Lifestyling India's Metros: The Elite's Civic Reform
A select version of this is published as a chapter in <u>Ensuring Public Accountability through Community Action</u> The Institute of Social Studies Trust (ISST), ISST **http://www.isst-india.org**

By
Solomon Benjamin
Dept. of Political Science, University of Toronto
February 28, 2007

Executive Summary

Contemporary forms globalization in Indian metro cities places progressive action and thought in a serious crisis. Large business and trade lobbies that today re-shape public policy at the highest of levels have appropriated terms and language that a decade ago were used by NGOs, unions, and left parties to conceptualize elite power. Globally connected financial institutions today partner with NGOs to promote new financial arrangements via micro credit that rather than emancipation, bring a new term: Micro-credit suicides. Other financial institutions tap the countries' largest real estate developers to frame these re-structured cities as locations for global investment locations providing the worlds' highest returns. A globally connected elite seeking their neighborhoods as first world look-alikes into Lifestyle advertisements safe from third world slums, push for electoral reform underpinned by measures of transparency and accountability, and extensive master planning and urban design. I explain this attempted re-structuring of cities to be a 'Lifestyle advertisement' in four main sections:

The first section points to the fear of the 'slumming' of Indian cities. This term encapsulates a variety of notions: Unplanned development, De-facto development, non-conforming, and illegal, but also has a history in how international organizations like the World Bank and USAid moved attention away from basic needs to branding cities on the international market place. While in earlier times, the argument of centralized planning was essential for the welfare state, today this is sought by big business and international corporate capital to protect and carve our economic territory.

The second section focuses on the recent history of how this appropriation of language took place. Here I point to its location in the reform attempts in Bangalore post 1998 with Karnaraka's Chief Minister SM Krishna. With the failure of that political regime, the proponents moved to more conducive ground at the national level and in the framing of what could be considered as not just the country's largest Urban development fund, but also one that with the assistance of international donors and policy institutes has been the most authoritarian and un-democratic. Ironically, and also not surprisingly, an even greater appropriation of 'progressive' rhetoric underpins these developments. But to fully understand these processes their material base in real estate and India's emerging retail market need to be understood. Thus, this section emphasizes in large part these intricate and less understood connections. The attempt is not to portray a 'conspiracy' theory, but rather the way a variety of interests congregate around what can be excellent sources of economic return, but also forms of political control. The latter underpins the serious interest in National Governments – both their bureaucratic and political parties to this globalization agenda. Despite this huge influence by big business and the elite on the 'policy' process, we see its subversion via a complex locality of politics.

The third section narrows focus to issues raised in reaction to an earlier web based draft of this work by one of the main promoters of the neo-liberal agenda. Rather than a personality-centered discussion, I focus on the key issues raised, and also their recent political history that not just confirms but reinforces earlier analysis. The material aspects in both real estate, international finance couple with an insecure senior political Party leadership (across ideological lines) may help to explain the 'capture' of the policy arena – despite the voting millions in India' vibrant democracy. Such an capture on closer inspection, is not just incomplete but faces considerable erosion by a complex popular politics. Interestingly, this popular force is not led by intellectuals, does not conform to narratives of 'social movements' or common understandings of 'resistance', is hardly an 'alternative' politics but rather locates in a day to day mainstream. This political counter, shaped by local bureaucracy embedded in the materiality of urbanity: Land upgrading and speculation, small businesses and manufacturing, and municipal council politics influenced administrative procedures. The elite, but also USAid and the World Bank's reform attempt not surprisingly, fear such 'vote bank' politics.

My final and concluding section points to what may be a useful future research agenda that can help conceptualize such political counter. These refer to the need to recognize the complex contests over land that re-configure politics and economics, and how poor groups form active actors rather than passive beneficiaries. Second, to recognize not just elected representatives and democracy but rather complex and embedded forms of municipal politics that helps poorer groups to re-shape city economy and institutions in their interests. Third, to recognize that much of the earlier State-Society-Market language is not just conceptually fuzzy but dis-allows the type of contemporary politics. If so, than terms of public accountability and community action can be usefully framed in a very different perspective rather than their appropriations by the globally connected elite.

Fearing Slum India

Lifestyling Indian Metros in ways that mimic the 'Lifestyle Advertisement' pages of some English dailies: Bangalore into a Singapore, Mumbai vying with Kolkata to be transformed into Shanghai, and Delhi into London! Such globalized aspirations is promoted and shaped by a variety of interests: State and National Governments advised by international consultancy groups who draw on development resources of international donors; Serious interest by globally connected financial institutions and banks; Much more direct roles by high end real estate developers and international and domestic retail giants seeking to expand 'organized retail' markets via Malls; and, quite central, the figure of the returnee elite NRI. The last is most complex forming both a significant source of consumption given their monetary surpluses but also their anxiety seek to recreate memories of New Jersey Suburbia transformed from their fears of what they see as a slum filled, messy, and criminalized Indian cityscape.

Given these complexities, there are several complex cultural, economic, and political aspects of globalizing metros. For instance, some authors see the slumming of India to reflect societal fractures and in-equitable development that calls for modernizing intervention – even if this has been in the past been highly regressive and violent to the poor[1]. In this chapter however, I point to the material underpinnings and how this has emerged as a hotly contested political project: Real estate centered on private property, land in productive locations, and consumption economies around branded goods. What is significant is that this political project is driven by normative ideals that in earlier times were seen as progressive reforms. In this first section I introduced this theme while in the second – the bulk of the chapter, details it out in the context of Bangalore. This city, under the SM Krishna regime, provides a particularly useful illustration of the attempt to *Lifestyle* it to Singapore, but also four other aspects:

First, its material construct in it's rapidly escalating real estate markets, which now locate it on the global scale along with London, Dubai, Tokyo and Hong Kong. One group of scholars like Pani and Rudolph et.al. usefully point to the 'iconic' status of the SM Krishna regime in Karnataka and that of Chandrababu Naidu in Andhra Pradesh[2]. Pani shows how rather than 'reform' SM Krishna was driven more by a modernist interests and how this was built into the corporate sector, the BATF and their links to Infosys as Icons to justify his pro-elitist agenda. This chapter builds on this to suggest that real estate interests of very large globally connected developers, the country's largest IT companies, investments by the Singapore government, and financial interests all underpinned such a 'modernist' approach. Thus, while this city is known globally as India's IT powerhouse, in investment circles it forms part of a globally connected speculative apparatus;

Second, such an empowering of real estate and high-end retail economic interests were made possible by specific institutional underpinnings in the Bangalore Agenda Task Force (BATF). What is significant that for a first time, (less successfully seen in Mumbai's *Bombay First*), that a very small group of business elite came to re-shape public policy in

---

[1] See for instance, Dewan Verma Geeta <u>Slumming India</u> Penguin India 2002; Also see, a similar argument made in Jagmohan's Island of Truth Manohar Press 1997. The latter seeks to justify one of the darkest periods of Indian urban history when during the state of internal emergency between 1975-77, more than a million poor people were forcibly resettled to the periphery and also subjected to violent forced sterilization.

[2] See a) Pani Narendra 'Icons and Reform Politics in India: The case of SM Krishna in <u>Asian Survey</u>, Vol. 46, Issue 2, pp. 238-256; b) Rudolph Lloyd, Rudolph Susanne 'Iconization of Chandrababu: Sharing Sovereignty in India's Fedral Market Economy' <u>Economic and Political Weekly</u> 36:18 (May 5,2001)

their image[3]. In doing so, the BATF completely and explicitly by-pass democratic structures that in previous times, Karnataka had some claim to;

Third, as an institutional innovation particularly useful to real estate and retail interests, the present and newer avatar of the BATF is in the more recent Jawaharlal Lal National Urban Renewal Fund (JNNURM). This program, via its Rs. 50,000 crores fund allocation, spurs real estate markets all over urban India. Large real estate developers now find specific institutional access to public funds to subsidize their ventures built around the rhetoric of river front development, heritage, urban renewal and urban design.

Finally, a critical issue here is on how we view political failure, assumptions of progressive decentralization and linked to it issues of un-constitutionality. Programs such as the BATF and the JNNURM, and its sub-conditionalities in the Area Sabba are blatantly un-constitutional. The BATF faced political failure resulting in a change of government, and the Area Sabba has recently been opposed across party lines in Bangalore's city council debates. Even in Mumbai, where the concept via the Vote Mumbai campaign faced some success, this has happened that city's elite Juhu ward, but after a delimitation of ward boundaries that reduced slum portions to only 20%! The point is that these political failures are hardly related to activist campaigns in public forums or then via the judiciary. Instead, the political counter happens via a complex locality of politics, which is fueled by a material base in economy, real estate and city location. Thus, city contests happen within material realms rather than ideological ones. In this context, the way to conceptualize the increasing opposition to Special Economic Zones (SEZs) all over the country, various World Bank and other international donor funded projects funded urban renewal projects in Mumbai, and the in other cities, may be to look at the day to day materiality of these contests rather than assume classical notions of 'resistance' (the realm of NGOs, urban activists, or social movements)[4]. As I shall underline, it is this quiet politics of the everyday operating at the level of the 'everyday state' that subverts and erodes global capital. This last issue forms the concluding section of this chapter.

An understanding of the material elements of Lifestyling Indian Metros needs to be centered in changes since the early and specifically mid nineties. In earlier times, Indian cities were mostly off the policy screen. With this, 'unplanned development', de-facto tenures, mixed land uses housing posed as 'non-conforming and illegal' were earlier addressed from the perspective of the welfare state and social justice to frame Master Planning. 1991 saw two events. First, was the 'liberalization' of the Indian economy. Parallel to this, at the global stage sought by the World Bank, was the vision of the city as the center for economic productivity. This argument came in several publications from the World Bank, their senior advisors and academics[5]. The change in emphasis here was to move urban funding away from the basic needs approach of the 1970s and 1980s to focus more on mega infrastructure assumed to place cities on the global finance circuit – and one would over time alleviate poverty. Not surprisingly, 'policy thinking' promoted in various World Bank and its allied USAid and DfiD supported research institutes moved along this realm. A parallel process entailed identifying what donors call 'change agents' in plain language senior and also ideologically minded bureaucrats. With training in international and regional forums, these

---

[3] For a detailed and excellent 'insiders' view of the BATF, see Ghosh Asha *Public-Private or a Private Public? Promised Partnership of the Bangalore Agenda Task Force* Economic and Political Weekly November 19, 2005 http://www.epw.org.in/showArticles.php?root=2005&leaf=11&filename=9367&filetype=html

[4] Harriss John Fuller CJ 'For an anthropology of the modern Indian state' Ch.1 (pg.1-30) in The Everyday State and Society in CJ Fuller and Veronique Benei (edt) Modern India Hurst & Company London

[5] See 'urban productivity' WB Policy Paper WB 1991; Michael Cohen' The steps ahead' WB / Habitat Journal 1993; Nigel Harris 'Cities after structural readjustment..' 1995;

persons could effect public change to bring cities onto the national agenda, but also in a particular way to move approaches away from basic needs to that of branding cities[6]. In effect, the policy prescription was to move public investments away from slums forming the bulk of city economy and territory, to focus on particular marketable infrastructure under arrangements such as Public Private Partnerships (PPPs), incentive funds, but also ways to control 'politically motivated' municipal funding via accounting mechanisms such as double entry book keeping. The issue of 'politically motivated' fund is central. The vast peri-urban settlements housing along with central city slums almost 70-80% of city populations and economy, remain illegal. For these areas, and the only source of investments for basic infrastructure remain un-tied municipal funds. Given their de-facto tenure situation and contradiction to master plans, the only way for funds is via the political voice by their occupants. In the new language of developmental economics to place cities on the global stage, it was evident very quickly that if this politics was not reigned in, there would be few surpluses for mega projects and such vote bank politics would seep away resources despite 'reforms' instituted at the national level. Thus, central to the branding cities was institutional change (later to be claimed under the rhetoric of 'good governance') of fiscal prudence of municipal bodies, replacing political authority across party lines embedded in municipal councils with mayor centric but specifically administrator controlled under the ideas of 'city managers'. Implemented in an earlier era in Latin America to underpin several authoritarian dictatorships, these can be thought as an anti-politics machine to open an economy to international corporate business while reducing their 'political risk'. Such thinking in the high ground of urban policy and academia in the mid nineties was focused on the two new economic growth nodes: China and India, which for donors and international financial institutions offered significant returns to investments.

One popular constrain to such economic opportunity is touted as 'political will' at the national level. Another more subtle and complicated one is the constraint posed by the locality of politics across party lines. The latter is seen to be intertwined in a politics of implementation, which 'dilutes' policy of making cities attractive for globally investments, by big capital and financial institutions[7]. Thus, the political project converges a constellation of interests that has reshaped policy to centers around the rhetoric of Good Governance, Urban Renewal, Electoral Reform, and Participatory City Planning. All of this fits into a particular type of neo-liberal reforms agenda that USAid, the World Bank advise the Govt. of

---

[6] Training / indoctrination was in both universities in the global north with usually yearlong international programs for mid career professionals. MIT's SPUR, Harvard's Loeb, for instance. In many cases, the spring /summer break was with an internships at the World Bank or other international donor agencies.

[7] It is significant here the academic literature that built around this politics of implementation – rather than that of the origins of policy itself. Not surprisingly, coming out of academic funding by the World Bank and USAid in the Mexican and Brazilian cases, it valorized the position of technically qualified city managers and administrators who would draw on good management to counter 'politics' in establishing a neo liberal reform agenda. Note that the conceptual language used centers around 'The Nation State -- Civil Society -- Market' which in their homogenization pose de-politicized both policy and locality. The former in posed as a binary to implementation, moves attention away from the 'power' of policy – its nature, origin and connections. The latter is posed as an aberration of corrupt local elites indulging in 'patron client' politics. The saviors to this rot come from ethnical well trained and paid techno-bureaucrats who underpin their state power via their rationality, while an empowered 'civil society' is shaped via progressive NGOs into social movements that helps place a progressive agenda on the policy plane. Such a functional-normative view of politics is central to silence progressive critics while allowing neo-liberals agendas to set the reform stage. See: Grindle Merilee 'The Politics of Implementation' Harvard University Press 1987; Tendler Judith 'Good Governance in the Tropics' John Hopkins University Press 1997. Later in this chapter I point to other literature that grounds these issues in more useful ways, works by Singerman on patron client politics and networks, that by Moore on legal anthropology, and Harriss and Fuller on the everyday state.

India's planning commission, its ministry of Urban Development to adopt via further technical advice prepared by premier research institutes on urban policy – The National Institute for Urban Affairs (NIUA), and the National Institute for Public Finance and Policy (NIPFP). The country's largest-ever urban fund aimed at globally oriented economic renewal, the JNNURM, compliments such policy initiatives.

Five aspects are central in this new politics:

First, from grants to incentive funds: Unlike in the past when publicly funded programs were mostly grants, the new funds are 'incentive' based. These require State and Local government to adopt associated conditionalities that are both fiscal and political. The former relate to essentially land based regulations around land acquisition, real estate taxes, and building bylaws;

Second, the centrality of land in speculative economy: The incentive here is one of the most material aspects of city life: Land and it's speculative potential. Such potential surpluses are essential for the private corporate sector investments not just to reap sufficient surpluses but also to attract globally connected financial partners. This then allows fiscal regimes lobbied at the national level to allow these surpluses to transmitted in efficient ways remitted to the global economy. There is a significant public role here in that the infrastructure is not of the common city, but that which is high-class and set to 'global standards', and as important, to be in good locations[8].

Third, political conditionalities being central to new funding arrangements: The issue here is of highly contested space and location. Thus, the need re-order city politics since city territory and especially central locations, are not vacant but occupied by a political vocal and active poor and middle-income groups. These neighborhoods being mixed land use, accommodating bazaar like economies but also home based manufacturing and commerce are locations where economic use has been a long tradition to fuel local politics[9]. Thus, central to the economic agenda is the politics of making space – via the instruments of urban renewal, heritage conservation, urban and 'environmental planning', 'river front' development. It is hardly surprising when activists across the country point to how in the name of development, poor groups are moved out, and while some offered re-housing, in no case any of this is in-situ but located far from their original locations.

Fourth, the re-ordering of political space ('political will') via the center to the local: The main argument here is neo-liberal reform in Lifestyling Cities finds a great ally in National level party-administrative structures. The logic lies in the crises faced by national level parties: The rapid emergence of complex and fluid coalition politics, and also the crises of funds. In this context, the mode of development around incentives for mega projects and their requirement of bulk funding centralizes the complicated bribery associated with any developmental infrastructure. This centralized management helps to establish political discipline down stream to the state and local level. Another aspect is that part of the incentive structure connected to city periphery areas relate to both subsidized fiscal benefits and also land issues which when valorized spur a huge potential market – both locally and globally.

---

[8] Deccan Herald End-use or speculative realty investment?
http://www.deccanherald.com/deccanherald/aug192005/realty711292005818.asp
Most of the Non-resident Indians (NRIs) are not end-users. As they are also not fussy about price, does the situation appear ripe for speculative investment? Currently, NRIs account for 20 to 30 per cent of the business in real estate and this goes up to 75 per cent in some cases in the super premium projects.
Stolen Acres It's urban loot—epic scale—in Bangalore Rs 15,000 cr (and counting)
Sugata Srinivasaraju Outlook Magazine February 06th 2007
[9] Benjamin S: *Urban land transformation for pro-poor economies* Pages 177-187 in Geoforum Volume 35, Issue 2, March 2004 Special issue: Themed Section on "Differentiation in South Africa and Indian Cities" - Edited by S. Oldfield.

Thus, it is hardly surprising that big business lobbies, financial institutions, and real estate groups, all call for more effective national level planning and ways to ensure the compliance to national level policy by local government.

      Finally, the engendering a new 'demanding public': An important part of this political clearing is to re-create 'a public' that demands such replacement and establish this via a process that seems at first glance democratic – but in reality cuts through the vibrant although chaotic seeming municipal politics that help establish the bulk of city economies. When I use the term 'vibrant', it's to capture the high degree of political favor that municipal elections generate – where from semi legalized slum areas voter turnouts reach 90% as compared to a bare 2% of elite areas[10]. To re-order representative and democratic structure that shape city politics what is instrumentalzed is the possibility for the city elite to capture public investments for their neighborhoods, to set up regulatory and policing structures to ensure their exclusivity against hawkers and other un-authorized commercial use, and finally, to also control and reign in municipal politics that across party lines is seen to perpetuate economies and occupation of land.

Indian urbanism thwarts extraction of real estate surpluses by corporate interests:
The poor in the newly globalized Indian city, according to the reformers, would also be Lifestyled, -- magically transformed into the 'yet to be consuming, but surely getting there service sector[11]. For example, management schools point to the ingenious 'dabbawallas' of Bombay as representing the potential entrepreneurial energy, who with varying degrees of 'global exposure', access to micro-credit, perhaps even credit card and online insurance, training on business management and other 'best practice', would join the tech and finance savvy international community. This fairy tale ending stumbles when the significant threat to cities being 'lifestyled' comes from the 'messy' un-planned neighborhoods. What is sought in the New Jersey look-alike neighborhoods not just their visual appeal, but also specifically an underlying premise of individual property rights. This allows, as explained later in this chapter, globally tradable real estate market built around Indian growth rates in addition to extensive corporate control over local bodies[12]. The messiness of Indian urbanism thwarts these attempts in substantive ways: Land issues are shaped by multiple and diverse tenure regimes whose de-facto status is shaped by municipal politics. This situation allows real estate surpluses to be distributed to a wide variety of occupants even though they might not be landowners. Furthermore, these complex tenure settings underpin the economic clustering of the economy into networked firms, which in turn, helps to build complex political relationships[13]. Not just real estate surpluses, but also such urbanism subverts another area attractive to global capital: retail and commerce, and branded products. This is by the occupation of economically central locations, the retail of goods and products locally manufactured outside of the structures of royalties established by branded goods.

The above relationship points to the immediate global implications from the slumming of Indian cities that undermine the speculative opportunity of large international financial institutions. These in turn also seriously threaten the financial interests of metro elite and

---

[10] This comes from interviews with political activists and also a candidate for municipal councilor for the airport constituency ward, Valli Amal who sought a political base from the slums in that ward.

[11] See for instance, a view by Shashi Tharoor on this issue in: Who is this middle class? http://www.hindu.com/mag/2005/05/22/stories/2005052200250300.htm

[12] There is a vast literature on the issue of machine politics & regime theory in the US context, the most famous being Logan and Moloch, and of Clarence Stone.

[13] See Benjamin 2004a; In the US case, with very clearly defined tenure settings that valorize private property into singular tenure forms, such political alliances is almost impossible to achieve and in effect allows for corporate cooption of local government.

returning NRIs (non-resident Indians). Although returning home, these groups usually maintain a significant part of their investments abroad. The significant point here is the convergence in their investments – both domestic and foreign: Locating in cities like Bangalore, with a booming real estate market, they seek to invest in high-end housing provided by high end real estate developers; In parallel, their investments via the route of international finance usually located in off-shore tax havens, find significant investment in real estate linked funds seeking surpluses in the 'emerging markets' of India and China; Thus, while 'slumming' directly affects the financial quality of their 'property', it also questions the efficacy of the 'reforms' agenda forming a crucial element of risk on returns to internationally invested funds. There are other issues related in international finance: The rise of ethnical investing in mutual funds, which are further invested in micro-credit firms in 'the Third World'. Slumming India implies that economies stay embedded in complex trade based capital (often portrayed as 'money lending') and in doing so, occupy economic territory sought after an increasingly remunerative globally connected finance organized as 'micro credit. Finally, Slumming cities consolidate vast territories into de-facto tenure with few 'legible' land titles. For large IT and other companies, who seek to accumulate real estate via the assistance of state policy to shore up their book value, this is deeply threatening.

My intent in the above paragraphs has been to show the serious constrains to Lifestyling Metros that come from cities slumming. If so, it is not surprising that politics in terms of 'vote banks' that underpin 'messy unplanned non-conforming' settlements become a key focus of civic reform. The fear of local politics is located centrally in the radicalization of property. The counter politics to vote banks politics is at two levels:

First, at the institutional level in terms developmentalism – centered on programs. While India is often touted as the worlds' largest democracy in International forums, the programmatic structure to *Lifestyle Cities* is directed by a select group of bureaucrats and policy research institutes by-passing parliamentary - legislative debate. Not surprisingly, supporting the bureaucrats to undercut parliamentary or political debate is from major business lobby the Confederation of Indian Industry (CII), Federation of Indian Chamber of Commerce and Industry (FICCI), large private financial Institutions, and some IT majors with a strong interest in land issues.

Second, as I shall show later in this text, an attempt to recreate a legitimate public that represents 'demand' for the 'reforms' supplied! This requires re-framing forms public representation among the elite who have stayed away from the political arena depending on their class and ethnic connections among higher end policy circuits[14]. A central part of this creation of a legitimate public is that of 'participation' posed as a spiritual duty for the deserving to 'gain reforms'[15]. Also, as will be discussed shortly, a national campaign for electoral reforms shaped around the re-constitution of electoral ward boundaries and a new tier of 'representative democracy'. In Mumbai's recent municipal election, this ensured an elite capture at least at election time of the council seat from one of that city's most elite wards.

This section in outlining the main argument forms an introduction to the particular case of Bangalore that has witnessed since 1999, an attempt to Lifestyle it into a Singapore. What is striking is its political failure pushed its proponents into a national circuits that presently encompasses missions to cities to emulate earlier political failures. This traverse funded in great part by the central government but also under various donor funding, illustrates the

---

[14] See fig. 2 in Benjamin Solomon 'Governance circuits in Bangalore…' Environment & Urbanization Vol___ No. 4 2004

[15] Henkel Heiko, Stirrat Roderick 'Participation as spiritual duty; Empowerment as Secular Subjection' Ch. 11 (pg. 168-184) in Participation: The new tyranny? Zed Books London New York 2001

significant material purpose at play. This section emphasizes in large part intricate and less understood connections. The attempt is not to portray a 'conspiracy' theory, but rather the way a variety of interests congregate around what can be excellent sources of economic return, but also forms of political control. The latter underpins the serious interest in National Governments – both their bureaucratic and political parties to this globalization agenda.

SECTION 2: Bangalore as a Lifestyle statement
Bangalore with its' reputation as India's silicon valley provides a useful entry point to start to root these concepts. This city has seen huge income divides. In 1991, according to the NSS, the difference between the lowest 20% and highest 20% in Bangalore was 1:5. By 2001, this had increased to 1:50. Preliminary calculations in 2004 drawing on studies of chronic poverty suggest that if we include a much wider definition of societal groups, such differentials may be significantly higher[16]. Income divides by themselves are only one indication but point to the way power is influenced over public decisions that impact vast number of people, and spur particular forms of contestations. The State government in 1999, formally declared an IT corridor – a huge expanse of high grade infrastructure and services, dedicated water supply trunks to a territory much bigger than the Bangalore city corporation's own, and about one and a half times the size of Paris! This was done under new forms of acquisition via the single window clearance scheme of the Karnataka Industrial Area Development Board (KIADB). The KIADB was used not just for the IT corridor at 154 square kms, but the case of the new International Airport notified at 5000 acres is even more startling. 40% this huge project is slated for real estate development to fund this public private partnership (PPP)[17]. In addition, the Bangalore Mysore Infrastructure Corridor (BMIC) over its southern western fringe is now a significant political crisis[18]. This is due to the scam in the allocation and pricing of land to the private developer at much below market prices. This is when the small farmers whose land was acquired were paid only Rs. 10 /square foot. If this was not enough, land acquired via the KIADB in such mega projects, is developed at public expense at a cost between Rs. 800 to Rs. 1000, but allocated to the private corporate sector at less than Rs. 1 as part of 'negotiated' 'Public Private Partnerships'[19].

Such controversy over public investments slated for private gain for the elite of IT and BT, could not be sharper when 20% of the schools in the state are single room and single teacher run, large numbers without functional roofs at monsoon time, and 85% did not have functioning female toilets, while only 66% had access to drinking water facilities, but no indication about the actual availability of water or its quality![20] Pani in a recent paper shows

[16] Benjamin S. & Bhuvaneswari R. Background paper on urban disparities for the Karnataka Human Development Report –II Department of Planning, Government of Karnataka 2004.
[17] See Jacob John's analysis in the Economic and Political Weekly of April 20th. 2005 on this issue.
[18] For more details on this, see the website of the Environment Support Group: www.esg.org ; For the latest on the land controversy see Menon P., 'An expressway blocked' in Frontline June 03 2005 pg. 39
[19] This was in the case of acquired land allocated to GE Caps., and also for the Toyota Kiloskar factory at Bidadi in an internal report for the Karnataka Industrial Area development Board, and the report of the Controller Auditor General of India (CAG). The Bellandur panchayat, one of the most pro-active in the city's periphery and also having land notified for the IT Corridor, has been involved in lengthy legal cases against their lands being acquired at much below market prices and subsequently allocated cheaply to private companies some whom in turn, have sold it to substantial profit to MNCs like INTEL.
[20] See: '24% of schools have only one classroom: Over 20% have just one teacher' in The Hindu May 13, 2005 quoting the 'District Report Cards of Elementary Education in India: Where do we stand?' Prepared by the National Institute of Educational Planning and Administration New Delhi.

how the SM Krishna govt in their zeal to Lifestyle Bangalore, offered a consortium led by Seimens on their offer towards the new International Airport support which worked out to Rs. 3.65 billion at the end of 2001, when the state government spent less than Rs. 30 million on capital expenditure for education in 2000-2001[21]. The amount was also more than twice the state capital expenditure for that year on health, education, and social welfare combined. John has shown in his analysis of the airport deal, how much of the subsidy was allocated in terms of land for the consortium to raise via real estate development, non-airport revenues.

And for those who thought that these mega investments posed for IT would compensate via the returns in revenue and employment this remains a relatively un-researched question. For instance, the NSS shows that only 4% of the city's population are in the IT and manufacturing and trade, as well as some sectors like garments and silk still employ more. The myth of the IT however, remains all pervasive firing the dreams of not only governments but families too with unknown social and political consequences when it becomes evident that such expectations are un-real[22]. There is no analysis as to what the IT brings to the Karnataka government and to Bangalore city in real terms <u>after</u> accounting for the tax breaks, incentives and public subsidies in high grade infrastructure, and subsidized land forcibly acquired from small farmers under the dedicated laws for mega projects.

Some preliminary analysis drawing on a citywide survey of various types of work areas made for a French consultancy hired by the Bangalore Development Authority revealed a startling picture. Those mid-city and peripheral locations in the West and South that housed small manufacturing and trade, as well as the wholesale city areas that provided the bulk of employment differed in infrastructure investments as compared to the high end IT by a factor of 1:40 or perhaps 1:60 if one included 'off site' investments in the forms of dedicated expressways, high grade services. This was especially when only 16% of Bangalore's roads are tarred, and almost all of these are concentrated in the 14% of the elite based Master Planned area. Analysis in this project also showed that if one considered both property tax, but also indirect taxes that come from non-residential uses located in non-master planned areas, than it was the 'illegal' un-planned areas that generated not only more revenue to various levels of government but subsidized in both land and expensive infrastructure those living in the Master Planned areas! There are other legal issues that are embedded in the political economy of planning. The new legal regimes frame the land development process that underpins the bulk of the city. This is especially where employment happens, as non-conforming and hence in various shades of legality, further clouding possibilities of estimating the co-relation between where employment comes from and who accesses public investments. Not only land, but forms of planning that were centered around municipal

---

[21] See Pani Narendra 2006 Op.cit..

[22] This is evident in the 'The Hindu Opportunities Fair' for the ITES, BPO, and IT held on 28-29th, May 2005 at Bangalore. On the first day, more than 30,000 candidates came, including those from neighboring states, with about 200 offered employment. On the second, with 13,500 attending, the figure was between 150 and 200 being offered jobs. Such was the rush that 100 buses were run by the city bus service between various city centers to the Whitefeild in Bangalore's periphery where these interviews were held. (See several press reports at the <u>The Hindu</u>, on May 29th – 30th. 2005, Bangalore edition). There is little mention of wage rates offered and other terms of employment. Narendra Pani with the Economic Times Bangalore mentions how the starting wage rate offered by Infosys has been the lowest ever at Rs. 8500 in 2005 – down from Rs. 11,000 in 2004. This is also when its senior management has been given a pay rise ranging to levels of Rs. 31 lacs to Rs. 58 lacs a month, apart from huge incomes accrued when they have been able to off load their stocks. (See: Infy top brass get fatter pay packets' <u>Times of India</u> 24th. May 2005; <u>The Hindu</u> Business section, May 25th. 2005. It is commonplace knowledge that given the favorable fiscal regimes in place, and also how such incomes are structured in accounting terms as vouchers and 'other expense' categories, they miss the tax net.

government promoted 'regularization' are undervalued if not made illegal while Master Planning is promoted as the only way of dealing with city change. The point here is normative structures like Master Planning are embedded in particular forms of power relationships. In the text below, I will show a glimpse of the more global connections in this contest and specifically on the notion of the 'Public'.

Landing the IT: Presentations made by large business groups and international financial institutions on the 'arrival' of Bangalore in the international real estate market reveal startling accounts. The interest in Bangalore's real estate market is firmly grounded in a variety of circuits. Financial institutions like ICICI and HDFC (and their international partners) investing mega projects like the IT Corridor profited in the range of 24% to 30% on funds sourced at the international market at 2%! Significantly <u>and in addition</u>, the returns to the US property market were slated at 40%[23]! There are also opportunities in other shorter term returns accrued via the share market focusing on construction firms netting very high returns[24]. Much of this again gain was primarily due to the state governments providing access to subsidized land and cheap institutional finance, and more so, within a financial architecture that involves FI like ICICI and their info tech funds based Special Purpose Vehicles (SPVs) as intermediaries that 'securitize' financial flows[25]. ICIC's ICICI Venture Funds for instance, has tied up with a US based Tishman Speyer Properties to invest US $ 300 million in not just the metro cities but specifically smaller cities and towns with an expected growth of 15% to 20% a year over the next decade! ICICI is a subsidiary of ICICI Bank that currently manages $800 million in assets. Tishman Speyer is a US giant, which owns the Rockefeller Centre and The Chrysler centre and has slated US$ 8 billion for global property investments. All these form part of a much wider terrain implicating private banks and real estate[26]. The involvement of the 'State' is critical, and as a news report mentions, that since February (the time of the FICCI and CII conferences on FDI in real estate) entry into FDI into plots of more than 25 acres upto initially 100 acres and later 2000 acres was

---

[23] The CEO of I-MAX international at a FICCI conference on Urban Reforms Agenda in April 2004 mentioned that the returns from their Hyderabad theater was the highest world wide -- in US $ terms!

[24] For instance, Citigroup Inc. (via its Citicorp International Finance Corp) sold its entire 15.5% stake in the Indian construction firm IVRCL Infrastructure and Projects for $23.5 million. They bought the shares at Rs. 125 per share had expected Rs. 300 per share but actually got Rs. 454! IVRCL in turn, plans to buy a 70% stake in Hindustan Dorr Oliver Ltd for $12.3 million to help bid for larger construction projects. ('Citicorp sheds entire stake in IVRCL Infrastructure Ltd' in Deccan Herald May 17 2005. The point is one of the complexity of speculative flows that large projects spur, and the scale of these transactions drawing in international capital.

[25] In middle 2004, there were a series of reports in the business papers on how the largest landowners in the country were not the traditional landlords but IT companies, and that this was primarily with the favorable terms by which this land was allocated to them at below market price. Analysis mentioned how on a square footage per employee in Indian based IT companies was many times over the world average! See annex 2 in this paper.

[26] See: ICICI Ventures' fund buys H'bad property November 27, 2003

http://www.indiainfoline.com/pefi/hous/bao6.html

ICICI Ventures' India Advantage Fund, in a novel property investment, has made a Rs 35-crore purchase through a special purpose vehicle of two floors in Hyderabad's upscale L&T Infopark 'Cyber Gateway.'.. The returns by way of rentals on the equity investment are expected to be in excess of 20%. The purchase of the 1.06-lakh sq ft property in 'Cyber Gateway' has been made through the 100% ICICI Ventures-owned SPV called Mezz Equity Software Services. The investment has been financed through a mixture of debt and equity, with the ICICI Fund routing Rs 9 crore through the SPV, while the balance Rs 24 crore has been raised from banks. L&T Infocity has developed two towers ..a joint venture between L&T and the AP government. This is the first real estate investment by the India Advantage Fund. The fund has set apart around Rs 200 crore for real estate investments. Earlier, it had taken a Rs 36-crore equity stake in the chain multiplex company PVR promoted by the Bijli family. It is also in the running for Glaxo's prime property in Mumbai, where ICICI Ventures has bid through a JV with builder Vicky Oberoi.

allowed[27]. With the easing of FDI norms, the trend for the developers in this situation is to build what the real estate industry terms as a 'land bank' – where developers 'block' large parcels of land in locations they see of being value added driven by the hi-tech. This in turn spirals land prices and land banks[28]. While initial news reports mentioned the use of such 'banks' by the large developers, recent ones point to the largest of IT companies both 'domestic' and MNCs like Intel, Microsoft, and GE with estimates of over 1,350 acres being corners with an estimated value of around Rs 1,600 crore[29]. In addition to IT companies, pharmaceutical companies such as Dr Reddy's and Ranbaxy, as well as telecommunication giants Reliance Infocomm and Bharti have also been buying land in all metros and major cities. A quote by Infosys's Mohandas Pai is significant here:

> '…"For this, creating land banks was a big challenge to the company. We persuaded state governments to allot us land. This was available only at a distance from cities, and required good roads to campuses, power lines and assured water supply, and our own transportation," said Pai…'[30].

The main justification by companies is that they are growing rapidly. However, the land available per unit employee is amazingly high[31]. The other issue is that amassing land by 'persuading the government' is just one step. As Pai of Infosys mentions above, the other is to get the state to fund expensive off site infrastructure such as expressways, and what the IT term as reliable water, power, and telecommunication infrastructure. This comes at the expense of small and medium farmers. What is missed out however that the funds to build 'infrastructure' such as 'expressways' could have been utilized for improving basic health, education. Also, in the land notified for expressways and such large mega projects, existing use as home based small manufacturing and retail find their ability to access basic infrastructure almost impossible. This is due to changed governance and legal regimes that in turn facilitate the large corporate groups access land and locations as described above. Thus, considering the public policy process more closely opens up a range of issues as described below.

---

[27] News report *'ICICI arm to flow $ 300 m into real estate'* in <u>Indian Express</u> Mumbai edition April 11 2005

[28] *'Land prices rocket to a new high: The driving force: Easing of FDI norms, Creating Land Banks'* The report mentions: *'A number of foreign construction majors are seen to be interested in building integrated townships in India… a director in the management consulting company JCSS Global says that his company alone is working on three integrated township projects in Bangalore, all of them involving foreign majors and each of them on over 200 acres of land. The Puravankara-Keppel land joint venture (author: with Singaporean investments) is planning three massive projects…'* in <u>Times of India</u> march 25 2005 Bangalore edition.

[29] Kapur Mansi *'India Inc building up land banks'* <u>Business Standard</u> Mumbai February, 09 2004 http://www.businessstandard.com/search/storypage_new.php?leftnm=lmnu1&leftindx=1&lselect=1&autono=149413

[30] Urs Anil *'Infy plans 10 mn sq ft office space'* in Bangalore May 26, 2005 http://www.rediff.com/money/2005/may/26infy.htm

[31] See: a) Kapur Mansi 'India Inc building up land banks' In Business Standard Mumbai February, 09 2004 http://www.businessstandard.com/search/storypage_new.php?leftnm=lmnu1&leftindx=1&lselect=1&autono=149413; b) 'Corporate India milking its real estate' in Hindu Businessline http://www.thehindubusinessline.com/2004/04/25/stories/2004042501500100.htm; c) Sanjay K Pillai IT firms - India's real estate kings IT companies have acquired over 1,000 acres of land http://www.business-standard.com/general/storypage.php Chennai June 2, 2004; d) Abhrajit Gangopadhyay Vishwanath Kulkarni Infosys campus plans worry Karnataka www.blonnet.com/2002/12/06/stories/2002120602390100.htm BANGALORE, Dec. 5 2003 *"….The market rate of inner lands in the notified area is Rs 40 lakh per acre while that facing the Ring Road is Rs 1.5 crore per acre," Mr. K. Purushottam, resident of Bellendur village said. However, KIADB has proposed to acquire the land at a uniform rate of Rs 9 lakh per acre. "We have suggested the Urban Commissioner to acquire dry lands near the currently-notified area," Mr B.T. Ramachandra, another Bellendur resident, said. The villagers have also hinted at carrying on a "peaceful agitation" if KIADB continues "land grabbing at such rates." However, the Government sources strongly refuting the prices quoted by the villagers said, "You cannot extrapolate the price for a small housing site for acres…."*

13

'Withdrawal' or 'Facilitation'? In considering the process of public policy, and the actors involved, one soon realizes the notion of 'The State' needs to be un-packed to understand the form of politics. In Bangalore starting 1998 for instance, when the IT corporate groups and also the large developers were able to benefit, this refers not just to the Government of Karnataka but the location of policy making in private corporate sector organizations like the Bangalore Agenda Task Force (BATF) and it's allied advisory bodies and think tanks. In un-packing these connections, the well-publicized 'Singaporean connection' to Bangalore emerges as being much more than mere imagery. For Bangalore to be Singapore was given wide publicity by the BATF, that itself was set up with direct support of the then Chief Minister. The closely alignment of the BATF and Infosys is open knowledge but what is less known that in the early nineties, the Singaporean government invested Rs. 1500 Crs in that company[32]. Such investments perhaps open access to 'public' policy on mega decisions. By the late nineties, the Singaporean company Jurong Corporation planned the Master Plan for the IT Corridor. The major architectural firm RSP International is one of the main firm designing super large high-end 400,000 – 600,000 square footage IT and BPO complexes. Significantly, this too is a Singaporean firm. There are other connections with the "Public": Karnataka's showpiece, the Singapore Technology park, the ITPL, is again partnered in part by the Singaporean government with the share of the Govt. of Karnataka contributing land acquired from poor farmers[33]! If we return to the real estate surpluses mentioned earlier, a significant investor in ICICI's IT fund, and benefiting from the cheap land is the Government of Singapore's 'Temasek Holdings'. Pani in his detailed analysis of the connections between Infosys, the BATF and SM Krishna and his government shows the direct links between the financial valuation of that company and its close connections into the modernist agenda of the then Chief Minister. But this was not just symbolic but materially underpinned by land in fundamental ways[34].

It should be clear by now, that we are talking not just a changed role of the 'State' in terms of its 'withdrawal'. Instead, the point here is of its transformation in shaping the form of contestations in favor of particular type of elite groups. If one focuses more closely on the way Master and Regional Planning is reframed rather than 'withdrawal' higher levels of government are particularly interventionist. These interventions are not just one off events of demolition but are framed within a larger institutional structure of special purpose agencies

---

[32] Pani 2006 op.cit elaborates usefully on the connection between Infosys, the BATF, and the then Chief Minister SM Krishna. This is not just in instituting the BATF, but also in the role of public funds invested via mutual funds in shares of these IT companies. Thus, not only the capitalization of land, especially when serviced with high grade infrastructure, but also public security in shares helped move up the valuation of the company resulting in very high returns when the chief executives among others off loaded part of their investments. It is common knowledge in Bangalore that the then Chief Minister's son in law and also nephew had specific interests in both real estate development of IT tech parks, and also a major stock broking company.

[33] For additional information on this, see the website of the Alternative Law Forum, Bangalore at: www.altforum.net

[34] Pani Op.cit 2006. Also see a) Anil Urs Infy plans 10 mn sq ft office space in Bangalore May 26, 2005 http://www.rediff.com/money/2005/may/26infy.htm ; b) Real estate in Delhi, Mumbai record highest yield in '03 MAY 04, 2004 http://economictimes.indiatimes.com/articleshow/658475.cms
http://economictimes.indiatimes.com/articleshow/msid-658475,curpg-2.cms *'…Indian corporates like Infosys, Wipro, TCS and Satyam, Dr Reddy's, Ranbaxy, Reliance Infocomm and Bharti are using land as a vehicle to park their surplus funds. "These companies are now considering real estate as their important component of investment," it said. Indian corporates bought 1,350 acre land at an estimated cost of Rs 1,600 crore during the last two years. Investing in real estate portfolio has now emerged as a key tool for corporate treasury management in India. Interestingly, MNCs like General Electric, Microsoft and Oracle have also been buying land in all the Metros and A class towns in India…'*

and parastatal agencies, specific policies being promoted under the URA which is linked to dedicated funds including those which in previous times were relatively un-tied and scheme based. These funds and policies are not just for the private corporate sector to facilitate PPPs and comfort funds, but now they tie in funds from large donors like the World Bank, and its IFC, ADB, JBIC, and DFID, as well as private sector funds that in turn link central government funds all placed under 'conditionalities'[35].

The new institutional arrangements under the URA imply that local governments are empowered not in their elected wings. Instead, much like a repeat of colonial administration, the empowerment happens via their commissioners, and specially via advisors and consultants whose salaries or consultancy charges are paid for by donor funds as part of 'capacity building'[36]. Capacity building is in this context, nothing more than a 'Trojan horse' set within the elected body to de-politicize it[37]. Such a de-politicized structure responds to the emphasis of the URA for municipal bodies to be 'competitive' and raise revenues for 'cost recovery' as part of an overarching privatization program. This is critical since in the new models of Public Private Partnerships (PPPs) hiked water rates are complimented by property tax streams to be 'escrowed' to the private utility provider. For higher levels of government, such an arrangement is useful to ensure stricter political control over lower level councils. This is especially in Karnataka with a history of elected representatives who have tended to be independent of any party platform and often switching on what higher-level party structures see as being opportune. In this situation however, it is hardly surprising if such an 'elected' body vigorously pursues policies against its own elected constituencies – demolition of settlements of un-sure tenure (rather than their regularization using un-tied funds). One would also see contradictory interventions. When basic education and health infrastructure is failing especially in the city's outer wards, the corporation chooses to build Bangalore's largest mall (with Marks and Spencer's as a anchor client!) and multi-storied commercial complexes—parking lots as a way to raise revenue[38]. Such actions include demolishing a

---

[35] This relates to an important point made by Prabhat Patnaik in looking at national level policies. See 'Nation facing 'economic balkanization' (The Hindu May 29, 2005, Bangalore edition): *Centre using Finance Commission as an instrument of coercion'. The report mentions: 'By making devolution of funds to the state conditional upon their accepting the structural adjustment agenda, the central government was forcing them to prune their fiscal deficit through methods that impinge on the welfare of the masses and financial authority of the State Government.* For excellent critiques of the new policy environment on rural development, see I)Devinder Sharma '*Towards corporate agriculture'* in edit page Deccan Herald May 26th. 2005; ii) Sainath P., '*Six on ten sounds right for this government'* in edit page The Hindu, May 30 2005; For an excellent critique of donor funds on this issue see: Monbiot G., '*Rich keep the poor just where they want them: The EU is keeping the poorer nations exactly where it wants them: beholden to their patrons'* in The Hindu June 1 2005.

[36] In the Bangalore City Corporation (The BMP), in attempting to understand how decision were made, we discovered that a special advisor 'wets' and framed development proposals to be placed prior to their submission to the Town Planning Committee – in effect reducing the latter to a rubber stamp. This structure was introduced during the time of the SM Krishna government as part of the BATF sponsored re-structuring to introduce F-BAS (Fund Based Accounting) and Self Assessment Scheme (SAS) "reforms". It is hardly surprising that during the high time of the BATF, specific attempts were made to dissolve the 'Appeals Committee', which other wise plays the critical role of deciding on a complex range of fiscal and public works matters via a cross party process.

[37] The use of the term 'Trojan horse' is attributed by Ravichandar, one of the core members of the BATF to Ramesh Ramanathan. It implies using mechanisms to co-opt the elected council into accepting these reforms, and a key pressure point used, as explained by Ravichandar was the MOU signed by the Commissioner and the State Government which linked grants by the State government to the local body conditional to their accepting the 'reforms'. A carrot to this stick was that the increased funds from the SAS would provide 'incentives' to those corporators who agreed to play along.

[38] See "BMP counting on joint ventures to boost revenue: Corporation to make use of its property" The Hindu May 16th. 2005.

housing colony built for 'weaker sections' on grounds of defective construction, to then build a convention centre and a commercial complex! It is hardly surprising that this city's local body would push for Transfer of Development Rights (TDR) that effectively cuts through economic territory under the control of small traders locating on rented tenure forms in central city areas, and open up these for larger commercial complexes and where need be, Malls and Multiplexes[39].

There are several other significant issues that connect interventions in the policy arena, which in turn has direct connections to both real estate generation and distribution. These are the new forms of land acquisition via the KIADB. The interesting thing here is the efficiency with which very large parcels of land can be notified and acquired on behalf of the IT sector via the 'single window clearance' with an emphasis of the land provides through this process being on the basis of a 'clear and marketable title'[40]. The emphasis on clarity of land records posed on the rhetoric of cutting down corruption and easier transfers forms the basis for the second event: The Bhoomi program for computerization of land titles and now much showcased by the World Bank. Although initiated as a decentralized process, this got a flip by the SM Krishna government when it not only moved up from being a model program, but increasingly centralized. Central in the process, and inspired by Hernando De Soto, is the move to make titles marketable, rather than establish claims based on occupancy[41]. The main point here is that two very different processes drive land markets and transactions. One shaped by the occupancy and use of land, its productive use and specifically its transformation over time via physical upgrading or growing locational advantages[42]. Another, centered on its title, is centered around very different types of pressures and arguably more 'speculative'. What the combination of the KIADB form of land acquisition and the Bhoomi form of land titling do is to emphasize the latter especially when one considers that with FDI, money can be rapidly moved across regions and within what may be considered as ephemeral investment categories. It is hardly surprising that a detailed study of eight taluks around Bangalore, and especially of the IT dominated part, showed up a political economy where elite groups of large developers and their clients in the IT have captured large parcels of land at the cost of smaller farmers and land owners[43]. More specifically, given the particularities of the process, these emphasize a speculative based real estate market[44]. One of the major political crises, apart from the BMIC mentioned above, is that of large scale land grabbing in the high growth peripheral areas of Bangalore. The point here is the relationship between the activities of big business and especially IT, Bio-Tech in amassing land, and their influence on public policy. This point is reinforced when we consider the 'urban' version of Bhoomi. Promoted and implemented via the 'E-Governments Foundation', this foundation is funded by Nandan Nilekeni the CEO of Infosys. However, the work here with funds from the Asian Development Bank has the project operating in 57 towns in the state. The main activity here

---

[39] See "BMP to acquire land for road widening work: Citizens not impressed by TDR scheme" The Hindu May 19 2005.

[40] Ibid. See their report on the IT Corridor in Bangalore

[41] Karnataka for instance, in its five governance regions embodied 1500 forms of recording land tenure, which the intent was to reduce to 256 as a move towards modernization. (Statement by the project designer during the World Bank's ABCDE conference held in March 2003).

[42] Benjamin S.J., *Urban land transformation for pro-poor economies* in <u>Geoforum</u> (Pergamon Press) Volume 35, Issue 2, March (Edited by S. Oldfield). Pages 177-187 on 'Differentiation in South Africa and Indian Cities' 2004

[43] Benjamin et.al '*Bhoomi: E-Politics or An Anti-Politics Machine set out to globalize Bangalore?* (A <u>CSEU Working paper</u> February 2005 Paper accepted and under review by <u>the Journal for Development Studies</u> for publication.

[44] Ibid.

is GIS based land management system that digitizes land parcels and assigns a code used for property tax purposes. This is complimented by the effort to introduce 'North American' norms and styles of parcel addressing. Significantly the database is maintained by the E-Governments Foundation rather than with the State Government on an argument that the latter does not have the technical expertise. The CEO of the Foundation mentioned in a talk that this database is not kept at the local municipal body in case the elected body uses this for 'regularization' purposes. The essential feature here, like in the Bhoomi Program, is to reinforce the 'marketable' title of land, and when inter-linked to an electronic data base, can allow as the CEO mentioned: *To sit in New Jersey in the US, and via my laptop, check out a property in one of the towns in the outskirts of Bangalore..'* .

The connection between the corporate groups and the decision making structure is complete when we consider that the chairman of the Bangalore International Airport Authority (BIAL) is the Chairman of Infosys. A not just institution like the BATF and the BIAL, but IT and BT policy has had industry leaders at their helm. I will return to another aspect of policymaking and influences by big business, where much of changes seen in the governance structure of Bangalore are elements of the Urban Reform Agenda (URA). The URA, in forming the core thinking of Ministry of Urban Development and also Ministry of Finance, is linked increasingly to conditionalities of both Government of India and also large donor funds[45]. A senior IAS officer in Karnataka when asked about policy making relating to IT and BT, pointed to the IAS being bypassed in this as it was all written up by big business in the IT and BT. This is bourn out by the positioning of the private corporate elite on almost all major task forces in Karnataka especially at the time of SM Krishna as CM. Similarly, a senior bureaucrat from Delhi when asked about how policy on the urban reform agenda and new business partnership were framed, the pointed response was that the 'steel frame' of the State was being rapidly dismantled and replaced by policy making from 'external sources'. Such a 'capture' of the policy making process is paralleled by the way this is pushed through the system. Here it is useful to mention an interesting observation made by a researcher working on the issue of public sector reforms for an international donor agency. He mentioned that in contrast to Kerala, where the elected representatives debate proposals for reforms, what struck him in Karnataka was the way a small coterie of 'blue eyed' very senior but young IAS officers used government orders in ways to bypass the legislature and instrumentalzed these via committee. Also implicated here, was the role of the large donors in aiding this process, and perhaps Karnataka and Andhra Pradesh were seen as two states (during their previous CMs) where the Chief Ministers would back up the 'blue eyed' boys in this process.

The text above raised the question of a blurring between "The State" and the interests of 'big business', and hence the notion of 'public accountability'. With this I turn to another questions – that of blurring between a vocal 'civil society' voicing concerns around the interests of "citizens", and the interests of big business. In the nineties, much of the radical urban literature focused on notions of 'gated communities' (inspired from San Paolo) and how these linked to global flows of capital made possible by electronic communications and also the consolidation of capital itself. 'Gated' communities are definitely the way the elite live in Delhi, Bangalore, and Bombay. What is more important however, is the resurgence of an elite active, proactive, and even aggressive 'civil society' that aims to re-shape urban territory in their favor. Such groups use and appropriate a sophisticated developmental discourse that at first glance is progressive (albeit a bit politically neutral!) but also deeply

---

[45] See footnote 19.

divisive. It also poses, much like a re-phasing of Nehurian vision, the global city as the Temple of modern India and with it, particular spheres of consumption.

Here it is important to unpack the new forms of funding that with them bring in very different 'strings'. These in turn, further implicate a complex definition of civil society. In Bombay and Bangalore, the organization promoting the URA program and in effect funding the renewal process, also provides funds for 'urban heritage and conservations', as well as for 'urban design' improvement. Here again the seductive idea is that of 'participatory urban design' claimed to be made 'hawker friendly' by designating a special hawking zone so that citizens may be able to claim back 'encroached' public space. This is also accompanied with public art, new media initiatives, and also environmental improvements in terms of landscaping. It is hardly surprising given the effectiveness of these measures in building of public opinion in favor of urban renewal, that several large donor driven urban development projects include a significant 'environmental' improvement agenda. This is framed for instance as a 'river front' development as seen in Ahmedabad, Indore, and Kolkata (and perhaps Delhi?). In effect, as part of these improvements, squatters locating on 'dangerous' riverfronts are evicted to 'safer' grounds' with a resettlement package in place with NGOs playing a facilitating role.

Another effective form of control is that of micro-credit – which when linked to NGOs increasingly being promoted on their managerial efficiency rather than social activism, forms a significant constraining factor. In Bangalore, the micro-credit link is even stronger where the BATF in its 'citizen' face, and that of the 'poorer citizen' has in place supra micro-credit fund routing organization to smaller and more field-based NGOs[46]. A key issue is the impact on political moderation by corporate groups (via field NGOs) instilled among poor groups especially during election time. This is quite apart from the significant economic returns that I discuss later in the text. Here we find complex relationships that extend into 'public demand making' on much of the URA agenda[47]. This argument gets a further flip when we consider the new model of 'reform' oriented development projects like the Greater Bangalore Water Supply Project. Here we find, a congruence of NGOs and 'civil society' organizations taking on a role of 'educating' local residents as to why they should be prepared to pay more for a 24/7 water supply, accepting substantially high rate increases, and the culling of public stand posts on arguments of "unaccounted water" or theft. This is when many of them are forced into buying water from private tankers or depend on a very very in-adequate water supply[48]. In effect, in it's mildest terms, the role of 'civil society' is one of a mix of propaganda. These efforts however, need to be seen within the linkages of the proponents of these groups to the larger URA. Within the new conditionalities that come with state and central level grants and fund transfers, local bodies are coerced into accepting what is in effect a process of privatization.

---

[46] I will return to this issue later in this text, but here briefly refer to the Sanghamitra Foundation run by Ramesh Ramanathan, also significantly co-convener of Janaagraha, which was promoted as the 'demand side' for reforms to the 'supply side' by the BATF to pressurize Bangalore City's municipal corporation.
[47] Significantly, Janaagraha is also linked to the "PROOF" campaign promoting 'transparency and accountability' and towards a citizen charter, and in this effort bringing like-minded 'civil society' organizations like the Public Affairs Centre (PAC) and Voices. Ramanathan and Samuel Paul (Chairperson of the PAC, and previously with the World Bank) were ADB consultants on an urban reforms project for Tumkur and other towns in the Bangalore metro area, and applied their lessons there to Bangalore city via the F-BAS and SAS, and the creation of the BATF.
[48] This is via the Citizen Participation Wasp or CP-Wasp arranged by the Janaagraha.

18

Interestingly, (ex) BATF members seek to further institutionalize their entry into governance by two more 'Trojan Horses': The proposed legislation of "Citizen Participation" and "Disclosure law" that they pressure into the system via their central government networking. The logic goes as follows. A key issue confronting the BATF was by opposing politicians who questioned how a body constituted as a committee via a government order (GO) should not only continue beyond its mandate, but also by pass parliamentary process. Second, they also questioned efforts such as the PROOF, which created parallel systems of review, and was used by the elite to shape budgets in their favor. With the new legislation in place, framing another BATF would be administratively far easier and routed on the basis of a centralized legislation. A member of the E-Governance Foundation agreed, that now that their initial work of GIS is over, a major challenge would be property taxes being raised as part of an 'escrow' to pay for the private water utility. It is here that both a "citizenship" pressure group to demand 24/7 water, and a 'disclosure' law under the URA's 'Urban reform incentive fund' (URIF) would be operationalized to pressure the council to adopt 'market based measures'. This is hardly new and resembles the use of Ward**(s)** Committee (WsC) with multiple councilors per ward, and the state government nominating other members[49]. In this landscape, actions by 'civil society' would be centrally located in such coercive efforts.

Such coercive actions get reflected in a variety of areas. For example, it is useful to focus on efforts to promote electoral reform[50]. The focus on corruption in public life, basically to pressurize the leadership of political parities to disallow candidates with 'criminal' records from contesting polls, and also to declare 'assets'[51]. Significantly, there is no known effort to focus on the bureaucracy in this regard, and especially the senior bureaucracy. On the contrary, there are efforts in part to protect them[52]. The electoral reform process also attempts to get richer groups to vote and to form a political pressure group. This is to counter what is termed as 'vote bank' politics where local politicians have the distinctive support of poorer groups and obviously in responding to these constituencies, promote upgrading of basic infrastructure and services, and in-effect promote 'un-planned' developments. In an almost absurd case, but perhaps with conceptual parallels to the electoral reform campaign, 11 petitioners in Bombay have moved court in that state to ban squatters from voting[53]!

---

[49] In contrast to a single councilor based Ward Committee as in Kerala and West Bengal, and the municipal council playing a key role.

[50] This is paralleled in what has become a national level pressure group, witnessed in the *LokSatta* in Hyderabad, *Public Affairs Centre* and *Jaanagraah* in Bangalore, *Centre for Civil Society* in Delhi, and *Praja* in Mumbai.

[51] In Karnataka for instance, under Section 19 of the Karnataka Municipal Corporation act, each corporator is required to declare his/her assets including of her /his family. To our knowledge, no senior bureaucrat or the commissioner of the corporation is required to do the same. Also the decision as to which corporator is declared to loose their post is that of the State government with little concurrence of the council.

[52] This is either on corruption and declaring their assets (including of their close relatives), or then, their entry into politics via the 'nomination' route (rather than elections). In fact, the campaigns for electoral reforms in part support what they term as 'stability of administration' – which means that a senior bureaucrat can be safe guarded against transfer by elected representatives. This stance is interestingly also adopted by large donors and forms part of the urban reforms agenda.

[53] See Times of India 18 September 2004: *'.. A group of eleven prominent residents have filed a PIL asking that illegal encroachers be removed from the voters' list. They believe that encroachments on railway land and pavements prevent 'developmental work'. Political parties will not remove illegal slums because those are their vote banks. The ruling parties keep legalizing the slums. Subhash Bhende, litterateur and one of the petitioners says, "We are not against slum dwellers, but against the unauthorized slums that are obstructing infrastructural developments." He believes that voting is not a constitutional right and under the Representation of People's Act, in order to vote, you must fulfill two conditions: you have to be over 18 years of age and an ordinary resident of the area. Bhende therefore argues that election officials should not register names of slum dwellers in the voters' list without inquiring into the legal status of their residence. He adds, "You can't register yourself as a voter by saying 'I live under the lamp-post'." Bhende's proposition is that if these people cannot vote, the*

A serious problem for the non-voting rich of 'vote bank' politics is that local politicians use public funds in 'non-notified' slums. These areas, normally housing the poorest of poor, where the conventional slum development schemes are disallowed by 'the law' from investing in. 'The law' here refers to several judgments of the Supreme Court made on account of elite based PILs. If this situation is not complicated enough, a closer look at 'criminal' records raises even more controversy. Here, research into the nature of criminality reveals the centrality of pressuring the system on land issues, and especially in the political process of representing poorer groups[54]. Thus, for an aspiring politician at the local level, with a constituency of the poorest, is very likely to have criminal charges framed against them – just as is the common experiences of activist NGOs on the forefront of 'peoples struggles'. If so, than much of electoral reforms may actually be aimed to protect their access to resources from what they see as a 'hydra' of vote bank politics, and their declining their claims on public investments[55]. Electoral reform needs to be contextualized both in terms of political parties confronting an increasingly coalition based politics and the need to discipline such trends. Second, their alliance and a 'remunerative' one in large mega projects that places funding streams at higher levels of government.

Trojan Horses of the Development Type: When the BATF spokesman or his colleague in the core team used the term Trojan Horse, the symbolism in the parallel to particularly virulent forms of computer viruses could not be more apt. He boasted to the audience that included the World Bank's mission on transparency and public accountability that what the BATF had achieved in two years and by subduing the corporators of the BMP, could not have been achieved by the Bank's high powered and well-paid consultants. It was hardly surprising for the Chief Minister in the inaugural address at the World Bank's ABCDE conference in March 2003 to reinforce this point in praising the BATF and reminding the audience that it was after many years that finally urban lending by the Bank was possible in Karnataka with a dis-empowered opposition. I have referred earlier to how the BATF saw itself both as a "public private partnership" but also in the instruments it implanted in the elected body as a Trojan Horse. Of course, such Trojan horses needed the coercive power of the State – the explicit backing of then CM, under whom, the blue eyed bureaucracy instrumentalzed an MOU tying in the elected hands of the BMP via their dependency on the former for grants as well as fund transfer. The point I wish to raise here is if one can understand Public Accountability and Community actions not in a neutral sense but rather place them into the thick of politics. If so, can one view a range of 'Trojan Horses' as suggested below.

For sure, some like the BATF, PROOF, and the Janaagraha are elements of an alternative systems of governance, but as mentioned above, were these specifically governance based Trojan Horses? Further more, perhaps a key political learning for the BATF and their

---

government will lose interest in them and will not protect them. "We are not saying that they should be removed or thrown out, we are just saying that this is a way of ending the viscous cycle of increasing encroachments. We can't stop people from coming in the city but at the same time, we have to find some way of solving the problem..."

[54] See Dhareshwar, Vivek, *'Rowdysheeters: An essay on subalternity and politics'*, in Subaltern Studies IX Oxford University Press 1998

[55] A presentation by a well-known NGO on electoral reforms and its report card methodology to members of the progressive municipal governments of Mangalore and Udupi brought forth this issue in a pointed way. The deputy mayor of Mangalore, a three time corporator and well known social activist, quizzed the presenter and concluded: *"…what you are intending to do, is not 'cleaning up the system', what you really want is the rich to vote, since the poor vote much more..'*. When this author met with a senior member of the campaign, he commented: *'… the poor have their vote bank ways, but how about us….?*"

corporate supporters was their crises of existence after their CM stepped down and replaced by a 'pro-rural' congressman. For Janaagraha and their ward vision campaign, the political learning came out of the strong reaction of the council across party lines at being by-passed. If so, for the BATF did these learning translate into need for other reinforcing Trojan horses: Their current efforts and pressure to move the central government, the planning commission, and party leaderships in Delhi (including the left) to legislate the Citizen Participation and the Municipal Disclosure acts? Is a related Trojan Horse located in the JNNURM – that acts as a carrot and stick much as the MOU between the Government of Karnataka and the BMP? Can what are essentially instruments of efficient management, as seen in the F-BAS, SAS, the Bhoomi program, turn into Trojan Horses to centralize controls at particular levels of government or then in big business? One could also consider here particular type of schemes – an excellent example is the SJSRY. Although slated to be 'poverty focused' via the emphasis on training and micro-credit, our previous analysis of its organizational structure and how it fits into micro-level politics has shown how this reinforced centralized political and administrative control. For instance, one field worker mentioned how MLAs approached NGOs undertaking MF with a list of their members as part of a deal where for political favors, that MLA could then use the financial relationship as a form of coercive control. If private NGOs and especially those connected so closely to policy that has been formed in such significantly un-democratic ways, can now manage a public program like the SJSRY the issues of how state power is being privatized for these interests is fundamental. Micro Credit in its political sense could be seen as an economic underpin to civil society as a 'Trojan Horse'.

Janaagraha's ward level pro-elite 'incentive fund': If in the Bangalore case, the Janaagraha and PROOF was seen as the demand side of the 'reform equation', than how does one view other forms of 'participatory governance'? Specifically, forms of participatory planning that the Janaagraha promotes that targets hawkers, small traders and manufactures termed as 'un-authorized use and construction'. There are several illustrations of this but I shall focus on two. The point I make here is that in setting out a 'Trojan Horse', the aim is to install a decision making process that in guise of being progressive, allows elite groups to take over economic and political territory. An excellent illustration of concept is seen in Janaagraha participatory planning via it's Bala-Janaagraha wing involving school children and college youths in 'local governance'. A closer view showed that this campaign promoted an institutionalized form of 'middle class activism.' This process started as an exercise of 'ward mapping and investment plan.' Here "citizens" attended the meeting to specify how the ward budget was to be spent, and come up with a ward vision plan. Seemingly mild, this is in fact most damaging to the claims of the poorest in that ward. It is in the details however that such 'participatory' planning strategies were most damaging to lower income groups. The Janaagraha organized college students (MBAs and Charted Accountants) to survey neighborhoods of the 15 chosen wards to identify possible revenue generation sources. This is done by filling in a 'tool kit' provided for that purpose. The additional revenue from the previous ward property tax that accrues from this survey will be allocated to that ward. This will be spent on works to be decided by the committee of 20 residents set up during the Janaagraha consultations in their previous phase of ward visioning. Thus, if the ward revenue was 2X, and the new one after this survey is 3X than the "X" is up for the committee to fulfill their wish list. Significantly, the councilor or the municipal corporation's standing or works committee or then the appeal committee had little role in this process.

The issue here in some wards like that of 68, which has some of the most elite parts of Bangalore but in large part, very poor areas without the most basic infrastructure,

21

'participation' happened from the elite sections and on categories set up under the visioning framework that already reflected elite concerns. In effect, the surplus generation shaped by location and the agglomeration economies now accruing to relatively pro-poor economies are shifted to high end one. The BATF-Jaanagraah combine also 'visioned' extending this to a larger city wide process where 'citizens' mobilized on their programmatic mandate would identify 'un-authorized' use (commonly seen as 'mixed' land-use) that would feed a database for the BATF to pass on further to the BDA. The BDA – BATF combine saw their main role in the new Master Plan to rid the city of its "un-planned' growth as an important step to modernize it. Such databases of 'violations' and non-tax paying properties would help fund the large infrastructure required for modernization. One can immediately note serious equity issues here -- between rich and poor wards, between the richer groups who tend to dominate these civic committees, the legality of the issue of private committees to decide on public funds. Most critical, was the assumption of the Master Plan as an instrument to decide the legality of the city, when much of public administration scholarship point to the contrary. As Annexure 4 shows such parallel forms of governance not surprisingly, proved very unpopular with city corporation councilors leading to serious confrontation too. It also proved up-popular residential associations too, who saw the Janaagraha as coming between them and the councilors. This opposition from the elected body had several aspects. First, they saw this as a purposeful act to not only sideline the councilor but also to place her/him in a fragile political situation that reinforced authoritarian party control. Elected representative would be faced with a carrot and stick: To either conform to the wishes of the largely middle class and elite "partners" of the campaign and benefit from the centralized party support in election time. Or be confronted with well-connected local elite who uses the high-level bureaucratic system and high-level political connections to reduce the chances of being nominated as a party candidate during election time.

The above argument has specific material reflections in Janaagraha's highly publicized 'citizen' based urban renewal of the Cox town market in Bangalore. The NGO claimed this as a success and marked the occasion with extensive press coverage on the active 'citizen participation'[56]. Like other locations that this author witnessed in Ejipura, the dominant role seemed to be the elite who aimed to control hawkers and small vendors who legally paid revenues to the city corporation. Not surprisingly, two years later, a press report pointed to the utter failure form the point of view of the small vendors and hawkers in the Cox town and other two locations[57]. The fact that such 'participatory planning' is driven by ways to raise funds outside of municipalized 'vote bank politics' to fund elite priorities is a different issue. These illustrations point raises two other significant questions to consider: Would forms of participatory Master Planning, however progressive in their field method (PRA, and RRA techniques) and pro-poor in technical analysis serve as Trojan Horses if these are disconnected in location within elected councils of municipal government?

My point is that despite the rhetoric of being pro-poor, the efforts of many progressive NGOs outside parliamentary systems can effectively subvert forms of political and economic claim making by poorer groups, and not necessarily provide alternatives, or maintain the type of agency that currently exists within poor groups. If one takes this argument further, it becomes useful to consider the systems set within constitutional structures rather than treat that as

---

[56] See: 'Citizens market plan Cox Town buys it; Deccan Herald July 19 2004
[57] See 'Market Mess: A tale of three shandies' Deccan Herald 15 January 2006. The full page color article featured photographs with titles such as: "vendors left in a lurch with nowhere to turn but the streets .. Rafeeq Mohammed vegetable: The annual rent will increase when we shift to the new complex..'; Other reports were similar. See: 'Malleshwaram merchants oppose new market' New Indian Express Sept 9, 2006

sacrosanct. For instance, the concept of Ward Committees. An important point is made here by KC Shivaramakrishan, one of the senior bureaucrats under the then PM Rajiv Gandhi who helped draft the 74th. CA legislation. He recollects that initially the idea was of a Ward Committee (WC) but that bureaucrats in what can be considered as a classic case of 'subversion' of the sprit, added a 's' to the Ward. This in effect allowed almost all states except for West Bengal and Kerala, to have 3-4 wards to institute Ward**s** Committees (W**s**C). Since the State Government decides which wards amalgamate, as well as influences the nomination of members, one can see that W**s**Cs can effectively de-stabilize opposition councilors within the politics of Municipal Councils[58]. Considering this issue more closely would open up an even more contentious box: Was the concept of WCs itself a Trojan Horse set within municipalized politics[59]? The main point I am making here is to see an analytical value of concepts like Trojan Horses and to see how these impact claim making by poor and other groups over contested economic and political terrain. This discussion of electoral 'reform' by promoted by 'civil' society suggests that when looked at closely, this is a highly contentious process and linked to several larger political economies. At the centre of this are efforts of various groups of elite located in contestation of economic and political terrain.

My main point here is that the line between public policy, connections to international large capital, and an empowered elite has never been fuzzier. Not that policymaking, or more accurately public decisions was ever neutral. Activists the country over have led a campaign that the specific emphasis and priority on large mega infrastructure has resulted in the JNNURM being an 'urban poor removal fund'[60]. This would be since the fund provides an incentive to the very large real estate developers now also empowered with global investors, and other laws aimed at mega townships, and Special Economic Zones. And evidence of this, the activists point to the huge demolitions that have characterized almost all the metros since 2005: 300,000 people in Mumbai, 200,000 in Delhi, 65,000 in Kolkata, and much of the central core market areas designated for urban renewal;

Underpinning the JNNURM is the direct attempt to institutionalize a particularly elitist notion of 'citizen participation' via *Area Sabbas*. Set to ostensibly promote 'citizen' participation, it's been criticized by activist groups and this author as a 'nominated' democracy to strengthen the elite against the voting poor. More specifically, this is seen as the instrument to shape public investment towards 'legal areas' and especially those parts of wards that are Master Planned – which normally are less than 10-15% of a city territory. The area sabba concept is linked to another elitist process in the 'Vote India Campaign' that aims to reform electoral politics, reduce the power of regional politics and clean out 'vote bank' politics. Its effects in Mumbai are already seen in terms of the Vote Mumbai campaign

---

[58] This is then not very different from the Residents Welfare Associations (RWAs) being empowered by the Delhi Government – a move that has been rightly criticized as being elitist and to cut through parliamentary forms via municipalized politics.

[59] After all, it came at the time of a Prime Minister not known, unlike political stalwarts like Ramakrishna Hedge, for empowering the local. If at all, the Congress I party faced crises of defection and the need to maintain party discipline. The WC in effect creates parallel system to municipal political debate, and even if there is one committee per ward, the key issue is of who nominates the rest of the committee and would these in effect be new forms of party control? The argument of deepening parliamentary democracy via WCs is suspect when one can have, moves to make more wards where elected representatives relate to smaller numbers, in parallel to as is done in both Kerala and West Bengal, larger numbers of committee within the council paralleled by ways to move ahead cross party consensus.

[60] This was the slogan in several public protests led by Medha padkar in Mumbai all through 2005-2006 protesting the evictions in that city.

bringing to the fore elitist groups congregating to exclude the poor[61] with a significant role is played by the TAG or the 'Technical Advisory Group'. A related point to the emphasis on GIS and Master Planning is if ideas of citizenship are the pre-requisite of property ownership. Would this for instance be another way of distinguishing between the true 'tax paying' citizens and those who are illegal?

SECTION 3: A response to Ramesh Ramanathan:
An earlier web based draft of this work drew a sharp reaction by Ramesh Ramanathan[62]. Despite Ramanathan's nine page detailed note and the mass of background supportive material, none substantively dispute the initial write-up[i]. For instance, my analysis of Janaagraha's ward level pro-elite 'incentive fund' explained above. Also, recent history not just confirms, but reinforces the analysis presented in this chapter. Thus, rather than a personality-centered discussion, I find it more fruitful to focus on the key issues. This is in a situation where rather than political forums and debate, or then a bureaucracy whose actions are assumed to be shaped by accountability to political council, a few individuals and their 'Non-Governmental' or 'Civil Society' organizations are nominated with the responsibility to shape policies impacting the lives of millions[63]. The authors' own experience of questioning Mr Ramanathan on his Area Sabba at an international conference at the ISEC in Bangalore was particularly telling: While such personalities argue for greater public debate, when directly questioned on the substance and contradictions in their logic and inherent pro-elite content, Mr Ramanathan not only evaded but the moderator (from the World Bank) quickly moved to the next question. Thus despite the recognition of India as a huge democracy, developmentalism around 'Civil Society' and 'social movements' is increasingly 'personality' centered rather than political debate. This is not just in the media, but such entry into 'policy' circles poses a particular individualistic politics that seems particularly facilitative to lobbies promoting international global capital. In specifics and in order not to waste time and space I focus on what I feel are three key issues:

The Area Sabba: Nominated Democracy as a corner stone of neo-liberal capitalism?
The area sabba, a corner stone of the JNNURM is blatantly un-constitutional and reverses progressive reform as seen in Kerala and West Bengal where ward committees follow closely the sprit of the 74th CA. In the latter, municipal council and the panchayats are empowered.

---

[61] A insightful excerpt by Sainath in <u>Elite activism: can't vote, can vet</u>: *"…All wards reserved for backward classes and Scheduled Castes/Scheduled Tribes/women will have "candidates of poor calibre." So `asserts' one of Mumbai's most high profile `citizen activists' in a daily newspaper in the city. That isn't all, though. His group is "trying to working out a system of grading candidates." .. "Citizens' groups," mostly headed by the very elite, are hogging media time and space. The Beautiful People whose next-door neighbours never vote are back, teaching the masses — who do vote — how to go about it….The lovely bit is where the newspaper or channel tells you: "this time it's different." A group of idealistic young whatever have "banded together" to do whichever. The current crop are fighting `vote bank politics.' `Vote bank' means those who support someone you can't stand. But something is different this time. And it's appalling. Open jibes at SC, ST, and OBC candidates and voters. Attacks on `slum appeasement' by politicians. Some members of these elite outfits are closely linked to corporate cabals whose thinking they mirror. Some have also been party to a petition seeking to take away the voting rights of slum dwellers whose huts have been demolished. (Aha! They have no address now. How can they vote?)…'* P. Sainath The Hindu, January 13th 2007 Mumbai edition http://www.hindu.com/2007/01/13/stories/2007011304221000.htm .

[62] Ramanathan has multiple roles and titles are very significant and closely connected: As head of Janaagraha, a core member of the erstwhile BATF, Vice Chairman of Sangamitra and in charge of Urban Micro Finance, and more recently, member of the Technical Advisory Group (TAG) of the JNNURM. In this, Ramanathan is also the author of the Nagara Raj bill that aims to establish 'Area Sabbas' as what is called the 'fourth layer' of governance but also to re-configure public investments. Finally, Ramanathan also runs a venture capital firm.

[63] For some attempt at discussion, see a net based discussion on the TAG in JNNURM UIG sub-mission is vividly illustrated in:
http://mail.sarai.net/pipermail/urbanstudygroup/2006-September/001047.html

In Janaagraha's Nagara Raj Bill, the elite of a ward are empowered via a nominated system, along with legal businesses. This approach is colonialism and turns back on series of reforms that came out of political unrest during the British and also later after independence. It also creates not just a parallel system of governance but also one where the elite, outside of their political clout, can threaten and pressure elected councilors to act in their interests rather than the masses of voters who turn up at election time. In doing so, the poor, recognized narrowly as the 'registered poor' have to depend on the benevolence of the middle class to provide them political space. Not surprisingly, this bill suffered opposition across party in Bangalore' municipal council[64]. When the NGO Lok Sabba attempted to implement such a system in Mumbai elite Juhu ward, it drew a sharp critique by Sainath, the well known development journalist[65]. Significantly, the basic justification of this un-constitutional structure is argued on grounds of 'infancy' of India's democracy! Moreover, such authoritarian structures are proposed to be introduced not via political debate but rather as World Bank conditionalities tied to central government schemes like the JNNURM – decided not by parliament but rather ministry bureaucrats advised by neo-liberal donor agencies and research institutes. When this author posed this issue to Ramanathan in a public talk arranged by Cornell University, the World Bank and ISEC, he replied that the reason why this was pushed as a conditionality rather than parliamentary and legislative assembly debate was that they saw an opportunity[66]! Thus what is at the center of pro-elite political reform is not democratic debate but rather opportunistic behavior opened up via authoritarian funding practices. The approach on the surface neglects power positions within municipal wards and assumes that in a common platform of *'..free and equal individuals and groups..'* the middle class will give the space to the poor – where the latter are dependent on the benevolence of the elite!. In fact the Janaagraha position is negates the issue of social conflict as being one of power and distinguishes itself from '..a more traditional rights-based approach that has different views on power and power structures..'[67] The other serious issue with the Janaagraha approach is that it assumes a lack of voice and in particular that poorer groups use of local councilors is irrelevant. For instance, the document states *'..It recognises that while there may be differences between different groups of citizens in terms of access to services and even democratic spaces, neither group today has any real formal voice or space to participate in decision-making…'* . This is counter to grounded research not just by this author in Bangalore, in other substantive work in India (Harriss and Fuller) but also in other parts of the global south (Singerman). The issue here however is not a point of mis-information, but rather one can argue, that such a recognition of 'voice' by the poor, fundamentally threatens the politics that groups like Janaagraha espouse, and moreover, in their recent relationships with other elitist 'civil society' partners like Lok Satta, SPARC, CCL, and Praja that promote a particular form of civic politics underpinning their neo-liberal agenda.

Big business sponsored Civil Society !
Ramanathan objected to the connection between elite organizations such as Janaagraha and big business, and thus be instrumental in Lifestyling cities. Ironically, within a year when he made this, his organization promoted a partnership between India's largest business lobbies –

---

[64] Staff Reporter BANGALORE: Cutting across party lines, elected representatives have opposed the Model Nagara Raj Bill http://www.hindu.com/2007/02/12/stories/2007021220590300.htm

[65] *Elite activism: can't vote, can vet* by P. Sainath The Beautiful People whose next-door neighbours never vote are back, teaching the masses — who do vote — how to go about it in the civic elections in Mumbai. http://www.hindu.com/2007/01/13/stories/2007011304221000.htm

[66] My voice recordings of the entire session point to the evasion on all these issues.

[67] Extract from 'Rights-Based and Inclusive Approaches to Governance Janaagraha's Position' Janaagraha

the CII and FICCI in their sponsorship of *City Connect*. This is not a one time 'cultural show' but rather a stakeholders forum to influence city governance, and in particular 'Public private partnerships'[68]. In particular, Ramanathan's power point presentation gives a particular flavor of Lifestyling – to be seen in the context of the extensive protests against Janaagraha's role in promoting Bangalore's water privatization[69]! Not only is there a peculiar miss on basic priorities, but the assumption is that the needs and pleasures of Big Business and the poorest can be 'balanced' on the same platform. If this is not explicit enough, one only has to visit the organization's (including of their partners across other metro areas: Centre for Civil Society in Delhi, Praja in Mumbai) websites to see illustrations of their citizen's handbooks to review how poor groups, and in particular Hawkers are treated! I have already referenced the experience of hawkers in their experiments in Cox Town. A more significant argument is Ramanathan's view of SEZs and FDI in real estate. Here the concern is not the serious disparities over land and the draconian laws that make this possible, but rather un-clear titles that constrain FDI in SEZs, and to protect the interests of foreign real estate firms[70]. Here, the significant issue is the way these are connected to global finance markets[71].

Micro Credit: Serving the Masses or Self Interest?
Ramanathan's third main reaction was that of the increasing role of micro-credit as both being financially remunerative and also its political aspects. There is now an extensive set of press reports on what is now termed as Micro-credit suicides by well-known developmental journalists across ideological divides[72]. These point to the high rates of interests but also

---

[68] See: 'India Inc told to Focus on Quality & Innovation, leverage technology' at
http://www.ciionline.org/news_new/newsMain18-11-2006_4.html

[69] See: http://ciionline.org/services/69/images/presentations/Ramesh_Ramanathan_Janaagraha.ppt.

[70] See: Ramesh Ramanathan in 'URBAN LAND REFORMS: FINALLY COMING OF AGE? In Financial Express (ND); ".. There is an emerging market dimension as well: the changed norms for FDI in real estate, with big money ready to come in. India's real estate sector currently attracts $2 billion in FDI, compared to $40 billion for China. However, many foreign players are concerned about the opacity of our land records and legal uncertainties associated with land title. Without clarity, back-room wheeling-dealing is bound to increase. And if that's not enough, '.. There are no clear records in urban areas, especially after state revenue departments handed over the responsibility to city governments. The British need for land revenues created a fairly strong land records system in rural areas; however, there was no such process in urban areas, nor is there much historical knowledge of urban land records management in India.   * We don't have a system of land title, which guarantees ownership; the sale deed and tax-paid receipts are only documents of presumed title, and have been rejected by the Supreme Court as not counting for legally valid documents of ownership.   * Given the small size of land holdings in urban areas, and the transaction frequency, the volume of information to manage is enormous. This is impossible without a technology-based solution, preferably linked to a GIS system. These land constraints affect many issues: creation of urban infrastructure; protection of environmentally scarce resources; development of sensible city plans; enforcement of land-use and zoning restrictions; utilisation of new urban tools like Transfer-of-Development-Rights (TDRs); optimal generation of property taxes; preparation of mass transit plans, and so on..

[71] See: Report: 'Global real estate - Traveling further to return stronger'
http://www.joneslanglasalle.co.in/en-GB/news/2005/Global+Investment+In+Real+Estate.htm
Global Investment In Real Estate Reaches A Near US$0.5 Trillion In 2004 with Asia Pacific investment is 11% of global level at US$48.3 Billion;

[72] See: a) Sainath P Micro-credit, maxi risk at: http://indiatogether.org/2004/jul/psa-maxrisk.htm b) Sharma Sudhirendar 'Death by microcredit' at: http://timesofindia.indiatimes.com/articleshow/msid-1996002,curpg-1.cms and, Sudhirendar Sharma 'Are micro-finance institutions exploiting the poor?'
http://www.infochangeindia.org/analysis136.jsp '…*The high interest rates and forced loan recovery practices of micro-finance institutions have been held responsible for the suicide of several farmers in Andhra Pradesh. It is evident that poverty makes good business sense to MFIs. "An anguished Chief Minister Y S Rajasekhara Reddy had lashed out: ".MFIs were turning out to be worse than moneylenders by charging interest rates in excess of 20%....'* c) Microfinance : Cunning bourgeois ploy to sustain poverty under disguise of poverty alleviation Proletarian Era Vol. 40 No. 12 February 3, 2007 http://www.doccentre.net/Tod/Microfinance-poverty-as-poverty-alleviation.php d) TYLER COWEN Microloans May Work, but There Is Dispute in India Over Who

usury practices adopted by MFIs. What I intend to point to here is more direct quotes from Ramanathan available via the net. These show how these very significant social (and political impacts) are glossed over, but rather it is the economic returns that is of prime importance. Note that in these discussions detailed in the websites, the head of MYRADA's concerns about NGOs diluting their developmental focus, a critically important issue, is glossed over. If to completely erase the memory of Micro Finance Suicides, Ramanathan points to the urban advantage of the lack of public sector banks, other competing NGOs, and regulations that would constrain them, and thus the economic opportunity to charge much higher rates than rural areas. Finally, his most pertinent observation is to liken the poor to students where new classes enter and graduate and thus supply an unending economic opportunity. Given the rate and extent of surplus extraction, one wonders if Micro Finance in the way it is sought to be promoted is an effective way to cream the poor. Given the limitations of space, the reader is encouraged to visit the relevant websites, which are provided below[73]. Some significant excerpts from these are provided in an endnote[ii]. When Ramanathan mentioned in his interview with Outlook Money that urban micro-finance was one of the reasons for him to return to India, the kind of business opportunity mentioned above point to the extent of economic profits to be made[74]. This contrasts with the popular portrayal of NRIs headed back home to do social good.

A future research agenda: What remains for the 'urban activist' in this regard? Does a resistant urbanism subverts the Lifestyle Statement
Sudhir Mishra, the filmmaker of a series of hard-hitting political films has this to say of today's films in an interview with the national daily <u>The Hindu's</u> Sunday edition[75]:

> *'..Two kinds of films are being made – the Lifestyle Advertisement and the Marxist Manifesto. Only their end is different – in the masala film retail showroom, they walk into the sunset, in the Marxist Manifesto, they fall into a hellhole…'*

Terms like 'Public accountability and Community Action', much like the poser by Mishra, form ideas good currency for groups with contrasting ideologies. As I have shown above, these have found particular currency in the attempt to Lifestyle cities. They find mention in the reports of large international consulting organizations funded by large donors to advise state governments. Another more prominent location, and with equal political consequences is their mention in "citizen's handbooks" put out by 'civil' society groups. If we see conventional progressive activists within the frame of 'The 'Marxist Manifesto' as posed by Mishra, this group too frame ideas of Public Accountability and Community Actions. This however, is located in an older history that I have argued, is today out of sync. Posed in the realm the 'State – Society' framework the assumption is of the ability of the State via its steel frame higher-level bureaucracy to ensure social justice. This chapter has shown quite the contrary and the extent to which it is big business that partners with policy circuits. On the ground, progressive groups value activism framed in 'organizing the poor' within the

---

Will Make Them August 10, 2006;
http://www.nytimes.com/2006/08/10/business/worldbusiness/10scene.html?ex=1312862400&en=f61d24534e36d822&ei=5090&partner=rssuserl *'..Contrary to some exaggerated claims made on its behalf, microfinance does not generally allow women to establish financial independence from their husbands. Women are the ones who show up to borrow and repay the money. But I polled three groups of Spandana borrowers and found that usually the money went to a business of the husband, not the wife..'* e) Rozario Santi The dark side of micro-credit http://www.opendemocracy.net/article/5050/16_days/dowry_microcredit

[73] See: http://www.iimb.ernet.in/~rsrini/Learn@MG/mr03206b.pdf *Microfinance gets the 'big' idea* SASWATI CHAKRAVARTY & J PADMAPRIYA The Economic Times Online
http://economictimes.indiatimes.com/articleshow/msid-1129635,prtpage-1.cms

[74] See 'How to retire at 34' OutlookMoney 19 April 2004.

[75] <u>The Hindu</u>, Sunday Magazine May 8th 2005 Page 5. Interview on his latest film, *'Hazaaron Khwaishen Aisi'*

structure of a more 'citizen friendly, participatory, and just' Master Plan. There are several assumptions here:

- First, that the 'poor' are fractured due to ethnic and other cultural factors;
- Second, they are exploited by local politicians, and are victims of 'vote bank' politics;
- Third, once made aware of their 'rights', can be given 'voice' to pressure the system;
- Fourth, that more effective Master Planning can address urban in-equities, and hence the main agenda, from the activist end is to set new pro-poor parameters for planning to happen.

In reading this situation, I suggest that there is in fact a complex political ground to and located in a closer look forms of urban contestation. Here is it useful to study more closely the failure of such 'power' – an issue I have elaborated in a recent issues of the IJURR and also the SARAI reader[76]. In the section below, I summarize arguments presented there – and in the Sarai reader piece, accompanied with visual illustrations.

The globally connected corporate groups and the Nation state that they have direct access to, influence on at the highest of levels, the huge institutional apparatus of parastatal agencies and pro-developer arrangements via PPPs, and very large and well financed real estate developers. To get an idea of this one needs to consider the extensiveness of city terrain evolving into as what elite term as 'slum settings' – despite all attempts at urban renewal. Bangalore for instance, in a calculation based on satellite images, had in early 2003, only 10% master planned, and if one included the peri-urban areas, this was down to barely 2%. Despite being the location of several mega projects that marked territory on the metro scale, on the ground however, much of these were re-occupied via several types of 'encroachments' that reduced the effective area of such projects to a third if not less! Behind these figures to consider the processes of such 'encroachments' opens up a vast and powerful world of multiple actors involved in land, economy, and local politics. The power is not from their singular agency but rather than what they come to constitute what could be called as a 'resistant urbanism'. Elsewhere in several works, I have detailed out the elements, actors, and processes of such an urbanism[77]. Even a closer read on the JNNURM TAG meetings show a serious anxiety by its high-powered members on the lack of real interest in implementing the 'reforms' agenda or following up on its conditionalities[78].

---

[76] See Benjamin S. 2008 'Occupancy Urbanism: Radicalizing Politics and Economy beyond Policy and Programs' Int. Journal of Urban and Regional Research (IJURR) Vol. 32, Issue 3 September & Benjamin S. 2007 'Occupancy Urbanism: Ten Theses' pg 538 in Sarai Reader 07: Frontiers New Delhi; For a more detailed ethnographic basis for these arguments, see:
a) Benjamin S. 2008 'Inclusive or Contested? Conceptualizing A Globalized Bangalore in Mahadevia D (edt) Inside the Transforming Urban Asia – Policies, Processes, and Public Action Concept, New Delhi.
b) Benjamin S. Bhuvaneswari, R., Rajan, P., & Manjunath 2008 'Fractured' Terrain, Spaces left over, or Contested? - A Closer Look at the IT-dominated Territories in East and South Bangalore' in Mahadevia D (edt) Inside the Transforming Urban Asia – Policies, Processes, and Public Action Concept, New Delhi.

[77] See Benjamin 2004 Op.cit; Benjamin & Bhuvanehswari 2002; Benjamin 2005a (IDPAD); Benjamin 2005b (Sarai).
[78] Apart from the gloomy mood set in the tone of the minutes, these also reveal the significant role of USAid in sponsoring studies, which can be argued, to play a key role in 'Manufacturing consent'. See: 11th National Technical Advisory Group Meeting Reforms under JNNURM 6th December, 2007; 12th National Technical Advisory Group Meeting4th January 2008

Some visuals clues point to the extent of such occupancy. The recent (07) Sarai reader piece cited above shows Master Planned land acquisition for a housing mega project promoted by the city's planning authority in Northern Bangalore. As elsewhere, such projects assembling land in favor of elite groups with some symbolic low income allocations. The diagram, in showing the 'spottiness' on the ground, poses a reading between legal categories where territory is embroiled in various contests –reflective of the extensive settlements occupying space here many of which pre-date the declaration of these areas for Master Planning.

Another diagram in the Sarai article is a two-part diagram, which focuses on Master Planned in South East Bangalore. What planners hope to cover half of city territory, turns out due to various existing 'non-conforming' occupant settlements, to be less than 15%. This gets further eroded due to further 'non-conforming' use hawkers appropriating pavement spaces in shopping centers, additional rooms for small shops and workshops built up in site setbacks, and terraces covered up to extend room space for living and working. Master Planning would be reduced to a miniscule 2% in such an analysis, if the recently amalgamated much larger city boundaries were considered! The extensiveness of 'non-conforming' occupancy becomes sharper in the powerful symbols of big business led globalization: The Mega projects.

A third shows the Bangalore International airport (in collaboration with Seimens) intended to make that city globally competitive. While the main airport remains untouched, this is a small part of the larger one demarcated for the overall project but subject to extensive contestations. Most significant, these disrupt the airport corporation's financial strategies to generate 'non-airport revenue' that can amount to 60% of gross amounts. These multiple spaces are substantive, widespread, and shaped by both materialities and stringent political consciousness whose persistence is immersed into popular day-to-day practices. Such politics of substance may help explain slum voter, turn outs in municipal elections being super high at more than 95%! In effect, what I am pointing to in considering *Occupancy Urbanism* is that what is normally considered slum like may actually turn out in large part a radical territory. One other way to appreciate this radical is to appreciate its serious and severe opposition. Non-conforming occupancies are shaped mostly by municipal upgrading of basic services improving de-facto land tenure. An ongoing research by this author and colleagues on land politics in it's IT zone, East Bangalore's 'Whitefield', suggests how both municipal and village council actions on infrastructure and services have hugely expanded occupied territory – disrupting the common assumptions of being marginalized, ignorant, and powerless. reinforced in part by the un-certainty of coalition politics that allowed for 'title registration' schemes around administrative procedures of provincial government in direct contravention to the city's Master Plan[79].

---

[79] The timing of these 'squats' is significant and perhaps related to the coalition politics 'crises' that Karnataka (of which Bangalore is the state capital) undergoes, which opens up political space. The High Court in fact pointed to the precedent in the otherwise very conservative Supreme Court of 'documents' (claims that people had over land towards de-facto tenure) to override official 'policy' as the latter tended to be a-historical and not grounded in daily realities. Not surprisingly, this reported in the English media with great alarm, and especially since such actions have opened up the floodgate to even more extensive occupancy, including on territory proposed for Mega schemes of the IT corridor, the new expressway, and the proposed International Airport. For instance, Tasleem Sidiqui, a key player in the Hyderabad slum-upgrading program in Sindh Pakistan, told this author that political instability at the national level allowed them to institute administrative procedures allowing public investments in basic infrastructure to strengthen de-facto tenure and also allowed municipal bodies to raise resources. These accounts strongly contest the 'stateist' literature that characterizes developmentalism which views customary, tribalism, and anything that is not 'Western Democracy' as being exploitative and

clientalism. For a statist view, see the work of Manor, Kohli in the Indian context. In the African context, ___
critiques such stands..

Also spurred are small manufacturing and commerce that fund 'vote bank' politics. Land as a center of politics for both economy, housing, and institutions emerges powerfully in grounded narratives[80]. It is hardly surprising that in effort to contain un-planned development that seems hydra like to emerge and cancerous to international capital, a huge policy and programmatic incentive promoted by both India's biggest private bank and the World Bank, is to digitize land records. In Karnataka (the South Indian state of which Bangalore is the capital) some 20 million-land titles have been digitized[81]. But again ground realities show that despite attempting to ban and making a criminal offence, earlier and complex forms of recording local claims persist and perhaps even expand contest.

Here, to summarize, form of such resistance is not located in the politics of explicit social movements led by 'organic intellectuals' seeking to empower and engage the masses in revolt. The failure of 'power' comes from an erosion of its' material economic base: The occupation of land, the extensive and self-generating economy, and an increasingly sophisticated yet stealth-like politics. There is a growing literature and thus an increasing recognition of such politics that is termed in various ways: Street politics, quiet politics, networks, and played out in a variety of contexts in the global south. What is common to these, as Harriss and Fuller argue in their own compilation, that these demonstrate how the poor, among other groups are hardly passive but can quite often 'work the system'[82]. In fact so prevalent is such systems that an entire area of analysis has emerged to help conceptualize these complexities via a careful study of the locality of such politics, economy, and forms of legality[83].

Endnotes

[i] There are two other ones. First is the issue of language, which allows for an ambiguous reading of the issue, and used cleverly to gloss over what are significantly un-even terrains of power. Some examples will suffice. Ramanathan claims that he has 'taken on' on the IT industry. A closer reading however shows his critique of the large scale capture of land by IT firms is not in their relative access to power made possible by constitutionally violating forums such the BATF and Parastatals, but relegated to a fuzzy lack of enough Master Planning and Citizen Participation. In fact in other articles on the now infamous SEZs Ramanathan comes out not against the concept itself, but complains how land conflicts associated with these mega development will constrain entry of global investments, and how with digital titles and GIS, the issue could be amenably resolved. Similarly when he claims to promote 'local democracy' what is visualized is not political debate but rather 'citizen centric' forums and planning and skirts the significant and complex socio-political when the bulk of people residing and using cities are termed illegal – often by the very Master Planning process that is espoused! Again, while espousing the importance of 'elected representatives' and that individual councilors are included, what is not mentioned is how elected councils are proposed to be subject to policing by higher level bureaucratic and state

---

[80] See Benjamin & Bhuveshwari …..
[81] See Benjamin et al.. ____
[82] Harriss and Fuller 'The Everyday State…'
[83] Moore Sally Falk 'The Anthropology of law, Law as a process.

and national level party systems under what is promoted as a 'Transparency and Accountability' governance agenda. Here the 'Right To Information' is seen as a panacea but again the focus being the elected wings of local government and not for central governments and it's senior bureaucracies that are instrumental for the highly un-democratic JNNURM and it's sub strata like the TAG.; Second, is the issue of Middle class activism, or plain and simple elite capture?

[ii] RR: ".. in rural areas we price at 12%, **in urban areas we price at 24% ..** There are two reasons for this. **One reason is since MYRADA with its pro-poor NGO thinking is present in rural areas we had to cost ourselves at a price acceptable to the poor.** In the urban areas, given the absence of MYRADA, we didn't have the pressure to price ourselves at a lower point. But there is a larger more fundamental economic issue. You are a price taker in the rural areas because you are dealing with an entrenched banking system, which is already doing a fair amount of micro lending. **In urban areas for example, Sangamitra is lending at 24% because we are the price makers.** There is no formal sector, no other development NGO here.. Question: Don't the NGOs you deal with in the urban sector object to the 24%? RR: **They do but they are not the size of MYRADA.** When we work with an NGO as a partner, one of the first things that comes up is pricing....Q: you are saying 24% is a reasonable cost for any kind of institution (not for profit). If you are a for profit MFI, than would you be looking at an even higher number? RR: **Of the 24% we give 3 % to the NGO partner, so we are getting 21%.** and of the **21% we are factoring in a cost of funds at about 10%** where as for a banking institution their true cost of funds is **only 6-6.5%. So there is a three hundred basis point spread, which is more than sufficient for them…."**

Ramesh Ramanathan, vice-chairman of Sanghamitra (a MFI promoted by Myrada), says: "Today, microfinance is a market opportunity. It is no longer just about doing social good. We need to look at this as an industry." Though there are no precise figures available, back of the envelope calculations put the microfinance industry's ***appetite for credit at around Rs 2,00,000 crore***…. Share Microfin is in the process of tying up a $2m equity investment from Vinod Khosla, who will get a 15-17% stake in the institution. Incidentally, Mr Khosla is shopping for more. Share Microfin is also seeing interest from ShoreBank, Sidbi and IFC. Basix India has equity investors like Hivos Tridos Funds, HDFC, ICICI Bank, IFC while ShoreBank. Spandana is also looking for equity investment. ….The movement may well have started two decades ago as a small measure to help the poor. But Indian micro-finance institutions (MFIs) have today outgrown their shoes. They are looking at new structures and fresh funds to scale up in a market where demand outpaces supply by miles.