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The Puzzle of Unspent Funds

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The Aestheticisation of Governance in India: The Appeal of Urban Aesthetics in Microfinance

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1. Underspending, Aesthetics and the Financialisation of the State

1 Scholarship on underspending, particularly in the Indian context, has discussed differing rationales for explaining the phenomenon, including an overestimation of the state's capacities, the scale of bureaucracies (Jha and Kumar, 2020), an indication of corruption, and the use of underspending as if 'by design' in withholding accountability and showing political preference to certain groups in the electorate (Mathew and Moore, 2011; Monsod, 2016). This empirically grounded literature provides rich ways of looking at underspending that go beyond attributing the 'problem' to the incompetence of bureaucrats, particularly in third-world contexts. Nevertheless, the principal focus in each of these is on measuring underspending along a rubric of economic efficiency and a failure to deliver such efficiency. This chapter makes the argument that the contemporary financialising (postcolonial) state's spending decisions and allocations are to be viewed not only against an economic logic of cost–benefit analysis and efficient, planned spending, but also on aesthetic grounds. This will lend weight to the argument that the state's decisions on (withholding) spending are made on aesthetic registers as financialised urban aesthetics give shape to the state's modes of governance.

2 Financialisation has become an increasingly prominent object of study in recent scholarship across multiple disciplines such as anthropology, geography, political science and sociology, as well as in interdisciplinary international political economy

research, particularly since the 2008 Great Financial Crisis, which demonstrated the expansive reach and impact of finance (Bichler and Nitzan, 2009; Harvey, 2017; Lapavitsas, 2013; Toporowski, 2018). Most of the existing literature broadly frames financialisation through primarily material–political lenses, defining the phenomenon as one of the rise of shareholder value considerations (over those of stakeholder value), primitive accumulation (following Marxist traditions) and the financialisation of everyday activities (Aggarwal, 2008; Brass, 2011; Bruin, 2017; Van der Zwan, 2014). Important as these 'material' dimensions are to financialisation, financial processes are made 'sensible' and alluring through an appeal to aesthetics. This aesthetic appeal is both spatial and embodied, requiring a certain form of urban space that is perceived as being able to attract global financial flows, and a certain individual figuration that embodies such an urbanity and appears credible to financial investors. This aestheticisation of financialisation transforms urbanity and gives shape to novel aesthetic modes of governance, including in concerns of allocation and distribution of resources such as public funds, land, and accompanying rights. State allocation of resources and responsibilities itself becomes linked to these new urban-financial aesthetics, which shows the entanglements between aesthetics and material practices of finance capital. Aesthetic appeals of financialisation have material ramifications on state allocation of funds and practices related to development. Financialisation makes itself sensible and alluring through visual, aesthetic modes particularly in relation to urbanity, and these are manifest in requirements for the labour force to be 'professionalised', and such requirements carry expectations of embodying a certain urban figuration. These sensibilities have material repercussions as they shape state allocation to and the withholding of funds from government microfinance entities based on the apparent extent of their financialisation.

3 While research exists on tracing the influence of 'financial aesthetics' in the urbanised, Global north, as is somewhat expected in hyper-financialised spaces such as Wall Street, stock exchanges, investment banks and hedge funds (Coffee et al., 2012; Ho, 2005; Knorr Cetina and Bruegger, 2005), I am interested in seeing how these aesthetics are 'made sense of' in newly financialised spheres and thus seek to elicit how financial aesthetics seep into unchartered domains. For this, I focus on 'microfinance', a category of credit provision that predominantly targets women borrowers who do not have access to more traditional forms of finance because of their lack of collateral and security (Taylor, 2012). Rural credit provision in India has, since the late 1990s, transitioned from being a state obligation to being increasingly financialised through microfinance services (Rudra, 2002; Shah et al., 2007). In selecting a newly financialised domain, my focus is on eliciting how finance is 'made sense of' on aesthetic grounds by a diverse range of actors—including state actors—with heterogenous backgrounds and training. These actors are not all trained at the same select institutions and in the same business or management programmes that are conducive to shaping a certain perspective on finance. Rather, they represent a diversity of educational training and backgrounds. When assessing organisations on a continuum of state to civil society to private finance, it becomes apparent how spatial and embodied financial aesthetics hold sway in variegated ways for a broad range of actors, highlighting the wide appeal of financial aesthetics beyond hyper-financialised global 'hubs'. This illustrates how financial aesthetics define a new mode of governance for the (postcolonial) state as it makes its decisions concerning the allocation of state funds, as spaces and bodies possessed of financialised appeal are privileged over others. As already mentioned,

most of the literature on underspending characterises the phenomenon as an inability to fulfil economically efficient parameters; this chapter, meanwhile, will demonstrate how decisions on (withholding) spending are made on aesthetic grounds as financialised urban aesthetics come to intersect with modes of governance. I will demonstrate that aestheticised urban figurations, embedded in financialised spatial configurations, are evoked in response to increasing financialisation. As cities change in order to attract increasing financial flows, they further generate internal hierarchies of urban 'figurations' of citizens, who come to be seen as 'ideal' urban–financial agents. Thus, this paper will serve three key goals: first, it highlights how the state spends funds on aesthetic grounds as urban–financial figurations of urbanity become increasingly important and aspirational. Second, it shows how financialisation holds aesthetic appeal and is made sensible spatially and through embodiment. And third, it discusses how increasingly aestheticised discussions on spending decisions veil the politics underlying such aesthetics and their real-life material repercussions. The following sections will elicit urban figurations and spatial transitions based on interviews conducted with representatives of three different types of micro-financial entity: the first, a government entity; the second, a micro-financial intermediary non-governmental organisation (MFI-NGO), and finally, a non-banking financial corporation (NBFC),[2] in New Delhi and Kolkata. The data is derived from fieldwork conducted in New Delhi and Kolkata between June and August 2021, and includes data from eight different semi-structured interviews conducted during this period, which was then analysed and coded. The interviewees are representative of the three key types of micro-financial institution in India—government bodies, MFI-NGOs and NBFCs—and are senior level staff members who are directly involved in decisions related to the recruitment of employees and in setting up budget plans for their organisations.

2. The Evocation of Urban Figuration(s)

2.1 The State's Self-imagination as Urban: The case of Rashtriya Mahila Kosh

4 The Rashtriya Mahila Kosh (RMK) is an apex funding institution that was set up in 1993 under the Ministry of Women and Child Development (then the Department) as a credit-provision institution aimed at channelling loans to micro-financial intermediaries (MFIs) and SHG-NGOs (self-help group–based non-governmental organisations), which would in turn use these loans to extend microcredit to women borrowers across different Indian States, repaying them to the RMK over the loan cycle (Government of India, 1994). The RMK is a national-level organisation and is registered as a Section 8 entity under the Societies Registration Act, 1860. In its initial years in the 1990s, and into the new millennium, the RMK served as a key funding and training-provision agency for newly emerging NGOs and MFIs in India and relied upon a corpus fund alongside reserves and surpluses as the key funding sources for the loans it extends. Microfinance originated with the setting up of the Grameen Bank by Muhammad Yunus in 1983 in neighbouring Bangladesh, and soon after expanded, reaching India. Widely endorsed by international organisations (IOs) and NGOs, it became a prominent and highly legitimised tool aimed at addressing gendered social inequalities and providing 'bottom-up' solutions to endemic problems (Mader, 2015; Easterly, 2003). However, not long after the establishment of the Grameen Bank,

microcredit became increasingly financialised and attracted major global financial players such as Deutsche Bank, ING, Credit Suisse, and Barclays, who 'invested' in the sector (Credit Suisse, 2016; Schneider, 2008; ING Bank, 2015). During this period, microfinance was expanding across India, and the RMK (along with other government agencies and development banks) played an important role in extending credit and training to new NGOs in a sector that itself was novel to India (Reserve Bank of India, 2011). My interviews with founding members of key regional NBFCs and of small credit banks further revealed that the RMK had provided financial support during their initial years, when these organisations had been relatively small-scale. In recent years however, the RMK has been underspending most of its allocated budget even though it is intended for loans, the vast majority of which are repaid to the RMK at the set collection times. Since 2017, the RMK has, in fact, not made any loans despite the funds available to it. As the following sections will illustrate, using interviews with RMK staff members, governmental allocation of funds to the RMK started to hinge on the requirements that the RMK appear urban and financialised, and qualify as being *deserving* of these funds. This shows how governmental decisions on development spending are becoming contingent on aesthetics of finance, which in this case takes precedence over welfare provision and derives from privatised financial practices.

5 Despite being one of the oldest government microfinance organisations with nationwide operations in India, the RMK has received sharp criticism from elected representatives in recent years. In 2014, the then Minister for Women and Child Development (WCD) announced plans for the RMK to extend loans that would reach over 1 million women borrowers over a period of three years, as it was then seen as 'underperforming' and in need of a revamp (*The Economic Times*, 2014). This ambitious plan was followed by the signing of a memorandum of understanding (MOU) between the WCD and Skills Development and Entrepreneurship Ministries in 2019 to provide skills training to women borrowers identified by the RMK and to promote their products on digital platforms (PIB Delhi, 2019). However, while this revamp was underway, in 2018 a Parliamentary Committee was set up to investigate the functioning of the RMK and suggest improvements. The Committee's Report highlighted the underutilisation of schemes and resources under the WCD Ministry generally and by the RMK in particular, despite rural lending being a priority sector for the Indian government (Parliament of India, 2019). Statements made by Ministers for WCD since then have emphasised why loans to women should no longer be given out to them as groups, but as 'individuals' so as to empower them, with former Minister for WCD Maneka Gandhi calling group-based loans 'humiliating' for women (Venugopal, 2014). This stands in contrast with the feminist grassroots notion of group-based, collective loans being empowering, safe, and able to foster shared entrepreneurship (Tesoriero, 2006). More recently, in August 2021, Smriti Irani, the current Minister for WCD stated in the Rajya Sabha that the 'RMK has lost its relevance and utility in the present scenario with substantial financial alternative credit facilities becoming available to women' (*The Economic Times*, 2021). The continuing trend of a lack of utilisation of funds by the WCD Ministry broadly and the RMK in particular has come to be described as a question of the organisational inefficacy of the RMK, especially in comparison with other financial entities.

6 Days after the announcement that the RMK was to be shut down was made, in August 2021 I visited the organisation's New Delhi office in its autumnal phase seeking to

understand if and why funds had been underused and underspent and how the RMK's then current funds would be redistributed in the face of its closure. What I had expected to be a highly 'factual' conversation involving numbers and technical details turned into an interaction far wider, as my interviewees spoke on terms that were as aesthetic and personal as material and statist. The RMK office was on the fourth floor of a building complex that included several other 'social development' government organisations and was located in an office neighbourhood in leafy South Delhi. The entrance corridor to the office was lined with *Godrej* steel *almirahs* (cupboards), which made the passageway very narrow to walk along. The waiting area was also full of the same steel presence and did not look inviting, so I knocked on the door adjacent and walked in to find my interviewees, who I had spoken with over the phone the day before. The rooms were bare, with sparce furniture, including large desks and desktop computers. As we started talking, they first expressed surprise at why and how I had become interested in the RMK, an organisation that had been steadily declining in its role in Indian microfinance over recent years. As I asked them about the recent government statements mentioned above regarding the RMK and its inefficacy, one staff member said,

> 'RMK does not fall under the financial sector so the policy for it is not self-sustainable, unlike government banks for instance. Policymaking in government banks, even development banks, is very much about what is going on in the market and how to adapt the policies'.
> 'Most of the staff at the RMK is junior level; these are not people with academic backgrounds so how can it function well?'
> What do you mean by 'people with academic backgrounds'?
> 'I mean people from cities, who are professional, who have professional degrees and some experience in banks in big cities so they know how things work in this industry with financial cycles.'

7 Currently, around 65 per cent of designated posts at the RMK remain vacant and recently staff members I have spoken with were let go, further increasing this percentage. So there is a clear deficit in employee numbers and this has been the case for over a decade, which has further driven the underspend. My interviewees emphasised not merely the number but also the *nature* and type of employees that the organisation was seen to be lacking. While most of my interviewees were (carefully) critical of the government and its agencies for not being 'financial enough' and not having hired enough 'academic' staff members with strong educational backgrounds, some further voiced criticism of urbanised staff at the top levels of the government and financial agencies, arguing that most financial organisations are run by a highly urbanised workforce that is alienated from rural India's realities—

> There are no microfinance products that cater to the needs and the economic cycles in agriculture in rural India. The urban finance people have no idea what happens in rural regions—what grows, water availability, land and crop cycles, nothing—and these people are making loans, so what will they end up with?
> But that is all that the government likes now—urban (*shehri*), suited-booted workers who can yap in English and make the government look good everywhere.

8 —pinpointing the mismatch between rural service provision and the type of staff hired or expected to be hired to make decisions concerning such provision. The RMK was low on staff, and particularly what the current staff thought of as ideally 'educated' staff that could improve the organisation and its position under the WCD Ministry. This further reflected the perception that the organisation's diminishing position within the government was linked to the nature of staff that were hired and were working at the

organisation, eliciting an idealised individual 'form' that I will discuss in later sections. It was remarkable to me that the RMK staff perceived the organisation's imminent closure in terms of the 'insufficient' urbanity of the workforce, as perceived by the state. This *lack* of urbanity was further placed in the context of an apparent distinction between 'urban' and 'non-urban', in which the efficiency of spending became associated with the extent of the urbanity of an entity and its employees. This is part of wider conditions of the 'professionalisation' of the labour force that generate certain enactments of professional behaviours in local staff. Gornitzka and Larsen (2004) have linked professionalisation to a rise in the share of an organisation's labour force that is involved in institutional maintenance. Others have developed the concept in the context of the professionalisation of politics as institutionalising 'good governance' through NGOs (Hammami, 1995) through the standardisation of procedures and the exercising of forward-looking fiscal discipline (Hart, 2012). In the context of India, these parameters of professionalisation are further imbued with specific, postcolonial hierarchies that create overlap between professionalisation and certain versions of urbanity. When I asked my interviewees about the basis on which the decision to shut down the RMK was made, a senior staff member said,

> I have been seeing this discussion now for several years and each time we are called into the Ministry, we present the data. I worked in a bank before so I know what is relevant financial data, and nobody there cares about it. They can't even understand what the data is saying and don't want to [have it] explained. Our repayment rate has been over 90 per cent... it is not the highest in the country but it's still good over such a long period. But these numbers don't matter; they didn't even consider it.

9 suggesting that officials and elected representatives at the WCD Ministry did not make judgements based on economic conceptions of efficiency involving financial assessments and audits, but rather relied on forms of decision-making based on aesthetics.

10 There is a growing literature on the relationship between states and urbanity, especially as cities become increasingly important sites for states seeking to attract financial investment, particularly in the global South (Levien, 2012; Kirpalani, 2009). To attract financial investment, the Indian state has run several campaigns to produce and promote (a) certain image(s) of India since the 1990s, including the 'Brand India' initiative, launched in 2006, and more recently the 'Digital India' campaign of 2015 and the 'Make in India' campaign of 2014. These campaigns are launched at sites like the World Economic Forum in Davos to 'global' audiences, propagating the imagery of a 'market-friendly' India (Kaur, 2012; Tripathy, 2018). This imagery draws upon an aesthetics of financialised urbanity, hence branding India through its major cities. The 'essence' of India is reduced to particular forms of urbanity in 'metropolitan' cities such as Mumbai or New Delhi. Harvey describes capitalist-financial operations using the term 'spatio-temporal fix', which denotes both capitalism's addictive 'fix' from expansion and capital's search for spaces that act as 'fixes' and can absorb excess capital and finance. Urban sites in cities are 'used' for these fixes in a globalised economy (1981). Marxist analyses have demonstrated how states in the global South compete for financial investment and how this competition occurs on the terrain of cities, as cities are financialised to fit an imagery that appeals to financial flows (Coiacetto and Bryant, 2014; Dymski and Kaltenbrunner, 2016; Ioannou and Wójcik, 2020). Recent work has even highlighted the direct financial–corporate role in shaping

urban spaces, with companies such as Cisco Systems and IBM designing 'smart cities' and becoming involved in public administration and urban management (Graham and Marvin, 2001; Söderström et al., 2014; Vanolo, 2014), which shows how cities are directly shaped by global financial flows. As cities in the global South are repositioned, reshaped and reused to be increasingly competitive (Aalbers et al., 2020; Karwowski, 2020; Xu and Yeh, 2009), the state itself portends its imaginary as financial–urban. This shift to the self-identification of the state as urban is accompanied by changes in the understanding of who is the 'urban citizen' that can inhabit such cities and is deserving of such cities. Recent documents and statements from the Government of India show that it requires citizens of new, financialising cities to be 'doing more with less oversight, implementing and designing post-project structures', requiring citizens to both participate in these cities and create them (Government of India, 2015). In doing so, the state evokes the modern urban citizen as a figuration, referring to 'real' citizens while simultaneously conjuring an imaginary and futuristic individual. This is generative of new hierarchies of urbanised citizenship that prize certain urban forms more than others, and this has key material consequences as the state aligns its spending decisions with aesthetics of financial urbanity. In the case of the RMK discussed above, the staff I spoke with framed the state's decisions on fund allocation in terms of their 'inadequate' urbanity. From this standpoint, urban agents are ranked as being 'deserving' (or not) of state support and the allocation of funds is based on the perceived extent of urbanity of an organisation's staff. An aesthetics of urbanity, embodied in particular urban figurations, is prioritised and generated by the Indian state and comes to shape decisions regarding who receives funds. These aesthetics and the associated practice of demanding a certain professionalisation of staff emerge from the private financial sector. The following sections will illustrate how these requirements play out for a civil society entity that is incentivised by state regulation to transition to becoming a financial entity, and for a pan-India private financial entity.

2.2 Financial Aesthetics for Private Actors

2.2.1 Civil Society and Financial Transitions

11 These references to 'educated people' and 'urban people' were not isolated cases and were in fact recurrent in my conversations with NGOs, MFIs and NBFCs. My next field site was Kolkata in the State of West Bengal, which has the single highest concentration of microfinance globally (AMFI, 2020). Here, I interviewed several representatives of different types of micro-financial entities operating at varying scales. In the following sections I will draw on my discussions at two of these organisations—the first, a West Bengal–specific small-scale NGO-MFI; the second, a large-scale, pan-India NBFC—both of which show the broad appeal of these figurations across cities and (the) financial sector(s). The NGO-MFI is 'unregulated' despite being a registered entity, as the Reserve Bank of India (RBI) does not recognise NGOs as financial actors, while the NBFC is regulated and comes under RBI regulation. Despite being disparate private entities, their primary source of funding is public banks and they strive to appeal to potential investors from these banks in order to sustain and expand their operations. My interviewees evoked 'urban' figurations recurrently, expressing the wider appeal of these aestheticised figurations across cityscapes and the 'private' sector.

12 Salt Lake City is a planned area in Kolkata. It was established in 1962 in an area full of marshy swamps, which were filled in, and this satellite city was brought into being. It contains a hexagonal park in its centre with adjoining blocks surrounding the park that are designated by letters of the English alphabet (Tošković, 2008). Almost all the micro-financial entities that I interviewed were based in this urban metro satellite. Most research on financialisation processes has focused on financial institutions and intermediaries in 'centres' of finance such as London, New York, Tokyo or Hong Kong (Ho, 2005; Maurer, 2002; Riles, 2011; Miyazaki, 2003; Knorr Cetina and Bruegger, 2005; Strange, 1998). Scholarship has further explored the resulting transformations of urban spaces in response to financial speculation and investments (Sassen, 2009; Harvey, 2003; Hardt and Negri, 2001; Marazzi, 2009), and how finance seeks to find 'spatio-temporal' fixes through cities, which become sites through which finance seeps in and expands into new territories. Despite the vast majority of their operations taking place solely in rural regions, micro-financial entities site their main offices and financial operations in urban centres, which provide closer proximity to financial flows and investors and are attributed a greater perceived legitimacy by investors because of their location.

13 My first interview was with a small-scale MFI-NGO that had been operational for over 15 years across all districts of West Bengal and thus far had over 25,000 clients, the vast majority of whom were from rural regions of Bengal. The office had three rooms and a small waiting area. My interviewee was the managing director and founder of the organisation. As we started talking, he voiced the organisational desire to 'upgrade' to an NBFC and expand in scale beyond West Bengal alone,

> So, there are two motives—profit-making and non-profit, social welfare motivations. Commercial institutions are more professional; they have a lot of money and can hire educated people. There might not be professional people in societies, but they are dedicated. Large institutions have professional people with very good academic backgrounds. In societies, we have dedicated workers who don't have the same academic background.

14 hence distinguishing 'dedicated' workers from those with ideal 'academic backgrounds' and stating that the two might not be the same. Even if 'dedicated' workers might add value to the organisation through their labour, they would not be able to attract interest and funds from financial investors. According to my interviewee, the state's conditions for lending were far easier for financial NBFCs than for civil society NGOs as banks found NBFCs more reliable and the Central Bank requires NBFC data to be registered in credit rating systems, which are then used by national banks including public banks. NGOs are not required to/provided with regulations or institutions for similar credit rating mechanisms, which de-incentivises banks from lending to NGOs (Haq et al., 2008; Kimenyi et al., 1998). Given this disparity in state governance mechanisms for microfinance loans by entity type, the share of NGOs extending microfinance loans is declining. Financialised requirements hence shape the government's underspending within its own institutions, including the RMK, as well as the extended support given to NGOs by entities such as the RMK. Reiterating many of the claims made by RMK employees on the subject of staff requirements, my interviewee said,

> Microfinance [was] started by an NGO in Bangladesh and also here in India. Our systems have been taken up by NBFCs—they're not creating anything new. The difference is that they have very good academic people and they can present the same thing in better ways, which we can't—they speak well and can use beautiful

> pictures. We can't express and present in the right ways—that's the problem with NGOs. NGOs have created the models that *they* use with four-layered supervision systems, which we came up with! Banks also trust these people [...] their presentations more; we can't do that to market ourselves.

15 'Academic people' was articulating an ability to express and market, and to appear legitimate and marketable to lenders. It evoked a certain form of an urban individual with ambiguous characteristics and contours. This form is more of a figuration, referring to a 'real' individual and at the same time conjuring an imaginary formation. The relationship to urbanised young professionals seemed to run two ways in these conversations: a financially savvy, urbanised workforce lends some form of legitimacy to financial entities; but also, NGOs fear that large NBFCs and small credit banks that look more financial and are 'brands' of sorts will further attract more 'academic staff':

> NGOs are [doing] the groundwork and big NBFCs recruit top staff not because they offer higher salaries, but they have a brand. When they have to say they work for us, they feel shaky because we are not a big, well-known name. They want to go forward—even though I pay the same money, it's still better to go to the bigger ones for them. But we try to keep our staff in other ways—with a family culture, where you can take sick leave when you need to or go home early if you need to do something for your family; just now, the lady you saw at [...] reception left to pick up her son; it's OK.
>
> According to my interviewee, there was social capital and legitimacy to be gained for staff members from appearing to be connected with financial institutions or appearing financialised to others: 'We don't manage to hire many urban people—some from Kolkata, but not too many because they want to work in other places'.

16 As this is the case, the entity has applied to transition to become an NBFC, driven by the logic of being able to access funds more easily from banks, especially as government lending to the entity has been declining over recent years.

2.2.2 Private Finance and Urban Professionalisation in Microfinance

17 This financialisation is closely linked with appearing urbanised in particular ways, a theme that came up in my next conversation, with the regional manager of one of the longest running and largest nationwide NBFCs. The office of this NBFC was a five-storey white building a few steps away from the previous NGO-MFI's office in Salt Lake City. As I entered, two staff members directed me upstairs to a waiting area, and a few minutes later led me to the office at the end of the corridor on the third floor. I was greeted by the manager with a firm handshake, quite unlike greetings during all my other interactions so far, which had been mostly of '*Namastes*', or a head nod and smile. The air conditioning was set at 20 degrees, which made the room significantly cooler than the humid air outside the room on an August afternoon. This NBFC was launched over 20 years ago and was one of the very first players in microfinance in India (Morduch, 1999). My interviewee had previously worked for over a decade in the insurance and banking sectors and had entered the microfinance industry about three years ago:

> We basically professionalised the sector; before that, this was a spread out, dispersed business—all structures were set up then; the discipline was created with us. We just need to train our staff; they're just needed to be plugged in—we just give them a script and they have to follow it; it's standardised, and we brought this about.

18 This was in contrast with the general microfinance story, which is said to have originated in NGOs, as he attributes the current model to standardised financial

practices that started with financialisation, practices that have set the precedent for other entities working in the sector:

> We've been accused of being aggressive in lending—probably what happens is that we are the first to be professional, so we were taking a non-personal, standardised approach, which these NGO people can't, and the sector is not used to it.

19 This notion of microfinance and finance as being standardised was also emphasised in my interviewees' characterisation of his staff:

> We have a clear process and hierarchy set up—we have an army-style system. Our staff stays in the branches, so we have a clear ethos and culture, so they have to follow the book.

20 This statement shows how the need for standardisation is so strong that local staff members are required to practically inhabit the local branches and cannot go home, except for on Sundays. This standardisation was further linked to urbanity—albeit to a very particular idea of the 'urban'. My interviewee was not from Bengal and had previously worked in New Delhi in the insurance sector, and expressed that he missed the city:

> Our biggest problem area is Calcutta—such a provincial, lazy city. We still have a lockdown here; how ridiculous! Bengalis love holidays; why would they work? It's a business killer—so challenging to standardise financial practices here. In Delhi, it was easy. Such a great city—I would love to go back there.
> We try to hire our main staff from Delhi, or maybe Mumbai—they have the pace to deal with such a work environment [...] For the local staff, anyone will do—[they] just [need] to be committed and not be a fraud. But for senior positions, you need to be a little Citibank type.

21 Yet again, financial practices are linked to a certain version of urbanity, which is apparently easier to detect in New Delhi than in 'lazy' Kolkata. Ideal staff must be from cities and have the 'pace' to endure, and resemble those working in global investment banks such as Citibank. Actors in each of the organisations interviewed evoke the form of a certain urbanised figuration, with idealised 'academic backgrounds', who are 'professional' and even 'standardised' and can appeal to financial investors. This is particularly remarkable as an urban figuration in an industry that targets providing credit to principally rural women borrowers, and requires a closer assessment of the urbanised figuration being evoked. These financial, professionalised practices and discourse seep into state practices and shape the lenses adopted by the state to evaluate micro-financial entities. These financial entities set precedents for the professionalisation of staff and for fiscal 'discipline', which over time have been adopted by both civil society and state entities.

2.3 The Urban Figuration

22 This figuration is not homogenous or stable; rather, it is a performative image of the future. Haraway defines a figuration as the 'act of employing semiotic tropes that combine knowledges, practices and power that shape how we map our worlds' (1997). These tropes, such as the 'academic', 'professional', 'standardised' and urban, are not literal but more figures of speech, lying somewhere between a figure and an actual thing, hence the term'figuration'. Weber builds upon Haraway and defines a figuration as a combination of three facets, which can further help us in situating this 'individual' (2016):

23 a) First, as a distillation of shared meanings in forms or images that bring specific worlds into being, which in this case would be the references to a shared understanding of an image of the professional, urban financial individual, grounded in urban capitals such as New Delhi.

24 b) Second, as being located in a specific progressive temporality, which is the case as the urban self being configured is aspirational; none of the organisations currently 'have' such a figuration but continue to aspire for such a form to appear in the future.

25 c) Third, as not being a stable existing form but rather contingent upon how it is perceived, seen, or signified. This is the case as the urban figuration is evoked to make an argument for how she or he would 'appear' as credible or presentable to investors.

26 It is important to emphasise that this urban figuration, despite being an imperfect representation of a 'real', does not emerge out of 'nowhere' or a grand 'global' alone. In this discussion, this figuration is grounded in and derives from the financial shaping of urban centres such as New Delhi. A growing literature traces how increasing financialisation and the growing power of financial actors in the economy shape urbanisation, such that cities no longer cater to the needs and urban requirements of their citizens but rather attract global finance (Aalbers, 2019; Harvey, 2004; Nethercote, 2018). This could be directly—such that real estate is built for speculation rather than habitation—or more 'indirectly', as cities are woven into 'worldling practices' and made to be 'world-class'. A 'world-class' city transforms (uses of) space and forecloses the types of urban citizenship(s) that can be embodied to 'fit' into such a city—hierarchies of ideal urbanity are brought about that superimpose a certain idea of an 'ideal' urban inhabitant that matches a 'world-class city'. In a neocolonial move, city dwellers are demanded to change in order to 'fit' the city, not the other way around. And this city is a 'world-class' city with the capability to attract global finance and its inhabitants must appear compatible with such an imagery and imaginary. Delhi's financial landscape has undergone major transitions since the first decade of the current millennium, with an explosion of shopping malls, the first few opening in 2000 and over 100 following in the next few years, and property prices in most parts of the city skyrocketing, real estate becoming highly financialised with the entry of global giants such as JP Morgan and Lehman Brothers and hedge funds into Delhi's real estate market (Baviskar, 2014). Against this backdrop, Delhi's courts have echoed and codified the sentiment of making Delhi a "world-class city" that can be appealing to global audiences as a representation of India's modern capabilities. The elevation of the aesthetics of "world-class" resulted in the large-scale demolition of slums and the displacement of over 1 million inhabitants in Delhi in the decade following the year 2000 (Ghertner, 2010). The dominant urban policy has changed into one of active erasure of those not perceived as rightful and 'deserving' inhabitants of the national capital (Gupta, 2000; Kundu, 2004). Those that cannot afford a certain aesthetic of urbanised Delhi and whose existence does not align with the city's aspirational plans are cast as outsiders. This belonging is narrated on the aesthetic grounds of what looks or does not look planned and worthy of being called Delhi. The city seeks to provide, and itself become a spatio-temporal fix for, global finance, and subsequently gives rise to aestheticised hierarchies of urbanity that become embodied in its inhabitants. These hierarchies and resultant urban figurations found expression in the interviews quoted from above, as a figuration suitable to finance and one that makes organisations appear 'credible' to financial investors. These hierarchies in turn shape state allocation of resources and funds as

well as its modes and lenses of governance become increasingly tied to criteria of urbanised aesthetics.

3. The Futures of Funding and Spending for Financial Actors

27 This discussion has demonstrated that financial–urban aesthetics hold wide appeal and allure for the Indian state, as it imagines itself through specific versions and imagery of its cities. As shown, these imaginations derive from specific, exclusive versions of urbanity and its associations with specific figurations of urban citizens. These aestheticised hierarchies or urban spatial and embodied figurations were repeatedly evoked in the course of my interviews and conversations with micro-financial 'experts' in Delhi and Kolkata. These urban aesthetics shape material realities as the state bases its spending decisions on aesthetic criteria, which take precedence over welfare provision and development. The case of the RMK demonstrates that in making spending decisions, urbanised aesthetics and imagery take precedence over more traditional ideas of efficiency, such as through an assessment of financial performance. The entity has been underspending for several years and has been ordered not to lend anymore as it is not seen as financial and urbanised enough to venture into extending such loans. Since 2019, the RMK has been disallowed from making any new loans, and it is currently in the process of being disbanded. As the RMK is being disbanded, there will have to be a transference of its corpus fund, which can be transferred only to a non-profit organisation with a similar goal. If it were transferred to a private, for-profit organisation, that organisation's tax liabilities would increase (interview with RMK staff member, August 2021).

28 The case of the MFI-NGO illustrates the challenges associated with attracting financial investments in order to extend loans as an NGO, despite microcredit originally having emerged as a civil society phenomenon with intended grassroots operations. The state's governance mechanisms make NGOs less 'reliable' than financial entities, especially as the former do not have credit rating systems and requirements, and the state extends 'transition loans' to enable NGOs to transform themselves into NBFCs at low interest rates, which further incentivises transitions to financial entities from NGOs. The RMK and other government bodies working in microcredit lend to entities such as the NGO-MFI mentioned above. As these NGOs are shrinking in number and outreach, support for them by government entities such as the RMK has reduced in recent years. This further increases the RMK's underspend as it loses the potential target NGOs to which it is meant to offer loans. This shows how financialised urban aesthetics give shape to the material underpinnings of underspending by state entities. As this occurs, the MFI-NGO discussed in this chapter is transitioning to become an NBFC to facilitate its own financing.

29 The larger, pan-India, financialised NBFC is the only entity of the three discussed here that will continue to exist and expand in its current form. As shown, the NBFC's employees defined themselves in relation to their superiority in terms of professionalisation and in having set the precedent for standardised financial practices in the microfinance sector. These have shaped the practices of other entities within the sector and the lenses of assessment adopted by the state, blurring the lines between public and private as the state adopts financial modes of assessment that shape its own

material, spending-related decisions on developmental projects. This points to larger trends in microfinance and financialisation in India in which (i) NGOs and civil society actors, the very points of origin for microfinance and its grassroots reach, either face threats to their survival or transition to becoming financial actors, (ii) large NBFCs and small private banks become dominant players in microfinance, and (iii) long-standing government institutions for microfinance, such as the RMK, are discontinued and disallowed from lending funds even as their pool of money sits unused, as these entities are seen as no longer fitting with newly emerging urban–financial aesthetics, even though they cater largely to rural domains. These trends illustrate the extent(s) to which aestheticised operations of financialisation have material repercussions that can change the nature of both public and private entities.

30 Drawing on a combination of interviews and spatial observations made during fieldwork in Delhi and Kolkata, this chapter has argued that increasing financialisation (including of state services) transforms the nature of urban spaces such that they become 'attractive' for financial investments. This subsequently generates internal hierarchies of ideally urbanised inhabitants within cities and figurations of an ideal urban self that is capable of appearing credible to financial investors. There are three key takeaways from this discussion: first, the state allocates, spends, and underspends funds based on aesthetic grounds as financial figurations of urbanity become increasingly predominant and widespread. This increased importance of aesthetics has undermined discussions that examine the nature and rationale and future of underspending at government institutions such as the RMK, placing these in an aesthetic imagery that veils the politics underlying such aesthetics and its material consequences. Second, financialisation, particularly of development, holds aesthetic appeal and is made spatially sensible through embodiment and imagining a specific figuration of the urbanised individual that can appear credible to financial investors and enable financial flows. And finally, increased attention to the aesthetics of the financialisation of development provides insights into how financial capital is made sensible and the material repercussions of these sensibilities.

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NOTES

1. Financialisation here is conceived along Epstein's oft-cited definition as the 'increasing importance of financial markets, financial motives, financial institutions and financial elites in the operation of the economy and its governing institutions' (2005).

2. In India, these financial entities for microfinance are primarily small credit banks, non-banking financial corporations (NBFCs)—institutions that offer banking services but do not hold a banking license and cannot take deposits—or micro-financial intermediaries (MFIs) (Reserve Bank of India, 2020).

ABSTRACTS

Financial processes are aestheticised both spatially and in embodied modes, as urban spaces such as New Delhi change and become ‘world-class’ in response to finance and give rise to new internal urban hierarchies and figurations of the ‘ideal’ inhabitants of such cities. These processes of aestheticising financialisation [1]define new modes of governance, in which state allocation of funds and resources comes to be defined around specific urbanised aesthetics, which take priority over ‘economic efficiency’ and other more conventional rationales for government decision-making. Using the case of microfinance, a rapidly financialising mode of rural credit provision in India, this chapter highlights how government entities’ underspending is shaped and rationalised by financialised aesthetics. The chapter draws upon interviews, and fieldwork involving distinct types of microfinance entities including government-based, civil-society, and private-financial, to elicit the ways in which urban finance holds sway and how evocations of urbanity shape underspending. At the intersection of finance and development, microfinance provides a case in which financialised urban aesthetics have material repercussions in terms of state allocation of funds and decisions on (withholding) spending. The chapter will discuss how the appeal of urban-financial aesthetics has material consequences that shape the fates and fortunes of both public and private entities and their capacity to secure funding, and for welfare provision.

Les processus financiers sont esthétisés à la fois dans l'espace et dans les modes d'incarnation, car les espaces urbains tels que New Delhi changent et acquièrent une dimension de 'classe mondiale' en réponse à la finance et donnent lieu à de nouvelles hiérarchies urbaines internes et à des figurations des habitants 'idéaux' de ces villes. Ces processus d'esthétisation de la financiarisation définissent de nouveaux modes de gouvernance, dans lesquels l'allocation des fonds et des ressources par l'État est définie autour d'une esthétique urbanisée spécifique, qui prend le pas sur l’'efficacité économique’ et d'autres justifications plus conventionnelles de la prise de décision gouvernementale. En s'appuyant sur le cas de la microfinance, un mode d'octroi de crédit rural qui se finance rapidement en Inde, ce chapitre met en évidence la manière dont la sous-utilisation des fonds par les entités gouvernementales est façonnée et rationalisée par l'esthétique financiarisée. Le chapitre s'appuie sur des entretiens et un travail de terrain impliquant différents types d'entités de microfinance, notamment des entités gouvernementales, des entités de la société civile et des entités financières privées, afin de mettre en évidence la manière dont la finance urbaine exerce son influence et dont les évocations de l'urbanité façonnent la sous-utilisation des fonds. À l'intersection de la finance et du développement, la microfinance est un cas où l'esthétique urbaine financiarisée a des répercussions matérielles en termes d'allocation de fonds par l'État et de décisions de (non-)dépenses. Ce chapitre aborde la manière dont l'attrait de l'esthétique urbaine-financière a des conséquences matérielles qui façonnent les destins et les fortunes des entités publiques et privées et leur capacité à obtenir des financements et à fournir des services sociaux.

INDEX

Keywords: funding mechanisms, banking, financing mechanisms, poverty, tax and development, urban development, civil society
Geographical index: India

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Tanushree Kaushal is a doctoral researcher at the Gender Centre and PhD candidate at the International Relations/ Political Science department of the Geneva Graduate Institute. Her research focuses on the political theory of the state, finance and capitalism. Her project focuses on the gendered modes of governance employed in and by the postcolonial state in rural debt and finance, embedded in the historical co-constitution of the state and finance. The project bridges political anthropology, feminist political theory and international relations and is funded by the Swiss National Science Foundation's Doc.ch scheme. Kaushal is also a research contributor to the Global Health Centre's project on the 'financialisation' of the pharma sector and its relation to the changing nature of the state. She has teaching experience in graduate-level coursework on critical finance and gender studies and has previously worked as a consultant for feminist organisations such as the Women's International League for Peace and Freedom (WILPF) on gender and political economy issues in Cameroon, and with the Gender Centre on legal formulations of gender.