

IRREGULAR HOUSING PROVISION, LOCAL CAPITAL ACCUMULATION AND URBAN TRANSFORMATIONS IN THE GLOBAL SOUTH

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Abstract: Capital accumulation through contemporary urban processes of gentrification and the financialization of land and housing transforms urban built environments. However, in the global South irregular urban development remains widespread. Neo-classical economists connect high levels of irregular housing to state induced market distortions, while development studies' largely focuses on the urban poor's 'self-help' housing provision and tenure struggles. Sufficient attention has not been paid to the degree and manner capital may be accumulating through the provision of irregular housing. This article applies David Harvey's model of capital accumulation via urbanization to fieldwork carried out in the Mumbai Metropolitan Region. This is done to test the hypothesis that irregular housing is a source of local capital accumulation, and as such, should be considered part of the secondary circuit of capital shaping urbanization in the global South.

Keywords: irregular housing provision; secondary circuit of capital; urbanization, Mumbai Metropolitan Region

1. INTRODUCTION: IRREGULAR HOUSING AND URBAN TRANSFORMATIONS

Urban governance in the West moved from a professed focus on the general welfare of residents via collective consumption (basic services and infrastructure) to creating a good business climate (Harvey, 1996). Urban development is now oriented towards profits and revenues – meaning the needs and desires of property developers and speculators shape the interventions and investments states make in the urban built environment (Brenner et al, 2012). Programs and policies geared towards producing “World Class” and “Slum-Free Cities” in the South to attract capital intensive sectors, such as: real estate, hi-tech, education, finance, insurance, and corporate retailers as well as consumer classes evidence this shift beyond the West (van Dijk, 2017). These are the visions and policies that animate research and theory on how capital accumulation is (re)shaping urban built environments. The prism of “accumulation by dispossession” dominates this field when the informal economy and irregular housing (whether of the popular, undocumented or fully illegal variety) enter the picture (cf. Ghertner, 2014; Banerjee-Guha, 2013; Levien, 2017). The argument is that gentrification and financialization of the urban built environment dispossesses the economically weak and politically marginalized of their livelihood space. The possibility of irregular housing provision also being a driver of urban

transformations in the global South, to my knowledge, has not been systematically examined. This is problematic to the extent that urbanization (in terms of the built environment) cannot be explained in terms of gentrification and financialization (cf. Dennis et al., 2012). For example, Figure 1 is of a section of Mira-Bhayandar from 2013. This area transformed from the hinterland of Mumbai in the late 1980s to a city of over 800,000 people by 2011. While little of this transformation can be sufficiently explained by gentrification and financialization of real estate (van Dijk, 2011b, I will demonstrate that capital accumulation is still an important driver of urbanization in the suburbs of the Mumbai Metropolitan Region. We will open this field of inquiry by applying David Harvey's general model of accumulation via the secondary circuit of capital to fieldwork undertaken in three suburbs of the Mumbai Metropolitan Region. This is done to explore if irregular housing needs to be considered a sector accumulating capital via the production of the built environment.

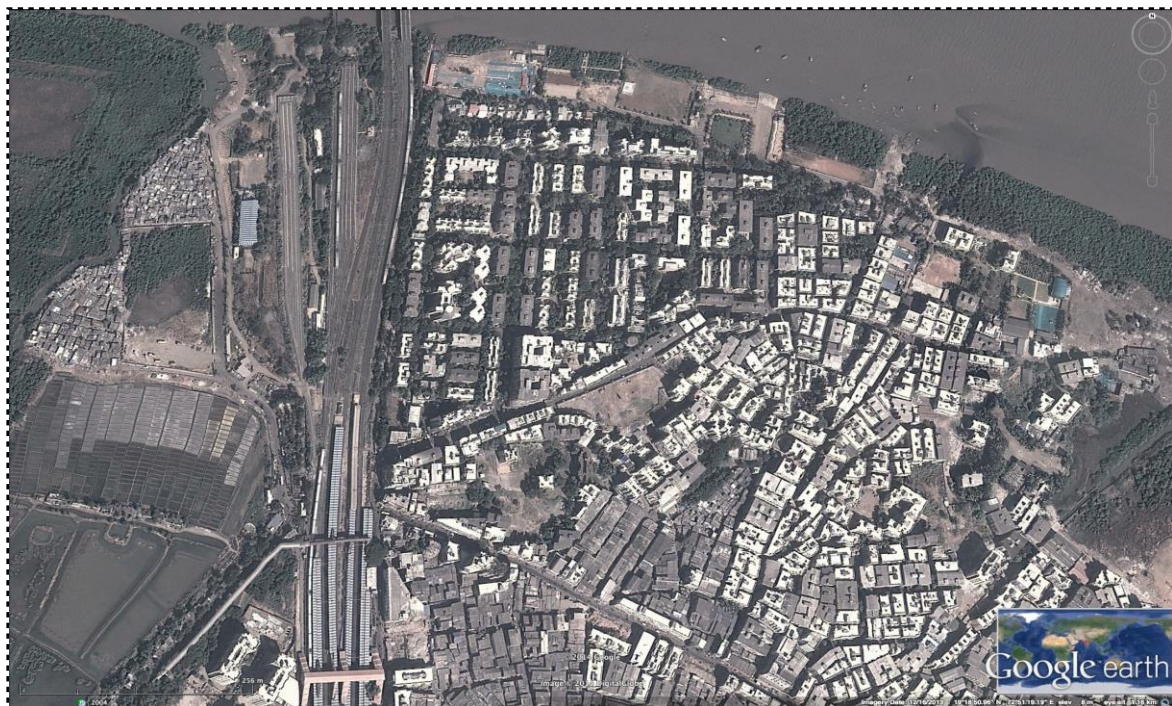


Figure 1 Mira Bhayandar - Google Earth 2013

Section 2 reviews the secondary circuit and the urban process under capitalism and debates related to irregular housing. Section 3 outlines Harvey's model and Section 4 applies this framework to field studies from the Mumbai Metropolitan Region (MMR). The data drawn upon is qualitative and comes primarily from transect walks and discussions with key informants¹ over 18 months of fieldwork (between 2005 & 2014) within three

¹ 2 MLAs (Members of Legislative Assembly), 2 Assistant Municipal Commissioners, 1 former Municipal Commissioner, 5 ward councillors, 2 political party workers, 2 local developers (unlicensed), 1 regional developer

suburbs: Mira-Bhayandar, Kalyan-Dombivli and Vasai-Virar. Given the limitations with key informant-based data, this case is suggestive. The intention is to spur more research and theorization in this area.

2. LITERATURE REVIEW

2.1 Circuits of Capital and Urban Transformations

David Harvey (1978) theorized that the urban process within contemporary capitalism includes three interrelated circuits. The *primary circuit* of capital accumulation includes the (industrial) production of goods and services. In this circuit capitalists use money to buy labour power (LP) and the means of production (MP) to produce a commodity (shoes for example) that can be then sold for more money than was used to produce them (M_1), i.e., to make a profit. The *secondary circuit* includes real estate and the production of the built environment in general. The primary circuit does not provide the built environment needed for expanded accumulation on its own. Regarding housing, some employers provide housing, but most wage labour is reliant on private sector or public-sector housing. Of course, those who are self-employed do not have recourse to employer provided or subsidized housing. In order to consume products and services a *consumption fund* is required. The consumption fund consists of commodities (and other resources) that serve as the instruments of consumption (Harvey, 2006: 205). Housing is arguably the most important part of the consumption fund because you need a place to keep and consume commodities. Given that capitalists in the primary circuit are unwilling or unable to produce the built environment necessary for labour reproduction and consumption out of their profits, Harvey adds the *tertiary circuit*. This circuit covers state expenditure in the built environment, health and education, and research and development. This circuit bolsters accumulation in the other two, which should lead to increase revenues for the state during times of economic growth that can then be reinvested in the tertiary circuit.

Returning to the secondary circuit, our focus here, land and buildings are *qualitatively* different than primary circuit goods and services. The way value is realized is not the same. A shoe manufacturer realizes the value of the commodity (in money form) when the shoes are purchased. Housing is rarely bought outright and after the value of the house has been amortized, rent is often still paid and likely property taxes as well. The value embedded in infrastructure (roads and piped water, for example) also have long

(licensed), 1 NGO project manager for slum sanitation projects, 2 plaintiffs involved in Public Interest Litigation against these municipalities for rampant unauthorized development and 2 housing society presidents.

amortization periods and are open to rent relations as well. In *The Limits to Capital*, Harvey theorizes the significance the immobility or fixity of secondary circuit capital and commodities means for accumulation. Their qualities make them more susceptible to territorial effects (rent and rent-seeking) and the idiosyncrasies of place – such as local growth (or anti-growth) coalitions and the strength of proprietors' relative to industrial, finance, or merchant capital (Harvey, 2006: chapter 9). The attractiveness of real estate and infrastructure development for organized capital depends on state's ability to increase liquidity by way of the formation and enforcement of capital friendly property rights, rules of exchange, and land use and development regulations (Gotham, 2006).

Given the assumptions of what enables a secondary circuit to develop, it is not surprising that irregular housing has not been covered in these discussions. To wit: the partial to complete absence of the regulatory state in irregular housing provision, the long-held assumption that most irregular housing is of the self-built variety found in slums, and the focus on gentrification and financialization together render irregular housing sectors of the urban political economy largely invisible to research on how capital accumulation shapes urban development. One notable exception came forty years ago. Rod Burgess (1978) argued that informal housing is not outside the circulation of capital, but rather in a different circuit of valorisation - that of petty housing production. He called for more attention to be paid to the vested interests of various factions tied to processes of informal housing provision and the relationships these actors secured with different state actors and agencies. However, Turner's (1976) self-help paradigm took hold and many questions remained left unasked and unanswered, such as:

1. Are the minimum conditions necessary for capital to accumulate present in the irregular housing provision?
2. Given the irregularity and thus lack of state-oversight and enforcement of property rights, how and to what extent is irregular housing capitalized, assetized², commodified, exchanged and how profits are realized and the forms distribution take?
3. What *local structure of accumulation* permits this process; what shared interests and constraints bind these actors together and coordinate their activities sufficiently for this circuit to work?

² Before rent can be charged, land or housing need be considered an asset of the one charging the rent. Not all resources are assets – therefore the process of becoming an asset is important to distinguish (cf. Ward et al., 2018).

2.2 Irregular Housing

Non-compliance with urban land use and development regulations and private property remains widespread across the global South (Roy 2009a). Partial to complete non-compliance remains pervasive in slums, substandard tenement buildings and middle-class and elite localities (van Gelder, 2010; Bromley, 2008; Alnsour & Meaton, 2009). Too often slums and irregular housing are used interchangeably, which obscures the level of irregularity in nicer looking areas. The picture (Figure 2) taken in Mira-Bhayandar, India problematizes this assumption. Both the slum in the front and the new apartment complex in the back are irregular. When legal and bureaucratic, rather than aesthetic criteria, distinguish between regular and



Figure 2: Two types of irregular housing: Slum (front) Apartment Block (back)

irregular housing, then most buildings in Indian cities and towns are likely irregular and most urbanized spaces are 'non-planned,' i.e., they do not comply with tenure, layout, construction, services, zoning or other statutory requirements set by various state acts and agencies (Sundaresan 2017; Bhan 2013; Roy 2009b).

Scholarly debates on irregular housing can be divided into five strands: economics, urban poor, class based spatial politics, informal real estate markets, and the state. The *economic* literature highlights several drivers of irregular housing namely: poverty and

market distortions, such as: rent control³, conservative development controls⁴, urban land ceilings⁵, weak property rights enforcement and limits on foreign direct investment in real estate (Fekade 2000; Kapoor & le Blanc 2008). This literature also includes concerns about 'dormant assets' or 'dead capital' that need to be 'unlocked' via title to both alleviate poverty and to spur economic growth through subsequent valorisation in capitalist markets (de Soto 2000; World Bank, 2009). The absence of a state-backed property regime in irregular housing is mainly what makes this capital "dead" meaning unable to be used for accumulation purposes following de Soto's logic.

Literature centred on the *urban poor* emphasises their struggles and occasional victories over the state in terms of postponing or avoiding eviction, or being notified or regularized, and thus able to negotiate better services (cf. Nijman 2009; Weinstein, 2009; Arputham & Patel 2010). Community or locality based institutions, such as various self-help credit and savings groups and 'vote banks'⁶ for accessing, maintaining or 'co-producing' livelihood space, figure prominently in this literature (Pamuk 2000; Benjamin, 2008; Satterthwaite & Mitlin, 2013).

A third debate looks at *class-based* spatial politics and practices. The main theme is the growing urban middle-classes and the 'us vs. them (urban poor)' mentality that has taken root when it comes to asserting their rights to the city as ostensibly law abiding and tax paying residents (cf. Ghertner 2011; Anjaria 2009; Watson 2009; Fernandes & Heller 2006). Another theme is the investor class (national and global) and how speculation in urban real estate increases the likelihood of eviction or resettlement to peripheral areas-- in other words, dispossession of informal settlements and informal economic activities to make room for state-supported large-scale developments conducive to forming "world-class cities" (Goldman, 2011; Gottdiener and Hutchison, 2011).

A fourth strand studies informal urban land and housing markets. Many sellers or proprietors of irregular property populate this field, such as: pirate sub-dividers (Blanco, 2012), small property owners (Wong and Lui, 2012), owner-occupiers (Gulyani et al, 2012), local builders (Fawaz, 2009), slumlords (Kumar 2011) or urban squatting

³ Rent control is a disincentive to both the development of more rental housing and to maintenance of existing housing. Rent controls were instituted in Mumbai in 1949. This law caps rents for protected properties at approximately 12.5 percent return on cost of construction plus cost of land at the time of construction (Ghandi et al, 2014).

⁴ For example, in the suburbs studied you cannot (legally) have more than ground plus 4 floor buildings.

⁵ Laws that restrict how much urban land one person or entity can own.

⁶ Slums are commonly referred to as vote-banks because in exchange for electoral support politicians help them avoid demolition and spend some of their Locality Development Funds for toilet blocks, community centres, foot paths, cultural festivals or bore wells).

organizers (Bruekner, 2013). Contrary to De Soto's (2001) "dead capital" argument, the evident durability and growth of informal land and housing markets in cities across the global South shows that markets do not require legal titles, state backed contract laws or strong property rights regimes for commodity relations to function locally (Smart 1986; Fawaz 2008; Qiao 2014; Chattarji 2016).

A fifth strand focuses on the state's political and regulatory apparatuses. On the regulatory side, the state is implicated in three ways: (1) the formal or legal *ipso facto* constructs what is informal or illegal; (2) state calculations – in terms of uneven temporal and territorial enforcement of laws and regulations -- determine which informalities are tolerated in practice (Roy, 2005). (3) Informality is argued to be the Indian state's prevalent mode of spatial production – meaning that state actors and agencies often do not follow their own laws, rules or professional norms when engaging in urban development (Roy, 2005). Rather than informality being an indicator only of bureaucratic incapacity, political capture, or the politics of the poor, it is also a state tactic for keeping certain spaces "grey" for a mix of contingent political, economic and cultural reasons (Yiftachel, 2009). Turning to *the politics of distribution*, the demand for deferments or leniencies when it comes to eviction, demolition or losing irregularly secured basic services provides rent-seeking opportunities for government officials and local police (Fox, 2014; Dutta et al, 2013). The degree that securing these deferments involves local politicians, this service provides vote-seeking opportunities as well (Holland, 2016). To secure votes politicians lobby on behalf of their constituents to officials with the capacity to enforce regulations. Regarding the supply-side of irregular housing, politicians that mediate on behalf of developers, builders, and landlords, can secure fees and campaign contributions (de Wit, 2016).

These debates tend to focus on one agent, such as: investors, middle-class, the urban poor, political mediators, landlords, builders, or the state. This reifies the built environment and its morphology by obscuring the relations and interrelations among these agents (Haila 1991; Ball 1986). A more relational (dialectical) approach would allow us to register how local structures of accumulation, to the extent they exist, differ across different forms of irregularity i.e., squatter settlements, slums on private land, slums on public land, undocumented or irregular apartment buildings, unauthorized colonies, urban villages, illegal sub-divisions, or elite high-rises and malls. The fourth strand shows us that irregular housing is being bought and sold or rented. Markets and commodification are necessary for capital to accumulate, but they are not sufficient by themselves to constitute a circuit. However, evidence of exchange and de facto commodity relations are further reasons to explore if irregular housing needs to be considered part of the secondary circuit of capital.

The debate on the state's role seems to allow for only parasitic profiting in the form of rent seeking. This leaves unexamined if capital is being mobilized for investment in irregular housing and the extent this reproduces and expands this sector and, as such, is a driver of contemporary urban transformations.

The first task is to demonstrate if the provision of irregular housing provides the necessary conditions for capital accumulation (Section 2.1; question 1). This is different, but related to, if a circuit of accumulation has been established. Accumulation requires a configuration of structurally coherent enough institutions (rules, norms and sanctions) to manifest and endure (Harvey, 2006). In developed capitalist economies, the state works (is used??) to stabilize accumulation (Havell, 2011). This begs the question: what sources of authority (and what type of local political economy) stabilizes accumulation in sectors not following (or outside the purview of) statutory rules of the game (cf. Ho, 2017; Harriss-White, 2014)? To address these key issues, ongoing research focussing on the local structures of accumulation present in irregular housing provision is underway. This paper focuses on question one, while also offering speculative and tentative insights for subsequent work on questions two and three listed in section 2.1.

SECTION 3: IDENTIFYING ACCUMULATION

Previous research on the secondary circuit of capitalist urbanization assumes state sanctioned capitalization and commodification of land, housing, and sections of the built environment in general (Ghertner, 2015). However, the literature just reviewed on irregular housing indicates that these processes do not have to be sanctioned by the state. Harvey's (2001) theorization of the secondary circuit is connected to his theory of spatial fixes: how surplus labour, capital or both from the primary circuit are *absorbed* in the secondary circuit. This work implies that before an economy produces a thriving secondary circuit, it first must achieve an advanced primary circuit. If this were not the case, where would the surplus labour and capital come from? We are not entering this debate here.⁸ Rather, we use Harvey's general model to look for evidence of accumulation through the provision of irregular housing. By doing so, we in no way wish to imply at this juncture that this is a 'spatial fix' or that irregular housing can be connected to overproduction in primary circuits formal or informal.

⁸ For two recent articles on how the relationship between primary and secondary circuits can diverge from Harvey's work see Goodfellow (2017) for an African case and Shen and Wu (2017) for a Chinese case.

At a minimum, for capital to accumulate via housing provision both the labour (L) and means of production (MoP) (such as: construction materials, land and equipment), and thus sufficient amounts of money to secure these are needed for the circuit to commence. Finance (F) plays a key role in terms of capital mobilization, credit and risk management for investors, developers, contractors and buyers. Given both the normally long turn-over time between investment and realization $M + M_1$ (through markets) in this circuit, the chances for projects to fail or prices to fall increase and the risk of capital and asset devaluation or destruction looms. Typically, the higher the risk the greater the possible returns. For lenders, this means charging more interest, and for investors it means being able to command a larger percentage of future profits.

Marx tells us that capital is value in motion. It shifts from money form to commodity form (good or service), and then back to the money form where the initial money invested is realized plus a profit. If it gets stuck in the money form (nowhere to invest) accumulation does not happen. If it gets stuck in commodity form (no or insufficient demand) the money capital invested is lost and so on. Harvey pinpoints many risks, or obstacles, to the realization of $M + M_1$: 1) shortages of money to mobilize and put into circulation (credit & finance issues); 2) labour shortages or rising wages; 3) MoP problems such as cement shortages or spikes in the price of steel; 4) problems with how LP and MoP are brought together (technological, logistical and organizational issues); 5) discipline within the labour process; 6) lack of effective demand; and 7) conflicts between factions of capital (landed, construction, commercial, finance). Accumulation through irregular housing challenges some obstacles, for example, weak or missing labour rights/laws reduce the likelihood of discipline problems. Irregularity also adds some obstacles, such as: the halting and/or demolition of construction per court order, the absence of state-backed contract law and politicized, thus contingent, allocation of property rights. Also, the lack of sanctioned property and/or development rights and plans signed by licenced architects and structural engineer's bars supply-side actors from formal credit and financial. How then is capital mobilized, risk managed, and potential conflicts between landlords, builders, investors, buyers and creditors handled over an accumulation cycle in this sector? These risks to capital and future profits culminate in the *risk context* noted in Figure 4, which is abstracted from Harvey's (1978, 2001, 2006) work on capital accumulation via urbanization.

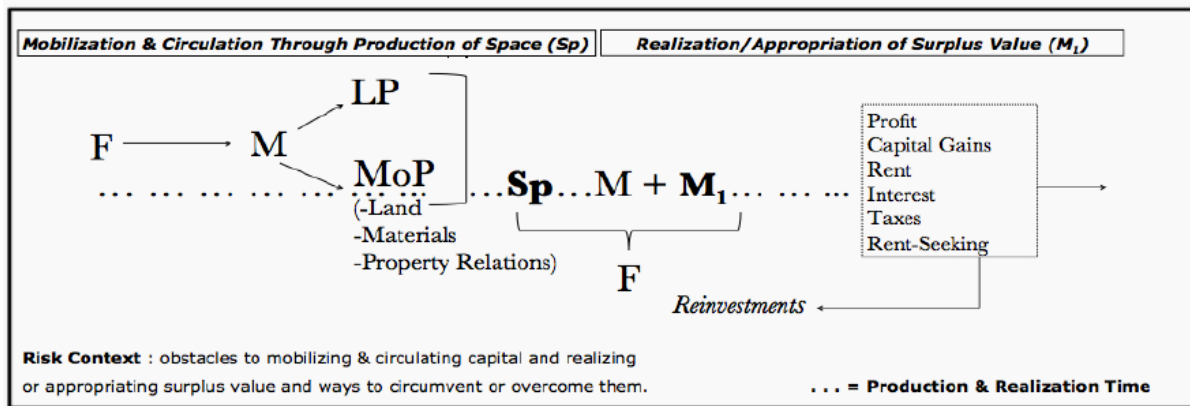


Figure 2: David Harvey's Secondary Circuit

For irregular housing provision to be conceptualized as part of the secondary circuit it must be able to produce profits. If it contributes to the expansion of irregular housing, some of the profits must be reinvested in it. The capacity for profitable investment in the production of irregular housing will be gauged from the reductions irregularity makes to production costs and transaction costs. Beyond market (exchange) relations and labour exploitation, forms of *original accumulation* and *accumulation by expropriation* are ways to profit. Original (or primitive) accumulation refers to extra-economic process of enclosure and commodifying the means of social reproduction that is part of capitalism's past, present and future (Harvey, 2014; Levien, 2017). Nancy Fraser (2018) argues that "confiscation-cum-conscription-into accumulation" is another source of profit. Whereas labour (via the wage contract) is exploited, expropriation refers to the confiscation of labour, land, housing, knowledge and other resources by non-contractual and extra-economic coercive means (ibid, p.5). For Fraser, what differentiates the exploited from the expropriated is *exposure* – the incapacity to protect one's resources (up to and including their bodies) and to petition protection from the government, courts, or civil society (ibid, 8-9).

What role does the tertiary circuit (state investments and incentives) play in irregular housing provision? Whereas the tertiary circuit directly invests in the built environment and provides incentives conducive to capital accumulation in the formal (sanctioned, privileged) primary and secondary circuits, in the irregular housing sector we will look for evidence of deferments and forbearances – both formal and informally mediated –through which state actors allow informal economic sectors and spaces to endure. The argument has been made that informal settlements can be conscripted into the primary or tertiary circuits through its role in reducing the cost of reproducing labour and enabling the poor to survive (cf. Sanyal, 2014; Chatterjee, 2004). This important, albeit functional, understanding of the linkages between different circuits and sectors of postcolonial capitalism is beyond the scope of this paper.

Both *land rent* and *rent-seeking* need to be included. The irregularity of this sector suggests politicized, thus contingent, allocation and delineation of claims on profits. While non-compliance saves on property and income tax, for example, it also generates rent-seeking obligations. The opportunities irregular housing (both new and existing stock) offers to collect *land rent* (the value realized by exercising control over land) are likely key. Land rent has been applied to understanding uneven development by looking at *rent gaps*: how and why rent varies across and between cities, and how landowners (individual, collective, or financial institutions), and those in power who represent their interests, act to maximise present and future rent yields (Slater, 2017; Whitehead and Moore, 2007). The presence and function of rent gaps should be explored in areas where irregularity is prevalent, but this is beyond the scope of this paper.

4. CASE STUDY

This section applies this framework to fieldwork in three suburbs in Mumbai Metropolitan Region that went from being considered the hinterland of Mumbai to urban centres⁹ by 2011. The main aim is to see if the minimum conditions necessary for capital to accumulate are present in irregular housing provision. First, the evidence and potential for capital mobilization are sketched. For accumulation, both opportunities to reduce production costs and transaction costs are highlighted. Lastly, we cover the non or extra economic factors affecting the profitability of irregular housing provision.



Figure 4: Mumbai Metro Region Map (Wikipedia).

⁹ Cities with populations of over 100,000 in their centers. By 2011 Vasai-Virar's population was over 1.2 million, Mira-Bhayandar's was over .8 million, and Kalyan-Dombivli's was over 1.2 million.

4.1 Capital Mobilization

If resources deployed in irregular housing provision can be reasonably expected to produce a profit, it can be considered part of the secondary circuit of capital. Who invests money or deploys resources in irregular housing ventures? Local politicians, officials and police form one group of likely investors. The tacit support, or at least indifference, of these actors, to avoid stay orders, demolitions, and basic services being blocked or cut-off is essential to avoid reductions in profit, or perhaps the total loss of investments or assets. Thus, rent-seeking is prevalent. To the degree fees accrued by these actors are invested (or loaned) in irregular housing, they become capital. Much anecdotal evidence corroborated with field observations support the conjecture that many municipal actors (appointed, hired, and elected) have 'shares' in informal development projects (van Dijk, 2011a; Nainan, 2006). Several key informants confirmed this. However, given the nature of this system - how investments are documented but not registered - the determination of the value of shares (or levels of interest on loans) remain opaque. Slum rentiers are another potential source of capital. Many slum residents rent or lease their house. To the extent this group of rentiers invest rents to improve or expand their housing stock, the rent becomes capital. When an unauthorized apartment block is built, money invested by builders and landlords (if the landlord is involved) can produce profit, if they sell the flats for more than it cost to make them. If they reinvest profits productively, they become capital as well. Speculation also occurs in irregular real estate development (cf. Desai & Luftus, 2013). Insider information, regarding likely future additions to the piped water system, changes to development codes, or large-scale projects, also helps mobilize the capital necessary to build on, squat or otherwise occupy areas perceived as likely to increase in value. Another source of potential capital is the *pagdi system*. This is an informal way of transferring tenancy, not land ownership. A tenant can sell his or her tenancy to another. The seller normally keeps 35 percent of the *pagdi* and the landlord keeps 65 percent. Again, to the extent this is invested productively, it becomes capital.

Lastly, self-help type investment circles (where friends and family pool money to invest in small-scale (often one ground plus 4 story apartment buildings) are becoming important sources of informal finance. These investment circles find out about local opportunities via increasingly ubiquitous (unlicensed) real estate brokers. There seems to be a "don't ask don't tell" policy regarding the legality of the projects. It is also not uncommon for housing society officers also conspire to rent out empty units owned, but not currently occupied. This is another rent that if invested becomes capital. In sum, there is evidence that capital is being mobilized for investment in irregular housing. This case shows the following

sources of capital mobilization: rent-seeking, rent, speculators , and self-help real estate investment circles

4.2 Sources of Profit: Reduced Costs of Production

Again, irregularity is present on land of all types of tenure: publicly owned, privately owned, land with an absentee owner or where ownership is unknown or ambiguous. Regarding the latter, if encroachments or enclosures are not effectively disputed, profits could be generated by not having to pay for land or development rights - the costliest inputs. Some promoters¹⁰ utilise local contacts (i.e., self-proclaimed 'real estate brokers') to help them determine what land can be easily acquired. Sometimes brokers initiate contact with possible promoters, if they think an area is 'developable'. Developable areas refer to those that will be easy to build and sell the flats on before any troubles arise, such as absentee owners showing up or court orders to cease construction. One tactic is to find land occupied by tenants where the landowner lives far away, preferably in a different state or country. I witnessed an absentee landlord, from Pune, discuss this very issue with an Assistant Municipal Commissioner, when he found two 'ground plus four' story buildings on his family's property in Vasai. The man tried to lay blame on the municipality for not scrutinising the documents, for example not checking whether the person paying property tax and the person claiming be the owner were different. The advice was to avoid all these 'headaches' and to accept a cash offer: "If you go to court, perhaps your son will still be alive when it's finally resolved, better to sell now or extend leases to the tenants." Creating a situation of a 'forced choice' to sell and to not 'make problems' after the fact is a common tactic. This case shows how coordinated actions and capacities of unlicensed real estate brokers, builders, and tenants can reduce the value and efficacy of landowner property rights. Leveraging Fraser's theory of expropriation, absentee landlords are being expropriated from and receive little protection by Municipal officials.

Finally, when landlord driven development projects can secure informal forbearances or deferments (understandings that rules will not be enforced) regarding development standards and documentation, then production costs can be reduced by cutting corners and using substandard materials. Unorganized, non-licensed and lower-skilled labourers also cut production costs. Irregular housing provision exhibits forms of expropriation (of land and development rights), exploitation (labour) and non-compliance and non-

¹⁰ Those who initiate the housing project – can be the land owner or a developer/builder that has secured development rights.

enforcement of property law and development standards. All of these can contribute to the valorisation of capital through irregular housing provision.

4.3 Sources of Profit: Reduced Transaction Costs

Acquiring the appropriate permissions and sanctions to construct a building from start to finish is a long bureaucratic process. The 'promoter' must provide evidence that they have the right to develop this property, which normally comes in the form of a land search report (7/12 extract) and a title certification from a property advocate to demonstrate due diligence. Then they must submit a plan made by a licensed architect for approval by the buildings department, which then sends a junior engineer to conduct a feasibility report concerning civic infrastructure and services. A licensed structural engineer, hired by the promoter, must approve the structural plans. If the building layout is approved, then a building permit is issued with an Intimation of Disapproval that lists the various 'No Objection Certificates' (NOCs) the promoter must acquire from various municipal departments and other government agencies. For some plots over 40 NOCs may be required. Once all the NOCs are obtained the promoter will be issued a commencement certificate and may begin construction. Before purchasers can take up residence an occupancy certificate must be issued. This requires a formal letter of request stating that the building has been constructed in accordance with the sanctioned plan, and the licensed architect, structural engineer and site construction manager must sign it. If the municipal Buildings Department is satisfied that there are no deviations or irregularities, they issue the occupancy certificate. The promoters should also apply for the building completion certificate, which is necessary for title to be transferred to registered housing societies.

A large majority of residential buildings in these municipalities do not have occupancy certificates and title conveyance rarely happens. Promoters with adequate resources, and who are concerned with their reputation, try to follow protocols and only leverage intermediaries and pay 'speed-money' to move the process along. When confident that their building plans and development rights are legitimate, many begin construction before the Commencement Certificate is issued. An important risk to weigh when deciding what formalities to follow is the extent the Buildings Department has been politicised, i.e., the extent Members of the Legislative Assembly or Municipal Councillors' permissions are needed before plans are sanctioned and NOCs given. Further, the extent competing builder-politician alliances can use their influence to sabotage each other by recruiting engineers to drag their feet, to find irregularities, or to demand exorbitant extra 'fees,' is another risk assessment that needs to be weighed before starting construction *before*

being issued a commencement certificate.¹¹ The pressure from buyers anxious to take possession on builders to complete buildings enough for buyers to submit final payments compels promoters to forego acquiring Building Completion Certificates and Occupancy Certificates if they do not have adequate links to those who hold sway over the Buildings Department. Builders with resource restrictions or dependent on 'money and muscle,' intentionally construct unauthorised buildings. Some opt for forged building permits and Commencement Certificates to put potential buyers at ease. Builders with ties to nodal politicians, officials and engineers can, for a fee, acquire rubber-stamped documents and permits with irregularities and informalities ignored. The reasons residents offer for not having these documents range from ignorance, to builders refusing or disappearing. Some also blame original housing society members for colluding with promoters to keep prices lower to both hoard benefits of future redevelopment opportunities, and to charge larger fees when transferring the ownership of flats. Another factor is the belief, based on the past predicting the future, that regularisation will be possible if problems arise as, "this [real estate] is an industry where every irregularity is eventually regularised" (Kapoor, 2012). Occupancy takes place when the buyer is satisfied enough with the status of the property to pay and take possession. Often possession is taken when the building is still dependent on tanker water rather than municipal piped-water and with other services in ambiguous stages. Most purchasers claim builders or real estate agents assured them that issues with municipal services were due to backlogs at the municipality and that soon everything would be worked out.

Unauthorized (meaning partially or fully undocumented, or those with documents that are forged or otherwise faked) apartment buildings were reported as being anywhere from 30 to 50 percent cheaper because of the money and time saved by not securing every document and NOC. An Assistant Municipal Commissioner disclosed that it is easier for an unauthorized flat to access municipal services than a legal one because of the connections some builders or land owners have in key municipal departments. To the extent that 'time is money' flouting rules or procuring 'clean fakes' also need to be considered as contributing to the profitability of irregular housing sectors.

4.4 Other Factors Affecting Profitability

Improvements in basic services and infrastructure can increase the value of informal real estate. An additional main water line being sanctioned for the area in which informal

¹¹ see also Yeshwantrao 2012 & 2013.

settlement X is located can increase land rent and thus housing prices. Changes in official plans and codes can spur speculation in informally developed land and housing if forbearances, regularization or compensation for displacement are perceived as likely. Importantly, changes do not have to be passed, nor already in effect. Insider or leaked information is enough for prices to rise. In India's cities, the exchange value of the plot itself is determined by its location and utility in current and future processes of production and consumption rather than by the quality of the structure (Searle, 2016).



Figure 5: Planned Obsolescence? (Suburb Railway station, Author's Picture)

Land ownership and tenure disputes can take years to make it through the judicial system. This contributes to accumulation when those with legal claims to unauthorized developed land choose to accept a well below market value payment to those with weaker (or even no legal claims) who developed the plot without permission, rather than going through court proceedings.

Irregular housing is vulnerable to demolition and tenant eviction. However, if money has exchanged hands, then the only capital that gets devalued or destroyed is the owner's and/or the occupants of the structure, not the builder, landlord or investors'. In fact, it is not uncommon for another irregular development to come up again (and again) in the same spot. Figure 5 is of the third time this structure, by a railway station, was being rebuilt after being demolished (but with the materials not removed). This raises the question if periodic demolitions are a form of planned obsolescence that benefits supply-side interests. Further, micro-targeted demolitions are often about conflicts or power plays

within and between networks involved in irregular housing rather than the state or bona fide property owner's asserting their authority (cf. Gupta, 2017).

In 1999 the Municipal Council of Mira-Bhayandar was dissolved and officials from the District Collectorate of Thane took over temporarily and they demolished approximately 200 unauthorised buildings. In 2006 the Government of Maharashtra's Urban Development Department (UDD) issued a directive to the Kalyan-Dombivli Municipal Corporation to charge owners of illegal buildings or flats 500 rupees per square foot to become regularised. The directive also stated that instead of eviction and cutting off services, double the property tax could be levied as well as double water tariffs to deter future unauthorised development. Ostensibly, the point of this was to dissuade future buyers from purchasing unauthorised properties. Pressure to act presumably came from the Bombay High Court in response to a Public Interest Litigation (PIL) related to rampant illegal construction in the city. The UDD took there directive verbatim from the 1988 Kakodar Committee Report, which discussed in detail how "the entire KDMC machinery worked in collusion with developers and builders to construct more than 2,500 illegal buildings" (Varghese 2006). These efforts to discipline MBMC and KDMC, builders, and flat purchasers were in vain, and unauthorised development on private land and encroachments on public land continue largely unabated (cf. Nair 2011 & 2013). Another PIL filed in 2007 (originally targeting unauthorised construction in Vasai-Virar prompted the Bombay High Court to demand surveys of unauthorised construction and encroachments in all municipalities within the Thane District. The court also ordered statements from relevant authorities regarding their plans to address this issue. Through this process, and the media attention it attracted, it came to light that unauthorised construction and encroachment are still the norm in these cities and that municipalities remain unable or unwilling to stop these practices. Estimates range widely from 25 percent to 75 percent of buildings in the suburbs of the Mumbai Metropolitan Region being unauthorised. This historical vignette demonstrates that irregular housing provision, historically, is not that risky. Risks, in the form of interventions from the court, civil society or the state government only sporadically cause capital and assets in this sector to be devalued, razed or seized by legally more powerful actors.

5. CONCLUSIONS

To conclude let us revisit the questions outlined in section 2.

Are the minimum conditions necessary for capital to accumulate present in the irregular housing provision?

Using Harvey's model of the secondary circuit of accumulation as a starting point disclosed that the minimum conditions for capital accumulation are present in the irregular housing sector. The empirical and circumstantial evidence provided from field studies in three suburbs of the Mumbai Metro Region certainly warrants more research on capital accumulation via irregular housing provision and what this means for our understandings of urban politics, governance and urbanization processes across the global South. It seems that Burgess (1978) was correct to point out that irregular housing should not be assumed to be outside circuits of capital accumulation.

How is irregular housing capitalized, assetized, commodified, exchanged and how profits are realized and the forms distribution take?

Irregular housing, in this case, was ostensibly capitalized by officials investing rent-seeking money, rentiers investing rent, and self-help investment circles. Rent relations are (locally) socially regulated, rather than legally determined in slums and other informal settlements. Capital investments can be valorised via exploitation of labour, expropriation of land and/or development rights and non-compliance of property laws, development codes, and building regulations that reduce costs compared to regular housing provision. Capital accumulated is distributed as rent to landlords, capital gains to promoters (when they sell flats) fees to officials involved in non-enforcement, and profits to investors.

What local structure(s) of accumulation supports irregular housing; what shared interests and constraints bind these actors together and coordinate their activities sufficiently for this circuit (re)produce itself?

The interdependent economic interests, plus a shared desire not to be held accountable for malfeasance, connects the actors involved in this sector. These complimentary interests can be theorized to act as a form of risk management that rests upon structural exploitation and compromised municipal government. This interdependence, plus the logical belief that the past predicts the future, gives investors, creditors, builders and landlords a reasonable expectation that irregularity is not likely not result in loss of assets or extensive devaluation of capital. Capital could not easily accumulate through irregular housing if non-enforcement was not politically and economically managed. This case demonstrates that support from the tertiary circuit - in the form of deferments and forbearances related to irregularities - are present throughout the provision of irregular

housing. More than this, many local officials – or their family members – reportedly invest in this sector or are themselves landlords or purveyors of means of production (namely, water, sand or cement).

This was more than an academic exercise. Knowledge about the extent, structure, and practices related to accumulation via irregular housing is a lacuna both in research on how capital accumulation shapes urbanization, and in research on urban politics and economics of housing and land more broadly. All parties interested in reducing spatial inequalities and haphazard urbanization would benefit from a better understanding of the stakes some urban governance actors and providers of irregular housing have in maintaining the status quo, and therefore in resisting (or obstructing) interventions that open them up to either more scrutiny or to more competition.

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