indian stock imagery, they also acknowledge that images of white people convey prestige:

We try not to shoot too many white skins, but still it helps you communicate more international feel, especially with the NRIs. People relate. In India there is one major problem, is that anything which is white people, it’s bound to be good. That’s a misconception we have.

Such images certainly create an “international feel”; they are international, indexing non-Indian places and contexts that likely will not correspond to the completed building or its inhabitants.

Similarly, architects and developers often copy three-dimensionally modeled images from Chinese collections of computer imagery. The director of a company that creates both still and animated 3D computer renderings for real estate developers explained,

Normally what happens is, these [Chinese] renderings are made in the market for very, very low price so what the guy does is, he makes your building as per the plan in 3D, OK, then he’ll take this Chinese file of landscape and people included in it and put them lower in Photoshop so you will see all those Chinese characters [people] also.

Like stock photography, these 3D images often depict landscapes and inhabitants that are unlikely to correspond to the completed building.

Moreover, the 3D imaging company director complained that often, when she does a 3D rendering from the architect’s CAD (Computer Aided Design) drawings, the resulting
Figure 4.3 DLF Riverside Kochi brochure showing computer generated advertising imagery.

Figure 4.4 Central Park II Belgravia brochure. The brochure and the advertising campaign for the Central Park II Belgravia project includes images of Central Park in New York.
image does not match the concept drawing that the architect initially showed the developer. As a result, her renderings often disappoint the developer. She explained,

[I]n fact, there was one such case we had in the morning where the developer says “No, I have got used to this look. Now please give me this look.” Then you tell him “The CAD doesn’t say like that, the CAD is this.” He says “I don’t care. Don’t talk CAD to me. You just go back and give me that look.”

The developer, used to the “look” of the initial sketch, wants a 3D image for advertising that corresponds to that initial image – not to the CAD drawings that will be used to construct the building.

She showed me the two images from her morning dispute, both of an aluminum and glass ship of a building with a space-needle turret at one end. Her 3D image based on the CAD files depicted a taller, boxier building with an entirely different glass grid, parking, and landscaping. Pointing to her own drawing, she said “This is how the building will look. He says, ‘no you just give me that,’” referring to the architect’s initial rendering. She called the latter “unrealistic,” commenting, “I mean the building will never look like, you know, it will never look like this.” In the end, however, she capitulated to the developer’s demand, as she normally does. Even the architects agree, she said, “The architect is normally has always said that ‘do as he [developer] says because what you are doing is just marketing,’ so that’s the stand. ‘What I have to make as an architect and develop, I will make, so whatever he wants you to show, you show.’” Perceived as “just marketing” neither the developer nor the architect mind that the building will never approximate the advertising images.

Architects, graphic designers, and computer modelers complained to me about “unclear briefs” from developers, tight deadlines, and little coordination between consultants. One graphic designer told me about creating a 24-page brochure from a few
floor plans and two sketches. Another claimed that all she was told about one project was “we are doing a mall in Ludhiana, make a brochure.” They described a production process in which professional roles are not well defined. The 3D imaging director, for example, complained that her staff decides the décor of the interior images they produce rather than having it specified by the developer’s interior designer, as international clients do.\(^\text{12}\)

As we can see, the political economy of image production, the idea that this work is “just marketing,” and the feeling that light skinned models convey prestige together result in poor correspondence between different representations of the building or representations and the final, finished building. Different images (brochures, print advertisements, and architectural construction documents) for the same project are often not well-calibrated to one another, hinting at a semiotic ideology and a production process that differs from those to which EuroFund is used.

Bureaucrats, too, sometimes find this lack of correspondence troubling. A member of the national environmental impact assessment committee that gives environmental clearance to real estate projects complained that some developers have the audacity to show us [the committee] promotional material as presentations that are outrageously different from what they are building. They show a big thick forest, but it’s

\(^{12}\) She complained about this because she feels that she and her employees are often required to make decisions about architectural interiors beyond their professional-technical competence. She showed me an example of an interior that one of her staff members designed that she did not think was appropriate. “It would be good for a twenty lakh apartment,” she recalled telling him, “but he [the developer] is selling this for one point five crores, so that doesn’t go with that look.” The problem is that her staff come from a different class background than the proposed housing consumers, and they are not trained as interior designers. The 3D imaging company director explained, “he [her employee] has never seen a one-and-a-half crore villa, or he has not seen a three crores.” She pointed out the cluttered look of the room he designed, with, she felt, too much molding work and overly busy walls. She commented that “that is the way it is in his [her employee’s] house.” Her employees understand the technical aspects of imaging, “but to really set standards as to what is good and what is not good becomes a little difficult. So that is why working with companies which are corporate interior ka firms and interior companies is so much so easier.”

231
impossible because the whole site is a two-story basement car park! Or impossible water bodies. . . . it’s all completely fake.

In this committee member’s view, the mismatch between different representations of the same (as of yet non-existent) building amounts to “fakery,” making a mockery of a review process that treats drawings as binding promises of future action, legal documents to which future construction activities must adhere.\(^\text{13}\)

Foreign developers share the committee member’s expectation of the truth-function of images. Donald Trump, Jr., for example, speaking of emerging markets in general, complained “I mean a floor could be humped, it could be sloped, it could be level. But because you call it five star, it all of a sudden is. Great marketing, lack of product to follow it” (Knowledge@Wharton 2008). Similarly, the graphic designers I spoke with complained that developers’ lack of “clarity” and “consistency” of vision contributed to inaccurate marketing materials, something which bothered them greatly. One graphic designer told me, “So you know we try and be honest. Sometimes we met clients who say it doesn’t matter to us, I mean for them it is just selling, but for us, it’s not really that thing, because we really want the real true thing of that development to come out.” His partner added, “We can enhance, but we can’t lie about anything you know.”

A lack of consistency between advertising imagery and construction plans means that imagery, like language, can exaggerate, making it a tricky terrain for proving claims about quality and construction capabilities. Moreover, the wide circulation of “photoreal” 3D

\(^\text{13}\) While legally the drawings may have some standing, in practice, plans submitted for environmental approvals need not necessarily guide or constrain future construction activities. This reviewer commented that the environmental permitting board did not have the enforcement capabilities to follow-up and determine whether each developer builds his project according to the documents he submits for permitting. “There is no enforcement. Who is going to go check the effluent, the UV ratings on the glass, whether they are using the water they said they would? Who is going to do it?” he asked rhetorically.
architectural renderings and lush stock photography makes it difficult for EuroFund to prove its expertise merely by showing potential partners a corporate brochure with photographs of finished buildings. Just as the terms “quality” and “premium” have become watered down through overuse, the production and circulation of sophisticated imagery has produced a graphically saturated real estate market.

Perhaps in order to side-step this noisy semiotic environment rich with competing representations, EuroFund employees insisted that once they have completed a building in India, people will want to work with them. Jeremy said, “I absolutely believe that once the first building is built, once people can see, then the floodgates will open.” According to EuroFund employees, one might be able to mimic “quality” with various representations, but one identifies true “quality” through un-mediated experience, not description. Nick explained, “[U]nless somebody has experienced it, it’s hard to say or hard to explain the difference between a quality building and what they’re in right now . . . And it’s only until you start building something that people can experience and then say, wow that is different.”

4.5 Commensuration Work: Finding Partners

For Nick, charged with overseeing the construction of EuroFund’s Indian projects, the indeterminacy of quality-related terms poses a challenge. In order to replicate the “quality” for which EuroFund is known, he must make sure the joint venture hires capable contractors, subcontractors, material suppliers, and consultants. He explained that he cannot just ask, “who are the best contractors? Because the best of anything isn’t necessarily the same between people or between cultures or even between companies.” Even in talking to potential contractors, ambiguous and overused terms like “world class” make determining
skill level or experience problematic: “when somebody says ‘We’ve done world class projects before’ or ‘We’ve had experience with world class architect,’ you really have to start saying OK, who was that and where was it and what was the project and how was it done?”

Often, he finds that the consultants with whom he meets “have such a completely different experience that you can’t just talk to them with generalities.” Instead, he tries to define terms very specifically:

> You’ve got to get deeper down into what that really means. You know to the point where you say, this is a Class A office building, *which means*, thirty to forty-five seconds wait time for an elevator is the most you’ll ever have. They’ll go, “Wow, never had that before.” So if you just say, “We want a Class A office building with great elevator service,” they’re thinking, “Yeah a couple of elevators, that’s great elevator service, one breaks down and you’ll have the other one,” instead of two banks of eight elevators each. That’s unheard of.

Defining terms in such detail helps Nick to communicate the difference between Indian and international buildings to his interlocutors. By devaluing Indian definitions of “quality” and substituting his own, he establishes a common ground for reference in future discussions and a set of normative criteria for judging Indian construction.

Wary of miscommunication and variable interpretation, Nick has spent much of his time since arriving in India seeing for himself: visiting construction sites and finished buildings and meeting with contractors and manufacturers. Nick advocates,

> [Y]ou have to go out and look, you have to go out and meet the people and see what they’re doing, not just the end result but the process and how good they are at quality control and how good they are at understanding what your concept of quality is versus their concept of quality.

When someone tells him of a good façade subcontractor or local HVAC manufacturer, he visits them himself. As we have seen, he believes quality is a material condition best judged
by the eye of an expert; only by *seeing* production processes and final products can Nick differentiate and compare – commensurate – “quality.” By claiming that quality cannot be represented but must be experienced and judged by a professional like himself, Nick bolsters the importance of his own expertise. Implicitly, he is arguing that quality is a question of discernment and individual training; its production requires someone like himself.

Critique, then, is a central tool in EuroFund’s quality project. Like Nick, the New York architects critiqued Indian buildings in order to distinguish EuroFund quality from Indian quality. By differentiating close look-alikes from “the real thing,” the architects cast doubt on their Indian competitors’ ability to produce the register and bolstered their own claims to it. One architect dismissed the buildings in Gurgaon as “flip and ill-considered . . . a pile of facile clichés” – suggesting he viewed Indian attempts at building global buildings derivative, at best. Another critiqued the practice of architectural sampling:

> And then everywhere you look, it’s pure visual chaos. Every building has at least four or five ideas tacked on to it – you know, one per side or something. It’s like they’re all competing – they’re all *screaming* for attention, none of them is worthy of the attention they’re getting. And so, you know, the visual environment is just a mess.

Rather than producing international quality buildings, Indian developers have succeeded only in producing “pure visual chaos,” in her view. Similarly, EuroFund employees often pointed out poor details and inefficiencies in the office they rented and complained of local architects’ ignorance about international materials like double-glazed curtain wall glass.

However, criticism of Indian “quality” penetrated more deeply than design elements, the number of elevators, or the function of HVAC machinery; EuroFund’s employees and consultants were critiquing the very practice of real estate development in India,
problematizing it in order to offer their expertise as the solution. For EuroFund employees, “poor quality” buildings indicated poor quality workmanship, labor control, and management practices – in short, all of the work processes that they would have to transform in order to build different buildings. As much as “quality” is an aesthetic register, it is also an index of real estate construction practices.

In the search for development partners EuroFund employees and consultants read “poor quality” construction details and designs as indicators of the attitudes, capabilities, and interests of potential partners. For example, Jeremy recounted visiting a potential land-owning partner, a telecom firm that had recently gone public. Jeremy explained, “So, on paper at least, they are worth $1 billion.” Despite the firm’s worth, their office was “way on the West side of town” in a “shabby neighborhood,” on a dirt road. Jeremy was surprised by the office’s location and appearance: “If you had a company with that kind of money, the first thing you would do is buy a piece of land and put up a new office,” Jeremy commented. “So how do you convince guys like that that it’s worth spending more to build a better building?” Jeremy read the “quality” of their current office as an index of their interest in his own quality project.

Like the principal of another private equity firm with real estate investments in more than eighteen countries who boasted, “We always say we’re more than capital. We bring the experience of people in the firm, whether it’s negotiation or leasing, hiring architects, structuring the deal, development expertise,” EuroFund claims to offer potential partners an education in real estate practice. As Jeremy explained, “I think that the ones [Indian developers] that perhaps have the sort of the self-confidence not to feel too threatened by it recognize that there is a value in joining forces with someone like us.” He summarized
EuroFund’s extensive experience working with “some of the best most sophisticated architects in the world.” In short, a few Indian developers realize that by partnering with us they can sort of compress their learning curve from how do we go from relatively primitive design and construction projects that represent even most of the better stuff that’s been done in India today to something that’s much more comparable to a true international quality building.

Jeremy suggests that working with EuroFund provides a shortcut from the “primitive” state of the Indian construction industry today to the capacity to produce “true international quality” buildings.

Through critique, EuroFund employees and consultants judge potential partners and create a discursive need for their own expertise. However, finding a development partner while critiquing his work as “primitive” or “substandard” is a delicate task. Jeremy admitted, “it’s hard to have a thoughtful conversation about the need for better office buildings with an Indian.” He noted that in social settings, Indians often derided the state of Indian construction or expressed an interest in living in a EuroFund building. “They can talk,” Jeremy said, “but you as a foreigner – you can’t say ‘Gee, it needs to improve.’ They’ll get defensive and say, things are improving fast, India’s a democracy, it takes time.”

Ravi was also particularly attuned to the delicacy of negotiating with potential partners. Beyond the financial details of a deal, he carefully considers how to approach Indian developers, considering their age, position, and what he called “style,” before addressing them. He asks himself,

So do I want to be more respectful and a little bit more deferential, I guess is the word, or do I want to be more pal-y or chatty, because coming as a [European] firm, at least being perceived as a foreigner, and really like an eight-hundred pound
gorilla from outside the country, people are intimidated. And they would never accept – they would never own up to that, but they are.

Ravi and Jeremy feel that potential partners are “threatened” or “intimidated” by their presence and often take up a defensive attitude as a result. To diffuse negotiations, Ravi drops outright criticism in favor of modesty. You have to “almost downplay your importance and show yourself a little smaller than they are,” he explained. He characterized the image he tries to project at meetings:

Yeah, I’m very big where I am, but today here in India, I am nothing. You are the one who is big. And you’re the one I’m going to learn from. And yes I bring enough to the table that I will benefit you as well, but in this power equation I’m clear that you are the one who is the boss, because you have an asset [land], I have a talent [real estate development expertise]. You have a proven value-add, I have a potential value-add, which has yet to be proven. It’s been proven in other markets. I’m very confident of proving it, but it’s still potential.

Jeremy and Ravi have to walk a fine line between downplaying their expertise as merely potentially useful and making a strong case for it through criticism of existing Indian real estate practice.

In the end, the continuous task of finding Indian developers, land-owners, and contractors with whom to work requires that EuroFund employees convince developers of the value of their expertise. Will a partnership with EuroFund really add value to an already lucrative development process? Will it result in higher rents? Of course Jeremy believes that it will. In fact, he hopes that as his firm completes projects in India, more and more Indian developers and landowners will “begin to say, well, these guys know how to develop a
product that does actually create more value and therefore there is some value that is inherent to their knowledge.”

Currently, however, this is struggle. While Jeremy and Ravi formed a partnership with BuildIndia, the deal took them more than 18 months to secure. Jeremy complained, “We’re the most trusted firm in [Europe]. We have a very good name. But here, we have to start from scratch.” Similarly, other EuroFund employees felt that many of the Indian developers with whom they spoke were “arrogant” about their own capabilities and doubtful of the worth of partnering with EuroFund.

While Indian real estate developers aim to produce buildings as part of the international quality register – and while they currently produce international-looking architecture, advertising copy, and images – they do so within a different field of real estate practice. By distinguishing between Indian and EuroFund buildings, EuroFund employees cast aspersions on Indian real estate practices. However, the existing practices, political economy, and culture of Indian real estate production mitigate against valuing EuroFund’s expertise and complicate working relationships between EuroFund and its partners (BuildIndia and a host of Indian consultants and contractors). Next we turn to the field of Indian real estate practice. Due to the particular history of real estate development in India and the current speculative boom in land, Indian developers have little incentive to spend on building construction and finishes – elements central to the execution of the quality register. This complicates EuroFund’s attempts to control the construction process and construct a “quality” building in India.
4.6 Is Value in the Land or in the Building?

Jeremy explained that much of the time, he doesn’t make a hard sell for EuroFund’s expertise. Instead,

the way that gets discussed is a little bit indirectly in talking about if we form a venture, how will the profits be split. . . . [T]hat’s where the rubber really meets the road in terms of how much of the profit they think they should get before we get to share and how much we get to share in.

Negotiations over profit sharing agreements reveal that EuroFund’s Indian counterparts have a different theory of where value lies in the development process, and thus, of the value of EuroFund’s expertise.

Jeremy, as we have seen, focuses on “designing and constructing a very high quality building” because he believes that “the lion’s share of the value creation is in the design and construction.” In India, by contrast,

because it is difficult to assemble it [land] and it is difficult to get approvals, so once you have actually succeeded in assembling some land and obtaining approvals, that’s in India considered by far and away the most difficult part of the development process and therefore the part that deserves to be rewarded most richly with profits.

Indian developers value land and their own expertise in assembling it, not EuroFund’s development expertise.

The importance placed on developers’ landbanks in the press, in developers’ rhetoric, and in stock market valuation exercises corroborates Jeremy’s hunch that Indians see value as residing in the process of land assembly (see Times of India 2007a). One securities firm, for example, writes in a note to investors about the upcoming initial public offer for the real estate developer Parsvnath,
The foresight in identifying the right area of development and acquiring the approvals and the land at a relatively cheap level distinguishes a good player from an also ran in the industry. Acquisition of land at low rates is the key differentiator in the margins on the projects. (Batlivala and Karani Securities 2006)

According to the note’s authors, the most important aspect of real estate development is the initial steps (“identification of potential areas of development; evaluation of applicable laws & obtaining requisite approvals; acquisition of title and/or development rights of land”) – not the construction of the building. Other consultants agree. JP Morgan, for example, writes in a note to investors that “ability to source land at cheaper-than-market rates is the key competitive advantage of a number of developers” (JP Morgan 2007, 34). The principle of a private equity firm commented that “the markets are rewarding developers with land banks now. They are getting more valuation.” He criticized the validity of this approach: “The capital markets are evolving. They don’t know how to value a [real estate] company. The investment banks just say, this is how much land you have. Then they discount it at some rate, and that’s the valuation.”

The differential understanding of the value of the various steps of real estate development – land agglomeration versus building construction – constitutes a structural friction between Indian and foreign investors that colors debates over the value of partnerships. Indian developers are selling their local expertise in assembling land parcels. If they believe that the value is in their work and constructing buildings is but a minor detail,

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14 As this private equity firm principle’s comment suggests, valuing real estate development companies based on their land holdings is controversial. A discussion on valuation at the 2007 Global Real Estate Institute conference in Delhi drew heated debate on this question from consultants who value real estate and real estate firms for a living. In the discussion, a consultant asked if a real estate developer was like a cotton spinning mill. Would the valuation of the mill change if the mill got in a new shipment of raw cotton? If not, he argued, why do we value land? While international practice might treat land as merely a “basic material,” in India, “landbanks” remain a “store of value” (as one fund manager at the conference put it) and a means of valuing companies with little else on their books.
they will be hesitant to share profits with foreign firms. As a result, many of the foreign funds have had an uphill battle convincing potential partners that, as one private equity fund manager quipped, “just because you’ve got the land, it’s not the end of the game.”

4.7 Real Estate Practice and the Production of Quality

The widespread belief that constructing buildings is only a side activity to the main business of trading in land indicates that the field of real estate production operates differently in India than in the United States and Western Europe. Whereas foreign funds and investors conceptualize commercial buildings as revenue-producing units and their construction as a gamble on streams of future rents, many Indian real estate developers understand buildings as one-time sales opportunities that can “unlock the value” of land parcels. Whether a building is leased or sold has important implications for construction practices and “quality,” understood both as a register and as a level of material finish. Many Indian developers are not interested in constructing buildings to the design and finish specifications that EuroFund employees believe are necessary to produce “quality.”

The practice of selling rather than leasing commercial space (both offices and malls) reflects a general preference in North India for owning property. Just as individuals prize land and gold as stable, prudent investments, many Indian companies prefer to own property, not lease it as multinationals routinely do. One broker with whom I spoke expressed skepticism that leasing would ever become widespread in India since “any guy who made a decision to own office ten years ago, today thinks he did the wisest thing. . . . because the intrinsic valuations have been only northward.”
On the production side, selling rather than leasing property has been the market norm in India because developers had little access to formal funding for either land acquisition or construction before the late 1990s. Instead, together with the land-owner, a developer would sell his un-constructed commercial building in small sections (anywhere between 500 and 2000 square feet) to numerous investors. Pre-selling provided the developer with cash upfront and little incentive to finish construction. According to Ashish, a real estate consultant, “those buildings would take ten to fifteen years to come because the land owner has made some money, the developer has made a profit already before he even starts digging.” A building might be pre-sold to numerous owners, creating too fragmented a group to fight the developer over building completion. Furthermore, investors often sold their share of the building, earning a profit before the building was completed. In the 1980s and 1990s, commercial buildings in India operated as financial instruments regardless of the construction quality, indeed, regardless of whether construction was even carried out.

The same speculative trading of unfinished buildings occurs in residential projects. The developer increases the price of the property over the course of construction, and investors buy and sell at just under the developer’s price, turning a profit with each paper transaction. One developer told The Economic Times, “I sell pieces of paper that are traded many times over before the end user comes in at the stage where the property is nearing completion” (Kurup 2007). While pre-selling prior to the finalization of land ownership or approvals – a practice called “pre-launching” – is officially illegal, pre-sales continue; they may have even increased due to the real estate rush (Realty Plus 2006a). At the market’s height (in 2004–6), according to Ashish, “the developer would announce a project and he may have a brochure, he may not, he may have the plans, he may not have the plans, but he
will announce the project. Over the weekend, the whole project is sold.” As the editor of a real estate magazine explained, “developers sell everything in thin air. Before even the first brick is laid, it is all sold.”¹⁵

As the market for residential properties tightened in 2007, such frenzied sales became the stuff of industry lore. Developers sold their projects more slowly, offered more amenities, and constructed model flats and more informative brochures to lure potential clients. For the commercial sector, however, it remains “a different story; there is no space, demand is so high, rentals have doubled, and everything is flying off the shelf,” according to Ashish. Consultants told me that commercial buildings in markets like Gurgaon are pre-sold or pre-leased well before construction is finished.

These practices – pre-sales, pre-launches, selling rather than leasing – and the current high demand for office space have had important ramifications for the production of property with a high level of material finish or high construction costs. First, to capitalize on the booming office market, most developers begin construction without complete construction documents, compressing the design and construction time into a short 12-18 months. One Indian architect explained,

The American way is to finish the design first. Here, we design as we go along. Developers are brokers-cum-developers. They’ve booked a piece of land and they want a hole in the ground to start booking [tenants]. Even a DLF works that way today. They don’t fully engineer before construction.

The managing director of a large construction company complained that Indian developers provide unclear architectural briefs and usually do not pay enough of the architectural fee in

¹⁵ Apartments are pre-sold in American and Western European markets, too, though not until ownership, approvals, and architectural plans are in place.
advance to obtain complete drawings: “the client [developer] is not paying a significant amount of the fee before starting the work. He is only paying twenty-thirty percent of the fee. How do you expect ninety percent [of the work] with twenty percent of the fee?”

Without advance planning and complete documents, contractors and developers make ad hoc changes to the building design during construction. I heard of projects that started as malls and became office buildings half way through construction and visa versa. One architect, for example, described a project he worked on for DLF. They worked only “up to the construction stage.” By then “the market had changed. We designed an office and they wanted to change it into a hotel or retail.” EuroFund employees feel that last-minute changes threaten building quality. As Nick explains,

[I]f they have to rip out a wall or cut a piece of concrete out or re-do something, then that’s a small price to pay for a quick turnaround. But what that gives you is horrible quality. You leave a lot of the design decisions up to the contractor, who has no motivation to do it right and every motivation to do it as cheaply and quickly as possible.

Second, EuroFund employees feel that pre-selling provides a disincentive to spend on construction. Jeremy reckons,

[I]f you are primarily a land owner and investor who as a necessary evil also builds buildings because that’s part of the deal of how you get your money extracted from land. If you can show somebody a picture of a building you’re going to build, get them to agree to buy at a price, and sign a contract and you’ve sold it . . . . therefore, by definition, from that point on, any penny you save on actually building the building goes directly into your pocket.

He concludes that since the developer fixes the sales price in advance, “the value of your land, which is what you own at the outset is, will be greatest if you spend the least you possibly can on . . . what you build.” By contrast, Indian consultants noted that Indian
developers will spend on construction – up to a point. Indian developers often increase spending on certain finishes in order to market a building as “luxury,” for example by installing wooden flooring instead of tile. These are small cost additions compared to the fixed costs of excavation, concrete, and steel, and they can result in significantly higher sales prices on the finished building (see Muthukumar K 2007).

Third, developers need not worry about building maintenance or wear if they sell it off quickly after constructing it. As a result, facilities maintenance is a new field in India, a service few developers use. A retail consultant for one of the largest real estate developers in the country commented that most mall developers “simply take up the land that they bought cheap five years ago, sell it for wherever the booming marketplace is and why worry about anything. Once I’ve sold it, I can forget about it.” While his company has moved to a lease-maintenance model and a more long-term view of mall development, he spoke wistfully of his competitors’ business model, which he thinks will continue to “work in lots of places and lots of areas.”

He commented,

[S]ometimes we look to say, are we are getting too long in this process and too worried about it and missing all the opportunities? Because once you’ve sold it, that’s it, you move on and move on to the next one. . . . [T]here is nothing

16 A few real estate companies have, in fact, advertised this new lease model as a boon. For example, DLF’s website highlights the company’s leasing strategy to create an aura of exclusivity and prestige for its new mall, the Emporio:

“Emporio” has been designed by architect Mohit Gujral as a premium luxury shopping-cum-recreation center. Since all spaces are to be leased only, the “Emporio” management will have complete control of the tenant mix - thereby ensuring the highest levels of exclusivity for all its lessees. Other planned attractions include fine dining restaurants, a spa, a salon and a member’s club; all designed to invite people to spend an entire day in five-star luxury.

Here, leasing is listed along with other amenities as a marker of “five-star luxury,” indicating something of its rarity in the Indian market. This quote comes from the DLF retail website’s page on “The Emporio”:

particularly wrong in that model from a purely profitability model.

He wonders if the attention his company is now paying to construction and building maintenance makes sense in a market where moving quickly from project to project remains profitable.

The build-and-sell model remains profitable in part because the rush for office space among IT firms, Business Process Outsourcing (BPO) firms, and multinational companies provides a ready market for whatever Indian real estate developers build and offers little incentive to change. As Nick asked,

people have been building buildings that just are mediocre, but they get filled up immediately, they get sold for huge profits immediately, and so why would anybody spend any more time or any more effort or any more money making a better product when they can get mediocrity, get a huge profit, flip it quickly, and nobody complains?

Moreover, high land costs – driven by speculation and the demand of multinational corporations – add a further disincentive to spending on construction. In order to maintain large profit margins in the face of land costs which amount in some cases to fifty to seventy percent of project costs, developers do not increase construction budgets.¹⁷

This approach has earned Indian real estate developers a reputation for shortsightedness and miserliness among those who do business with them. A graphic designer who works on real estate brochures complained, “Today the thing is, the builder's objective is very short term. He is launching a property he wants to sell the property and get out.” An architect explained that developers have a “two faced approach. What is visible,

¹⁷ Land costs in India are now a significantly higher proportion of development costs than in Europe or the U.S.
dress it up. But what’s not visible, just punch windows and paint it.” Alexander, the managing director of a European kitchen fitting and architectural hardware firm, finds selling architectural hardware to Indian developers trying:

If you sit in front of them as a professional company, trying to sell them a quality product, they are really not that interested. You know there’s always – our conversation goes always, “give me your lowest price, give me your lowest price.” You know, “your competition is quoting me thirty percent less than you, give me the lowest price.” So it’s something that can really tear at your nerves.

As I have tried to show here, this characterization of Indian real estate developers as interested in the lowest possible costs, the highest possible margins, and the quickest possible turn-around times on projects is a function of the field of real estate practice in India and its history.

The field tilts so much in favor of these short-term, low-cost practices, that EuroFund has found limited support for its proposals to spend considerably more on construction than other developers, even from real estate consultants and other non-developer industry members. I accompanied two EuroFund employees to an interview with a property consultant who told them skeptically, “If you want to break even in nine or eleven years, not the standard six – if that’s what you want to do, that’s a business call.” Another developer I spoke with also felt that EuroFund “might just break even” with construction costs of Rs3500 per square foot.\(^\text{18}\) The retail consultant, familiar with the EuroFund/BuildIndia deal, commented, that since “the marketplace here is not crying out for that top end,” BuildIndia’s point of view is “OK, if you [EuroFund] believe the

\(^{18}\) He felt he could do the same job for Rs2000 per square foot, and that the difference lay in the high salaries EuroFund pays its expatriate employees, rather than in a material difference in the “quality” of the finished building.
marketplace is here and you can track the corporate clients that do it and are willing to pay that premium in India for it . . . But it is a leading edge over everything else that is happening.” He believes EuroFund’s strategy places it ahead of accepted local practice and perceived demand.

4.8 Indian Real Estate Developers’ Other Quality Project

The field of Indian real estate practice discourages developers from interest in quality in terms of expensive construction materials. However, developers hoping to distinguish themselves from their competitors are interested in quality as in the delivery of a finished building to buyers. One consultant told me that when he was working with a developer, “if we produced 85 percent of what we showed [advertised], it used to be good enough.” In a field of practice marked by such an attitude, as well as by scams and shady dealing, “quality” means trustworthiness.

The public furor over the 1997 Uphaar fire, in which 59 people died at a Delhi cinema due to the negligence of developers, managers, and government inspectors, indicates that the Indian public cares deeply about the physical soundness of buildings, as does the pervasive advertising promise that buildings are “earthquake resistant” (Hussain and Nayak 2007; Times of India 2007d). Substandard materials, admixtures, and illegal practices cannot necessarily be seen in a finished building, rendering every leak or crack a potential indicator of something more dangerous than unsightly. Stories about crumbling walls, “seepage,” construction accidents, and improper inspections abound, creating a discursive setting in which “quality” carries tremendous moral force (e.g., Thakurata 2007). In this context, “good quality” implies more than physical soundness; it connotes opposition to corruption,
greed, and negligence. Through claims to quality, Indian developers attempt to construct a trustworthy corporate image; they claim to work with integrity and deliver finished constructions.

Along with shoddy construction, the Indian public worries about developers who take consumers’ money and never deliver homes. By pre-booking plots of land and pre-launching projects, developers have been able to sell land that they do not own outright and promise construction for which they have not received government sanction. A real estate consultant told me about a developer who sold 105 acres of land, of which he only owned 76 acres. Absconding with the profit, the developer neither had the money to buy the remaining land nor to pay for the license to develop the property. The consultant explained,

[U]sually you ask people to pay 10 to 15 percent up front as registration. You announce a scheme and you sell. Then once you get all the licenses, then the balance money comes in and you can develop it. These guys took the entire money up front and they’ve eaten it up. They’ve got no money for the licenses. It was 70 crore! Now who in their right mind will fund them? Where is the 70 crore going to come from?

It seems unlikely that the developer will be able to assemble the money, the remaining land, and the sanctions necessary to go ahead with the project, potentially leaving numerous buyers in the lurch.

In a similar case investigated by authorities in the Economic Offences Wing, the government believes that Y. S. Rana, owner of PS&G Developers and Engineers, Ltd. defrauded nearly 400 people who had bought into his “fake housing projects” across North India. Rana had no permissions for building townships or housing, yet he showed prospective buyers photographs of construction and convinced them to invest. When

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19 I assume of the Delhi police, but Chauhan 2007a does not specify.
investors later raised questions, Rana allegedly issued bad checks as “refunds” and closed his office in a swanky Delhi hotel (Chauhan 2007a, 2007b).

Even if developers intend to develop their projects, they often use buyers’ money to fund procurement of land rather than construction, causing delays. When developers launch projects without the necessary approvals they also incur delays and jeopardize buyers’ legal claims to the land (Kurup 2007; Nandy 2007). Nevertheless, even well-known builders pre-launch projects, some fraudulently declaring that they have government approvals in place and others optimistically promising delivery of properties by a certain date (Kurup 2007; Jha 2007). Many fail to deliver what they promise. For example, in 2006 Parsvanth Developers Ltd. had 11 cases pending before various consumer dispute redressal forums, primarily for not providing the facilities or the square footage that they promised or for “delay in delivery of possession” (Parsvnath Developers Ltd 2006, 221-222).

Cases that have come before the National Consumer Disputes Redressal Commission, a national consumer court established in 1988, reveal that developers often delay project delivery by years and dodge refunding investors’ money when projects do not go as planned (see also Garg 2008; Hindustan Times 2006). Complainant Kunj Behari Mehta, for example, signed a purchase agreement for a home in Celebrity Homes, Palam Vihar, Gurgaon with Ansal Properties & Industries Ltd. in March 1995, with the expectation of gaining possession of the house in October 1998. Ansal Properties did not deliver the property until December 2007 (Kunj Behari Mehta vs. Ansal Properties and Industries, Ltd. Shri

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20 This is the apex body for a system of district and state commissions designed to redress consumer grievances. It hears cases appealed from the lower commissions, or where the compensation claim exceeds one crore.

21 Not only was Mr. Mehta denied possession of his flat, apparently, an Ansal Sales Manager “roughly and curtly” told Mr. Mehta, “Go to the Court and get its possession through the Court” when he came to ask why
Taranjit Singh booked a flat with Unitech, Ltd. in 1991 and paid for 95 percent of it in installments by 1995, but Unitech did not turn the flat over to him until September 2001 (Shri Taranjit Singh vs. M/s. Unitech, Ltd). Such cases can take five to ten years to resolve through the commission, especially if either party appeals, leaving consumers with neither their apartments nor the money they invested in them. Buyers who bought an apartment years ago find that even if their money is refunded, they cannot afford a similar apartment in the same location today due to the spike in housing prices (Ms. Veena Khanna vs. M/s. Ansal Properties and Industries, Ltd).

In the absence of clear national guidelines or specific language in the Indian penal code regarding false advertisement, the Consumer Disputes Redressal Commission decisions seem to delineate new parameters of culpability, representation, and intention as the Commission navigates complaints from property buyers. In Shri Taranjit Singh vs. Unitech, the New Delhi Municipal Committee (NDMC) cancelled Unitech’s building sanction in 1993, a ruling which Unitech challenged in the Delhi High Court. The builders claimed that regulatory authorities held up construction, and the National Consumer Disputes Redressal Commission agreed, citing “unexpected judicial proceedings” rather than “deficiency of service” on the part of the builder as the reason for delay.

However, the commission faults builders who do not “diligently seek” government permissions. For example, DLF sold flats in a proposed complex to buyers in 1993 but did not
not receive approval for its building plans until 1995. DLF delayed delivery of the flats to
buyers by three years yet attempted to charge them escalation fees to cover the increased
costs of construction. The commission came down in favor of the buyer in a 2007 appeal
ruling on the case, concluding that

In our view, before obtaining statutory clearances, such as, sanction for construction and approval of Site Plan and other relevant documents, if the builder issues tempting advertisement or promises to deliver the possession of the constructed flat within 2½ years to 3 years, then the fault lies with the builder.

Moreover, “it would be unfair trade practice, if the builder, without any planning and
without obtaining any effective permission to construct building/apartments, invites offers
and collects money from the buyers” (Brig. (Retd.) Kamal Sood vs. M/s. DLF Universal Ltd).

This decision also treats the brochure as part of the developer’s contract with the buyer. In
the case of Madan Builders vs. R. K. Saxena, the commission also came out strongly against the
builder’s use of advertisements, arguing that “it is evident from the record that the OP [Opposite Party] at the time of booking pointed a very rosy picture so as to lure gullible
persons to invest their hard earned money in the project in question.” Because the builder
failed to get prior permissions for the features advertised in his brochure (for example, “glass
capsule” elevators), the court felt that the advertisements were “false representations.”

Despite the strong stance taken by the commission against late delivery of projects
and developers’ selling properties before they have government approvals, these cases reveal
both to be common practices in the industry. These practices also constitute the terrain of
Indian developers’ brand building campaigns. Clearly, Indian property buyers face
fundamental uncertainty about whether buildings will ever materialize and confusion as to
whether advertisements are to be trusted. Developers (themselves not in control of an onerous government approval process) may never, or only belatedly, construct the building in which an investor has sunk lakhs of rupees, and buyers have only limited recourse through a court system that will take years to deliver restitution. In such an environment, developers build their reputations on delivery; those that can point to finished projects as indexes of their integrity and construction capacity have an advantage in this market.

I asked Rajesh, the vice president of an Indian real estate development firm that operates in the National Capital Region, about the importance of interior finishes and amenities on residential projects, and he answered instead, “Delivery makes the difference. That’s how you get known in the market.” He saw the successful delivery of finished projects – rather than design, amenities, or “quality” – as key to building a brand name. The ability to deliver impacts on the word of mouth publicity that you can go talk about that every time, all the time, we make projects on time, and we deliver the quality we promised we would do so. You know, there’s a certain amount of integrity: I did what I did by when I said I would do it. . . . You walk the talk. So you know, so that credibility starts building up in the market and over a period of time it acquires a certain critical mass.

Rajesh’s young company had yet to acquire a “critical mass” of credibility. Its promoter began acquiring land in Gurgaon only in 2006, and so Rajesh was anxious about completing the firm’s first project: “we are very keen that this first project which is getting completed

24 I do not mean to suggest, either here or in the earlier discussion of advertising images, that Indian housing consumers are gullible or entirely taken in by developers’ promises. Consumers’ readings of advertising materials (though not directly studied here) must be complex, colored by individual interests, backgrounds, etc. The point is that this is an environment where a) such advertising materials are finished with a high level of sophistication; and b) a long and uncertain development process and developer malfeasance combine to make advertising promises uncertain indicators of future construction and thus of the security if consumers’ investments.
next year in NCR [National Capital Region], that will set the standard for this company for the future.”

By contrast, established firms like Unitech or DLF have delivered countless projects, and as a result, according to Rajesh, “they launch anything, everything sells.” Gold-standard real estate brands, their reputations derive not from the quality of their constructions (something about which residents griped), but from their record of constructing buildings. One broker told me, DLF’s “reputation is to a large extent built on credibility of delivering. They have developed and built half of Delhi. They have done a lot of work here, so it’s a great credit. And that trust is over 50 years or 60 years of work.” In fact, their brand name is so strong, the broker asserted, “They get away without showing any papers [licenses, approvals]. They get away without making a sample apartment. They could even get away without the brochure being ready.” Because the urban landscape of South Delhi and Gurgaon testifies to DLF’s construction capability, the firm is able to maintain a good reputation despite engaging in the same activities (pre-launches, lack of approvals, delayed delivery, etc.) as other developers.25

Indeed, DLF rarely adheres to the market norm of advertising through lavish brochures and impressive sample apartments. Strikingly, DLF is selling its most expensive residential properties, the Magnolias and Aralias, without interior fittings. Residents

25 In fact, as of May 2006, DLF had 82 complaints pending against it under Consumer Protection Act, 1986, including:

failure to hand over possession of the properties after payment of minimum amount due, failure to allot property preferred by the consumers, selling properties at a particular price and consequent reduction of price of identical properties, alleged mala fide enhancement in external development charges and payment of escalation charges, charging additional sums for increase in area, deficiency in construction services and alleged mala fide cancellation of allotment and forfeiture of earnest money. (DLF Limited 2006, 358)

Numerous other criminal and civil suits were also pending against the company at the time of its initial public offer.
purchase bare concrete shells and build out the interiors themselves. Clearly, delivering a building matters in Indian real estate much more than the quality or level of construction finish – or rather, producing a high end “international quality” building has little to do with producing a building with a high level of construction finish.26 As one of the marketing agents for Silverglades, another high-end development company with an excellent reputation that foregoes sample apartments and detailed specification lists, quipped, “A guy will not buy a house because the marble is looking nice, or because the lights are put nicely.”

Rather than nice lights or marble, Indian consumers are looking for a developer that will deliver buildings, i.e., one they can trust, which explains the proliferation of company taglines like “Building Trust” or “Built on Trust.” Claims to delivery are also common: for example, “At Alpha G:Corp, we don’t just make promises. We deliver them.” Indian developers publicize construction progress, showing up-to-date construction photographs on their websites or in newsletters distributed to buyers. Taneja Developers & Infrastructure, Ltd. ran a bright red advertisement in the Hindustan Times with the banner headline “TDI fulfills its promise! Handing over possession of plots in Block A, B, & C” of the TDI City township in Sonepat. The firm claimed that construction on other sections of the project were proceeding “in full swing” and “at a fast pace.”

Many developers appeal to international quality standards to position themselves as trustworthy. They often place ISO certifications right beneath the name of the company in print advertisements and on roadside hoardings (e.g., “Royal Palms: Leisure & Lifestyle ISO 9001 & ISO 14001 certified” or “JMD: Defining Quality, An ISO 19001:2000 Certified

26 Other elements of these two towers identify them as “super-luxurious”: their proximity to the DLF Golf Course (and the additional nine hole golf course at the Magnolias); the relatively low number of units per tower (250-300); their address on Golf Course Road; the size of the apartments (5,800 – 10,000 square feet); and their sale by invitation.
Company”) (Figure 4.5). Roughly a third of the 31 real estate developers featured in the
Today Real Estate Buyer’s Guide – Delhi and NCR boasted of ISO or other certifications.

Parsvanth, for example, claimed “ICRA DR 2-rating, ISO 9001, 14001 and OHSAS 18001
certification, Pan Indian Presence Award and Corporate Excellence awards in addition to
personal acknowledgements from some more recognized agencies.”

Such standards do not define what a quality product is; rather, they “are intended to guarantee that production has
been organized according to a number of structural elements which reflect certain minimum
requirements” (ISO in Brunnson et al. 2000, 114). These are certifications of a real estate
developer’s business systems – not his products.

Such management certifications, then, certify Indian development companies as
“quality” or trustworthy organizations. Short of pointing to completed projects, developers
use them to build credibility in a market characterized by large sums of money, long
investment periods, and limited accountability. Developers try to overcome these
uncertainties through various credibility-building exercises (brand names, advertising,
certifications, awards, etc.). This second quality project remains somewhat divorced from
the production of quality qua a high level of construction finish, something that EuroFund
hopes to change.

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27 The ICRA DR 2-rating is the Indian Credit Rating Agency’s rating for real estate developers. It means
“strong project execution capability” according to their 2008 Rating Scale (www.icra.in). The most commonly
cited certification, the ISO (International Standard Organization) 9000, is a set of “internationally agreed
principles and requirements for managing an enterprise so as to earn the confidence of customers and markets”
(Brunnson et al. 2000, 71, emphasis added). Similarly, the ISO 9001 is a “generic set of requirements for
implementing a quality management system and ISO 14001 for an environmental management system”
18000 is an “international occupational health and safety management system specification” (see
http://www.ohsas-18001-occupational-health-and-safety.com/). Note that all of these standards refer to the
developer’s business systems (quality management, environmental management, occupational health, or
execution capability) not to the developer’s products.
Figure 4.5  Indian developers use international certifications to make claims about “quality.” Worker housing (metal shacks) is visible in the middle ground. Source: Author photo.
4.9 Quality Control: Executing EuroFund’s Quality Project

EuroFund must construct a quality building in order to reap profits. As one of EuroFund’s consulting architects commented, EuroFund “is really concerned that they want to be able to execute a quality building, not just design it, but execute it.” As we have seen, when Indian real estate developers talk about quality, they mean a firm’s status as a “trustworthy” developer capable of delivering a building. Real estate practice and a market climate of high demand, speculation, and rapid construction mitigate against “quality construction,” understood as high construction values and elaborate workmanship. These are important elements of EuroFund’s quality register. Buildings for multinational corporate clients and their employees need to be well-designed and well-made. In order for EuroFund to capitalize on their architects’ expert knowledge of the quality register, they must make the constructed building conform to architects’ specifications, and in order for the building to be profitable, it also has to conform to EuroFund’s financial models. The remaining sections of the chapter outline EuroFund’s attempts to control construction practices in order to achieve this conformity and construct a quality building.

EuroFund employees believe that BuildIndia’s management wants to learn international real estate development methods, motivating their joint venture partnership. However, EuroFund employees still harbor doubts about BuildIndia’s operating methods and goals. Paul, the senior architect on the project, admitted to me that he is “not convinced that they [BuildIndia] really feel the same kind of pressures to bring a project to closure that EuroFund does.” Because EuroFund manages an investment fund, it has “to invest money at a certain pace, and they have to turn it around and bring it to revenue generation at a certain pace, and when they bring it to revenue generation, they’ve actually got thresholds
that they have to meet, or else they pay penalties.” EuroFund must pay the returns it has promised to its investors at the rate it promised. As a result, EuroFund employees are concerned about the timing of their Indian projects and committed to completing them. In short, the fund structure “imposes a very rigid set of processes and expectations,” resulting in, as the architect characterized it, “a clear model” for conducting business.

In contrast to this time-bound model, the architect described BuildIndia’s approach as laissez-faire: “BuildIndia just owns a pile of land. And if they own the land, they’re going to make money, and if the develop the land, they’ll make money, and if they sell the land, they’ll make money. They’ll just make money, and they don’t have to do one particular thing.” Similarly, Nick characterized BuildIndia’s mode of working as “flipping buildings.” When Nick explained BuildIndia’s construction process to the architects on their first visit to India, Paul commented wryly that their system (designing the minimum necessary to start construction and then dividing construction tasks into “packages” of work, carried out by relatives, friends, and subsidiary companies) “sounds like the Wild West!”

From these characterizations and my observations, we could parse the difference between EuroFund and BuildIndia’s methods in terms of divergent approaches to risk mitigation. BuildIndia, like other Indian developers, deals with risk by remaining open to emerging possibilities and thus flexible in the face of an unpredictable regulatory regime and a volatile market. As one Indian architect commented, “owners keep something up their sleeve. They want to take advantage of new projects, a better market.” Vague briefs to consultants, a piecemeal approach to construction, and flexible construction labor enable Indian developers to adopt “course corrections” – to change a mall into an office, mothball a project, or substitute building materials to take advantage of price fluctuations.
By contrast, EuroFund predicts risks and designs ways to manage them. Based on assumptions about rents, construction costs, interest rates, land prices, capitalization rates, floorplate efficiencies, etc. EuroFund employees painstakingly fill spreadsheets of quarter-by-quarter costs and profits for the expected duration of possible projects. Through such financial modeling, they determine which projects will net them an Internal Rate of Return (IRR) high enough to satisfy investors. This approach ties them to the financial model; to make money EuroFund must make the construction project resemble the spreadsheet as much as possible. Thus, EuroFund employees must control the design-construction process to ensure its correlation to their models. This approach makes them particularly vulnerable to changes in the timing of the project: the time value of money and the high initial costs of land purchase and building construction render their careful quarter-by-quarter projections sensitive to delayed cash inflows.

EuroFund operates in the space created by contracts between the past and the future, continually trying to fulfill obligations it has made: promises to investors, architects, and future tenants. As evinced by the consumer cases brought against Indian developers, they operate in a different mode, with little regard for the correlation between (or perhaps with little pretense of controlling) a future based on promises made in the past. While this is becoming an issue in India – both legally and in terms of the preferred working modes of developers’ consultants – complaints and conflicts indicate a loose coupling of past promise and future delivery in current Indian real estate practice.

As they attempt to close the gap between spreadsheet and reality in order to construct a quality building, EuroFund employees face many sources of uncertainty and delay, from the shifting regulatory environment to the rising costs of basic building materials.
Below I examine three basic sources of uncertainty in more detail: BuildIndia’s decision-making style, local regulations, and labor. EuroFund employees attempt to manage the first through internal meetings and timelines; the second through hiring a knowledgeable, yet controllable, Indian associate architect; and the third through complete construction drawings and the sequencing of work.

4.9.1 Managing the Relationship with BuildIndia

EuroFund and its architects found working with BuildIndia challenging. EuroFund employees described BuildIndia as a disorganized and inefficient organization, slow to make decisions. They complained about numerous meetings and decisions deferred; about a complex organizational hierarchy; and about their hunch that the Chairman himself was the only person at BuildIndia with the authority to decide even the most trivial things. EuroFund employees complained about difficulties scheduling meetings and establishing basic facts about the project – the location of the project’s property line, for example – and they worried that BuildIndia might change direction or “lose focus,” as it did when it tried to change the Floor Space Index on the project mid-stream. They felt the organization lacked “clarity.” The senior architect Paul commented, “I don’t think that they [BuildIndia] have the kind of rational and structured decision making process that [EuroFund] has.” Such complaints are, of course, clear indications that the two firms have divergent modes of working. As joint venture partners, EuroFund nevertheless needed BuildIndia’s consent on design issues. As one of the architects explained, “[EuroFund] needs assurances that [BuildIndia] is on board with what we’re doing because they don’t want to proceed at risk, if [BuildIndia] has an objection to what we’re doing.”
To manage this risk, EuroFund devised a detailed project schedule, including lists of questions about important issues and deadlines for decisions. They also asked a BuildIndia representative to sit in on the design meetings. However, Linda, one of the architects, complained that “the person who sits at the meetings from [BuildIndia] is a messenger, and not empowered to make any decisions and the turnaround time from them, from [BuildIndia], does not correspond to our project schedule right now.” To remedy this, the architects and EuroFund now schedule separate meetings with the BuildIndia Chairman. Paul said, “the solution has to be to try to give him [the Chairman] a presentation at the really key points to make sure that we get his sign-off . . . we try and [EuroFund] tries to be very clear about what it is that needs to be decided.”

In desperation, they have even tried presenting design ideas directly to the associate architect, who has a close relationship with the BuildIndia Chairman, in the hope that he will “pave the way” to the Chairman’s assent. As Linda explained, this is a risky approach:

[T]his is kind of an experiment this time with [the associate architect] to see if . . . by getting his buy-in and some sense, you know, by helping him to feel some sense of ownership on the decisions that have been made so far, that maybe he can be an ally in smoothing the way for the Chairman. But, he may have his own agenda, who knows. So.

Linda was unsure if this strategy would work. Perhaps they could sway the associate architect to their side by providing a “sense of ownership,” or perhaps the associate architect has “his own agenda,” complicating the decision-making process further.

Control is at the heart of these negotiations and micro-political maneuverings. The architects seemed more concerned about leaving the decision-making process “wide open” than they did about particular aesthetic issues. In fact, Paul and Linda concluded that
BuildIndia has, in the end, agreed with their design suggestions. Perhaps this is because Paul, Linda, Jeremy, Nick and others at EuroFund have spent a long time preparing for meetings with the Chairman, anticipating his concerns and troubleshooting solutions. Linda explained that they tried to “make sure that these meetings are really kind of a confirmation rather than a wide open forum.” She explained further,

[W]hat we’ve tried to do . . . is to lead them sort of to a conclusion that seems really inevitable by going through the history of how we got there because what’s a little scary to us is to have a wide open forum where there are three or four options all of which are – have pros and cons – and to throw it open to a wide open discussion with them. Because that seems to be a little counter-productive and it seems hard to focus that kind of a discussion then, based on our interaction with them. Because they’re not used to thinking in that way and working in that way and making decisions quickly or in a reasonable fashion with a lot of choices on the table.

Rather than have “wide open forums” for discussion, EuroFund and the architects try to narrow the choices to expedite the decision-making process. They have tried to control the risk of an “undisciplined” partner through carefully managing interactions and the flow of information.

4.9.2 Managing the Local Regulatory Process, part I

As part of their efforts to negotiate the local regulatory process, EuroFund sought out an Indian associate architect.28 In a conference room at a five-star hotel, the architects from New York and several EuroFund employees interviewed five firms for the position of

28 Clearly, working with the local planning and regulatory agencies was an ongoing process (and one to which I did not have full access). It extended throughout the project’s design and construction phases and beyond the period of my fieldwork with EuroFund. Hiring the associate architect was merely one step in this process.
associate architect on the project.\footnote{The associate architectural firm was to provide local design expertise to the design architect during the design phases of the project; advise on the government approval process and produce the drawings necessary for it; help identify and select other local consultants; complete construction drawings; oversee the bidding process; carry out various construction administration tasks such as site visits and review of change orders; and provide documentation for the owners and lenders on the progress of the project and contractor performance.} Even before the first candidate, Gaurav, sauntered into the room, the architects had remarked on the brevity of his proposal: three pages compared to other firms’ bound booklets. Gaurav arrived in a plain white shirt and black jeans, carrying sunglasses and his mobile phone. Unlike the other candidates, he had no files, papers, or drawings, nor did he bring images of his work. The senior architect told him that they were looking for “fit, chemistry, personality, and skills” from the associate architect. He asked, do you think you’ll be the “proper fit”? Gaurav insisted that while he was “excited” about the project, he was not interested in “becoming a back office” to a New York company, referencing the common division of labor between design and associate architect using a term commonly used in other outsourcing contexts. He launched into a long monologue about the prestigious history of his firm. He distanced himself from Indian developers – “quality was not their aspiration” – and yet boasted of working with “every North Indian developer, and we’re moving with them pan-India.” He dropped the names of multinational corporate clients and boasted of the millions of square feet he was designing. He asked rhetorically, “So can we do large scale projects? Yes. Can we do them in a reasonable period of time? Yes. Do we have a culture to work with international design firms? Yes.” At the same time, he insisted that his local expertise did not relegate him to “back office” status:

[The New York architectural firm] must have design sensibilities, but we have local sensibilities. We are not the drivers of design, but we work with mutual respect. We can offer local knowledge that is of immense value. Things you cannot learn in a third
country. Strong personalities? No problem. But we are not a back office. That’s the key point I’m underlining.

After his monologue, Gaurav admitted that he had not read the request for proposals. He claimed that his firm was so busy, he could not say now who would be on the project team. Before he left, he commented, “At the end of the day, it’s another building with another international architect. There’s not much more to say.”

The bravado with which Gaurav asserted his own professional expertise played disastrously with his audience. While knowledgeable about industry trends and the India-specific challenges EuroFund would face, his monologue about his own firm’s size and history as well as his refusal of the role of “back office” signaled “arrogance” rather than competence to the architects. Nick had scratched him from the list of candidates before the interview was over. The architects made a few critical remarks about Gaurav over lunch, and Paul repeated Gaurav’s last statement (“another building and another international architect”) – with a chuckle – to Jeremy when he joined us at the end of the day.

The remaining interviewees demonstrated their local knowledge in a less threatening manner. However, all of the associate architect candidates came to the meeting with their own opinions and warnings. Presenting nuggets of information about the Indian construction industry and how to engage it, they displayed their qualifications for the job. The candidates warned of contractors and consultants so swamped with work that they would be unlikely to focus on the EuroFund project, produce drawings on time, or move “proactively” beyond the bounds of their usual practice. They discussed unreliable façade contractors, inadequate shop drawings, and difficulties obtaining vital building components like elevators. They advised that most consultants used Auto-Cad, not the newer program
Revit. They offered advice on the proposed project schedule. They recommended particular firms for mechanical, electrical, and plumbing, structural, civil, traffic, and landscape engineering services, thus demonstrating their knowledge of the local professional landscape.

The American architects were curious about zoning regulations and the approval process. One candidate responded with suggestions for what the Ministry of Environment and Forests (MOEF) would look for in the project; another commented that environmental clearance would take six months. One firm promised to organize workshops to orient the New York designers to the bylaws, and its head architect claimed that the authorities were open to informal pre-authorization reviews as well as to “influence” on basic zoning regulations. Warning, “You need a great effort with the authorities,” he was positioning his firm as the liaison capable of providing that “influence.”

The architects from New York were clearly looking for local expertise and assistance in negotiating local authorities. In the architects’ discussions of the merits of each candidate – and in their dismissal of Gaurav – it was also clear that they were looking for alignment of interests with EuroFund’s quality project and tractability. While someone commented about one of the firms, “I didn’t think they’d defend the quality level we want, the level of discipline, proactive thinking this would take,” the winning firm demonstrated “a concern for quality, even if they haven’t built it.” As Nick explained, “We need someone who can push the envelope, not just tell us what can be done in India but how we get to the next level.” Not only did the winning firm convey that “they’ve been thinking about how to apply international standards here,” they seemed “eager” and showed “humility.” EuroFund
and the New York architects were not merely looking for local expertise, but for manageable local expertise.

4.9.3 Managing the Local Regulatory Process, part II

By the end of the interviews, the architects and EuroFund employees had decided on one firm, AssocArch. A visit to the AssocArch’s studio the following day confirmed the verdict. However, even months later, EuroFund/BuildIndia had not formally hired the firm. I heard hints of a controversy in the EuroFund office; a year after the associate architect interview session, the lead architects on the project in New York told me the story.30

Apparently, after the interview process, BuildIndia raised small objections about AssocArch, little “roadblocks” around which the architects tried to maneuver. This went on for three or four months until it became clear that BuildIndia did not want to work with AssocArch. They offered the excuse – never well explained – that they had worked with AssocArch once in the past and the project had ended in a lawsuit. Paul did not understand why BuildIndia did not strike AssocArch from the list of candidates they had reviewed before the interviews took place. Nevertheless, BuildIndia then suggested that the New York office work either with Gaurav or with a candidate that had not been considered in the interview process, an old friend of BuildIndia’s Chairman. Paul returned to India for what he called a “sham” interview with the old friend, Aziz, who they eventually hired.

Not only were Paul and Linda furious over the time and money wasted in the interview process, Linda commented that the close relationship between BuildIndia’s

30 At the very start of the interview, Paul asked me what I knew about the associate architect. Paul has an understated way of speaking and a dry sense of humor, but he purses his lips and his eyes light up indicating that whatever he’s talking about is more important than his deadpan voice suggests. Since clearly this was an important issue for them, I suggested we start the interview with that.
Chairman and Aziz complicates her job. She has been reluctant to involve Aziz as closely as she might in the design process because EuroFund is worried that Aziz will take her ideas directly to the Chairman, bypassing the process they want to have in place for decision-making. Linda explained that she has been cautious about showing Aziz things without first gaining EuroFund’s approval.

She also complained that Aziz’s office had not been helpful in its role as regulatory intermediary. While BuildIndia had billed Aziz as an architect conversant with local regulations and promised their involvement would “speed up” the design process, Linda exclaimed,

They don’t know anything about [the site locality] – I mean, they don’t know any more than we do as far as I can tell. You know, and EuroFund has been the one, their team, their construction management team has been the ones who, with, sometimes with Aziz but sometimes just because they’re pushing it, have been more successful in getting to the bottom of some of these issues. And we also find that Aziz’s office, depending on who’s sitting at the table in a meeting, they give conflicting answers to the same question every week.

While she acknowledged that some of this inconsistency might be due to the nature of the local planning bureaucracy, she insisted, “but have they [Aziz’s office] been helpful in negotiating that? Not terribly. It’s been really tricky.”

Linda felt that they could have had more support from Aziz’s office in determining the height of the building, an example of a simple regulatory issue that turned into a risky uncertainty. While Paul and Linda think they now know how tall the building can be, Paul quipped, “it took us a hundred and fifty days to get a clear explanation of that interpretation” of the bye-laws. Any day, they felt, the height might change:
Linda: And even now, there seem to be late-breaking pieces of news, like four weeks ago, when [Jeremy] was on the phone saying, “Oh, we’ve got more height on the tower.” And

Paul: =nope, only joking

Linda: =and then a week later, “Oh, that was a misunderstanding.” I mean, to try to get an answer to the simplest things. That’s a perfect example.

This inconsistency in interpreting the bye-laws complicates her work designing the building and EuroFund’s work calculating Floor Space Index, rental values, and construction costs. What might be a simple regulatory determination elsewhere, in India remains a flexible limit well into the project design phase. Linda added, in exasperation, that she thought the rules might change again:

Probably, once the building is under construction, then they’ll find out, “Oh, the law just changed. They just switched over to a new code. We can have more height, so let’s just add twenty more stories or ten more stories, OK guys?” You know. Wouldn’t surprise me.

Paul explained that every project faces uncertainties, but “but working with this group, it’s just been . . . amplified, extraordinarily.” Paul and Linda compared the project to one they had done in another “emerging market.” Although there were “a lot of code issues and antiquated fire protection issues that we weren’t able to get around,” Linda felt that the process was smoother there because of a “terrific” associate architect:

[W]e had to solve issues differently than we might have wanted to in the U.S., but we didn’t have this much trouble getting information and sorting through it. It was a much more straightforward process and we had much better expertise I think guiding us in what would fly and what wouldn’t fly. Whereas here, it seems to be – so many more issues seem to be so much more wide open and kind of unclear.
Linda had hoped the associate architect would be able to control the “wide open” nature of the regulatory process. Like BuildIndia’s slow decision-making, the lack of “clarity” about basic regulations complicates EuroFund’s efforts to plan everything in advance.

4.9.4 Managing Labor

Early on, Nick identified labor as a significant issue in the pursuit of quality construction. The “migratory” nature of construction labor in India complicates the construction of one building with a consistent level of workmanship. Fresh from interviews with building contractors, Nick reported, “[T]hey say that almost every six to nine months you get an entirely new crew on site because people go back to the village or people decide they don’t want to do this anymore.” The result from this “churn rate,” he worried, would be a “constant learning curve” and an inconsistent product; the crew laying tile on the third floor would not be the crew laying tile on the tenth. “I mean, we’ve talked to a lot of contractors and they’ve said the same thing, ‘how are you going to ensure quality when you can’t have a stable work crew that you can train and get their level of work up to standards and then carry them through the entire process?’” From what Nick had heard, the problem was the “transitory” nature of construction work:

[A] laborer doesn’t have any sort of concept of loyalty to a company. I mean, they are being paid a certain amount for a certain piece of work and you know, if somebody down the street is going to pay five rupees more, then they’re going to go down the street and get that. If it’s, you know, harvest time in the village, then they are gone for three months. . . . [I]t’s just not considered a real, stable kind of a job. It’s a very transient job.

To counter the problem of a transient workforce, he thought he might provide incentives for labor to stay on his site: schools or crèches for laborers’ children, better on-site housing
and facilities, and/or training programs. Jeremy suggested that this approach would be in-
keeping with the company’s social goals.

Certainly EuroFund could improve the living conditions of construction laborers, most of whom are currently housed on construction sites in brick or asbestos shacks, often without clean water or proper sanitation. However, the image of the fickle, migrant laborer that contractors have painted for Nick obscures the usefulness of “transience” to Indian developers and contractors. Construction labor is a “transient job” because contractors profit from a flexible workforce, not because laborers view it as an irregular occupation.

A long chain of subcontractors separates the developer or main contractor from his labor. A survey by Mobile Crèches, an NGO that provides childcare on construction sites, of 425 migrant households from fifteen construction sites in the National Capital Region, found that only 14 percent of respondents (adult men and women in those households) were hired directly by a contractor; most were hired through middlemen known as thekedars or jamadars (Mobile Crèches 2008, 21). Construction laborers do move frequently, staying on one site for less than a year, on average. However, contrary to the image of laborers moving in search of higher pay, construction laborers move with their jamadar from job to job. At each site they are paid a piece rate to do only a discrete portion of the construction work, and then they move to the next job. Although 69 percent had changed employer (i.e. jamadar) at least once, they cited lack of payment, lack of continuous work, cheating, and other exploitative practices as the reason for switching (Mobile Crèches 2008, 22-23).

While in the past, construction laborers may have returned to their villages to work in agriculture, only three percent of the respondents in the Mobile Crèches study reported return visits for agricultural work. One third of migrants had not returned to their village
since migrating, and those that had stayed for an average of one month to visit their families or attend family functions (Mobile Crèches 2008, 21). These statistics are consonant with the personal experience of labor activists. Subhash Bhatnagar, who has worked with construction and other unorganized workers for thirty years through the Nirman Mazdoor Panchayat Sangam, commented to me that in contrast to older scholarship on “seasonal” construction workers that do agricultural labor for part of the year, he’s found that “construction workers are construction workers,” even when they only get ten to twenty days of work a month.

The supposed seasonality of the workforce provides the construction sector with a justification for not providing benefits and a means for skirting labor laws. The managing director of one of India’s largest construction firms told me frankly,

To take on labor on our rolls is a no-no because removing them is difficult. They become pretty much permanent. Removing them is possible, now it’s a little easier. But it’s not easy. Our workload is highly variable. Each region has a fluctuation. Bangalore, one year ago was the largest, but maybe now it’s Delhi.

Large construction firms are unwilling to maintain a permanent labor force. This construction firm retains only approximately five percent of its employees (mainly engineering, management, and administrative staff) directly; they hire thousands of people “off the rolls” through subcontractors and thus avoid having to provide them with regular work. Since laborers hired through strings of contractors do not appear “on the books,” large construction firms beg off responsibility for wages, benefits, and safety. Although laws such as the Contract Labor Act (1970), the Inter-State Migrant Workers Act (1979), and the Building and Other Construction Workers’ Act (1996) clearly legislate provisions for migrant
and construction labor, developers and construction firms routinely flout this legislation and government agencies rarely enforce it.  

A flexible labor force drawn from all over the country is a pliant one, unlikely to unionize or even to demand legal entitlements. Indeed, the Mobile Crèches study found that few of their respondents had heard of the Construction Workers’ Welfare Board, a government program for providing pensions, insurance, and loans to construction workers, and less than one percent had registered with it (Mobile Crèches 2008, 30). In addition, the flexible, undocumented workforce provides ample opportunity for subcontractors to hide black money from tax and other authorities by fudging worker rolls. Perhaps Indian buildings are “poor quality” because it suits powerful construction and development companies to move construction workers from site to site and deny them minimum wages, government benefits, health care, training, and decent living conditions. Whether EuroFund will be able to transform this entrenched system remains to be seen.

Short of transforming hiring practices, Nick thought of ways to manage a “transient,” largely unskilled and illiterate labor force. He planned to build mock-ups of building details and construction finishes for new workers to copy. He also contemplated video-taping the construction of these models to demonstrate techniques to new foreman and workers. He figured, “we’re going to have to be creative on how to keep the knowledge base of how things were done and why things were done somehow recorded and somehow transferable to the new regime that comes in every three to six months.”

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31 The Building and Other Construction Workers’ Act (1996), in particular, has been fully implemented in only a handful of states (see Chapter Six).
Buildings result from the combined effort of hundreds of people, from architects and engineers to masons, plasterers, painters, and excavators. Even at the early stages of planning the project, EuroFund employees had ideas about coordinating these efforts. First, EuroFund planned to hire specialty subcontractors for different tasks, going against the industry norm of hiring one big firm and letting it subcontract the work or parcel it out to various in-house divisions. Nick felt that by informing contractors about this before the project had started and paying the main contractor a coordination fee, he would be able to accomplish this re-organization of construction work.

Second, Nick believed that sequencing work would help produce quality by minimizing damage to delicate finishes. He was appalled that Indian construction companies did not do this already. He recounted,

> I went to an office building when I first got here . . . and they were putting the wall fabric up in offices and ten feet away they were chipping out concrete and pouring concrete to do electrical runs. So here you’ve got a cloud of concrete dust while they’re putting up finished silk fabric.

Instead, he will instruct his contractors to do demolition, concrete work, and tile setting before beginning finish work such as painting and fabrics.

Third, EuroFund insisted that the design for the building be completed before construction started. Nick saw this as essential to the production of “quality.” Even with clear, finished construction drawings, he argued, it is difficult to control contractors on the construction site. He provided a hypothetical example:

> [The contractor] will say to the owner, “I know you showed stone on that wall, but I thought that was just concrete, so I don’t have stone on that wall, so we’re just going to put a plaster finish
on that, and I won’t charge you any more money.” And the owner says, “Fine do it, just get it done.”

Such compromises result in poor buildings. He explained that without drawings, “They just don’t have that quality because it’s constantly being diluted by a contractor’s assumptions of what he thought was going to be installed versus what the architect thought was going to be installed.” For Nick, “quality” is produced through a clear chain of communication between architect and construction worker, with minimal negotiations, transformations, or “dilutions” along the way. Construction drawings constitute that chain of communication.

Scholars have theorized the importance of “graphic artifacts” (Hull 2008) or “inscriptions” (Latour 1986) such as maps, graphs, diagrams, and lists to the exercise of power, emphasizing their role in creating order and bureaucratic legibility (e.g. Scott 1998), as well as their susceptibility to mishap and malfeasance (Hull 2008). For Latour, the immutability, mobility, and combine-ability of graphic artifacts enables scientists and rulers to “muster, align, and win over new and unexpected allies, far away,” to exercise power over distance (Latour 1986, 6). Latour writes that “The accumulation of drawings in an optically consistent space is . . . the ‘universal exchanger’ that allows work to be planned, dispatched, realized, and responsibility to be attributed” (Latour 1986, 28).

Of course, what counts is not just the graphic artifact, but how it is used. As we have seen, images abound in the production of Indian real estate, yet the quick pace of real estate development in India, the practice of pre-selling apartments, the common dismissal of images as “just marketing,” a lack of clearly defined professional roles in image production, and other elements of Indian real estate practice contribute to a lack of consistency between representations and finished buildings and often, a disregard for them in the construction
process. In order to ensure a clear chain of command from architect to laborer, EuroFund is in the difficult position of attempting to change a “graphic ideology,” the practices that govern drawings’ production, circulation, use, interpretation, and authority (Hull 2008, 505; see also Keane 2003).

Changing the production and use of construction drawings is vital to EuroFund’s “quality” project. First, drawings provide a means to hedge against “execution risk” by ensuring a correspondence between spreadsheet calculations and a future building. In short, they are financial tools. EuroFund employees believe that construction drawings help control costs by enabling them to be estimated in advance: “when we tell our investors, this is going to cost fifty million dollars, it really will cost fifty million dollars because we know that it is defined and the specifications are clear,” Nick explained. Providing the contractor with “a complete road map” for construction, drawings should eliminate site problems and costly delays.

Second, EuroFund employees believed that their promise to control production through construction drawings helped to attract world-renowned architects who can produce the quality register. Nick claimed that the Indian practice of building from conceptual sketches rather than completed construction drawings is “why you don’t see a Norman Foster or a I.M. Pei or a Caesar Pelli project in India.” He felt that such “world class architects” refuse to work in India because “if the architect doesn’t have control over the entire process, their name is associated with a project that’s of horrible quality.” EuroFund, by promising “a process that guarantees the end result” hopes to serve as a mediator between Indian real estate development and international architectural practices.
Indeed, Paul and Linda explained that they took the job in India because of EuroFund’s involvement in the project allayed their fears about working in an unfamiliar environment.

4.10 Conclusion

In this chapter, I describe “quality” as an aesthetic register, a strategy for entering a new market, and a means of producing profit. In order to implement its “quality project,” EuroFund must enroll allies – an Indian developer, architects, consultants, and contractors – and control their work. However, the economics and culture of Indian real estate production mitigate against recognition of EuroFund’s foreign expertise, and a surfeit of claims to “international quality” indicate that EuroFund does not have a monopoly on the register. When EuroFund employees use critique to distinguish their “quality” from Indian developers’ “quality” – to construct authority and advertise the value of their expertise – they also run the risk of alienating potential partners.

Attempting to produce a “quality” building pits EuroFund against established Indian real estate practices, enabling us to see some of the differences between Indian and international fields of practice. EuroFund employees believe that representations of buildings should correspond as closely to possible to their future form; that risks can be mitigated through careful planning; that buildings should be leased for a period after construction; that construction costs should be high to attract international tenants able to pay high rents; and that value resides in their own expertise in building development. Indian real estate developers, on the other hand, have a looser interpretation of the truth-value of images; attempt to remain flexible in the face of an uncertain future; sell buildings as quickly as possible and sometimes to a number of different owners; keep construction costs down
to maximize profits; and believe that value resides in the process of agglomerating land.

Given these differences, we can see that the production of globally standard buildings in India is an uncertain project, for EuroFund and other foreign firms are not merely constructing new buildings, they are altering the practice of real estate as well.
CHAPTER FIVE
CONSTRUCTING CONSUMER INDIA

Nine hundred million people. Seven hundred and eighty million consumers of cooking oil. Seven hundred and six million consumers of tea. Four hundred and fifty million buyers of casual footwear. Forty million TV-owners. Two-and-a-quarter million automobile-owners. A.k.a a market called India.

– Business Today 1996

5.0 What We Talk About When We Talk About Demand

By the spring of 2007, rising interest rates and inflated prices had slowed home sales in cities across India. Rumors circulated that investors were exiting markets like Gurgaon where they thought prices would fall (Hussain 2007b). Even while the business dailies published articles like “India’s realty boom losing steam?” many developers remained bullish on the industry in public (Whiting 2007). Their bullishness depended on claims about a certain kind of person, the “genuine resident.”

One informant, an older Sikh man who personally invests in property in the National Capital Region, worried about depreciation, yet he clung to the hope that “genuine residents” would revive the market: “The need for homes is also increasing. You know prosperity rates have gone up, individual nuclear families, husband-wife working, there is more money to buy. There is genuine residents are also rising. So maybe it might just balance out.” The existence of such residents counted as a “market fundamental.” One op-ed piece argued, for example, that price appreciation would continue because the industry was backed by “fundamentals” such as “rising income levels, resulting in increased demand for quality constructions and aspirations for better locations in residences. The emergence of nuclear families and double-income households is an associated factor” (S. Mehta 2007).
Investors and developers argued that a certain kind of person – one who, unlike the majority of Indians, earns well, lives in a nuclear family, and has a spouse who works – guaranteed future demand for real estate, and thus, buoyant prices. The resulting “end-user” or “genuine resident” eerily resembles a generic Western consumer. To explain the emergence of this type of person over the past decade and to predict their rising numbers, developers and investors told a story about growing prosperity and cultural convergence with the West.

The marketing director at a Gurgaon-based real estate development company, like many that I interviewed, used this dominant narrative to explain the real estate boom. He began,

The real take off [in the real estate industry] has again been to the end of 90s and beginning of 2000. These corporates coming in, these multinational companies from the U.S. and from all over the world, has led to a lot of changes in the culture.

The narrative begins with the entrance of multinational corporations (MNCs) and the rise of the Information Technology (IT) industry, both of which offer young Indians well-paying jobs and “exposure” to the West. This has transformed attitudes towards housing:

With the younger generation earlier, historically, how it used to be was that a person or a child completes his education, goes to college, then has to struggle to find a job, and then, [when] . . . he is 40-45, he’s at a position where he can afford to buy a house.¹ So that was more of a – a house used to be considered as, you know, it’s a legacy: your grandfathers’ and great grandfathers’ properties were inherited as we moved along.

¹ The marketing director said “then, till the time he is 40-45, he’s at a position where he can afford to buy a house” meaning, he wouldn’t be able to afford a house until he is 40-45. I substituted “when” for “till” to make this clear.
Instead of inheriting houses, Indians now buy them at a young age. There is also a trend towards new family structures:

How it's changed … was that with the these multinational companies coming in, jobs being created, the younger talent being harnessed, disposal incomes increasing, changed the traditional family where it was more of a joint family living concept. Exposure has led to a lot of nuclearization of families which means like in the West we see couples living independently. They are earning handsome amount of salary, can afford and the mortgages coming in at a cheaper, that has been the real driver for the change.

Remunerative employment with new economy firms has resulted in several related trends that stimulate demand for housing. These are the four main elements of the post-liberalization social change story: first, Indians can now afford homes at a much younger age than in the past; second, women are entering the professional workforce, leading to double-income households; third, young couples have new attitudes to spending and debt and are thus willing to take mortgages; and fourth, they want to live as nuclear families, a choice their new economic status affords.

Real estate developers and investors have not conjured this story about social change and consumer demand out of thin air. Newspaper articles on real estate routinely refer to the nuclearization of families and the decreasing age of home-buyers (Chatterjee 2007; Kulkarni 2006). A barrage of English-language media celebrates rising corporate salaries (Economic Times 2008; R. Sharma 2007; Sharma and Sinha 2007); profiles the young, talented software engineers who hop from job to job in search of better pay (Singh and Sharma 2007); and highlights the challenges of being a working mother (Subramanyam 2008). Clues about new lifestyles abound in soft features on the accoutrements of Western-style corporate
living – power suits, wine, and modern home décor (Binkley 2008; Chamikutty 2007; Somini Sengupta 2007).

In fact, both the media and the real estate industry hype a social reality that only a fraction of the population experiences. Out of a working population of more than 400 million, the IT industry employs just over 2 million people, a group of the “largely urban, middle class, and high or middle caste” (NASSCOM 2008; Upadhya 2007, 1863). Only 15 percent of urban Indians are college graduates (Bijapurkar 2007, 202). The apparel industry and domestic service – not IT and finance – are the largest employers of urban women, only 16.6 percent of whom engage in paid economic activity at all (Jayashankar 2007; see Bijapurkar 2007, 211-3).

Even white collar workers in India are not living the fast-paced, high-earning corporate life. A survey of 16,500 workers in “supervisory, non-manual jobs” concludes that,

Contrary to the stereotypes, most of the white-collar employees are over 35, and have put in almost 12 years in the profession . . . Half of white collar workers are plain graduates drawing an average monthly salary of Rs13,000. Around 70 per cent belong to single-income households and an equally big number of them come from non-metro cities. (Goyal 2007)

Apparently, only “the brightest, smartest, wealthiest and the youngest” Indian executives “hog all the limelight and make it to glossy magazine covers” (Goyal 2007).

While the last two chapters addressed the frictions between real estate developers and their foreign partners and investors, this chapter examines an area of agreement between them. Both groups tell a tale which is only fractionally true about the emergence of a young, high-earning demographic, and they project that story into the future, forecasting the
development of a prosperous, internationally familiar, consumerist Indian society. These discursive sleights of hand enable real estate developers and investors to target the elite today while talking about a future middle class.

This chapter investigates the stories developers and investors tell about demand and the new forms of knowledge that inform them. A phalanx of experts – retail strategists, marketing professionals, and international consultants – have elaborated a new model of Indian society that explains the development of “Consumer India” (Bijapurkar 2007), creates expectations of its growth, and serves as a strategic resource for companies serving the new housing market. This chapter argues that because the new social model of Indian society is a hierarchy linked to a series of other hierarchies, it presumes an inevitable evolution that will provide India with a middle class and real estate developers with demand. By orienting the real estate industry towards serving the elite – alternately labeled Global, SEC A, or Tier I consumers – these hierarchies encourage the transformations they predict.

5.1 A Market Called India

After the 1991 economic reforms, the Indian government and Indian corporations were eager to show potential foreign investors that India was a vast, un-tapped consumer market, rather than a land wracked by poverty and famines. They did so by promulgating the idea of a large, consuming Indian Middle Class, an idea which has characterized media and scholarly coverage of India since (Fernandes 2006). In a recent book on Indian consumers, one Indian marketing consultant confirms,

the Great Indian Middle Class was a seductive idea that was conceived, packaged and sold to the world by India as part of its sales pitch for foreign direct investment in the early to mid-1990s
when all it had to offer was a GDP per capita of less than US$20 per month, and a lot of optimistic conjecture about the future. (Bijapurkar 2007, 84)

An array of post-liberalization consumer surveys have attempted to ascertain the size and contours of the Indian Middle Class. In so doing, they have produced a powerful new image of Indian society, of which “middle class” is just one element. These surveys depict India as a pyramid of social classes, segmented by income and ownership of consumer goods. In contrast to an earlier, colonial, mode of knowledge that catalogued difference (Cohn 1990; Dirks 2001; Pinney 1997), this new social knowledge is obsessed with convergence on a Western model of consumerist personhood. Like the models of social organization that guide transnational corporations’ marketing strategies, this new model of Indian society “groups people according to spending habits or lifestyles, in contradiction to the multiple, collective forms of identity that might for the basis for group affiliation and meaning creation – tribal or ethnic group membership, kinship, class, nationality, religion, and political allegiance” (Applbaum 2000, 260, original emphasis). It flattens the immense social variety that fascinated earlier generations of social scientists, conflating society with market.

This pyramidal image of Indian society originated with an influential set of reports by the National Council of Applied Economic Research (NCAER), an Indian organization, on its Market Information Survey of Households (MISH), an annual 300,000-household

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2 The question of caste, in particular, distinguishes the new market-based social knowledge from earlier scholarship. While caste has fascinated scholars both as the signature difference between India and the West (Dumont [1966]1970) and as a sociological construct to be historicized and deconstructed (Dirks 2001), Indian marketers today dismiss it entirely. Marketer Rama Bijapurkar writes that “caste influence[s] voting behavior but not consumption behavior” such that it “is impossible to tell a person’s caste from a person’s brand buying behavior or his or her home” (Bijapurkar 2007, 129). From the point of view of selling things, caste drops off the sociological map.
consumption survey it has been conducting since 1985-86. Using the MISH data, the NCAER estimates the size of the market for different consumer goods and classifies consumers by income, location, and occupation. Beginning in 1996, the NCAER has used income, consumption, and other “educational and asset owning characteristics of the population” (Rao and Natarajan 1996, 232) to portray the Indian market as a stratified tower of five classes: the Very Rich, the Consuming Class, the Climbers, the Aspirants, and the Destitute (see Figure 5.1).

The 1993-94 MISH survey lumped all households earning more than Rs86,000 annually into one consumer-income bracket. However, at the request of multinationals and manufacturers, the Council began estimating the number of the “very rich” in India (Rao and Natarajan 1996, 206). It expanded the classification scheme at the top of the income pyramid, dividing the Indian populace into the groups Deprived, Aspirers, Seekers, Strivers, Near Rich, Clear Rich, and Sheer Rich. The top six percent of the population is now elaborated into five categories, while the bottom 70 percent of the population remains in the undifferentiated category “Deprived.” Although more than half of Indian households cannot afford to buy a color TV, three out of seven consumer classes are labeled “rich” (Bijapurkar 2007, 93).

To understand just how radical the MISH is as a tool of social knowledge, it is illustrative to compare it with an older consumption survey, the National Sample Survey (NSS). Although both surveys produce a statistical model of Indian society, the NSS

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3 The NCAER has published the results of the MISH in Consumer Market Demographics in India (1994); the Indian Market Demographics reports (1996, 1998, 2003); and The Great Indian Middle Class (2004).

4 The NSS is a national household consumption survey that was developed originally by the statistician P. C. Mahalanobis at the Indian Statistical Institute in Kolkata and taken up by the Government of India when it
established the National Sample Survey Organization (NSSO) in 1950. The survey is conducted in successive rounds, with a major survey every five years and smaller ones between (see Deaton and Kozel 2005).
quantifies Indian living standards in the service of a development-oriented state, while the
MISH quantifies Indian consumer demand in the service of corporations. The NSS
measures monthly consumer expenditure by tabulating spending on basic foods, clothing,
fuel, education, and medical expenses in order to assess the living conditions and nutritional
status of the populace. While the Indian Planning Commission uses these statistics to
establish the poverty line, corporations have limited use for them because the NSS does not
generate the size of Indian markets for particular goods.

By contrast, the MISH measures the consumption of particular manufactured
products like shampoo, packaged biscuits, lipstick, and motorcycles to explain potential
markets to industry (Rao and Natarajan 1996, ix). In fact, NCAER presents a social model
based on the consumption of such products. Their India Market Demographics Report 2002
segments Indians society purely on the value of the consumer goods that households in each
category own: “the major assumption underlying this categorization is that a household
owning a high-priced product is assumed to own most of the goods falling below the price-
line indicated by that product” (NCAER 2003, 66). They thus relate a hierarchy of people to
a hierarchy of goods, and they presume “that consumers move up the ladder with regard to
their product ownership” over time (NCAER 2003, 69). Since the MISH does not measure
food consumption, it cannot be used to estimate poverty as defined by the Planning
Commission (cf. Lal, Mohan, and Natarajan 2001; Shukla and Berry 2003). While the NSS
does not measure income at all, the NCAER partially bases its market structure on income
data so that industry-readers can estimate consumer spending capacity.

Unlike the NSS results, the MISH data is private (Deaton and Kozel 2005, 18). The
NCAER recuperates the estimated two crore cost of conducting the survey by selling “data
for many selected manufactured consumer products” directly to industry, or by selling its reports (Rao and Natarajan 1996, 42). The 2004 report *The Great Indian Middle Class*, based on 2001-2002 MISH data, sells for an astounding Rs 2.5 lakh (or $6,024), making it virtually inaccessible to independent researchers, the general public, and most libraries. The NCAER’s own library does not carry a copy.

Although private, MISH data are far from secret. English-language newspapers and magazines publicize the NCAER’s findings as colorful, easy-to-read graphics (see Figure 5.2), the World Bank cites them, and business blogs replicate them (*Business Today* 1996; Chakravarti 1995; World Bank 2000). For example, the McKinsey Global Institute, the research arm of the international management consulting firm McKinsey & Company, has published a study entitled *The ‘Bird of Gold’: The Rise of India’s Consumer Market* based on the 2001-2002 MISH findings. All of the major Indian business newspapers published summaries of the *Bird of Gold* report, as did the *McKinsey Quarterly* and India’s Minister of Commerce and Industry in his latest book (Beinhocker, Farrell, and Zainulbhai 2007; Daftari 2007; *Hindu Business Line* 2007; *Mint* 2007; Narayanswamy and Zainulbhai 2007; Nath 2008, 22; *Times of India* 2007b). Thus many people have encountered the MISH findings as simplified regurgitations of the McKinsey report’s executive summary, their forecasts reported as near certainty or transformed into bullet-pointed statements easily called up on a Blackberry. This is social knowledge for the global business world.

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5 Although the Planning Commission and the Ministry of Industry initially funded the MISH, the NCAER’s own budget, and thus, report sales, now funds the survey (Dr. R. K. Shukla, NCAER Senior Fellow, personal interview with the author, March 4, 2008). The NCAER also partners with multinational corporations that defray costs of the survey in return for access to the results and the right to run a concurrent survey on a topic of interest. For example, some of the 2004-2005 MISH data was published in *How India Earns, Spends, and Saves: Results from the Max New York Life – NCAER India Financial Protection Survey* which measures the Indian market for financial and insurance services.
Figure 5.2 NCAER statistics are often quoted in popular magazines.
Source: Shukla 2007.
Marketing agencies, banks, MNCs, and consultancies now produce this social knowledge too. The Indian affiliates of the international firm Young and Rubicam, for example, have developed a NCAER-like hierarchy of five consumer attitudes (Bijapurkar 2007, 142). The Indian marketing firm Hansa Research has culled data from its Indian Readership Survey to create a “Household Potential Index” which scores households based on their consumption of premium goods (MRUC - Hansa Research 2006). Like the NCAER, Hansa Research arranges India’s social classes (in this case, eight) in a diagram they call “The Great Indian Pyramid” (Figure 5.3).

5.2 The Mantra of Growth

The NCAER reports and their spin-offs do not merely produce a static image of society as a hierarchy of consumers; they have popularized a theory of income-driven social change which produces global consumers over time. According to the NCAER, “over the years, the bottom layer [of the market structure] will narrow further, and the top will expand, so that it will approximate more to a diamond” (Rao and Natarajan 1996, 231) as increasing incomes push consumers into higher consumer categories. Even the names of the NCAER market classes – Climbers, Aspirants, Seekers, and Strivers – convey upward social mobility. Only the Destitute are doomed by their inert name to remain poor.

The NCAER’s offspring, The ‘Bird of Gold’: The Rise of India’s Consumer Market, is equally obsessed with income growth and social mobility. It predicts:

As Indian incomes rise, the shape of the country’s income pyramid will also change dramatically. Over 291 million people will move from desperate poverty to a more sustainable life, and India’s middle class will swell by over ten times from its current size of 50 million to 583 million people. (Ablett et al. 2007, 10)
Figure 5.3  Hansa Research’s “Great Indian Pyramid” of social classes.
The constant harping on the future of the Indian consumer market serves many purposes. First, it diverts attention from India’s current poverty and rhetorically converts the poor into future consumers. Reading the quote above, one might miss the admission that members of India’s middle class currently number only 50 million (out of a total estimated population 1.13 billion in 2007). Elsewhere in the report, the authors admit that this group, earning between US$4,400 and US$22,000 annually, represents only five percent of the population (Ablett et al. 2007, 46). Even if one estimates this group to be 10 percent of the population, as another marketing analyst does (Bijpurkar 2007, 87), the term “middle class” refers to the topmost portions of the income pyramid today; these are not middle-income earners but elites (Figure 5.4).

In order to make a plausible argument for the existence of a large consumer market in India, the McKinsey Global Institute (MGI) must brush past the fact that 95 percent of the populace earns less that US$4,400 per year, insisting “By 2015, however, a bulge of aspirers and seekers will work its way up the income ladder; by 2025 India will transform itself into a nation of strivers and seekers with 128 million households, or 41 percent of the population, in the middle class” (Ablett et al. 2007, 46). Liberalization is the lynchpin of this

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6 The MGI uses the NCAER income-based poverty level of Rs90,000 per year rather than the Planning Commission’s poverty line based on caloric intake, producing an optimistic account of the decline of poverty since liberalization (see Ablett et al. 2007, 11n4). The MGI makes no mention of ongoing debates about poverty measurement (e.g., Deacon and Kozel 2005, *Economic and Political Weekly* 2007). Moreover, as Deaton and Dreze (2002) point out, a focus on income, expenditure, or poverty line measurements “tends to foster a simplistic view of the relation between economic growth and poverty decline” (3944). Deaton and Dreze argue that indicators such as female literacy, education, infant mortality, and agricultural wages provide evidence of growing inequality in India despite economic growth and modest gains in personal expenditure.

7 1.13 billion is the estimated population for 2007 according to the Census of India, based on 2001 census data available online at http://www.censusindia.gov.in/Census_Data_2001/Projected_Population/Projected_population.aspx (accessed October 27, 2008).
Figure 5.4 The McKinsey Global Institute focuses on future predictions since present income data is so bleak.
Source: Ablett et al. 2007.
predicted social transformation; the MGI warns that their forecasts depend on the Indian government’s commitment to the path of economic reform (Ablett et al. 2007, 109).

With such predictions, the MGI projects a vision of India that conforms with commercial hopes. In a condensed version of the report, its authors describe India as a retailer’s paradise:

Opportunities will blossom as millions of first-time buyers step up to cash registers and as the bulk of consumer spending moves from scattered, hard-to-reach rural areas to more concentrated, accessible urban markets. Indian consumer spending will shift substantially from the informal economy, with its individual traders, to the more efficient formal economy of organized businesses. (Beinhocker, Farrell, and Zainulbhai 2007, 52)

The MGI uses the future tense to disallow an Indian consumer market characterized by a large informal economy and few consumers, many of them in hard-to-reach rural areas.

Similarly, claims about the creation of a “massive middle class centered in the cities” describe an alluring possibility, not a present reality (Beinhocker, Farrell, and Zainulbhai 2007, 51).

The term “middle class” indexes the potential growth of large consumer markets in India. It also conjures a minimum standard of consumption of international, branded products – an international lifestyle, albeit one unattainable to those with median Indian incomes today.

A belief in social mobility and income growth bridges this gap between future potential and current reality; it also enables businesses to target the richest classes of Indians. Drawing on the MGI findings, they can assume that while the current market for their global products is small, it will grow as the number of consumers does. The same companies talking about a future middle class, their enthusiasm fueled by articles like “The market makers: How India’s middle class of 300 million became not just one of the largest markets,
but a global phenomenon” (A. Shukla 2007) craft marketing strategies aimed at the few Indians who have money today, those in the income strata above middle class.

The MGI authors outline two strategies that a multinational company might take as it enters the Indian market. The first is to wait for the rich (here, “the global class”) to grow in number. As they point out, “the global class in India is already able to afford internationally priced products,” and, according to their predictions, it “will grow at a rate of 8.6 percent to reach almost 2 million households by 2010.” The second strategy is to focus on India’s many poorer consumers: one could “drive price-points down and face the consequent pressure on margins, but tap into the extraordinary volume that these emerging markets offer” (Ablett et al. 2007, 103). According to Indian marketing expert Rama Bijapurkar, most companies have chosen the first approach; they “forget . . . that India is a large market made up of many poor consumers, and insist on deploying their tried and tested global strategy, one designed for far richer markets with different consumer psyches” (Bijapurkar 2007, 255). She contends that marketers are “more comfortable” targeting high income consumers because they are too lazy to innovate India-specific business models (Bijapurkar 2007, 60).

Targeting India’s wealthy requires little innovation from multinationals because they believe that members of the top echelons of Indian society resemble consumers elsewhere in the world. The McKinsey Global Institute makes this assumption obvious by re-labeling the top-most class in the NCAER consumption-income pyramid “Global.” They thus assume that Indians who make US$22,882 (1 million rupees) or more “have spending habits similar

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8 This second strategy is similar to that outlined by C. K. Prahalad in his popular book, *The Fortune at the Bottom of the Pyramid* (2005).
to those of their developed-country counterparts – branded apparel, vacations abroad, electronics, and cars will all be high-priority purchases” (Ablett et al. 2007, 72). Global Indians include “senior corporate executives, large business owners, politicians, big agricultural-land owners and top-tier professionals,” and also, what Bird of Gold authors call “a new breed of the upwardly mobile – mid-level executives of graduates from India’s top colleges who are able to command premium salaries from international companies” (Ablett et al. 2007, 44). By lumping rural landlords and urban executives in the same class, the MGI assumes that the allure of an internationally standard package of consumer goods cuts across other social divides.

With increasing incomes and consumption, MGI and NCAER believe that tastes will automatically change. People will move up a hierarchy of goods, consuming more “branded apparel” and less paan over time, eventually becoming middle class, if not Global Indians, with tastes just like consumers elsewhere in the world. This movement towards generic international consumer status cuts across regional, ethnic, religious, caste and other affiliations. By showing everyone climbing an imagined income ladder and harping on growth, these studies portray poor people as potential rich people. They achieve the amazing feat of discursively transforming India into Consumer India.

5.3 Targeting the Top

Indian real estate developers use the NCAER-McKinsey model of social organization to craft business strategies. They do limited market research of their own, reproducing NCAER diagrams in their market research reports, investor presentations, and stock market prospectuses to demonstrate demand (see Figure 5.5). They also conceive of
Figure 5.5  Indian real estate developers replicate NCAER diagrams to demonstrate future demand in their reports for investors.
Source: Emaar MGF Land Ltd. 2008.
their target customers as organized in a NCAER-like hierarchy of classes. The consumer at the apex of the NCAER pyramid is the bellwether of real estate demand that we encountered at the beginning of the chapter: the high-earning, professional couple with international tastes and consumerist attitudes. Other foreign and Indian companies that sell housing-related goods – kitchenware, home furnishings, or interior design magazines – join real estate developers in targeting this elite consumer class.

Marketing professionals for real estate and related firms use the term SEC A, or Socio-Economic Class A, to refer to this elite target audience. Developed by the Market Research Society of India in the 1980s, this scheme ranks Indians based on the education and occupation of the “chief wage earner” in each household, from SEC A1, the highest, down to SEC E2, the lowest, with separate rankings for urban and rural dwellers (Bijapurkar 2007, 130). The head of a SEC A household is well-educated, “a graduate or postgraduate who is either self-employed or in a middle or senior level position if employed,” and SEC A1, with only 2 million households, “is the miniscule group that all international lifestyle, luxury brands target” (Bijapurkar 2007, 133). My informants also use euphemisms for SEC A: “professionals who are doing very well,” “a certain income class plus,” “a very affording class,” or “the consuming upper middle class.” They refer to the very wealthy as “High Net-worth Individuals” or HNIs. If pressed, real estate developers put their target consumer’s annual income anywhere above 7 lakh per year, (with one Indian developer claiming his clients made 60-70 lakh annually). Based on this income range, McKinsey would classify developers’ target audience as Strivers and Globals, the top two classes.

The SEC A person is first and foremost a consumer. The marketing director for an Indian home accessories company that sells expensive, modernly styled trays, vases,
silverware, and tea sets described her firm’s target consumer as having a disposable income of Rs40,000 a month and living in a high-rise condominium.\(^9\)

[Y]ou come to his lifestyle, he is . . . decently qualified – one benchmark. Second, he would be either golfing or going for a swim or maybe to the gym for sport. The third thing, well-traveled. Maybe one tour abroad. Owns a car, might be having a second car too at home. Usually a double-family income, and preferably a seventy percent skew towards nuclear family. Reads the current magazines, looks out for the current trends, have a fascination for watches. Women, particularly conscious about shoes and bags. OK, ah, doesn’t over-dress. That understated dressing statement is more or less what they would follow – it is the bracket that we think we are in.

This is a description of an undistinguished consumer: someone whose leisure is commodified and whose interests (current magazines, trends, and watches) coincide with marketers’ desires. This seeming banality has important implications. This person does not live in the highly-segmented consumer universe of the United States, where marketers have adopted anthropological and psychological research methods to elaborate distinct consumer types like “Shotguns and pickups” or “Hispanic mix residents” (Cohen 2003, 299; Turow 1997). Rather, he inhabits India, where consumers themselves are novel.

The SEC A consumer is also “international” in outlook. One informant described his target audience as “wanting to catch up with the rest of the world, of his contemporaries or peers, wherever they may be.” Developers believe that through travel, media, and work in the IT sector, Indians are increasingly aware of international trends. One developer, building homes in Gurgaon that cost approximately four crore (or just under $1 million) each, said, “Our customers would be increasingly educated – not in the sense of the literal sense – I’m

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\(^9\) She did not indicate his total income, but even if we estimate that his disposable income was a generous half of his monthly income, her ideal consumer would make close to 1 million rupees a year, the cutoff for entry into McKinsey’s “global” class.
just mentioning they have traveled, they have understood, they have seen it. They want that kind of a thing from you. So you have to address them.” Educated by foreign travel, his consumers demand the same products back home.

If the internationally savvy consumer is at the top of the consumer pyramid, homes and home related products are also highly ranked. The Editor-in-Chief of a home decorating magazine explained, “after the nitty gritty is out of the way, you’re fed and you’re clothed, and you have a fridge, AC, car – all the necessities, then the second stage is a home and home decorating.” Note how she redefines “home” as luxury, rather than basic necessity; homes are the consumer durable that outranks cars and ACs. Homes and consumers also exist in a hierarchy of refinement. Having evolved beyond basic necessities, consumers of high-end houses search out uniqueness or “aspirational quality,” explained the developer who is building apartments in Gurgaon that cost four crore rupees each:

But as you move forward, as you move up the food chain or the market segments, then the person will look for some special quality. It could be Italian marble. It could be the design of the house. It could be the size of the house. It could be features. But, then if you move forward then, or move up, rather, then people are going to look for what are, how is this place unique when compared to other places?

The developer’s repetition of the terms “forward” and “up” provides a powerful image of the arrangement of the consumer segments, and the term “food chain” evokes ecological images of competition and consumption. Those at the top have the privilege of moving beyond the “brick-mortar” issues of concern to those in the lower income brackets.

10 This image also suggests Maslow’s “hierarchy of needs,” a psychological theory which suggests that people move from physiological needs through needs for safety, love, and esteem to the need for self-actualization (Maslow 1943). Applbaum (2000) finds First World marketers appealing to this hierarchy as they conceptualize Third World people being socialized into consumerism.
The top of the consumer pyramid is a competitive place to do business. Explaining his company’s “top-end luxury retail” strategy to me, a retail consultant for one of the largest real estate developers in the country started talking about the “more mass market” and then paused. He added the qualification – “the more mass market, which isn’t the mass market and that is the other thing people get wrong.” He proceeded to draw me a quick graph, with income on the Y axis and population on the X axis, which showed a very small spike of population at the high-income end and the rest of the population as a block earning very little. Pointing to the narrow spike, he said “so inside that may be your luxury but also your regular mall, and it’s a very narrow margin before you hit that area there,” referring to his representation of the bulk of Indians. “And so Indian retail has to recognize – everybody is after almost the same marketplace.” Although the different malls that have been build in India to date – discount, big-box stores like Big Bazaar or luxury malls like DLF’s Galleria – might appear to serve different consumer segments, they really cater to the same small population.

It is a small market indeed. The cost of a new apartment in Gurgaon in 2006-2007 hovered around 1 crore (10 million) rupees. In other Delhi suburbs, NOIDA or Ghaziabad, one could find new construction for about 30 lakh rupees – more than 50 times the Rs54,000 that the average Delhiite makes in a year (itself more than twice the national average). According to a senior manager at HDFC, an Indian housing finance corporation which handles about thirty percent of housing loans across India, in 2006-7 the average monthly income of a mortgage-taker was Rs42,000 (HDFC senior manager, pers. comm.). Even to claim that “the consuming upper middle class has been the real target of developers,” as Delhi-based developer Unitech’s Director Sanjay Chandra did at a real estate
conference in 2007, is to understate the social position of their target group and exaggerate its size.

Perhaps that is why real estate developers and others fervently believe that over time, the pyramid will become diamond shaped; more people will join SEC A and the market for houses and home-related products. A senior manager at HDFC told me that since developers working in the NCR assume that salaries will increase 15 to 20 percent a year, they expect the market for high-end homes to grow. I asked the CEO of an Indian media conglomerate that publishes an interior design magazine and a home decorating supplement whether he could imagine a home magazine aimed at a SEC B or C audience. He replied, “Well, not immediately, but I would believe that as we progress in time it should be possible. . . Again, because it’s a hierarchy of needs. And as people evolve at the higher level, there are many more people who are getting into the entry level.” This CEO conceives of Indian society as an escalator of progress, continually making space for people at the “entry level” as others progress upwards. Belief in growth allows companies to target the small group of international consumers at the top of the NCAER pyramid today with the expectation that incomes will soon increase, tastes will trickle down, and the market will expand.

5.4 A New Map of India

Just as real estate developers and investors conceive of the Indian market as a hierarchy of consumers, they imagine India as a hierarchy of places. As they project the narrative of social progress that produces their ideal elite consumer onto the national geography, they classify certain places as behind others in their progress towards modern/Western consumer society. Developer and investors use this geographical
conceptualization of progress to plan their expansion strategies and assess the risks of entering new markets. As they do so, they transform their geographical imaginary into a reality, a new map of India.

Not surprisingly, the geographical imaginary of real estate demand shares much in common with the map of Consumer India. For the most part, both ignore Rural India – that undifferentiated category that includes both prosperous Punjab and impoverished Chattisgarh. Despite occasional exhortations to tap the rural “market at the bottom of the pyramid” (e.g. Carvalho and Subramanian 2007), most marketers focus on cities because they offer concentrations of wealth easily accessible through existing transportation and communications systems (Ablett et al. 2007, 91). Moreover, many marketers consider cities the future of consumer behavior and rural areas the past; they are “two different worlds, about ten years apart in terms of consumption behavior” (Bijapurkar 2007, 93). The future of consumer markets, “urban areas will account for over two-thirds of the future growth in the India market despite the fact that even in 2025, urban areas will have only 37 percent of the population.” (Ablett et al. 2007, 15).

Various ranking devices help companies decide which cities have the most promising consumer markets. The McKinsey Bird of Gold report ranks Indian cities by population using a familiar pyramid diagram (Figure 5.6). International companies need look no farther than the eight top tier cities for their market, as they account for 39 percent of the country’s disposable income, and 60 percent of the urban Global households (Ablett et al. 2007, 73-5). The RK Swamy BBDO Guide to Urban Markets, developed by I. Nataranjan (formerly of the NCAER), attempts to measure cities’ “consumer potential” based on the number of
Figure 5.6 The McKinsey Global Institute pyramid of Indian cities and towns.
Source: Ablett et al. 2007
consumers in a city, their incomes, consumption behavior, and “awareness levels” (media exposure and literacy rates) (Challapalli 2004).

The real estate industry has its own, related, city rankings. Real estate developers and investors want to know where international companies will locate their new headquarters and outsourcing units in India. International companies, Business Process Outsourcing units, and IT firms not only require new office space; they also employ the high-earning, internationally-exposed ideal housing consumer. International consultancies like Ernst & Young and Jones Lang LaSalle as well as magazines such as Business Today and Realty Plus provide guidance to foreign firms and Indian developers by ranking Indian cities in terms of labor costs and availability, the ease of doing business, livability, and other measures (Business Today 2007; Hussain 2007c; Jones Lang LaSalle 2004; P. Roy 2007). Securities firms and investment banks have devised their own city rankings. For example, Edelweiss Capital, an Indian investment bank, uses a “city attractiveness score,” a “proprietary matrix” of the “real estate growth potential” of fifty-two Indian cities, to help its clients decide which Indian real estate companies’ stocks to buy (Sharma and Pathak 2006, 9).

The most prevalent ranking system for Indian cities, now firmly embedded in the Indian real estate lingo, is the international Tier I/II/III classification (Figure 5.7).11 This ranking is not based entirely on population, but on the size of the real estate market and the presence of the IT industry in a particular city. For example, Kolkata is India’s second

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11 While Mumbai, Delhi, and Bangalore are consistently referred to as Tier I cities, the rankings are malleable: which cities are considered which tier depends on whether you consult Knight Frank, Cushman&Wakefield, or DTZ. The international property consultant Jones Lang LaSalle defined them in a 2007 report, Accelerating Transformation, as Tier I, “established metropolitan cities” (Delhi, Mumbai, Bangalore, Hyderabad and Chennai); Tier II: “upcoming cities” (Pune, Kolkata, Ahmedabad, and Chandigarh); and Tier III “including state capitals and district towns which are emerging as new IT and real estate destinations.” Others might have downgraded Hyderabad and Chennai to Tier II, and Ahmedabad and Chandigarh to Tier III.
Figure 5.7 Jones Lang LaSalle Meghraj matrix for grading Indian cities.
Source: Jones Lang LaSalle Meghraj 2007
largest city by population, but it is usually considered a Tier II or Tier III city along with
smaller cities judged able to “provide the basic requirements to attract IT offshoring
activities and become the next tier of successful cities” (Jones Lang LaSalle 2006a, 7). The
rankings represent the penetration of multinationals, hand-in-hand with the real estate
industry, into Indian cities; changing classifications over time indicate the movement of such
firms beyond Delhi, Bangalore, and Mumbai.\footnote{Kolkata’s progression in this ranking system from Tier III to Tier II is the result of concerted efforts on the part of its government to woo multinational companies and IT firms and to promote urban redevelopment (see *Economist* 2000, 2004).}

These classifications are intended to render Indian cities legible to foreign investors
as members of global categories and to enable international comparison: should firm X
outsource to Manilla or Delhi, Sao Paolo or Pune? Jones Lang LaSalle reminds readers that
“low cost destinations elsewhere in Asia (e.g. Manila, Dalian and Tianjin) along with those in
Central Europe (such as Prague, Budapest, Warsaw and Krakow) and Latin America (e.g.
Sao Paulo & Buenos Aires) are all competing for the same market as Tier III cities in India”
(Jones Lang LaSalle 2006a, 8). Providing standardized, comparable data, these rankings are
vital instruments in the international competition between cities that liberalization has
unleashed.

As with the other forms of ranking, evidence of deficiency is seen as a sign of future
growth. Ranking cities reinforces the idea that some cities are trailing behind others in the
race for development. However, lagging Tier II and III cities also present an opportunity
for investment, growth, and profit. Writes one consultant, “In the next two to three years,
Tier II cities will witness growth at breakneck speed compared with Tier I cities. In terms of
quantum and depth of real estate development, Tier II cities are about 18-24 months behind
their Tier I counterparts” (A. K. Gupta 2007, 10). Tier II cities are the new frontier for corporate and real estate industry expansion.

In order to guide expansion, city ranking reports present predictions, transforming data about the present into a measure of future potential. A 2006 Jones Lang LaSalle report on Tier III IT destinations “presents our expectations of successful (winning) Tier III cities in the future, to assist both occupiers and real estate investors make more informed location decisions” (Jones Lang LaSalle 2006a, 3, emphasis added). Similarly reports on “Hot emerging destinations” predict “focus areas” of real estate and MNC investment for a particular year and highlight overlooked Tier III-candidates (Realty Plus 2007, 2008).

Much as the McKinsey Global Institute and NCAER forecasted the growth of India’s consumer markets in order to stimulate international firms’ interest in India, and thus the development of the market, these reports predict growth in order to make it happen. Moreover, the idea that “Tier II cities are about 18-24 months behind their Tier I counterparts” rests on the assumption that Tier II cities are Tier I cities in the making. Like models of social change that assume that all Indians are destined to achieve an internationally recognizable middle class consumer status, these reports assume that all Indian cities will eventually replicate Mumbai, Delhi, or Bangalore.

Members of the Indian real estate industry share this expectation of metropolitan convergence. After more than twenty years developing Gurgaon, India’s largest real estate developer Delhi Land and Finance (DLF) has expanded its construction activities to include cities all over India. A DLF employee assured me that

There is a market place in India where what happened in Gurgaon in the last five years, even from malls to offices and even to homes, can be replicated down the food chain all over
India, in lesser markets that are looking to develop, where they don’t want more sophisticated product because they are just starting.

Through a process of product replication the “lesser markets” can be made like Delhi’s suburb Gurgaon, a successful offshoring hub and the location of many MNC offices. The mall, office, and home designs developed in Gurgaon can be exported down the hierarchy of urban places to less developed places in India – albeit with some small alterations, like less sophisticated products for cities “just starting” out.

Tier II and III cities do not merely trail Tier I cities in the provision of corporate infrastructure: my informants believe that the levels of the urban hierarchy represent a cultural lag in the progress towards modern/Western consumer society. As an analyst at a real estate fund commented, “It takes a generation for a city to graduate from Tier II to Tier I. And there are cultural issues, as well, which take time to change.” In a telling moment, a brochure designer who has worked on several real estate projects confused the urban classifications Tier I, II, III with the socio-economic categories A, B, C, D: “See what happens is there are segments. India is divided into three tiers – A category, B and C is a category, and D is another category. So B and C would be smaller towns.” His use of the word “tiers” but the labels A, B, C, and D for classifying cities suggests a powerful equivalence between the hierarchy of consumer segments and the hierarchy of cities, especially as he went on to talk about the unsophisticated nature of B and C city media consumers. Similarly, marketing expert Rama Bijapurkar has correlated “acceptance of modern retailing and entertainment venues” with an urban hierarchy in which each city has the name of a consumer mindset, either escapist, striving, or arrived (Bijapurkar 2007, 143).
The overlap of language describing the processes of consumer evolution and urban development suggests that my informants conceive of the pyramid of consumer classes as geographically distributed. For the most part, small towns are thought of as B and C consumer markets. Analogous to the Aspirer class of consumers rather than the Globals, they are trickier to serve and farther from the ideal of international consumer taste. With economic growth, “India’s middle class will begin to move beyond Tier 1 cities and spread into Tier 2, 3, and 4 cities,” predicts the McKinsey Global Institute, conflating growth and movement (Ablett et al. 2007, 76). Economic growth will transform Indian people into middle class consumers and Indian cities into Mumbai-Delhi-Bangalore clones, creating diamonds out of both urban and consumer pyramids.

In the meantime, there are some small cities which make good investment destinations, what MGI calls “Tier 3 niche cities with high average incomes and large numbers of middle-class and global households” (Ablett et al. 2007, 77). These are cities in wealthy states with a history of migration, like Punjab or Kerala. Another DLF employee discussed his firm’s plans to construct a high-rise housing project in Kochi, a city in Kerala. He felt that the city’s long history of migration to the Gulf made it a good place to do the project: “We don’t envisage too much of problems because of acceptance. There’s a higher level of exposure. Half the people there are going to Dubai. The lifestyle indicators are high.” Wealth and international exposure creates a market for real estate today in some Tier III cities.

This emerging geography of demand for real estate maps progress towards international consumerism. The DLF employee continued,
Where we might have trouble is in Tier II or Tier III cities in states that are not so forward, beyond the major cities. So Indore in MP [Madhya Pradesh], not too much of issues. But the minute you go down to some other city – the deeper you go the deeper the problem for the product configurations. We’ll have to track this.

His understanding of different real estate markets takes on a three dimensional quality as spatial axes of progress intersect. The company’s replicable design, construction, and marketing models will only take them so far, the “deeper” it goes “down” the urban hierarchy. In those far reaches of the “states that are not so forward” the markets are raw, consumers are unexposed, and existing product configurations become problematic. This is the frontier. It is not an external border, coincident with the national boundaries, but an internal one whose dimensions – measured in terms of consumer habits and attitudes – must be tracked.

International property consultants straightforwardly describe the expansion of this frontier – the growth of Tier II and III cities – as the result of IT/ITes expansion. “Searching for virgin talent pools, lower operating costs and higher employee retention levels,” IT firms have moved to smaller cities. There, “rising incomes and higher affordability for homes further triggered residential and township developments in such locations” (Jones Lang LaSalle Meghraj 2007, 5). In short, the same logics that brought MNCs and IT firms to India in the first place – primarily the search for cheap labor and low overhead costs – have led them to search out new locations in India. As Tier I cities become saturated, their “rising real estate values, over-stretched infrastructure and high man-power costs” make them less competitive, and international firms move on, transforming Tier II cities into Tier I cities as they go (Cushman & Wakefield 2006, 2).
However, IT expansion relies on real estate developers’ *prior* construction of office space and housing in new markets. Apart from the occasional build-to-suit project, most real estate developers work speculatively, anticipating corporate whims in a delicate game of chicken-and-egg. Many Delhi-based real estate developers have expanded into the neighboring states, with projects in Jaipur, Lucknow, and Chandigarh. One developer, TechBuilder, is planning a 500 acre township in Jaipur, with housing for 40,000 residents and an IT park with 6.5 million square feet of offices for “65,000 IT professionals and support staff,” according to the project brochure. A complete environment, it will include an “exclusive” five star hotel, parks, schools, and shopping malls. The firm’s marketing director Gurdeep described his company’s decision to build its Jaipur project as a mix of creating demand and anticipating it:

> So far it’s a very traditional sleepy town where activities have now started happening. These MNCs are occupying. GE [General Electric], for example, is present in a large setup out there. And again we are following. We are following the rule that we are going to create the demand whether in terms of infrastructure, in terms of millions and millions of square feet of office space, millions and millions of square feet of residential. . .

Because GE already has a facility there, TechBuilder is willing to take a risk that a sleepy town can attract the multinational corporations necessary to support its proposed development. TechBuilder is both following GE and planning to “create the demand” for its ambitious project.

Like the DLF employee, Gurdeep believes the Gurgaon model can be replicated:

> Basically Jaipur is currently 10 years behind what Gurgaon was. So it has the potential to be the next Gurgaon. What does an MNC or a BPO [Business Process Outsourcing firm] look for? They look for good infrastructure. They look for educated –
skilled, rather, I would say skilled – manpower, and Jaipur has the right ingredients to be the next alternative to Gurgaon with the manpower. Gurgaon, if you see, it has a population of 10 lakhs, and Jaipur is close to about 3.8 million, so the opportunities are huge.

Jaipur is not just different from Gurgaon, but behind it – a lag which provides an opportunity for his firm to develop Jaipur into “the next Gurgaon.” Note that Gurdeep inflates the city’s attractiveness by substituting Jaipur’s total population for the smaller population of skilled workers in which foreign firms and BPOs would be interested. Gurdeep continued by telling me that cheap labor in Jaipur provides an incentive for MNCs to move from nearby Delhi.

TechBuilder will construct the missing infrastructure such firms require: “that’s where the bet comes in that we have to create the infrastructure to provide these companies an alternative,” Gurdeep said. His use of the term “bet” indicates risk, and indeed, when he spoke to BPO firms, they told him, “you guys are crazy doing something in Jaipur.” But then, “several other companies like SAP and Oracle [multinational software firms] and those sort of companies that we have met, they said that we are open to shifting to Jaipur, but where is the infrastructure? So our risk is limited to constructing.” On the one hand, his firm is taking a risk, producing space in advance of demonstrated demand from multinational corporations. On the other hand, it is acting in accordance with received wisdom, consultancies’ premonitions, and a few potential tenants’ expressions of interest. Gurdeep concluded confidently, “we are sure of the reward at the end of the day.”

Where Gurdeep sees assured reward, others see a risky proposition. The risk in exploring the frontier, in trying to capture “early mover advantage” by constructing modern real estate in a Tier II or III city, is that there will not be enough consumer demand. One
Indian developer told me that while he and his father were anxious to find markets “where we can be part of the growth story,” they also “don’t want to enter a market so new it can’t absorb high-quality housing.”

Many international firms try to avoid absorption problems by working primarily in the Tier I metros. One analyst for a real estate fund emphasized that “Tier II cities are important, they are coming around, but it is not going to be an overnight change. It's going to take five or six years.” By contrast, “you will always have demand in Tier I cities.” Analogous to the McKinsey Global Institute’s strategy of targeting the wealthy now and waiting for them to grow; international developers feel it is safer to execute projects today in the biggest cities, where there are consumers now. A representative for an American mall developer explained that the “critical mass that we require” for their brand of luxury malls “will be in these three places only, so either Mumbai, Delhi or Bangalore.” Similarly, a young associate director for a European bank that underwrites real estate loans explained that his firm plans to “work with the top developers in the top cities. We’re doing the less risky thing today because we don’t want to do deals that boomerang.”

By contrast, many Indian developers, convinced that Indians will adopt new consumer habits, do not see uptake as an issue. Even while labeling Jaipur a “conservative” city, Gurdeep felt that his new malls would attract shoppers. In fact, he thought that “acceptance” of new shopping venues would not be a problem anywhere in India:

I feel that I don’t see anywhere in India there is any in the mind that the consumer would not go to a mall like or that they would not prefer. As the population is growing, the younger generation is more exposed to what is happening in the world. That’s the way to go. And that’s happening all over the world, why not here?
Even in his optimistic statement about the pan-Indian market for shopping malls, Gurdeep sees the development of that market as a process of exposure to what’s “happening all over the world.” Similarly, a Delhi-based mall developer told me that every Indian city with a population of 1 million or more could support a 500 square foot mall: “Every town needs a basic shopping center, with a hypermarket, a multiplex, a salon, Adidas-Reebok-Nike. These have become part-and-parcel of your lifestyle.” When I asked whether small town consumers would shop in malls, he replied: “You’ve got to teach the people. It’s the same potatoes at the same price, but the environment is better. They’ll come. The appreciation level has grown.” This developer nonchalantly describes new malls as “basic shopping centers,” a claim of normalcy belied by the hype about organized retail, as it is called; only a fraction of the Indian population can afford the international brands which he breezily considers “part-and-parcel of your lifestyle.” At the same time, he admits that mall shopping requires “appreciation” and “education.” It is to strategies for educating consumers that we now turn.

5.5 Creating Indian Consumers

The McKinsey Global Institute contends that liberalization-induced income growth drives the development of Consumer India; a process of natural convergence, requiring no specific agency, links income growth to new consumer habits. My informants, on the other hand, used the term “exposure,” as did the press: Indians are now “exposed to the best global consumption culture” (A. Shukla 2007, 146) through television, the internet, travel, and employment in the IT industry. While “exposure” also sounds like a passive process, it is not. The firms I profile here actively “penetrate” markets, win over consumers, and
convince them to upgrade their tastes (see Applbaum 2004; Arvidsson 2003; Mazzarella 2003). They do not simply wait for a new consumer society to grow; they build it. And they use the NCAER-McKinsey model of Indian society as a resource in doing so.

The CEO of a major Indian media company told me that his firm “map[s] markets to see how they are progressing, and which markets can afford what kind of advertising spend and then particularly we tailor-make our products.” His company engages in a recursive process with its market research team, continually testing the size of various emerging submarkets – women, youth, home-owners – to see if they can support targeted advertising from other firms looking to attract SEC A or Global Indian consumers. Those submarkets deemed sufficiently large earn new media formats designed for them: regional versions of the company’s news magazine, new niche magazines, or free supplements (called “line extensions”). Reaching out to readers through new media, the CEO believes, cultivates future media consumers. He explained how his firm decided to produce regional language editions of its news magazine:

English is the mainstay for people who are successful, but there are a lot of people who are not comfortable in English, who probably, the next generation would be comfortable in English, and, you know, to have them go through that transition, give them [magazine title] in the language of their choice and as the next generations come up, they will move towards from their local language to the English language edition.

He sees providing regional language editions as a means of exposing the next generation to the magazine and training Indians towards the English edition over time. Of course, he understands English to be the more prestigious language, that of the “successful” in India today. The line extensions, free supplements about luxury living, women in the workplace, or higher education, are similarly “aspirational, not all of it would be relevant and would
come and touch people’s lives, but you’d like to know how people who have arrived in life in the developed world are spending their money and time.” Driven by magazine sales and advertising revenues, this company trains its readership towards new media products and higher-end consumption patterns. “Exposure” is a money-making proposition.

Marketers introduce even those Indians with the incomes to qualify as SEC A or Global consumers to new products and ways of living. This is essential for foreign firms entering the Indian market without changing their business model or product line. One American mall development and management firm looking to build luxury malls in India found that even wealthy Indians do not regularly buy luxury brands. As their Indian consultant Sumit explained, “there are many customers in India who have got money, but they are not aware of why a Valentino or why this brand.” The solution: “we need to actually expose this customer to this particular lifestyle.”

Sumit plans to expose consumers to luxury lifestyles through careful management of his mall’s mix of tenants, which also solves the problem of the relative lack of high-end retailers in India:

[I]n India, we do not have so many luxury and premium brands that we can fill a shopping center, so we need to do a mix of it, a mix of maybe starting with Mango or starting with a Calvin Klein, or maybe starting with a Levis and going till LV [Louis Vuitton]. So a person who is buying a Levis today, tomorrow can buy a Diesel, or maybe he’ll buy a Guess, and slowly he’ll go to maybe Versace jeans. But till the time I don’t expose him to Versace, he’ll never be able to go and buy it.

Like the media CEO who believes in a hierarchy of languages, Sumit believes in a hierarchy of retail brands. By mixing high and low brands in one mall, he plans to train shoppers up the brand hierarchy from Levis to Diesel to Guess to Versace until they habitually buy
luxury: the consumer “slowly graduates and he, after maybe three years four years, he’ll regularly goes to Versace.” In a country where most people do not wear branded or ready-made apparel, buying a foreign brand at a fancy new mall is itself a statement of prestige, means, and modernity. Sumit contends that the caché of the mall can be pushed further: after training consumers into luxury shopping, he can change the tenant mix of the mall to include more high-end retailers over time. In the end, his American employer should have both malls and consumers that fit its international model.

Moving consumers up the goods hierarchy provides great opportunities for companies to grow in India. In a corner office in northern Bombay, I spoke with Alexander, the managing director of a European firm that sells kitchen fittings and other architectural hardware. Entering the Indian market about six years ago, his company brought products from the lower end of their international product line in order to accommodate Indian budgets. Otherwise, it did not alter its product line substantially to suit Indian tastes, building a brand name in India around selling quality imported fixtures. Alexander explained,

[S]ince we were also coming in with a new concept, that, you know, wasn’t known, we didn’t really have to tailor make it so much to the market, because we were creating a new demand if you want. And told our customers, this is the latest that is done anywhere in the world, give me a good reason why you shouldn’t be doing it here? And there really aren’t too many good reasons.

Alexander’s pitch relies on his products’ international origins and their stylistic currency, “the latest that is done anywhere in the world.”

Nevertheless, like Sumit, Alexander must actively woo potential consumers:

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13 In a country where less than one percent of the population has a microwave or cooking range and only 6 to 10 percent have a kitchen sink, his kitchen products cater to a very elite audience (MRUC - Hansa 2006, 150).
It’s not necessarily that people don’t want to spend the money. The money is there. They just don’t know. They’re just not educated. They don’t know what’s there, what is available, and what is better than the other thing. And if you do a good job explaining that to them, either through your advertisement and media communication or through a one-to-one interaction then I think you will almost always score, because people will be impressed with that.

Alexander reads Indians’ lukewarm response as a sign of their ignorance; he does not entertain other explanations for a mismatch between his merchandise and demand for it. His solution is education, a process of explanation, advertising, and demonstration: “we make them aware that there are things that they might want to aspire to. We bring them to our showrooms here and let them see it and feel it and touch it. We’re now creating a demand for these products, so they say to their carpenter, but I want [Alexander’s brand].”

He assumes that the inherent superiority of Western goods will win over Indian consumers once they are exposed to them.

Educating consumers provides his firm an immense opportunity to grow in India:

And we’re just scratching the surface. Really just scratching the surface. If you think everything really only started here in 2003, you know we’re four years and a bit into the game of development. And what is that? Nothing. You know, I mean. This has – look out of the window. (he waved his hand towards apartment buildings visible from his window) We have two or three generations ahead of us here that will soak up innovation and development to come up to whatever somebody would call world class level. So, the opportunity is mind-boggling. So that’s what’s the fun bit of it. So I can go quite happily into retirement in India and grow double-digit every year for the rest of my career.

14 Alexander targets housewives and couples through advertising, assuming that they will direct their carpenters and other workmen to his products. This undermines the authority of carpenters, who would have previously decided what brand of hardware to use. Advertising for modular, pre-fabricated kitchens often have a classist message that associates international products with quality: trust us (an international company) not your local handyman.
In the middle of this passage, Alexander called on the apartment buildings outside his window to indicate the growth potential of the Indian market. These were run-down buildings, probably filled with cramped, but very average, Bombay apartments. Plaster peeled from the dingy walls in the Bombay humidity; potted plants and laundry hung from little balconies. For Alexander, these buildings represent all the people living not-yet-world-class lives, all the people whose style of living and aspirations his company could transform. In short, he sees them as future consumers.

Teaching Indians to consume new products is a “game of development” that has just begun. Alexander redefines development as consumption (as do other marketers, see Biyani 2008). It is a passive process: Alexander sees consumers as merely “soaking up innovation and development” that comes from the rest of the world. This neo-colonial discourse positions Indians low on a hierarchical scale that runs from Indian to Western/global, traditional to modern. Moving Indians up the hierarchy, his firm could achieve “double-digit” growth. Just as infrastructure deficient Tier III cities offered developers scope for profit, India’s social backwardness thus provides this international firm “mind-boggling” opportunity.

Sometimes, to sell a particular product, marketers inculcate the idea of consumerism itself. One Delhi-based real estate developer, responding to the nuclear family trend, foresaw a market for retiree housing. His son, Anand, investigated the possibility as a master’s student in real estate in the U.S. While he visited retirement homes in Florida, his father hired a consulting company to research the viability of the concept in North India. Eventually, they built a series of modest, five story buildings about an hour outside of Delhi and offered one, two, and three bedroom flats to people over fifty-five. They included a
central green space, organized activities, and on-call medical service and marketed the project as “India's first retirement resort.” They’ve now replicated the project in other cities.

Initially, however, they had trouble making sales because of the residence restriction. Retirees were reluctant to purchase a home in which their children could not live after they were gone. Anand explained the biggest difficulty he had marketing the project:

> [It was] convincing a customer that it’s all right if your children cannot stay after you are not there in your house. They are not going to stay anyway because this is [a Delhi suburb], they are working in Delhi. They are not going to go to [a Delhi suburb] to stay. Just that thought process breaking. That it's all right, you are getting a lifestyle. They’ll still get that asset you own, which will be theirs, and we will help them.

In order to reassure potential buyers, the firm offered to help residents’ heirs resell the properties or rent them out. As Anand says, residents’ children could still inherit the property as an asset, just not as a place to live. Resistance to buying the retirement homes indicates a crucial difference in attitude between Anand and his potential customers: the former sees the house as a financial asset that can easily be made liquid, while the latter conceives of it as something to be used, lived in, and passed on to future generations.

Anand saw the difference in attitude in terms of a culture of parental responsibility:

> It's a big big thing in India. Parents work, work, work, get their children up, and still after they retire, also, still want to give. We want to change that thought process. Here you have a lifestyle, which is against the Indian thought process is that we are telling them, first look at yourself – now they [children] are settled, they are doing well for themselves. You don't have to worry about them. If you have brought them up good, they are good. So what we are saying is, forget about them right now. Live your life first and whatever you have left, just give it to them, and we will help you whenever we can as a company.
Anand asks retirees to stop worrying about their children and think of themselves. As he repeats, he is selling a *lifestyle*: not just a house, but a personal consumer choice and a new way of living. The marketing copy for the project reiterates this message: “you’ve worked hard and fulfilled your responsibilities, now it’s time to think about your needs, your comforts and your peace of mind. Its [sic] time to enjoy life independently and on your own terms.”

Anand’s retirement project does not merely fit a “need” arising from the trend towards nuclear families; it also has the potential to transform people’s thinking and behavior. The seemingly simple act of purchasing a condominium in fact invites buyers to embrace a new understanding of themselves, their families, and their priorities: to embrace individual self-fulfillment through consumer choices. Anand’s difficulty marketing his new retirement homes casts doubt on the stories with which we began this chapter, narratives about how economic liberalization created consumers for real estate products. If the process of selling condominiums invites potential buyers to re-consider homes as commodities through which they can attain self-fulfillment, is the idealized real estate consumer the cause or the outcome of the real estate boom? In accommodating perceived social trends, do developers create consumers? Anand, Alexander, and Sumit are each doing their small part to educate Indian consumers, exposing them to new products and ideas with the hope of making markets for their products. Like other marketers, developers, and consultants, they are pushing the changes which they see as inevitable, helping to make NCAER knowledge self-forecasting.
5.6 Rescaling Global Living

In 2008, Kamal Nath, the Minister of Commerce and Industry, described India’s transformation since the 1970s using familiar language. By 2004, when he began his term,

A distributonal society had given way to an aspirational society. Across the nation, in both rural and urban areas, the climbers were aspiring and the aspirers were consuming. The horizon of expectations was expanding at all levels. The prevailing conviction was no longer that ‘life should be better for my children.’ Instead, it was that ‘life should get better for me,’ and in the next few years, if not right now. (Nath 2008, 75)

Not only does Mr. Nath employ the language of the NCAER, he also generalizes, describing the “prevailing conviction” common to “both rural and urban areas” as though this impatient attitude is a society-wide phenomenon. Like those in the real estate industry who speak about the post-liberalization income growth of the well-educated, upper caste, and upper class youth employed in the IT industry as though their experience is broadly representative, Kamal Nath tells a partial story. He also describes an ongoing process in the past tense, transforming the predictions of the international consultancies into a description of fact. According to Mr. Nath, India is not developing into an aspirational society; it already is one. His generalization hides his partiality, and his use of tense hides the ongoing work of creating the aspirers, climbers, consumers, and convictions of an aspirational society – work, that, as we have seen, real estate developers, investors, marketers, editors, graphic designers, and others undertake every day.

New buildings themselves have come to symbolize the success of liberalization. The row of malls crowded along the Mehrauli-Gurgaon Road south of Delhi and the towering apartment complexes behind them seem solid, indisputable evidence of the social and cultural changes that have accompanied economic liberalization. The actual experience of
real estate developers reveals, however, that these are speculative gambles. The projective
nature of each construction project is lost in the finality of concrete and brick. Only the
occasional failure or fear of a general market downturn calls the surety of these buildings,
and the ubiquity of the social changes they convey, into question.

Both constructing buildings and forging a new consumer society depend on the
semiotic work of sorting, labeling, grading, and rating. The NCAER, the McKinsey Global
Institute, Hansa Research, and others have sifted through the complexities of India’s social
order, using the lens of consumer activity to create new classifications. Similarly, Jones Lang
LaSalle and other international property consultants have ranked localities in order to
shoehorn them into international categories. These are semiotic tactics aimed at rendering
India legible to foreign investors and companies by establishing transnational equivalencies.
These various consultants create analogies between hierarchies of people, goods, buildings,
and places and reinforce the idea that class is a measure of global outlook. The slippage
between Indian and international categories – between multinationals’ mass market products
and the elite Indians who can afford them – fosters a productive misrepresentation: “Middle
class” refers to the rich but conjures the common man.

Rating also produces hierarchies, and these organize activity by orienting it along a
trajectory of progress. Hierarchies establish a means for moving from the past to the future,
from the traditional to the modern, and from the Indian to the international; by identifying
deficiencies, they create the frontiers of capitalist activity. Because it orients actors towards
the future, the new social knowledge promulgated by the NCAER and other consultants
provides an alibi for ignoring the present, enabling developers and others to target the
wealthiest Indians today and assume that they are the leading edge of future demand. The
result is discourse about the middle class and construction for the wealthy; a proliferation of luxury malls, swanky apartments, and golf courses in a nation with an estimated housing shortage of more than 24 million units (National Building Organisation 2008). Of course the wealthy are a lucrative market, but it is the assumption that they are the future of the market and that their tastes are (or are soon to be) just like those of consumers elsewhere in the world that draws real estate developers and multinationals to wooing them.

As they do so, they construct buildings, design advertisements for them, and publish home décor magazines. These various media translate the business discourse of hierarchies and ratings into structures of aspiration for wide audiences, exposing those Indians able to participate in consumption today to new products and preparing the groundwork for those who cannot. Just as media moguls plot to train readers to appreciate lifestyles beyond their means, buildings provide a spectacle of modernity or a “simulacrum of inclusion” for non-elites (Guano 2002). Even before new buildings are constructed, large hoardings along construction sites’ boundary walls proclaim the virtues of global living. From Kolkata to Kochi, the visual space of Indian cities is saturated with images of light-skinned people playing tennis, using their laptops, drinking wine, swimming in pools, shopping, and dining out. Thus the products of the new hierarchical social knowledge broadcast images of how a very small percentage of the population lives. They scale up expectations about global living while concentrating resources – land, infrastructure, amenities – on wealthy consumers and locales. While promoting a prosperous future, they exacerbate the uneven geography of the present.
CHAPTER SIX  
CONCLUSION: ROUTES OF ACCUMULATION

6.0 Successful Accumulation?

The wind whips up dust in the narrow, treeless lanes between rows of bamboo and tin barracks on the construction site I am visiting with a woman from a non-profit that provides social services to the poor. Beyond a chain link fence are unmortared brick huts with tin roofs, the provisions made by another construction company. In the distance, we can see the gleaming white walls of the apartment complex this camp’s residents are constructing. Here in the camp, children play in the dust. Residents have hung laundry along the lanes and strung tarps for shade. A string of bulbs runs down the central alley, but none of the houses have electricity. We pass the bathrooms – a double row of privies – near a row of spigots over a platform with a drain. This is the water supply for the whole camp. It is crowded with men in their underwear, lathered up and suddsing their children, people filling buckets, women washing pots and pans, and a few women bathing in their saris. There are no partitions between the spigots and no facilities for women to bathe in private.

Down a side lane, Aasha nurses a baby on the stoop of her hut. Her face is haggard and wrinkled beyond her age. She tugs at the end of her deep green sari, making sure it covers her head as she speaks to us. Another child, about four, squirms at her side. Her daughter, maybe eight years old, lugs a plastic oil jug sloshing with water back to the hut. Her salwaar kameez is a rough, brown material, like burlap; her hair is matted. Aasha leaves her children here, untended, when she works on the site. She and her husband came to Gurgaon less than a month ago from Jhansi, Uttar Pradesh, where they’ve left two older
children with Aasha’s in-laws. We ask why she came to Gurgaon. She lowers her voice and says their land in the village was *sukha*, dry. She asks, “Without water, how can I feed my family? We had nothing to eat.” The woman I am with asks if her husband had worked in the village. She laughs at the suggestion and says, no, there is no work in the village. So her husband’s *mama* (maternal uncle) suggested they come to the city to work with him on a construction site, and they came. She and her husband each earn Rs65 a day.

On the site that day, I also met Ram, a carpenter (or *mistri*) who was working high up, on the topmost concrete slab of the building. He complained about how little of his daily pay (Rs120.15) he is able to send back to his family in Bihar, after spending on food and tobacco. I also spoke with a woman named Devi, while her young daughter, dressed in ruffles, peaked out from the pleats of her sari. Devi described working on the site every day, carrying loads of *masala* (materials like bricks and sand) on her head, even though she was seven months pregnant. A woman from Chattisgarh bragged about how many bricks she could carry at one time, gesturing to show us the size of an imaginary stack. In the next breath, she admitted she sometimes feels lightheaded and too weak to work. As I conclude this dissertation, I think it is important to reflect on these lives lived in the shadow of Gurgaon’s modern towers in order to ground my account of the “India story” in that narrative’s material consequences.

Aasha’s tale is not unique. Like other construction laborers, she and her husband have come to Gurgaon to escape desperate rural conditions. A study of 425 construction worker households at ten sites in the National Capital Region found that workers had migrated to escape drought, debt, and unemployment in their home villages. Just over half of the migrants had come from Chattisgarh, a state where only 16 percent of the land is
irrigated.\(^1\) Families struggling to survive on small, rainfall-dependent plots in rural areas where wage labor is only sporadically available, and at reduced wages, feed their children by migrating (Mobile Crèches 2008). As David Mosse, Sanjeev Gupta, and Vidya Shah (2005) demonstrate, for example, bhil adivasis (tribals) in Madhya Pradesh, Gujarat, and Rajasthan are unable to sustain precarious rural livelihoods without seasonal migration to work on urban construction sites. The Second National Commission on Labour concludes that “workers in the construction industry are often rural migrants who were mostly landless labour and on the brink of starvation in villages” (2002, 100). Construction work thus feeds on agrarian distress.

However, construction is far from a safe haven. Few construction workers make the legally mandated minimum wage.\(^2\) According to the study in the National Capital Region, Apart from one government site in Delhi, where 22% of the male workers received the minimum wages, almost no other employer pays the labour, and certainly not the women, the legal minimum. Women continue to do the head-loading, the most unskilled job at the site, and get paid less than the male workers. (Mobile Crèches 2008, 3)

While all of the households in this survey were earning more in the Capital than they had in their villages, only nine had managed to save any money, and none had accumulated any assets. Fifty-five percent sent some money home to relatives, but the majority reported spending most of their income on food and medicine. Nevertheless, the study found that two out of three children in these families are malnourished (Mobile Crèches 2008, 5).

Without permanent homes or identity cards, workers find themselves excluded from (and

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\(^1\) Others came from Bihar, Uttar Pradesh, West Bengal, and Madhya Pradesh. Migrants from Bihar reported floods and those from Jhansí, Uttar Pradesh reported three years of drought (Mobile Crèches 2008, 13).

\(^2\) During my fieldwork, the minimum wage for unskilled labor was Rs101.47 per day in Delhi, Rs117 per day in Haryana, and Rs111.49 in Uttar Pradesh (see Mobile Crèches 2008, 27).
often ignorant of) government programs for the poor such as rations, schooling, and health care (Mobile Crèches 2008, 25-6).

Other studies of construction workers corroborate this picture of exploitation and deprivation, concluding that construction laborers face under- and non-payment of wages; long hours of work, often without access to water or bathrooms; squalid living conditions; job insecurity; health problems; hazardous working conditions; and often, harassment at the hands of authorities (K. Das 2007; R. Ghosh 2004; SEWA 2000; Suryanarayan 2004). Rare press reports of construction worker fatalities and illness hint at the hazards of hard physical labor with poor equipment and inferior materials on sites lacking warning signs, fencing, and first-aid stations (Asian Age 2005; Dastidar and Krishnan 2008; Hindu 2008; L. Kumar 2005; Makkar 2007; Mukherjee 2003; Times of India 2002, 2008). These perilous landscapes, this hard work, and this deprivation, are as much the consequence of real estate growth in India as are the gleaming towers that have captured the national imagination.

These workers, however, do not appear in the real estate industry’s version of the “India story.” By the industry’s own measures, Indian real estate is booming: growing at 30 percent a year, attracting billions of dollars in investment, and contributing significantly to the GDP. According to consultancies and politicians, this growth will automatically reduce poverty. In a special issue of The McKinsey Quarterly on India, for example, author Anil Zainulbhai summarizes the McKinsey Global Institute’s prediction that

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3 Labor activists and employees at the NGO Mobile Crèches told me that most on-site accidents are never reported to the police or the press (the latter has difficulty accessing construction worker camps due to construction company security); that families rarely receive treatment of compensation from construction companies; and that sometimes injured workers are merely quietly shipped back to their villages. The Second National Commission on Labour also found that “contractors remove sick and injured workers from sites and pay rolls without giving them adequate compensation” (SNCL 2002, 634).
if GDP grows by a modest 7.3 percent a year over the next two decades, the country’s poorest people will continue to gain ground, so that the deprived segment – those making less than 90,000 rupees annually, about a dollar per person a day – will drop from 54 percent of the population in 2005 to 22 percent by 2025. (Zainulbhai 2007, 10)

This is the part of the “India story” that Indian politicians tell and retell. In his column for the Indian Express, Finance Minister P. Chidambaram recited the cliché of “the tide that will lift all boats,” arguing that “it is sustained economic growth – and the consequent reduction in levels of poverty – that will empower millions of people in India” (Chidambaram 2007, 1-2). Similarly, Prime Minister Manmohan Singh often harps on “inclusive growth” in his public speeches. He told a crowd gathered for the fiftieth anniversary of the founding of the NCAER, for example, “Rapid growth is needed to provide hope and productive employment for the millions of young people joining the labour force each year, and to accelerate the reduction of extreme poverty” (NCAER 2007, 76).

Real estate industry members support this vision with numbers, touting the industry’s contribution to the growth of GDP and employment. Pradeep Jain, Chairman of Parsvnath Developers, reminds his readers in Realty Plus magazine that real estate is “a labor-intensive sector, the second largest employer after agriculture providing support to approximately 250 ancillary industries” (Jain 2006). Similarly, according to the National Buildings Organisation, “every one million rupees spent on construction generates 3000 man days of skilled and semi-skilled employment, and 1300 man-days of managerial/technical employment” (quoted in SNCL 2002, 96). Real estate activity also contributes directly to GDP growth, they argue. According to Renu Sud Karnad, Executive Director of the Housing Development Finance Corporation, “for every Indian rupee invested in
construction of houses, 78 paise is added to the gross domestic product (GDP) of the country” (Karnad 2005).

However, when we look at the industry itself, we can see that industry members have been building new routes of accumulation that bypass the poor, not enrich them. The real estate boom has not resulted in housing for the poor. As I have shown, the very discourses about growth which garner investment funnel it towards high-end housing and land speculation (which in turn pushes up property prices and leads developers to build high-end housing). The sudden growth of the Indian real estate sector has created jobs: the number of people employed in construction increased dramatically, from 14,600,000 in 1995 to 31,000,000 in 2006. However, the proportion of unskilled workers also increased, from 73.08 percent of all construction workers to 82.45 percent (CIDC 17-18), suggesting that the industry relies on those McKinsey would categorize as “deprived” to construct its buildings.

Workers are missing from the “India story,” and they are therefore also missing from the statistical record. Few ethnographers have chronicled workers’ experiences (cf. Breman 1996). Scarcer yet are comprehensive surveys. Beyond anecdotal evidence from labor activists, there is little record of changes in workers’ pay and living conditions over time.4 Existing reports and court opinions suggest that workers faced similar conditions in the early 1980s (see Suryanaryanan 2004, 22-24), in the mid-1990s (Breman 1996), in 2002 (SNCL 2002), and today (Mobile Crèches 2008). The continued invisibility of construction workers – and the lack of data from which to make claims about them – in the context of significant

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4 Subash Bhatnagar, who has worked with construction and other unorganized workers in Delhi for thirty years through the Nirman Mazdoor Panchayat Sangam, told me that he thought an increase in mechanization, particularly the introduction of piped mixed concrete, has resulted in fewer women working on construction sites than twenty years ago, when they made up approximately 40 percent of the unskilled labor. He told me he had noticed no large changes to laborers’ working conditions in the past five years, that is, during the building boom (interview with Subash Bhatnagar, February 2, 2008).
media attention on real estate indicates industry elites’ power in defining the terms of media coverage, study, and debate.

Alongside invisible poverty, the real estate industry has also created visible wealth. While construction laborers – especially the unskilled majority – struggle to earn the stipulated minimum wage, those at the top of the chain of contractors through which they are hired measure their success in lakhs and crores. During the building boom, real estate development companies announced increasing profits (Table 6.1) and paid themselves handsomely (Table 6.2). Salaries for real estate executives now often outpace salaries for CEOs in sectors such as manufacturing and IT (see Hussain 2008b; Raja D., Ramarathinam, and Shree 2007). As firms expanded rapidly and competed to attract professionals from other industries, salaries for Indian real estate development firms’ lower level employees have also increased by 25 to 30 percent each year between 2006 and 2008 (Hussain 2008b).

5 Of course, profits are merely a measure of how much a firm’s promoter want to take out of a company in a particular year, so alone, they are of limited usefulness in measuring company size or estimating future performance. Moreover, profits are often uneven in real estate as compared to other industries, fluctuating with completed projects (see Brett 1997, 128-145). Other issues can complicate profit reports. DLF’s comparatively high profits in 2006-7 and 2007-8, for example, stem from sales the company made to DLF Assets Ltd, a sister concern that the promoters plan to list on the Singapore stock exchange. More than half of DLF’s profit in the third quarter of 2007-8 derived from sales it made to DLF Assets Ltd, even though DLF has yet to receive full payment on those sales (Raja D. 2008b).

6 Cement company CEOs have also profited from the building boom. P. R. Ramasubrahmaneya Rajha, managing director of Madras Cements Ltd. was the highest paid executive in India in 2006-7, earning Rs24.78 crore. By comparison, Ultratech Cement Ltd. paid its director S. Mishra 3.36 crore; Yadupathi Singhania, managing director of JK Cement Ltd., earned Rs 2.2 crore; and Damia Cement (Bharat) Ltd’s managing director earned Rs74 lakh (Raja D., Ramarathinam, and Shree 2007).

7 Srinivasa (2007) provides an example of a 25-year-old architect whose starting salary of Rs60,000 in 2004 had quadrupled to Rs240,000 (2.4 lakh) in 2007. By 2008, recent engineering graduates earned Rs12-15 lakh yearly at real estate firms (compared to Rs6 lakh in other industries), and vice presidents made approximately Rs50-60 lakh (Hussain 2008b). While the press made much of this apparent success, it often generalized in a misleading way. Hussain (2008), for example, asserts, “It isn’t just chief executives; everyone in the real estate business in earning more.” She makes no mention of construction workers and their wages in her article. “Everyone in the real estate business” means, apparently, skilled, white collar employees.
Table 6.1
Selected real estate developers’ profit after tax (in Rs millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unitech</td>
<td>348</td>
<td>876</td>
<td>13,055</td>
<td>16,692</td>
</tr>
<tr>
<td>DLF</td>
<td>459</td>
<td>961</td>
<td>19,337</td>
<td>78,558</td>
</tr>
<tr>
<td>Omaxe</td>
<td>50</td>
<td>1,190</td>
<td>1,381</td>
<td>no data</td>
</tr>
<tr>
<td>Parsvnath</td>
<td>657</td>
<td>1,070</td>
<td>2,718</td>
<td>4,087</td>
</tr>
<tr>
<td>Ansal API</td>
<td>no data</td>
<td>374</td>
<td>1,321</td>
<td>1,735</td>
</tr>
</tbody>
</table>

* These are fiscal years, ending March 31st


Table 6.2
Executive salaries at selected Indian real estate development companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Executive</th>
<th>Title</th>
<th>Fiscal Year</th>
<th>Salary (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unitech</td>
<td>Ramesh Chandra</td>
<td>Chariman</td>
<td>2006-7</td>
<td>1.18 crore</td>
</tr>
<tr>
<td>DLF</td>
<td>T. C. Goyal</td>
<td>Managing Director</td>
<td>2006-7</td>
<td>4.5 crore</td>
</tr>
<tr>
<td>Omaxe</td>
<td>Rohtas Goel</td>
<td>Chairman/Managing Dir.</td>
<td>2005-6</td>
<td>36 lakh9</td>
</tr>
<tr>
<td>Parsvnath</td>
<td>Pradeep Jain</td>
<td>Chairman</td>
<td>2007-8</td>
<td>6 crore</td>
</tr>
<tr>
<td>Ansal API</td>
<td>Anil Kumar</td>
<td>CEO</td>
<td>2006-7</td>
<td>45 lakh</td>
</tr>
</tbody>
</table>

Sources: data from Hussain 2008b; Parsvnath Developers Ltd. 2008; Unitech 2007a.

Overall, Indian real estate developers’ profit margins – though variable and difficult to trace – range above 20 percent, making them significantly higher than margins for other Indian industries or American real estate projects.10 DLF apparently keeps a profit margin of 35 to 40 percent on mid-market residential projects and 75 percent for luxury residences

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8 This may not include housing, health, and other allowances, nor does it take shares or share options into account.
9 This is Goel’s salary from the fiscal year ending in March 31, 2006. The company also paid him Rs13.2 crore that year for the use of the brand name “Omaxe,” to which Goel owns the rights. In light of the company’s forthcoming initial public offer in 2007, Goel promised to forego this royalty until 2008, with a payment of Rs10 lakh each subsequent financial year (Raja D. and Hussain 2007). This arrangement hints at the creative ways directors find to extract profit from their companies.
10 Wadhva reports that for 13 projects in Ahmedabad for which he was able to collect data in 1989, profit margins ranged between 18 and 195 percent of total project costs (Wadhva 1989, 136). Contemporary margins are probably equally variable; my informants estimated 20 to 100 percent. As one journalist explained, real estate development in India is “a high-margin business. Whereas most Indian businesses make an eight to 10 percent margin, in real estate it’s 25 to 30 percent.”
A contractor justified such margins, remarking “The issue in real estate is there is huge risk involved, so low margins are not viable.”

High property sales prices have partly cushioned developers from the effects of rising land costs, which now account for 50 percent of project costs in metropolitan areas, and up to 70 percent in Mumbai. Moreover, developers keep construction costs low (between 20 and 40 percent of project costs) through low labor costs. The managing director of one of India’s largest construction firms estimated that only ten percent of construction costs are for labor, with four percent of that for supervisory staff. Mosse, Gupta, and Shah (2005) report that even government jobs squeeze labor to reduce costs. They interviewed municipal officials who admitted, “financial constraints exert pressure to keep project costs down and that given the relatively fixed costs of materials and transport, building contractors make their profits on the labour component through exploitation of cheap migrant labour recruited via mukkadams [jamedars]” (3030).

Keeping margins high by keeping labor costs low generates high returns, a requirement of the speculative culture that I have described in this dissertation. Developers also reap profits from land speculation. Developers who bought land in the past, at pre-speculation prices, are able to sell properties at today’s inflated prices without incurring high land costs, achieving much higher returns than those who have purchased

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11 Developers can earn such high margins on luxury properties because the relative costs of fine finishes (marble instead of tile, for example) are small compared both to fixed construction costs (foundations, concrete and steel work) and to the final sales price, which is much higher for projects billed as “luxury.”
12 A McKinsey Global Institute study reports that construction material costs are roughly the same between the U.S. and India (30% and 28% of total project costs, respectively); land costs are higher in India (49% compared to 24% in the U.S.); and labor costs are significantly lower in India (only 5% compared to 37% in the U.S.) (McKinsey Global Institute 2001).
13 Pankaj, a consultant, told me, “You take a typical real estate project in ah, Delhi – Gurgaon, wherever. Even at whatever land cost that land is available at, I don’t think any real estate developer looks at a project, which has an IRR [internal rate of return] of less than 35% after tax.”
land in the past three to five years. Ashish, a consultant, explained that some returns are so high as to be incalculable: “[T]hey [developers] bought land at historical levels so land is almost free. Then they get funding through development and pre-sell that, so it’s like how do you calculate return when you have not even put your hand in the pocket and you have made money?”

These stories of high returns have attracted foreign investors to Indian real estate. Through the partnerships with Indian developers, they have been able to cash in on the Indian real estate bonanza. For example, Trikona Trinity Capital Plc, a fund headquartered on the Isle of Man, managed from the Cayman Islands, and listed on the London Stock Exchange Alternate Investment Market, reported a gross internal rate of return ranging from 27 to 179 percent for eleven of its twelve investments for the fiscal year 2007-8 (Trikona Trinity Capital Plc 2008, 14). These investments had simply gained value since Trikona had first invested in them, seven to 16 months previously. Trikona’s annual report makes much of these gains and emphasizes that their own investment attracted further buyers, pushing share prices in one particular project from Rs25 to Rs80 in eleven months.

Investors aim, however, not only to invest, but to “realize assets,” that is, profit through “exiting” them. Trikona was one of the first funds to do so successfully. In November 2007, its managers sold a percentage of the fund’s investment in four different projects to an affiliate of a German fund, SachsenFonds GmbH, for £32.1 million, realizing an internal rate of return of 108 percent on its investments. These gains pushed the fund’s

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14 Gross internal rate of return is calculated before deducting management fees, interest, and disposal costs. One Trikona investment lost money, earning an internal rate of return of -38 percent. Some of these investments are at the project level and some at the company level.
Net Asset Valuation up 22 percent and helped the fund achieve a before-tax profit of £64 million (Trikona Trinity Capital Plc 2008, 10).

In this dissertation, I have shown how Indian real estate developers, contractors, foreign and Indian investors, consultants, and the Indian government have been creating new routes of accumulation that link Indian land and buildings to international circuits of finance capital. The success of such efforts can be measured in the profits of developers like DLF and funds like Trikona. Here, I am suggesting that these profits come at the expense of workers, whose deprivation continues. These material consequences – the accumulation of money and power – are, I have argued, founded on and fuelled by stories.

6.1 Stories Fuel Growth

The route of accumulation that begins with underpaid labor and speculation in land and ends with Trikona’s exits has been made possible, in part, by stories about growth. In Chapter Two, I showed how money managers in Western and East Asian capital markets actively sought out new investment opportunities when faced with an overaccumulation of finance capital. Hoping to guide the expansion of that capital into Indian real estate, the Government of India, investment banks like Goldman Sachs, consultancies such as McKinsey & Company, the international and Indian business media, and individual developers and fund managers have conjured images of a prosperous, globally integrated Indian future. By telling stories about growth – about economic growth, property value appreciation, the rise of the IT industry, urban growth, income growth, India’s young population, and a growing middle class – these groups have actively positioned Indian real estate as an attractive investment. In doing so, they have produced narratives in which even
stories of economic scarcity – the relatively low number of mortgages, hotels, malls, and homes, for example – can be reinterpreted and retold as indicators of incipient growth and thus as indexes of potential profitability.

These representations of future growth enable the trade in buildings to speed ahead of the slow, capital-intensive process of physical construction. Summarized and circulated by the business press and consultancies, predictions guide individual developers, investors, and consumers as they invest money in buildings that may not be completed – much less turn a profit – for years. As a result, land is not allocated to capital according to the machinations of a socially disembedded land market. Instead it is moved by the cumulative actions of individuals betting on the future based on a shared set of assumptions: particularly that India’s economy will become more globally integrated as its IT industry climbs the global “value chain” and that Indians will become more prosperous and develop internationally familiar consumer habits over time.

The futuristic landscape of malls, offices, and housing complexes appearing all over India is, I argue, a result of this bet. These speculative discourses are productive. Conjuring the future, they organize action in the present, guiding industry members as they change laws, develop new deal structures, form partnerships, buy buildings, and start construction. Since real estate activity itself (foreign investment, the size of the industry as a whole, price appreciation, etc.) is taken as a sign of the felicity of the “India story,” these discourses are also performative: they create the effects they predict.

Three characteristics of these speculative discourses contribute to their usefulness in channeling aspirations and directing actions. First, I argued that that they create hierarchies of aspiration. By organizing people and places on an evolutionary ladder, such discourses
identify frontiers for capitalist expansion (the less developed places and consumers) and
guide expectations about the direction of “growth.” Stories about “progress” towards an
international norm that place India further behind on a familiar development path draw
foreign investors who are comforted by indicators of similarity. By enabling investors to
envision Indian real estate as a market soon-to-be comparable to those elsewhere, these
images, stories, and predictions guide investors in making it similar. Second, predictions of
growth often lay out the steps necessary for their realization. My informants often slipped
between prediction and prescription, describing a projected future as a certain one and the
steps to achieving it as imperatives. Third, discourses about growth distract investors from
the present. Developers and industry pundits write about small fractions of the Indian
populace – the “global” Indian and the IT industry – amplifying their significance through
predictions of their growth in order to advertise demand for real estate products.
Projections of growth enable the industry to discuss the “middle class” of tomorrow while
constructing for present elites.

The stories that industry members use to draw investment to India are the same as
those politicians tell. Developers’ future middle class consumers are politicians’ future
empowered constituents. The “India story” they both narrate postulates automatic, natural
processes – progress and rising tides. However the assumption that GDP growth will
automatically translate into poverty reduction without specific human agency hides the
crucial work that industry members do to create growth and accumulate profit.
6.2 Change Requires Work

As this dissertation has demonstrated, “trickle down” is a chimera. Money does not flow or trickle; it is moved, painstakingly through new partnerships, practices, and laws. This dissertation presents the construction of a new, international market for Indian real estate as the culmination of numerous struggles to attract investment, construct authority, and maintain control.

One such struggle occurs legislatively. To enable financiers to move international capital into Indian real estate – and to remove it again with a profit – the Indian government is building a new structure of laws and practices. In the Introduction and Chapter Two, we saw evidence of this new structure, which has opened real estate to foreign investment and created new opportunities for private firms to develop property and infrastructure. This is an ongoing struggle. Even as activists and farmers resist Special Economic Zone projects and slum demolitions across India, developers continue to press for a more favorable regulatory regime (lower stamp duties, full repeal of Urban Land (Ceiling and Regulation) Act, and computerized land records).

Less visible, but no less important, are the struggles that occur inside the industry itself, as investors and developers work to remake themselves and each other in order to make the movement and accumulation of money possible. To transform Indian buildings into international financial tools, foreign investors feel they must construct new buildings suited for foreign tenants and structured as off-shore corporate entities. Constructing new buildings in India, however, foreign investors face hurdles acquiring and assembling land. Indian real estate developers, eager for foreign capital in order to scale up their operations to take advantage of the building boom, have stepped in as intermediaries in this process,
bringing parcels with clear title, land use change approvals, and other permits into joint ventures with foreign investors. As we have seen, however, issues of trust and control plague these partnerships. Foreign investors complain about fluctuating deal parameters, slow negotiations, inflated land costs, and uneven profit sharing. Their frustrations highlight divergent modes of doing business.

Investors’ project of building “global quality” buildings in India thus involves them in a struggle to transform Indian real estate practices and to transform Indian real estate developers into familiar, legible partners. Investors often require Indian partners to adopt a board of directors; hire professional financial officers; put in place construction monitoring and other business systems; change their accounting practices; and value their operations according to international parameters. Investors also attempt to control individual projects by hiring architects and contractors; altering the sequencing of work on the construction site; increasing the construction budget; and insisting on the use of complete construction drawings.

These changes are not passively accepted; many developers bristle at such “interference.” Based on their experience on the ground, and on the current speculative boom in land, they feel that the market rewards quick turn-around times on projects and a history of delivering finished buildings – not adherence to detailed financial models. They doubt that “bankers” from abroad have the capacity or the local knowledge to take advantage of business opportunities as they arise, and they are dubious about whether high construction costs will produce significantly higher rents.

In order to construct buildings in India, then, foreign investors must first construct authority and win allies. Foreign investors do so by making claims to “global” expertise;
they claim familiarity with the expectations of global tenants and with international methods of real estate development, from building standards to leasing methods. They also use language that makes their particular practices seem universal and virtuous. By labeling Indian developers’ practices as “non-transparent” and their buildings as “poor quality,” foreign investors attempt to devalue Indian developers’ expertise, to obtain favorable investment terms, and to urge Indian developers to transform themselves into legible intermediaries (and less risky partners). These discourses cast investors’ practices as authentic and moral, and Indians’ as fraudulent.

At the same time, Indian real estate developers are engaged in their own struggles for credibility. By claiming to construct “global buildings” and positioning their buildings as elements of the “international quality” register, they construct prestige among Indian buyers and appeal to Non-Resident Indian consumers. Their advertising thus links new building to overt international markers: light-skinned models, North American landscapes, names like “Malibu Towne” or “Orange County,” imported materials, gothic arches, and Greek columns.

In order to attract foreign investment and to change their reputation domestically, Indian real estate developers are also transforming themselves into “transparent” partners. Developers motivate emblems of professionalism and world-class status to distance themselves from their image as unsavory businessmen, and they collectively narrate a story of industry transformation in order to separate their current operations from a history of black market transactions and dubious dealings. Developers find themselves in the contradictory position of “cleaning up” their image just as their new position as intermediaries requires that they do the “dirty” work of land agglomeration. Thus, while
laying claim to international real estate development expertise against accusations of being “just brokers” or “just landowners,” they find themselves defending the value of their local knowledge and bureaucratic connections as they make deals with foreign investors.

This dissertation has exposed the delicate games that developers and investors play: the negotiations, conflicts, and image-work that mark their attempts at collaboration. Constructing authority is a matter of profit; successfully positioning themselves as “global” or “trustworthy” or “transparent,” firms finalize deals, attract consumers, or raise their share price. Developers’ and investors’ value projects take on increased salience in a market characterized by large sums of money, long investment periods, and limited accountability. Both developers and investors – along with their many consultants – attempt to create exclusive claims to expertise in order to increase the value of their services and to win over buyers, investors, and partners in an uncertain market context.

Their struggles for value and legitimacy take place on a complex terrain: the intersection between the Indian field of real estate production, with its history of practices and politics of prestige, and the international field of real estate production, whose practices emanate from “world cities” such as New York and London. And yet, despite this commingling market, things “global” and “professional” are valorized, creating a structure of aspiration that attracts adherents and motivates change.

By illuminating the image work that both investors and developers do, this dissertation shows how making markets and transforming space are cultural projects. In their attempts to standardize market practices and render Indian real estate commensurate with real estate markets elsewhere in the world, investors rely Indian real estate industry members to embrace new business practices and share their visions of India’s social and
economic future. While some developers bridle at the authority of foreign investors and their lawyers, bankers, and public relations firms, many strive to make their practices and their person more “respectable,” “international,” and “professional.”

The figure of the international professional with Western consumerist tastes has become ubiquitous in industry discourse as the ideal producer and consumer of new buildings, pitted rhetorically against the thrifty Indian of a previous generation or the shady real estate businessman. The possibility of the growth of this demographic attracts investors to India and developers to the task of transforming their image and their constructions. By tracing these images, this dissertation thus demonstrates the salience of figures of personhood to the struggle to change practices and expand markets.

As we have seen, moving money from foreign investors to Indian developers and turning it into Indian buildings requires great effort. Understanding this work helps us understand the construction of markets, the standardization of real estate practices, the globalization of architectural styles, and the restructuring of Indian cities. Revealing the effort it takes to move capital between elites at once discredits Indian politicians’ passive model of trickle down economics and provides a sense of the huge effort it would take to make real the benefits to workers that the “India story” so thinly promises.

6.3 Sisyphean Efforts

Transferring the benefits of growth to workers would require the same level of effort as has gone into creating it, if not more. It would involve overcoming the patterns through which laborers are hired and creating new systems of employment and new routes of remuneration. Such work is not rewarded. While there is great incentive for developers to
collaborate with foreign partners to create new routes of accumulation that extend abroad, there are no such incentives for extending benefits to workers. In fact, developers face few penalties for failure to obey the existing labor laws already established to protect construction workers: the Minimum Wages Act of 1948; the Contract Labour (Regulation & Abolition) Act of 1970; the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act of 1979; and the Equal Remuneration Act of 1976.

Certainly, industry outsiders have made determined efforts. In the mid-1980s, a group of activists began pushing the government to pass comprehensive legislation for construction workers. After more than a decade of pressure, the Central Government passed the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act (known as the BOCW) and the Building and Other Construction Workers’ Welfare Cess Act in 1996. These acts do not attempt to alter the structure of labor contracting but rather to ensure that some benefits accrue to workers. In particular, they mandate that both contractors and construction workers register with the government and that each state establish a BOCW Welfare Board. They also require contractors to pay a cess (or tax) of one percent of construction costs (not including land) to the state Welfare Board, which oversees a fund from which accident assistance, pensions, insurance, scholarships, and maternity benefits are issued to registered workers (who are also required to contribute to the fund monthly). The BOCW Act mandates that state governments establish fixed hours of work and overtime wages, and that contractors provide drinking water, latrines, crèches, first aid, and canteens on site, as well as adequate accommodation.

This comprehensive legislation, however, remains largely un-implemented. In 2002, witnesses told the Second National Commission on Labour, “not that the laws are
inadequate, but that laws are not implemented in the construction industry. Inspection too is inadequate, both to verify facts on the sites and to see whether laws are being adhered to” (NCL 2002, 100). As late as 2007, only 13 of India’s 28 states and seven Union Territories had established Welfare Boards under the Act (see CWFI 2008); Kerala, Tamil Nadu, and Madhya Pradesh were among the few that had been successful in collecting the cess and distributing benefits to workers (CWG-CWC 2008).\footnote{Madhya Pradesh’s program has been comparatively successful, registering 3.5 lakh construction workers since 1996. 22,838 have received benefits under the scheme (CWG-CWC 2007).} In May 2008, the Supreme Court chided the government for passing “beautiful” but un-implemented laws (Indian Express 2008).

The Delhi government has been among the laggards. It notified the BOCW rules and formed a Welfare Board six years after the legislation passed nationally, and it did not begin collecting the cess until 2006.\footnote{The Haryana government published BOCW rules and put them into effect even later, in 2005; it established a Welfare Board in 2006 (Haryana Labour Department). As of 2008, Uttar Pradesh had yet to do so.} The High Court of Delhi, dismissing writ petitions filed by the Builders’ Association of India and 97 contractors and developers against both acts, chided the government of Delhi for an “inexcusable delay” in enacting the legislation. “Given the fact that in the past decade Delhi has witnessed the execution of a large number of construction contracts involving hundreds of crores,” High Court Justices Muralidhar and Mudgal write in their decision, the “loss of revenue” due to delayed implementation of the legislation is of “no small measure.” They continue,

The beneficiary of such inaction by the Government has been, without doubt, the construction industry. The loser has been the building and construction worker for whose welfare the cess is supposed to have been collected. In effect the State has subsidized the cost of construction by not collecting cess which it was entitled to and this has been to the detriment of the workers. This failure on behalf of the State is questionable and should not
be permitted to be perpetuated. (*Builders’ Association vs. Union of India*)

Here, bureaucratic delay and outright opposition from builders has hampered significant legislative reform. The High Court Justices themselves complain that they were unable to pry details from government officials about the cause of the delay. They also failed to goad the Delhi government into action. By May 2007, the Delhi BOCW Welfare Board had collected Rs100 crore from contractors, but it had only registered approximately 2,250 workers (out of an estimated 800,000), none of whom had received any benefits (Sehgal 2007).

The reasons for these failures are clear. While developers and contractors are politically well-connected, construction workers – especially migrants – are not a constituency for anyone: “they do not have votes, contribute revenue, or pay subscriptions; they are not consumers or customers, and their interests fail to become a weapon in the struggles of the professional political field” (Mosse, Gupta, and Shah 2005, 3031). As a floating population, they are increasingly removed from political networks of patronage, and enmeshed instead in a system of hiring that separates workers from the big-name contractors and developers who are their ultimate bosses. Just as Aasha traveled to the city with her husband’s *mama*, most rural migrants use kin networks and intermediaries to find construction jobs. These intermediaries, or *jamadars*, find work, negotiate a piece rate for a particular job, and pay the laborers a wage (from which they take a cut). 17 The practice of

17 Other construction laborers (both recent migrants and long-time city residents) find work at the morning labor *mandi* that form at city intersections. *Mistri*, skilled masons or carpenters, often organize gangs of skilled and unskilled workers and negotiate for their employment with contractors scouting for workers at the *mando*. Laborers at the *mando* can sometimes negotiate higher wages than migrants contracted as groups through *jamadars* at the construction sites, but they have no guarantee of work and are not provided shelter; they often sleep on the sidewalk near the *mando* at night (see Sethi 2005).
hiring workers through chains of sub-contractors and jamadars paid piece rates contributes to contractors’ and developers’ ability to disavow knowledge of or legal responsibility for their work force. Laborers are left depending on their most “intimate exploiters,” jamadars and petty bosses, for a semblance of security and sustenance (Mosse, Gupta, and Shah 2005, 3032).

Efforts to implement change to this system are Sisyphean. In anticipation of Delhi’s hosting of the 2010 Commonwealth Games, fourteen non-profit organization and five individuals formed a coalition (the Commonwealth Games’ Citizens for Women, Workers, and Children or the CWG-CWC) to use the high profile Games to highlight the plight of construction workers and their families and to gain benefits for the thousands of construction workers involved in building the venues for the Games. They have pushed for the implementation of the BOCW Act in Delhi and for the Welfare Board to register workers and dispense some of the cess monies as benefits. The coalition’s newsletters track the grinding progress of their work: their endless letters to the Chief Minister of Delhi, the head of the Sports Authority, the Labour Commissioner, and various Delhi government agencies; meetings with contractors, developers, the Welfare Board, and the press; their attempts to organize registration drives, a media campaign, a survey of the construction workers in Delhi; and their visits to monitor the conditions on the Commonwealth Games venue construction sites. The coalition has had some successes – including an increased rate of registration and cess collection – but they have been hard-won. The April-June 2009 newsletter reports, gloomily, “Of the Rs. 300 crores in the Welfare Fund, the Board has spent under 10 lakhs – on three crèches for 150 children; one accident compensation and life insurance premium for under 100 workers” (CWG-CWC 2009).
I recount the efforts of the CWG-CWC here to indicate the work required to eek even the benefits stipulated by law from a reluctant bureaucracy and a recalcitrant industry. These activists have found the established systems of employment and deprivation incredibly difficult to change. Such efforts give lie to the pat stories about poverty reduction and a future middle class that politicians, the media, and the real estate industry tell. Rather than uplift the masses, the process of making an international market in Indian real estate triply dispossess the majority of Indians. First, slums are demolished and poor residents displaced as firms eager to produce elite landscapes snatch up urban and peri-urban agricultural land. Second, developers, investors, brokers, and the government construct new routes of capital accumulation that bypass construction workers, funneling profits to the elites who shape the system, some of them now located abroad. Third, the landscapes built in places like Gurgaon are designed for an elite, Westernized user. Precisely because developers are building for themselves – because the profile of a building reflects on the image of its producer – few venture to build for low income groups. Due to a structure of prestige that places global living at its top, developers and investors are collaborating to build landscapes of exclusion.

This dissertation demonstrates that the rosy picture of India’s prosperous future that real estate industry discourse paints – the “India story” – is useful in attracting investment, transforming Indian land and buildings into internationally legible financial instruments, and creating routes of accumulation that link India to global networks of speculative finance. Unfortunately, these routes of accumulation trickle money up, not down.
BIBLIOGRAPHY

Abbreviations

ASSOCHAM  Associated Chambers of Commerce and Industry of India
BOMA      Building Owners and Managers Association International
CIDC      Construction Industry Development Council
CWFI      Construction Workers Federation of India
CWG-CWC   Commonwealth Games’ Citizens for Women, Workers, and Children
DIPP      Department of Industrial Policy and Promotion
HDFC      Housing Development and Finance Corporation
JNNURM    Jawaharlal Nehru National Urban Renewal Mission
NASSCOM   National Association of Software and Services Companies
NCAER     National Council of Applied Economic Research
SNCL      Second National Commission on Labour
OECD      Organisation for Economic Co-Operation and Development


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