

Dispossession by financialization: the end(s) of rurality in the making of a speculative land market

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ABSTRACT

This article elaborates upon the concept of speculative urbanism and the theory of accumulation by dispossession by delving into the recent history of the transformation of Bengaluru (formerly Bangalore) India into a global city. It explains how the conversion of rural land into urban real estate for 'global-city' projects triggered distinct forms of dispossession and financialization. The shifting practices of global finance capital along with its national and local partners have created the conditions for widespread dispossession of rural producers and the financialization of the regional economy, a phenomenon identified here as 'dispossession by financialization'.

KEYWORDS

Speculative urbanism, global cities, urban real estate, land dispossession, global finance capital, India, debt, dispossession by financialization

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Introduction: statement of the problem

Justifying a model of economic transformation that does not treat rural citizens as partners in the largest rural democracy in the world ... may ultimately be a deeper challenge to a substantive notion of democracy than corruption. – Chandra (2015)

We can fight for the right to the paisa (money) but never for the right to land. – Dalit farmer activist, Bengaluru Rural District, 2016

This article explains how global financial instruments crept into, and made possible, global-city projects in India, by tracing the history of an emblematic case of a new international airport complex encircled by demarcated areas for future Aerospace and Biotech Parks at the edge of Bengaluru that triggered the financialization of the land market and the transformation of the city. As many scholars of neoliberalization of urban India show, these instruments could only be applied with the cooperation of and compromises made with local intermediaries, especially state agents, developers, land brokers, and the landed elite (Coelho, Kamath, and Vijayabaskar 2013; Halbert and Rouanet 2014; Levien 2018; Raman 2016; Rouanet and Halbert 2016; Sanyal 2007; Searle 2016; Shatkin 2017). Laws had to be

rewritten and further relaxed to offer greater access to local markets as foreign financial investors became finicky and returns slowed. Despite the red-carpet treatment over the past 25 years to entice investors to benefit from the burgeoning information technology (IT) and biotech sectors, including lucrative incentives for state-run industrial parks on the urban peripheries of Bengaluru, relatively little has been built. By 2018, local real estate developers of all sizes have been forced to retrench, many have dissolved, and the largest ones are noticeably saddled with unsold inventories and huge debt (Goldman and Narayan 2020; Liases Foras 2019). However troubled the real estate sector has become for local developers and city governments of late, global private equity firms exited the market in its first phase of investment (1994–2010), only to return with exuberance to invest in a new set of markets of ‘distressed’ real estate assets that, though reflecting the over-leveraging of Indian firms, offer attractive profits for global private equity. How can we reconcile market retrenchment and distress for local actors with high rates of return for global ones, all taking place in the context of continual dispossession?

In my research on urban transformation in Bengaluru, I have noted the rise of a twenty-first century set of practices that I call ‘speculative urbanism,’ with features identified elsewhere that differ from the findings of the global cities literature (Ancien 2011; Brenner and Keil 2006; Goldman 2010; Ren and Keil 2017; Sassen 2014, 1991). The concept of speculative urbanism highlights the convergence of *new forms of finance* (particularly ‘alternative’ instruments from nonbanking firms such as private equity from Wall Street, Northern pension funds, and Asian and Middle East sovereign wealth funds) that transform urban landscapes. It captures the dynamics of *new governmental reforms* that encourage foreign investment in land and housing markets; increases in the power and legitimacy of *transnational networks of policy experts* over local urban policies, including global *inter-referencing campaigns* to emulate a Shanghai or Singapore in the aspiration to build a world-class city that can compete in the global economy (Ong and Roy 2010); and a substantial shift in the focus of state and parastatal agencies from the policies of privatization of public goods and services (e.g. land, housing, infrastructure) of the 1990s to *financializing and assetizing them* through ambitious global-city projects and promises in the twenty-first century (Byrne 2016; Christophers 2018; Ward and Swyngedouw 2018). Scholars have refined the concept to explain rapid shifts in financialized urban processes in China (Li, Li, and Wang 2014; Shin 2019), Cambodia (Nam 2017), South Korea (Shin and Kim 2016), across Southeast Asia (Sheppard and Leitner 2018; Zhang 2017), and in the U.S. (Knuth 2014). More generally, this role of global finance in city-making has spawned a fruitful body of scholarship on the ‘financialization of the city’ (Aalbers 2019a, 2019b; Weber 2015).

Yet while tracking the undulations and shocks to the land and real estate markets in and around Bengaluru, one of Asia’s fastest growing cities, it became clear that the past twenty-five years of rapid urbanization reveal too many shifts and ruptures to be explained as one overarching trend – a tendency in both speculative urbanism and ‘accumulation by dispossession’ (ABD) literatures (Banerjee-Guha 2013; Harvey 2005). Instead, these urbanization trends are occurring in distinct phases, with substantial shifts in the forms of both accumulation and dispossession and profound effects on rural life. For greater analytic clarity, this article periodizes the phenomenon of speculative urbanism using the thinking behind David Harvey’s foundational thesis of ABD as a vehicle to help parse out the key dimensions of global-city making in India today. The literature on ABD is vast, but its two common

elements are: It updates traditional arguments of Marx's theory of primitive accumulation to explain newer tendencies of expropriation and enclosures occurring under neoliberal capitalism; and it astutely integrates uneven and combined spatial dimensions of capital movements across the world, particularly the shifting from productive to financial circuits using the urban built environment as its 'spatial fix' when over-accumulation/low profits occur in the core parts of the economy (Gotham 2009; Harvey 2003).

One prominent critique is that the ABD framework is too general to capture many of the particular complexities in the global South of uneven urbanization and its differing effects on rurality (Bear, Birla, and Puri 2015; Hall 2013; Levien 2013). Another avenue of critique emerges from inquiries into why land dispossession and 'land grabbing' have become important disruptive catalysts for capitalist expansion into new socio-spatial terrains, leading to the conversion of smallholder farm land and the rural commons into urban real estate, but in ways that require deeper understanding of social, political, and institutional dynamics, rural and urban (Borras et al. 2011; Sarkar 2015).

In this case, the profit extracted from the expulsion of small farmers off land determined as 'under valued' can take the form of rents accrued from subsequent skyrocketing land prices, which some argue is not a form of accumulation but a form of rent seeking that, through the rents' financialization, can become a tradable liquid asset that circulates within expanding capitalist circuits. Without chiming in on whether these profits should be understood as products of capitalist production and accumulation (Harvey 2003; Wolfson and Epstein 2013) or of circulation and distribution (Ward and Swyngedouw 2018), this article instead focuses on the critical role of this first step – the process of rural dispossession – in converting the practice of marketizing rural land for an urban scheme into a larger project of financialization (Fairbairn 2020). Key to the conundrum driving this research is that much of the converted land today remains vacant of *both* the once-vibrant agrarian economy of the 1980s *and* the promised manufacturing and luxury amenity sites of 'the twenty-first century global city' (Mayur et al. 2013). In spite of these vacancies and unfulfilled promises, land prices in some places have risen by 10,000 percent within a decade.¹ Hence, the emphasis here is on speculative practices and effects.

This unevenness in value creation raises the question: How can increasing liabilities and vacancies, stagnant production, perpetual land acquisition linked to cases of dispossession and debt *produce* higher land prices and record-breaking wealth for private equity firms? To understand this fissure between production and finance and its disparate outcomes, I suggest a different conceptualization – *dispossession by financialization*.

Within the context of deepening liberalization and ever-expanding urbanization, it became common sense in Bengaluru by the mid-1990s that the IT revolution could only be sustained with the city taking advantage of 'cheap' land and 'easy' capital from international markets to enlarge the size of the city's footprint by three or four fold. The plan revolved around the logic to acquire land and incentivize the Microsofts and Googles to rush in and generate the revenues to cover these loans for and costs of world-class infrastructure.² But when some rushed in, they did so only on the condition of large tax breaks and for cheap land. Peel back the veneer from the excitement of foreign firms paying for the new international airport and we find negotiations focused on gifting thousands of acres of land for urban speculation. The machinations surrounding this project reveal how *the promise of dispossession* – land becoming collateralized and assetized – was the spark for global urban dreams.

Without the assurance of widespread dispossession and land value spikes, there would not have been interest from large investors (domestic or global); hence, I suggest considering the notion of dispossession by financialization. When cities expand, they often depend upon rural land and livelihoods as the basis for that expansion; consequently a fair amount of dispossession can occur. Here, we find dispossession is made possible through the mobilization of substantial caste and class tensions within agrarian and urban social structures. They enabled elites to activate state machinery to remove small land holders, mostly Dalits and lower caste communities, from their own or government land with little or no compensation.³ The mad rush to buy and convert land generated a massive rupture in the rural economy. It also sparked opportunities for foreign investors to enter and reinvent its business model. Thus, I observe two different phases of speculative urbanism over the past twenty-five years – one equity-driven in the *boom* period (1994–2010) and the second, debt-driven in the *bust* period (2011–present) – that reflect deepening forms of dispossession and financialization, dimensions of which require greater analytic scrutiny.

Finally, it is important to note the similarities of urban transformations occurring across Asia. Since the early liberalizing days of the 1990s in India and later China, municipal governments lost access to financial resources for essential public services and goods that once flowed down from the central government (Zhou, Lin, and Zhang 2019). The local machinations described in this article are thus rooted in a global phenomenon of the neoliberal turn in urban governance as it became steeped in the global urban mandate to build ‘world-class’ infrastructure on borrowed private capital and govern according to infrastructure’s future success or failure (Bear 2020; Ong and Roy 2010). This policy shift empowered the financial sector in variegated ways to intervene in urban planning processes (Aalbers 2017; Lapavitsas and Powell 2013). By using public and private rural land as collateral and its sale as a crucial source of revenue, both Chinese and Indian governments became hooked on a speculative and disposessive agenda with sizeable institutional and social effects (On China, see Aveline-Dubach 2013; Lin and Xu 2019; Theurillat et al. 2017; Ye and Wu 2014). The convergence of China’s preponderance of ‘ghost cities’, rising corporate and household and municipal debt, rural discontent and dispossession, and the precipitous drop in industrial output and employment has created the conditions for an economic and financial crisis today that scholars have not fully grasped (Shelton et al. 2018).

The rest of the article explains the shifting terrain of finance and local social networks and institutions that produced forms of dispossession and accumulation. It highlights the effects of these successive phases of speculative urbanism, including forms of insolvency – of city government, an over-leveraged middle class, displaced Dalit farmers, and even Bengaluru developers, three-fifths of which have gone out of business between 2011 and 2018 (PropEquity 2019). This rupture has fueled popular resentment from displaced Dalit farmers and indebted middle-class, upper-caste consumers caught in the speculative frenzy. Land dispossession for (the good of) speculative development in Phase One (1994–2010) created a false optimism around town. But the two-pronged manifestations of dispossession in Phase Two (2011 to present) – namely, land dispossession to benefit investors and (non-land) property-based dispossession experienced by consumers, developers, and city agencies overwhelmed by indebtedness – have led to legislative inquiries, special courts to handle the 6,000-plus court claims of land grabbing/encroachment, Dalit farmer organizing and confrontations, and city-wide protests. The assurance of ‘productive’ development through urban expansion has given way to a

starker reality of debt-driven financialization in which land is used as collateral for investors, with little affordable housing and industrial employment in return, which the global-city discourse had promised. This article demonstrates how the value of land and infrastructure can, if not melt into air, at least become liquid and circulate off shore.

The research findings presented here come from interviews with more than 200 informants carried out over a ten-year period. They included farmers, laborers, government officials with varied responsibilities, investors (local and international), activists, and scholars of the region's economy and ecology. Three research assistants have helped me conduct informal surveys and interviews in villages, in government offices with local staff doing the ground work, and with Dalit rights advocates and lawyers, in the districts of north Bengaluru where these projects have been sited. I have participated in closed-door professional conferences with representatives from central government ministries, global and domestic financial firms, and infrastructure firms, where candid discussion is aired, as well as in public and academic workshops that became productive opportunities of information exchange. Because of a multi-year National Science Foundation grant (# BCS-1636437) with four other co-Principal Investigators working in both Bengaluru and Jakarta on a comparative 'Speculative Urbanism' project, we have hired financial and geospatial experts to broaden our analysis of the fast-changing nature of urban financialization. These colleagues have deeply informed the analysis here.

Phase one: the birth of a *speculative* land market

At a closed-door conference of investors and national government officials in a five-star hotel in New Delhi in 2010, a prominent government minister announced the official strategy to build \$1 trillion of urban infrastructure in the next two decades, the likes of which India has never seen before, using terms only slightly scaled down but inter-referencing China's announcement to build its own 100 global cities. The kicker, however, was that for India, more than half of the capital was expected to come from foreign capital markets, which would create a highly leveraged national agenda of economic growth. Without hesitation or sense of decorum, foreign investors retorted back to the podium that there would be no foreign investment unless specific obstacles in doing business in India were removed: They would not invest without upfront guarantees that they could access land. 'Your courts are backlogged for decades with court cases against land claims,' noted one investor in the audience. 'It could take us years to build at a scale large enough to be worth our while,' said another. A manager of a major Canadian pension fund based in China remarked from the stage: 'If we can get 15 percent profitable rates of return on safe investments in the U.S. and Europe, we will need at least 25 percent rates of return to invest in "risky India".' Later that same day, some foreign investors explained to me that they were only considering projects that were 'concrete ready.' The biggest risks, they suggested, were wrapped up in the challenge of gaining access to contiguous swathes of individually owned land. The question on the table was: Can the government expeditiously facilitate investor access to land or should investors look elsewhere with more attractive incentives and rates of return?

A sequence of governmental reforms needed to occur for the real estate and finance sectors to meet these aspirations. First was the official Press Note 4 2001 that would permit foreign direct investment (FDI) in real estate as long as investors developed a minimum of 100 acres and 'locked in' industry and manufacturing projects for a minimum period of three years. But unlike in China's special economic

zones which produced ‘factories for the world,’ few investors in India found the idea of tax-free production areas for manufacturing attractive and profitable (Cross 2014; Levien 2012). The second set of changes occurred soon after – the Press Note 2 2005 and the 2005 SEZ Act. Both reforms relaxed the land-size requirement and the rule that land be solely acquired for industrial purposes, giving foreign investors what they wanted: not land for factories, but land that could generate higher rates of profit on its own (Babar 2013). By as early as 2008, FDI began to open its spigots for India; but only a fifth of the FDI flowed into India manufacturing (much of which was intra-firm) and less than 0.2 percent flowed into agriculture, the sector employing most of the Indian population. The bulk of FDI streamed into those sectors that would support the conversion of land into a tradeable asset, namely, finance, construction, and real estate (Rao and Dhar 2011, 2018; UNCTAD 2017).

In Bengaluru, these new foreign investment strategies materialized through the siting of the international airport, a key anchor for the city’s expansion northward onto tens of thousands of acres of government, commons, and smallholder farm land. At the time, government land and village commons were being utilized as forest, pasture, and farm land by Dalit and lower caste villagers, amply nourished by water from a complex self-managed water catchment and distribution system in the form of reservoirs and canals (Goldman and Narayan 2019; Mathur and da Cunha 2006; Nagendra 2016). Since the region and city exist on a semi-arid high plateau high up and far from rivers, this system captures monsoon water and provides essential surface and subsurface water to villages, farm land, and ultimately the city.⁴ The three main districts (or taluks) sited for global-city projects – Devanahalli, Doddaballapura, and Bangalore North – were home to more than 340 farming villages. At the start, plans ambitiously included an Airport City, IT and Biotech Region, Aerospace Park, Electronic Hardware Park, Software Tech Park, and Global Finance District. A new parastatal agency, the Bangalore International Airport Area Planning Agency or BIAAPA, placed nearly 800 square kilometers under their jurisdiction. By 2009, the city’s Ten Year Master Plan doubled the development area to include the land of 564 more villages and absorb yet another rural district – significantly increasing the area to larger than the existing Bengaluru city itself. Just ten years later, however, due to lack of interest by investors and industries and amidst persistent farmer protest, this expanded area under BIAAPA’s control was cut down by 50 percent. Land acquisition, however, continued unabated.

State leaders could waver in their global-city ambitions in large part because of the demographic composition and cultural-political context of the area under speculation. That is, displacing anywhere from 230 to 560 villages (with villages averaging 1,000 people or so) was possible politically and institutionally because much of the land was either owned by smallholders or under government jurisdiction but used by smallholders, a sizeable percentage of which were lower caste populations, Adivasi (tribal communities), or Dalits (‘out castes’). According to the most recent census, these oppressed communities comprise approximately 35 percent of the region’s population and two-thirds of the population living at ground zero of the airport complex (State of Karnataka Census 2011). Most of them worked the land under insecure land tenure (Benjamin 2008; Benjamin and Raman 2011; author interviews). For example, the district where the airport is located, Devanahalli, is a Dalit ‘reserved constituency,’ a district ordered by law to have a certain percentage of Dalit elected officials because of the substantial size of the Dalit population, their historic negligence by government, and persistent Dalit political protest. This land falls under different land tenure categories including wasteland, village

commons, sacred forest, government forest, and pasture. The smallest land holdings were granted during the 'land to the tiller' era of the 1970s and 1980s as part of the attenuated promise from Independence to give land to farm laborers from the lowest castes, Adivasi, and Dalits (Damle 1989).

Once State leaders recommended the region for global-city projects in the early 1990s, longstanding insecure land tenure conditions offered opportunities for people in government administration and politicians to take land illegally by working with land revenue offices to realign public land boundaries and forge ownership documents (Doshi and Ranganathan 2019; Gupta 2012). We know of these indiscretions because many of our interviewees, including high-level government officials (and a retired high court justice) and real estate brokers (who lament or mock the intrusion of politicians in their business) described specific cases in which land was grabbed illegally. Moreover, two influential Task Force reports commissioned by the Legislature offer precise details which were publicized widely in the media (Balasubramanian 2011; Ramaswamy 2007). According to the 2009 Legislative Task Force on land encroachment, approximately 1.2 million acres had been stolen across the State of Karnataka, with the largest number of cases of land encroachment filed in Bangalore North close to the airport; there, they estimated 25,000 acres of land worth Rs. 25 crores (\$3.5 million, in 2009) had been stolen. (The report identifies several senior government officers, KIADB officers, and political leaders including a former Chief Minister, for stealing the largest parcels nearest to where they sited the airport complex.) Because very few of the more than 6,000 cases of land encroachment move through the existing courts, a special court was set up in 2016 specifically to help handle these cases, but only a handful are settled each year, due to 'administrative foot-dragging.'⁵

In sum, the first step in drawing financial actors into the regional economy was the guarantee of wide swathes of contiguous and discounted land. The next step involved the specifics of the 'public-private' contractual agreement between the Karnataka government and international investors, which is the focus of the next section. Subsequently, the process of land dispossession accelerates and expands, becoming a catalyst for land conversion and valorization, small farmer displacement, and the creation of a speculative land market and its financialization. These are the dynamics that characterize Phase One of Bengaluru's era of speculative urbanism.

Jump-starting the financialization process

The logic of twenty-first century urban financialization became concretized regionally in the form of the contractual agreement between the Government of Karnataka and the firms investing in, and building, the Bangalore International Airport (BIAL). Even though the city had clearly out-grown its old central-city airport (once a military airstrip), the cost of building a new international airport was prohibitively expensive for the under-resourced municipal government. The Karnataka State government thus agreed to a public-private partnership in which it offered substantial land along with financial and tax incentives to its Thai, Swiss, and German investors. Investors expected profits from not only the provision of a new airport but from land speculation. Although the public was not allowed to see the contract on the grounds that it was proprietary, it did not take long before the details leaked out (Ministry of Civil Aviation 2004).⁶

The Bangalore International Airport first opened in March 2008 as a modest structure with one

runway, one café and a gift shop. It was India's first public-private partnership airport, built 35 kms. north of the city in an area long designated as the 'green belt' that could not be sold for non-agrarian economic purposes without government approval. But as part of the deal, an extra 1,000 acres were given directly to the investor consortium to do with as it pleased. The original cost of the airport complex was Rs. 1,200 *crores* (\$180 million in 2018 dollars), of which the Government of Karnataka's land contribution gave it a 13 percent equity share. The deal was structured such that the government would deliver cheap land to investors who could then enjoy the benefits of escalating land values and spur productive investment on the acquired rural land (Ministry of Civil Aviation 2004).

The airport corporate consortium (BIAL) received 4,000 acres of which 1,000 acres comprised the aforementioned gift and approximately 2,000 acres of government land were leased to BIAL at Rs. 1/acre per year (1.5 US cents per acre). Yet when the value of the government land contributed to the project was assessed, the land was assigned a market price of Rs. 200,000/acre (US\$3,000/acre). Ten years later, an acre of land not far from the airport sold for close to a million dollars, and was priced at least twice that in 2018, reflecting a spectacular rate of appreciation and return on investment. A villa on 1/16th of an acre nearby sold for \$850,000, and the sales staff explained to me that most of the villa buyers in this upscale, gated community were not end-users but speculators (interviews 2015, 2016). This dramatic price increase – created 'out of thin air' as if by a 'sublime trick of the imagination' – triggered a land market gold rush.

Two thousand more acres were set aside for an Aerospace Special Economic Zone (SEZ), 10,000–20,000 acres were earmarked for an IT Industrial Region, and there were promises of a Financial City and a Science City, similar to the speculative urban projects encircling cities such as Shanghai, Dubai, Kuala Lumpur, and Abu Dhabi (Günel 2019; Ong and Roy 2010; Shatkin 2017). BIAAPA was put in charge of overseeing these development areas, and KIADB became the agency to notify and then acquire farmers' land, paying them a pre-determined 'guidance price' as compensation.

⁷ To the farmers' clear detriment, this price reflected the rural value of land during a time of government disinvestment from the agrarian economy; it did not reflect the future urban value, which became appreciably higher as soon as the land was sold. The pronounced fear by high government officials was that if the price for farmers' compensation was too high then few investors would be interested in buying. According to the 16th Annual Report of BIAL (2017), the airport consortium paid only about one percent of its annual profits in taxes, reflecting yet another incentive that sweetened the deal for investors.

Whereas the government's initial promise to the people of Bengaluru was to turn low-value agriculture and rural land into high-value productive employment sites, the terms of the original contract strongly suggest that the consortium invested in the project only under the condition that they would receive heavily discounted and free land from the State of Karnataka. Parcels of farm land have meanwhile changed hands many times since the initial acquisition, and each time, the value of the converted land has increased substantially. To some observers, this signaled the project's definitive success: Building an airport in an 'economically stagnant' countryside triggered a high-value land market that enticed investors from all over the world. But the specifics of the contract also signaled the fact that the construction of a global-city airport would *not* necessarily be the catalyst for foreign-capital infusions into industrial projects and the regional economy. Indeed, early investors' disinterest in the

‘productive’ side of the airport venture could be seen in the fact that they sold off their shares as soon as share prices spiked within a few years, and also by the poor quality of the airport construction. In March-April 2012, just four years after opening, the airport was closed for emergency repairs because the single runway surface of this world-class airport had buckled due to its construction with subpar cheap materials.

Mobilizing caste networks for land acquisition, value creation, and speculation

Phase One of Bengaluru’s dispossession by financialization developed in three steps: first with key legal reform, then from the financialized contract, and finally via the process of making land available to investors. While it was easy enough for the government to give away land in the contract, it was something else to be able to successfully free up that land for sale. What emerged from these efforts was a controversial and contentious process that can only be briefly summarized here. Freeing up land depended on upper-caste networks inside government agencies and within villages mobilizing to convert an entangled history of land use based on oral commitments, exchanges, and obligations into a straightforward property market based on alienable rights (Balakrishnan 2019; Benjamin and Raman 2011).

According to a leading legal advocate, Leo Saldanha, a key turning point for land acquisition and commodification came when the government changed the legal framework to accommodate foreign direct investment. In one of a number of interviews with me, Saldanha highlighted the irony of setting up market mechanisms based on state subsidies. In his view, this opened up the door to land speculation without any guarantees that investors would put money down to establish factories for global supply chains. As he explains it,

The KIADB Act Amendment of 1998 redefined ‘infrastructure’ as ‘industry’ and allowed for land to be acquired *not at the market rate but at a lower rate*, through a new interpretation of the old British notion of ‘eminent domain’. Before this amendment, land could only be acquired by the state through eminent domain if it was ‘in the public interest,’ but now, land can be acquired at below market rates for private interest. This was the official start of this current period of intensified commodification of land in Bengaluru. (Author interview, July 2015)

The KIADB Act allowed for large-scale rural land acquisition by the state with little oversight. It did not take long before state actors within the system realized the lucrative nature of handling land for domestic and foreign investors, and began to collect rents through the many unofficial transactions set up to convert rural land into urban real estate. But KIADB could not do it on its own: Land acquisition required the mobilization of upper-caste social networks in and out of government to acquire land cheaply and efficaciously.

At various times since Independence, especially in the 1970s, Dalits north of the city had received government land to graze animals, farm, and to build their homes; these acts were considered as *just or fair compensation* for the poorest who also deserved to benefit from the expulsion of British rule and the turn to a postcolonial India. At the same time, according to our interviews, village elites – whom local Dalits refer to as Gowdas and Patels – interpreted *their* ‘just compensation’ for maintaining village well-being as guaranteed access to Dalit labor servitude when needed.⁸ As Dalits gradually received

legal rights to their own land, many were able to reclaim their labor power that was otherwise obligated to Gowda landlords and to farm acquired land exclusively. The act of returning 'land to the tiller' might have a national appeal, but the effects were not taken lightly at the village and district levels by elites. The compensatory act of allowing the rural majority to possess and till their own soils aggravated upper-caste landlords and village leaders, some of whom violently reclaimed the land from Dalits even before the airport was sited (interviews 2015–2018).

One Dalit legal advocate who works the courts on behalf of these villagers, described the arrival of the airport, its pre-history, and the rupture it created for Dalits.

For the airport and nearby aerospace SEZ, 75 percent of the acquired land was Dalit land, approximately 3,000 acres of the 4,000 acres. Of three villages acquired for the Aerospace SEZ nearby, 90 percent of the villagers are Dalits. In 1978, the government gave Dalits land, what was called 'wasteland' by the British, but it was land we used as grazing land – and was given as part of the national 'land to the tillers' struggle. We were bonded laborers working for village leaders and landlords, the (upper-caste) Patels and Gowdas. (Receiving land) created a lot of tension once Dalits ... were officially free from the Gowdas.⁹

Many Dalits expressed their dismay with the whole discourse of 'just compensation' as articulated by the airport real estate project; they were angry not only with the minuscule funds received, but with the fact they and their families had to give up their land and rural lives. At best, their concerns were reduced to a calculation of a better or worse price. 'We can fight for the right to the *paisa* (money) but never for the right to land,' the legal advocate and others lamented (author interviews, Bengaluru Rural district, July 2016).

The form of Dalit dispossession described above did not simply stimulate a new speculative market for land, it also unleashed a new machinery of rent seeking. Once state officials realized the size of the gap between the price that farmers, especially Dalits, could be paid for their land and the phenomenal value that it could generate in a speculative real estate market, they were quick to exploit these opportunities. Officials kept the rents for personal gain, for purchasing positions within the state bureaucracy, and to help finance political parties and elections. Because land is the most lucrative outlet for large amounts of cash, this money invariably found its way back into the land market, ensuring a steady rise in land prices unimpeded by cyclical economic downturns (Doshi and Ranganathan 2017; 2019). These practices comprise different elements of rent seeking by state actors in which we find a few common features. First, parastatal agencies KIADB and BIAAPA chose the sites where Dalits were in the majority and their land tenure was most insecure, and therefore could more easily be exploited by staff and brokers. Second, records within the land revenue offices were manipulated and government land was often acquired 'in the middle of the night' when documents were forged. Third, family members were pressured to sell their small plots so that they could be assembled into large contiguous plots for sale. Finally, the state did its part by disinvesting in rural infrastructure such as schools, public bus routes, and electricity, which helped to make farming impossible to pursue (author interviews, 2012–15).

According to farmers and their legal advocates, KIADB officials stayed out of the house-to-house negotiations, rarely visiting the villages to survey the land. Instead, officials hired local brokers to do their bidding, keeping at arm's length the series of small transactions. As one farmer explained,

When the government asked for documents, we had no idea how to assemble them, and KIADB officials said these middlemen would help collect the papers necessary to prove ownership, use of the land, taxes paid. The brokers promised to get the land records from the Tahsildar office [district-level tax/revenue office]. These brokers knew the local officials well; they worked for them. Many of us had claims to land that the government refused to acknowledge, so the brokers said we needed lawyers to file the cases in court in order to get the compensation. In the end, the broker and lawyer worked together to collect half of the compensation money for themselves!

Dalit farmers from Anneshwara village (paved over by the airport complex) had been farming *gomala* (pasture) land since the 1970s, and some had finally received the possession certificate from the government. Just before the airport came, they were told that the paperwork was being processed into property deeds. But once the airport was sited and KIADB stepped into the role of land acquisition, the processing stopped, and a majority of the Dalit farmers in the region never received proof of possession, even though they had been paying property taxes and fees for years with the promise of ownership in mind.

Of the 400 acres of Anneshwara taken by the airport, half were still under dispute as of 2017. KIADB staff said they put the compensation money in a bank account while lawyers and brokers represented farmers in the courts. But this process had taken years, and dispute resolution rarely resulted in Dalit farmers receiving current (and hence real) urban market prices for their acquired land. As time passes with cases moving slowly through the courts, the compensation originally offered (from as early as the mid-1990s) loses its worth on the market. When half of the court settlement money goes to brokers and lawyers and compensation fails to keep up with rapidly rising market prices, small-holder farmers with little political power lose much of what they deserve from this land conversion process.

What started out as a contractual obligation by government agencies to the airport investors – acquiring land from farmers and converting it into urban real estate – turned into a set of actions that became widely institutionalized. Money is extracted from every transaction and a robust revenue stream flows through low-level bureaucratic offices up the hierarchy. The money also pours into the political party structure to help finance political elections (Kapur and Vaishnav 2011). According to the Center for Media Studies in New Delhi, more than Rs. 10,500 crores (US\$1.5 billion) was spent on the relatively minor May 2018 Assembly election in the State of Karnataka (Hindustan Times 2018). This profligate sum was twice what was spent in the previous election in 2013 and represented ‘the most expensive election ever’ for a State in India, according to the *Indian Express* newspaper (Press Trust of India 2018). Researchers argue that the money came largely from real estate transactions.

A senior government official reported to us the depth of this ‘patrimonial regime’ (Moreno 2018; Piketty 2014). Born a Dalit and one of the few to move up the ranks, he is well known as one of the ‘clean’ senior officials in Karnataka government. The first step in this patrimonial regime, he explained, was the making of the city’s Master Plan, which the Chief Minister’s office oversees. This involved the zoning of land in which some areas are delineated as ‘green belt’ where land is protected as farm, forest, lakes, and commons land, and cannot become real estate; other areas are designated ‘yellow’ for residential use, ‘purple’ for industrial, and so on. How land gets zoned becomes big business, he explained, because it affects where investment and development can go. Consequently, sizeable bribes

are paid for rezoning formerly off-limit areas into new sites for investment and those plots of land are 'grabbed' by officials (Kumar 2015). ¹⁰ 'The Master Plan has been changed umpteen times,' he described.

Preparing the Master Plan is itself a huge money maker: to first declare a green belt draws in everyone to the office bribing for access or rezoning (of particular plots). . . . The government runs on the money politics of land. The economy is not doing well, so everyone wants to buy land, even foreign investors (Interview, July 2017)

His revelations are not unique (see Piliavsky 2014). In September 2016, due to public outcry and pressure, two special courts were created exclusively to prosecute land encroachment cases, and the Karnataka government admitted that anywhere between 25,000 and 35,000 acres of government land in city and rural Bengaluru districts, including the airport region, were stolen with little accountability or punishment (*The Hindu* 2016; Shruti 2018). Even though these Legislature-backed reports have led to few prosecutions, pressure from civil society groups have forced some private developers to return encroached land in and around public lakes and has resulted in new Acts, such as the Karnataka Land Grabbing Prohibition Act 2011/2014 (Balasubramanian 2011; Ramaswamy 2007; Urs 2018).

Since the money from these land-based transactions cannot be deposited into bank accounts (as it would be easily traced and taxed and possibly confiscated), the land market has become the most common site for money laundering. The persistent rise in land prices is thus not a simple supply-and-demand phenomenon; rather, it is partially a result of sales driven by the need to launder money and then pull it back out as 'clean'. It is a form of wealth accumulation unrelated to the utility value of land, fed by patrimonial capital and embedded in extractive caste, bureaucratic, and political technologies of power. As these bureaucratic tasks related to land notification, acquisition, conversion, and resale are so enriching for intermediaries, these government positions are also being purchased and traded on an open market with incredible price inflation (author interviews; Searle 2018).

These are some of the key institutional practices that undergird the land market and have contributed to the skyrocketing of land prices in Bengaluru and the attraction of foreign finance capital. In and out of government, the social enactments of caste power have become entangled with efforts of finance capital to assure that land would continue to become available and prices would rise in spite of the fact that real estate property prices were declining. In general, confidence is an underlying factor in finance capital prosperity; in this case, confidence in the muscular technology of caste power became pivotal to the attraction of investors.

Phase one climax

As I have demonstrated above and highlight in *Figure 1*, Phase One (1994–2010) contained the birth of a speculative land market with three main features: It was based on cheap access to rural land with its violent manifestations, the displacement of non-elite small farmers and producers, and the circulation of rents in and out of the land market. From this feverish activity, the land market got red hot and the price of land soared. Aside from the airport, most of the area's construction focused on a few upscale hotels and a number of luxury gated communities. Because none of the industrial sites had broken ground for the first decade or more, home buyers did not buy to move in to this vacant area, but instead followed

the urban craze and bought for speculation. This over-heated market, however, soon collapsed, ultimately leading to Phase Two (2011 to the present), when investment in debt rather than equity took over.

Two Phases	Market Making – “Boom” (1994 to 2010)	Market consolidating – “Bust” (2011 to present)
State reforms	Major reforms on land and finance (domestic and foreign)	Further monetary, fiscal, and financial services reform
Role of land	Large-scale land acquisition with inadequate compensation created speculative land market	Land acquisition as collateral for structured debt agreements
Financial tools	PE enters via infrastructure contracts and developers' IPOs, with profitable short-term exits	PE returns in high-interest structured debt for developers, new REITs, and large investments in non-performing or toxic assets (NPAs)
Investment strategies	High investment in short-term equity	High investment in debt and “depressed-valued” assets

Figure 1. Two Phases of Speculative Urbanism in Bengaluru.

To clarify, in the airport area, government acquisition of land through the power of eminent domain is prevalent. By contrast, on the eastern flank of the city, beyond the congested IT Corridor and the town of Whitefield, private mechanisms for land acquisition are the norm. But government agents play important intermediary roles in most land transactions and elite politicians oversee key (rent-seeking) aspects of land sales and assemblage for the benefit of large-scale project developers.¹¹ That is, even though the processes of dispossession and land price spikes vary across the city, the airport project and its effects were nonetheless critical to the overall transformation of the city, especially its financialization.

Promises of the arrival of Google, Amazon, WalMart, and IBM created a mad rush for land for Silicon Valley-type campuses. When global private equity first came to town, as a source of capital for the largest projects, it introduced a completely different business model: Rather than focus on one project at a time, as local developers traditionally did, private equity insisted developers use their capital to build ten to twenty projects at a time. It was a real game changer that shocked and inspired city planners, the aspiring new professional class, and the business elite alike. As one private equity consultant described it: ‘They came in saying we want to put in \$50 or \$100 million . . . PE (private equity) funds started dumping their capital, buying 50 or 60 percent of stakes’ in projects (author interview 5 September 2017). So local developers shifted their business model to accommodate this business logic and inflow of easy capital (Goldman and Narayan 2020).

Private equity’s largest imprint on the Indian economy occurred in the mid-2000s, through its specialized financial tool, initial public offerings (IPOs), which earned them high profits in the U.S. and Europe right up to the 2008 global financial crisis. For Bengaluru’s real estate firms, most of which were family owned, the decision to go public transformed them from private small firms with family as

the board of directors into foreign-capital-flush public companies with institutional investors comprising their boards. Developers were quick to use this capital to expand into new projects, acquire large land banks for future use, and pay down old debts (author interviews 2018–9). Yet doing so came at a huge cost once the boom turned into a bust which quickened the process of financialization of the real estate sector.

The transformative effect of this strategy can be seen from the experience of one of Bengaluru's largest family-run firms, for which we will use a pseudonym, and call Top-Star Builders. Top-Star made its reputation in the 1990s as a premier builder that constructed luxury home (apartment) buildings one project at a time. Once the speculation wave hit, they were persuaded by PE advisers to follow the trend to go public. They used the fresh cash to erect more than 20 large-scale residential projects on 3,000-plus acres (Annual reports, 2006–2018). They rode the boom and invested big, increasing their staff from a few hundred to 10,000 within a decade; but, they incurred a significant amount of debt. By 2005, Top-Star's capacity was stretched thin with too many incomplete projects, too many angry subscribers demanding their homes, and lenders calling for their payments (author interviews, 2016–2018). Private equity firms stepped in with an IPO, which many major firms were exploring across India. Its share price before the IPO was at approximately ten dollars, which doubled in price at the public offering of shares, and then plummeted to a twentieth of that value within a year, with the largest equity investors having sold off at the peak. Thus, Top-Star's share value reached Rs. 6,000 crores (\$844 million) then sunk to a dismal Rs. 1,500–2,000 crores, losing two-thirds of its value and remaining over-leveraged with an expensive land bank and numerous unbuilt high rises. This financial experience was emblematic of the way foreign private equity would make its highest profits in this period, leaving its Indian partners in deep financial distress.¹² Similar processes were occurring in the New Delhi-Gurgaon-Noida region, Mumbai, and Chennai (Subramanian and Felman 2019).

Phase two: new forms of dispossession and financialization

Foreign investors' exits in the mid- to late 2000s helped to trigger a speculative crash that marked a rupture in practices of Phase One and a wholesale shift to Phase Two. Unlike the preceding period, which had been characterized by the exuberance of limitless expansion, value creation, and price hikes, the subsequent period has been shaped by a condition of being overleveraged with debt and unsold inventory, left with few options to access much-needed foreign and domestic capital, leading to bankruptcies and debt-invoked volatilities.

Back in the airport region, such national and sectoral ripples doused investor enthusiasm. A study of land use changes in the airport area reveals what both the rise of speculative exuberance and the start of the downswing looked like on the ground. Mayur et al. (2013) analyzed satellite data of the region from 2002 and 2010 and identified some surprising trends. Before land acquisition and airport construction, almost half the land had been under agriculture and much of the rest was covered with water bodies, forest, shrubbery, and pasture; only a few acres were 'built up' in the form of village homes and a few public resources like schools and marketplaces. But by 2011, most agricultural practices had ceased, water bodies were reduced by 53 percent and forest had shrunk by 37 percent, which included the replacement of actively managed biodiverse forests with commercial tree plantations of Acacia and Eucalyptus that require much less labor. Of the land under agriculture in the 1990s, only 16 percent by

2011 was 'built up,' while 48 percent was 'excavated and kept as barren for further developmental build ups.' That is, despite the clearing out of villages and the destruction of the agrarian economy, and even while land prices skyrocketed beyond anyone's wildest dreams, *more than half* the land that was to sport world-class infrastructure remained dug up but empty (Mayur et al. 2013).

Developers too were left barren as private equity exited the real estate market and sold off its shares in developers' projects. The era of easy capital was over and mounting debt pervaded the economic landscape (LaSalle 2011). By 2018, media talk of the Biotech SEZ and the 10,000-acre IT Investment Region vanished and politicians no longer brimmed with news of the coming Finance City, Science City, or of any major tenants filling the Aerospace SEZ. Despite the fact that many projects were put on hold, land acquisition continued. Our analysis of the annual reports and share-issue prospectuses of Bengaluru's major developers in the post-2010 period reveals that the principal objective remained the purchase of land, as land was the only arena of the regional economy that steadily rose in value.¹³ Although farmers' organizations, especially ones organized by Dalits, were up in arms, the commitment to acquire land was an important message and business strategy for investors to hear.

The following features characterize Phase Two, as highlighted in Figure 1 with specifics on liabilities shown in Figure 2: Nationally, foreign direct investment (FDI) in real estate dropped from a high of almost \$6 billion in 2008–2009, to \$1.3 billion in 2012, and to a mere \$113 million in 2015 (Aundhe 2019; Liases Foras 2019). This retreat only exacerbated developers' debt. Total debt carried by India's major and mid-sized developers more than tripled from Rs. 120,000 crores in 2009 to Rs. 400,000 crores in March 2019, or \$56.3 billion (Chandrashekhar and Ghosh 2017; Liases Foras 2019). Their liabilities also rose, due to the abundance of unfinished projects and expensive land banks weighing down their books. Worse still, their main source of loan capital, the Indian public banks, stopped lending because of the record-breaking size of the banks' non-performing assets (NPAs) or 'toxic' loans, much of which had been accrued since the mid-2000s (Subramanian and Felman 2019). In 2017, India's public sector banks carried almost \$20 billion worth of bad loans, and by early 2019, the size of its nonperforming assets had shot up to \$60 billion (Business Standard 2018; Author interview July 28, 2019). These nonperforming assets were a clear and measurable outcome of the heady days of the speculative urban craze that embroiled a full range of industries, from steel and cement firms to developers and the banks that lent to them.

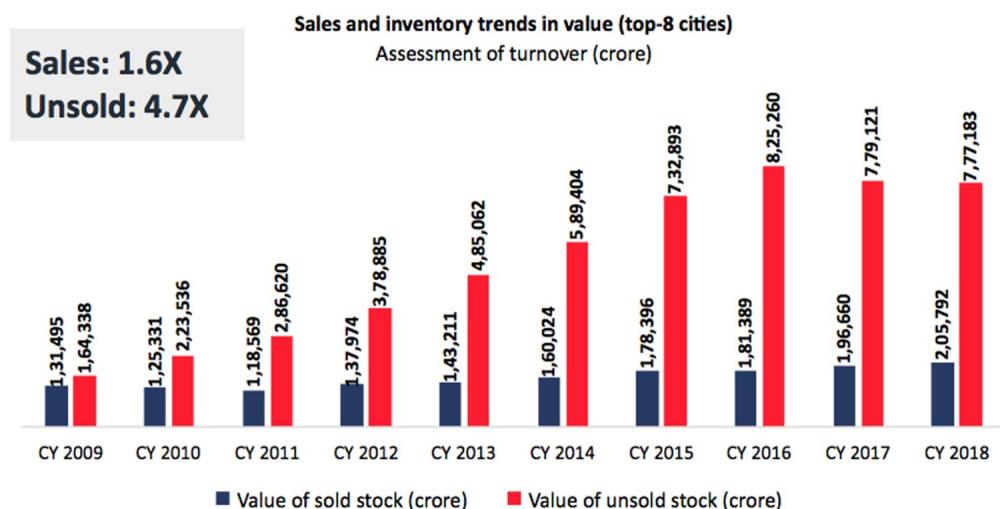


Figure 2. Developers' liabilities (low sales, high unsold inventory) in rupee value over time. Source: Liases Foras 2019.

As Figure 2 shows, the real estate sector today (nationally and in Bengaluru) suffers from a glut of homes, office space, and commercial/retail space on the supply side, and a deficit of buyers for the unsold inventory on the demand side. In the case of homes, developers overbuilt with a focus on luxury and speculative housing for elite and professional classes rather than on building affordable housing for the vast majority of low-income Indians to rent. (More than 20 million Indians remain without adequate housing, according to the Centre for Sustainable Employment's 2019 report, 'State of Working India'). By March 2019, India's top 25 developers were sitting on Rs. 780,000 crores (\$110 billion) and nearly one million units worth of unsold inventory (Liases Foras 2019).

Yet these liabilities – unsold inventory, depressed property assets, nonperforming bank assets – fueled global private equity's newest business strategy. Phase Two took shape in these ways: First, private equity firms moved away from equity investment in the housing sector to 'structured debt' – that is, no more equity capital for future projects, but instead only loans at extremely high interest rates and a regular repayment schedule to manage developers' liabilities. Second, private equity firms shifted into the commercial real estate market because of its guarantees and lucrative potential in value (Babar 2017). This strategy at first appeared counter-intuitive since large developers such DLF in New Delhi and Embassy in Bengaluru had office space that remained underutilized in a very down market. But with the speculative bubble bursting and FDI retreating from the sector, fifty percent of the developers in the nation's largest cities went bankrupt within the decade; of the largest cities, Bengaluru led the nation *with more than 60 percent of its firms out of business by 2019* (PropEquity 2019; Aundhe 2019). Analysts predict the public banking system will soon collapse and be reborn with only a handful of extremely large banks thriving, much like what happened in Spain, the U.S., and many other countries after the 2008 financial crisis (Tooze 2019). In other words, these market downswings in the panic of economic crisis are precisely what attract private equity in Phase Two.

One investor explained to me how and why he and others shifted out of real estate in Bengaluru and into 'structured finance,' using new globalized financial instruments to invest in project debt so as to avoid committing to the *illiquid* side of real estate projects:

It became impossible to make money from real estate in the traditional way; too many ways in which projects would stall, government would step in the way, developers would be preoccupied with other dealings. So, finance people like me wanted to take a step away from investing in the assets and projects side of real estate and instead go into the realm of 'safe finance', or structured finance. In real estate today, there are only two ways to make money: to buy shares in the stock market or to invest in debt. This is the strategy of most foreign investors: to stay liquid. We cannot make money from investing in projects, the equity of projects, but we can through raising money for debt [for stalled projects and indebted developers]. In this way our money remains liquid and safe. There's no other way to make money in India.

We aren't betting on projects anymore, but instead on three-year loans, for example. We don't care if the project is completed. Just look at Blackstone, they've invested billions in leased office buildings. But they put little of their own money down, their risk is low and they plan to get out once the asset values increase. This is true across all of India. Low risk, high pay off. (author interview, Mumbai, June 2013)

By 2018, distressed assets in India became foreign investors' biggest business (Nupur 2019; Kaul 2018). J.C. Flowers & Company partnered with an Indian firm to set up an 'asset reconstruction company' – an arrangement that is being replicated by Apollo Global Management and India's ICICI Bank, Bain Capital and India's Piramal Enterprises, and Caisse de dépôt du Québec and Mumbai-based Edelweiss Group (with Carlyle Group as its minor owner). Together, these joint foreign-Indian ventures plan to invest up to \$700 million in India's distressed assets in, among other sectors, commercial real estate, construction-related industries, and finance. The groundwork for such extractive profitability for private equity firms was laid with the Phase One promise of speculative urbanism and its land-based global-city projects. They set in motion the possibility of large-scale dispossession, on the one hand, and the monopolization of the value-accruing financials, on the other.

Critically, it is not just global-city projects that have fallen deep into debt; municipal governments and agencies have become vulnerable clients as well. In 2014, a news headline announced 'Bangalore crumbles as civic body goes bankrupt' (Iyer 2014). The day after New Year's, Bengaluru's mayor declared he had mortgaged the city's classic-era Town Hall, six major public markets, two historic public buildings, a maternity hospital, a cemetery, and some slaughterhouses in order to pay off the city's largest debts (Chaturvedi 2014). Bankrupt and faced with the loss of revenue due to so many promises to developers of special 'tax havens', the city faced little choice but to take many more pieces of its public infrastructure and offer them to investors as collateral. This shift in public management strategy (which is a shift occurring globally) enticed the largest private equity firms back to the city, as did the land which state agencies continued to acquire through whatever means necessary.

In sum, in the city's northern region, the process of accumulation by dispossession was *from the start* a process of financialization, one that was heavily influenced by the logic of finance capital with its evolving practices propelled by state guarantees, asset acquisition and liquidation, small farmer dispossession, and market monopolization. The influx of finance capital, initiated by the original airport agreement, was catalyzed by the state's assurance that land would be accessible and cheap and could be used as collateral with minimal compensation to the majority of inhabitants. Although it seemed that every investor was playing and benefitting from the land game, soon the smaller players buckled under the weight of their debt, and the larger ones – including developers and the municipal government – survived by becoming dependent upon transnational finance capital and its aggressive logic of expropriation and profit. Financialization of distressed city assets, depreciated properties, and rural land banks have become the foundation of global-city making in Bengaluru and across India, creating a volatile urban landscape in which the most disruptive investors come from the world's largest private equity firms (Goldman and Narayan 2020; Subramanian and Felman 2019). By 2018, the largest shareholder of BIAL (the airport complex) became Mauritius Investments Limited, a shell company based in 'double tax-free' haven Mauritius, owned largely by a Canadian private equity firm. The shift to rule by finance became complete.

Dispossession by financialization gains traction through a set of entangled practices: It started with the imperative to move small farmers off land and acquire public lands to use as collateral for equity and debt. This process dispossessed many small producers of the material basis of the agrarian economy. This strategy is rooted in a national, and increasingly global, commitment to disinvest from small-farming rural economies, the dark underside to the glowing aspirations of global urbanism. Rural

disinvestment kick-started the process and rural dispossession ensured the value-gap condition necessary for private equity capital to enter any 'risky India' scenario. Land became financialized through the process of detaching investors from land's material limits and instead converting land into a tradeable and collateralized liquid asset. As Tania Li (2014) argues, land cannot be 'rolled up like a mat and taken away' without a series of scalable institutional maneuvers and imaginaries. Because of the conjuncture of speculative urbanism and the neoliberalization of the central government and international finance institutions, local technologies of caste and class power were mobilized to support the efforts to convert the 'fixed' characteristic of land into liquid ones for investors' manipulation. In Bengaluru, developers that once produced the medium- and large-scale housing stock in town became reliant on a financialized business model that alienated them from their original standards of producing homes or commercial structures for local clients. Instead, they adopted an incentive structure that pays premiums to offshore investors without the social commitment or obligation to house the local population or vitalize areas of the city or countryside. Hence, this process of dispossession has triggered the financialization of land with strong currents rippling through the social, ecological, and political landscape of the region, overturning existing social relations while feeding into volatile conditions emerging globally (Aalbers 2019a, 2019b; García-Lamarca and Kaika 2016; Rolnik 2019).

Precisely at the moment when India's real estate and banking sectors look their bleakest, one of the world's largest private equity firms, Blackstone, acting in ways that exemplify and shape features of Phase Two, has put up more than \$6.5 billion into commercial real estate in the last five years (with \$1 billion in just the first half of 2019) as a bet on the future of this depressed-asset market. One recent tie-up between Embassy and Blackstone reflects a new financial tool deployed across Asia. Based in Bengaluru with properties near the airport and across the city's burgeoning periphery, Embassy offered at great discount a sizeable portion of its over-leveraged and over-built assets to Blackstone in 2018. Blackstone has mobilized these assets to float India's first-ever REIT (real estate investment trusts). As soon as it hit the market in March 2019, the financial tool of the REIT raised \$680 million in its first month, with much of its shares purchased by 59 institutional investors from France, Wall Street, and Mauritius, as well as by individual Indians incentivized by the speculative notion that though they cannot afford to buy a home, they can buy shares of Blackstone's real estate trust. Every dollar or rupee raised through the REIT's public offering has become money that Blackstone receives and pulls out of India's unsteady real estate market.¹⁴ For most of Embassy's properties, rents stagnated and space remained empty; the market was saturated with an oversupply of office space, and many of the Embassy properties were losing large sums of money.

Across India in 2019, Blackstone owned 114 million square feet of office space. Although it is India's largest landlord, it entered the real estate business slowly at first, in 2010 (Nandy 2018). This REIT, and the next set of REITs being planned, will open up the floodgates for Blackstone and others to exit Indian real estate profitably, leaving millions of small and large investors with the liability of owning office space in this highly volatile marketplace. According to its own assessment, Blackstone has realized *in its exits* from India its highest global profit rates of 2018, higher than in the U.S. or China (Alexander and Antony 2018). In 2019, India's business press celebrated that the distressed property assets market had become India's most profitable sector, selling the idea that all boats rise equally in this financialized sea of speculation. India's first REIT was promoted as the best option for

the floundering national economy and for overleveraged speculative individuals caught in the down market. This approach, however, ignores the high risk for small investors holding shares in a financial tool designed to accumulate large fees and commandeer future cash flows on behalf of Blackstone and its colleagues (Alexander and Antony 2018; Sarkar 2019). The seduction of speculative governmentality has become widespread, infecting the lives of a growing range of inhabitants – such as farmers left little choice but to speculate on their next plot to farm, slum dwellers being repeatedly pushed to elsewhere, IT professionals in a salary market becoming compressed which intensifies the significance of real estate gambles, and bureaucrats who front a lot of cash in order to get promoted in this system (see Bear et al. 2015; Birla 2015; Goldman 2015).

Conclusion: it takes a village

Occurring in very different contexts, home foreclosures in Atlanta, bankrupt world-class infrastructure in Rio de Janeiro, and empty resort complexes along Spain's Costa Blanca and Brava, appear to have no relationship with the debt and dispossession crisis in the city of Bengaluru or to the vanishing rural livelihoods of an urbanizing India or China. Although these events have created lucrative opportunities for finance capital globally, we tend to view them as discrete, which is perhaps a consequence of the blinding tendency of methodological nationalism that leaves us with assertions such as 'careless *Indian* expansion' or '*Spanish* over-exuberance.' Not only are the very same financial giants – e.g. Blackstone, Deutsche Bank, KKR – dominant in many of these markets, they play a critical role in *creating* these markets, arbitraging one against another across this turbulent postcolonial map. Working at different scales, financial trades can occur within milli-seconds and, in the markets described above, can contribute to securitization bonds based specifically on rental housing or office space worth hundreds of billions of dollars, within what the conservative IMF calls the 'shadow banking system' of alternative finance (Kodres 2013; Poznar et al. 2010). Each 'local' disaster becomes a source for 'global' arbitrage and one of many distressed asset assemblages pitted against each other, bound by the infinite creativity of financial firms when given the full power to design and implement their own tools and contracts. These are dream-like conditions that most other sectors of capital have not been afforded.

As the accumulation by dispossession literature demonstrates, fundamental to the practices of capital accumulation is dispossession. This article highlights how processes of accumulation and dispossession could be more carefully contextualized and analyzed across scale, through sites, and temporally, to reveal the *inter-scalar uneven and combined* practices and logics and disruptive qualities of urban financialization. Over the past 40 years, they have expanded into the social fabric of life in the U.S. and Europe, and more recently throughout Asia. In a variety of forms, the co-constitutive processes of dispossession and financialization are unfolding and deepening, in ways that run far afield from strict economic or cultural interpretations. In Bengaluru, one finds similar forms and effects of speculative urbanism as other scholars do elsewhere, such as García-Lamarca and Kaika (2016) and Palomera (2014) find in evicted and foreclosed Spanish urban communities, Sheppard and Leitner (2018) in Jakarta's kampungs, and scholars find strewn across the new urban landscape in China (Li, Li, and Wang 2014; Shin 2019).

In China, the central state sets the broad legal and policy frameworks for global-city making and for participation of foreign capital investment, while local authorities develop the laws for, and oversee,

land conversion. Hence, the concepts of urban financialization and speculative urbanism take on different meanings. For example, China has a very distinct legal framework for land ownership and the entrance of foreign capital in land markets has been more recent and focused on development equity rather than debt. One can trace their urban land's commodification to the Asian financial crisis of 1997–98, after which property and housing reforms commenced in ways some call neoliberal (Lin et al. 2015). Further reforms in 2011 led to the formation of REITs and other specialized property investment tools, which are expanding rapidly in the hands of the same foreign actors as in India, such as Blackstone, JLL, CBRE, and Macquarie. Aveline-Dubach explains how these foreign private equity firms seek short-term high returns investing in infrastructural and housing projects during upswings and in troubled assets during downswings, much like the boom and bust cycles in India (Aveline-Dubach 2013; Hui and Ye 2006).¹⁵

Although the authors in this Special Issue do not concentrate on the role of finance in China's variegated landscape of dispossession, we can see similarities as India's and China's economies evolve along parallel trajectories of urban financialization. As more private equity capital flows into China's bubble real-estate market, we can expect a major bust cycle on the horizon, in which foreign equity may experience a heyday as it did in Indonesia after the 1998 crisis and in India today. The role of land – and therefore, land-based populations – will be in terms of assets and collateral that will be central to the profitable business model of 'chasing the bust' and buying up depressed assets while monopolizing these down markets, perhaps leading to further dispossession.

In sum, this article not only suggests a globally informed analysis of the workings of finance in the remaking of the rural and urban, it also highlights the importance of a multi-scalar relational and conjunctural approach acknowledging the centrality of land and finance at this historic conjuncture (Sheppard et al. 2015). Using a postcolonial lens that acknowledges spatio-temporal differences, conjuncture, and relations, this article highlights the significance of studying dynamics that cut across troubling binaries such as global North and South, urban and rural, production and finance, fixity and liquidity. Since the business model for finance capital privileges profits through capital's mobility and exit, from the liquid and not the fixed, investing in depressed rather than productive assets, working seamlessly across global North and South borders, and 'capital switching' in a flash from infrastructure to land to housing to debt, we need to be as flexible in our analytics. Whereas there is much to learn from existing debates on the dialectics of accumulation and dispossession, its 'productivist' bias can lead one to think Wall Street practices are *parasitic* upon the body of capital accumulation, and therefore an unproductive and undermining anomaly. Through a similar lens, it may also seem paradoxical and irrational for governments to support the dissolution of the rural in an effort to build up an urban landscape founded on ungrounded and wild speculation. Yet the evidence suggests we take these anomalies and paradoxes seriously as their material and ecological effects are wreaking havoc.

As the case of Indian cities and countryside reveals, not only does the state actively restructure itself in order to facilitate and guarantee finance capital's entrances and exits, state actors within government offices also create the conditions to enhance their own rent-seeking possibilities, guaranteeing support to 'free up' land – public and private – for expropriative foreign investors from speculative urban projects. In many situations, these projects require the coercion and violence of dispossession. As Dalit leaders and farmers explain, however violent the dispossession in Bengaluru's airport region has been,

it is not their first experience, nor will it be their last, especially with the logic of finance, real estate, and urban expansion hinged on increased consumption of land. The speculative urban promise that this land-based rupture will lead to greater prosperity is based on the presumption that subaltern agrarian social structures and economies have little present or future value. That belief, and its material-discursive manifestations, is helping bring it to reality, and defines the rapidly expanding phenomenon of *dispossession by financialization*.

Notes

1. This calculation comes from brokers and consultants in the business.
2. ‘World-class’ urban infrastructure has been the rising focus of advice coming from PriceWATERhousecoopers and McKinsey Global Institute and loans and conditionalities from the World Bank and Asian Development Bank since the mid-1990s. These latter two international finance institutions have had the sectors of finance, infrastructure, and the urban as three dominant sources for loans and the highest percentage goes directly to the confluence of all three sectors, i.e. financing urban infrastructure (See Peterson 2009). These organizations are key nodes in the transnational policy network through which the discourse of global urbanism has emerged and been refined.
3. For details on dispossession and unfair compensation, see Doshi and Ranganathan 2019; Goldman 2010; Sundaresan 2013. On the changing dynamics of the complex agrarian structure in the region, to which this article cannot offer nuance or depth, see Chandrashekhar 2009; De Neve 2015; Inbanathan and Gopalappa 2002; Manor 2007; Pattenden 2016.
4. As noted elsewhere, the vitality of this water catchment system in rural Bengaluru made possible the settlement and expansion of the city from the 1700s onward (Goldman and Narayan 2019; Mathur and da Cunha 2006; Nagendra 2016).
5. As Viswanath’s (2014) and others’ studies of caste demonstrate, access and ownership to land and caste designations have been co-constitutive throughout history. The ‘pariah problem’ in southern India reflects the obstacles for lower and out caste communities to gain full rights to land; while their location in social hierarchy is discursively defined as religious and cultural, their inability to access rights to land is defined by powerful and enduring institutional and social barriers (Viswanath 2014). Hence, the situation in this region reveals that while communities were often barred from land ownership, many have enjoyed access to land, especially government and village land, on which they cultivated, grazed animals, raised silk worms, maintained water infrastructure and sacred groves, fished, grew flowers, and much more, contributing to the vibrant regional economy (Nagendra 2016; Upadhyaya, Gidwani, and Goldman 2017).
6. ‘Concession Agreement 2004’ (Government of Karnataka) and ‘Landlease Agreement 2005’ (Government of Karnataka).
7. Karnataka Industrial Area Development Board or KIADB is the largest parastatal in the region responsible for acquiring and assembling land to sell to firms, supplying basic infrastructure such as roads and electricity, for industrial development. The land records described were the farmers’ and should not need a middleman to retrieve them. KIADB has been well documented in the press and in court proceedings as the most corrupt parastatal in Karnataka. It is financed by external loans from the Asian Development Bank et al., yet it oversees large public projects and infrastructure and mandates, and is only accountable to the chief minister of the state and its creditors, and not to democratic institutions such as the city council or state legislature.
8. The terms used here for out-caste villagers (Dalits) and upper-caste elites (Gowdas) are general designations used by my interviewees to connote the enduring dynamics of power in the village, and does not specify the myriad of castes, sub-castes, and non-castes with which many people identify. The term Gowda locally often refers to self-appointed, upper-caste village decision makers. See also MS Srinivas (1994) on this process in

south India and Vinay Gidwani (2008) in west India. The region is infused with Dalit activism as caste divisiveness remains stark. Dr. B.R. Ambedkar defined Dalits in his fortnightly publication *Bahishkrut Bharat*: 'Dalithood is a kind of life condition that characterizes the exploitation, suppression and marginalization of Dalit people by the social, economic, cultural and political domination of the upper castes.'

9. Interview, New Arasinakunte, June 2015. To clarify, the farmer is saying they were bonded by obligation and threat from upper-caste members, and thus obliged to give up their labor power for free; they were not necessarily bonded by financial debt, but that was also true for many. These were the conditions identified in interviews occurring on the northern periphery of the city, but not necessarily elsewhere.
10. Employees of the spatial mapping firm originally hired in the mid-2000s to create Bengaluru's first comprehensive plot-by-plot mapping of land use for the city's Master Plan, described to me the number of times their carefully studied and drawn maps were changed by the Chief Minister's office to include certain plots of land for speculative investments (author interviews 2007, 2008, 2009).
11. Our NSF-funded project on Speculative Urbanism is completing an extensive research project on the eastern periphery and in the city core on the topics of land transactions, financialization, and livelihood effects.
12. This narrative and data come from interviews with senior executives with the firm as well as consultants working for them and sector analysts, as well as an analysis of the largest firms' annual reports. This was typical of the IPOs in real estate globally on the cusp of the 2008 financial crisis.
13. These findings were derived from our NSF-funded study and the working paper, 'Financialisation of Real Estate in Bangalore,' Sanjiv Aundhe, October 2019.
14. Private equity firms like Blackstone make considerable sums from REITs (and other financial tools) in part from the high fees they charge for creating them, fees on every individual transaction (buy/sell), and specific built-in benefits such as incentive fees as high as 15% when shareholders make a profit. Often, the brand itself attracts so many investors: Blackstone REITs sell out quickly, globally, and so its shares go at a premium, which benefits Blackstone handsomely. On top of all this, since Blackstone invested in Embassy when its share price was at its nadir, as soon as Blackstone's name gets plastered on the marquee, the share price shoots up, even higher when the REIT was first announced. Indian investors, small and large, have been waiting in great anticipation for this first REIT, and all that capital flowing in at premium prices will enable Blackstone to recover its investment plus much more. All of this economic activity can occur, including record profits, without any actual change in the building maintenance or its revenue generation. This is the beauty of financialization for those in control of the financial tool: PE can make its profits detached from the conditions of the physical, material, or activity (e.g. housing completion, office space occupancy, land development), but instead on the anticipation by subscribers of future revenue generation from the financial tool itself.
15. For English-language literature on financialization of land and urban processes in China, see Aveline-Dubach 2013; Theurillat et al. 2017; Wu, Li, and Lin 2016; Ye and Wu 2014; Zhang 2013; Zhen 2013.

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