

Office Location Policy

7.1 Introduction

7.1.2 Metropolitan economies are characterized by the faster growth of tertiary activities, and also by concentration of such activities in a very small geographical area. Mumbai is no exception. But the peculiar peninsular geography of Mumbai and the concentration of such activities on the tip of the peninsula has been perceived as the root cause of many problems. The Regional Plan, 1973 anticipating the growth dynamics of tertiary and particularly office sector, recommended restructuring of the growth pattern by promoting Navi Mumbai as the counter magnet. A review of growth trends of office sector and evaluation of the existing policies is therefore necessary.

7.2 Definition of Office

7.2.1 Conceptually, office has to be defined in the context of three dimensions viz.; 1) Economic activity (or industry), 2) Occupation (of workers) and 3) Location. Economic activities are broadly classified as agriculture, manufacturing, trade and commerce, transport and communication and services (and further disaggregated into 3 digit classification in the National Industrial Classification). Office, by and large, belongs to services sector (i.e. other than agriculture, manufacturing and trade activities). Each worker in a given industry can be further classified by his occupation such as clerk, accountant, lawyer etc. Workers that are called White Collared broadly belong to office. However, these two dimensions cannot provide precise definition of office unless the locational characteristics are also taken into account. To illustrate, a clerk working in a factory or an accountant working in a warehouse cannot be called an office worker. But if White Collar workers though working for manufacturing' activity are not a part of the factory operations and are located independently of the plant, have to be classified as office workers and their activity as office. However, no systematic data that conforms to this definition are available.

7.2.2 The Development Control Regulations for Greater Mumbai, 1991 (GOM, 1991) provide the following definition of an Office Building which incorporates description of office purposes:

“Office building” (premises), means a building or premises or part thereof whose sole or principal use is for an office or for office purposes or clerical work. “Office purposes” includes the purpose of administration, clerical work, handling money, telephone, telegraph and computer operation; and “clerical work” includes writing, book keeping, sorting papers, typing, filing, duplicating, punching cards or tapes, machine calculations, drawing of matter for publication and editorial preparation of matter for publication.’ However no data on offices based on this definition are available.

7.3 Data

7.3.1 The available data have to be examined in the light of the definition of office to help assess the growth trends and characteristics of offices in Mumbai.

7.3.2 The basic source of time series data, the decennial Census does not have a distinct concept of office as defined above. Furthermore, till 1961 all the information about the employment was recorded at the place of residence of the worker. The Establishment Schedule canvassed for the first time in Census 1971 records information according to place of work. But here too the classification of establishments is according to NIC and hence has the definitional drawbacks as mentioned above. For example, offices of manufacturing establishments located in South Mumbai are not distinguishable and appear under manufacturing. However, the Establishment Schedule, perhaps for the first time, provided reliable information about magnitude and distribution of office like employment. Economic Census of 1980 and 1990 also provides similar data.

7.3.3 From the classification of the Economic Census data at two digit NIC level it is possible to identify Major Groups of activities which are basically office-oriented. A list of such activities is given below:

NIC Major Group	Activities
73	Transport Services : Packing, Carting, Travel Agencies etc.
80 & 81	Banking & Allied activities, Provident & Insurance
82 to 85 & 89	Business, Professional & Legal services, Operation of Lotteries, Renting & Leasing n.e.c., & Auctioneering services
90	Public Administration & Defense services
92	Education, Scientific & Research services
94	Welfare, & Labour organisations
95	Recreational & Cultural services
98	International & Extra Territorial bodies

Ward-wise establishment and employment data for the office sector and for all NIC Divisions available from the Economic Census 1980-90 for Greater Mumbai is presented in Table-7.1. It may be seen from the table that as compared to a decadal growth of 49% in all establishments, office sector establishments have grown by 82%. As for employment, the office sector has grown by 78% where as total employment has increased by only 10% during 1980-90. As a result, the share of office sector establishments to all establishments has gone up from 8% in 1980 to 10% in 1990. The share of employment has increased from 16% in 1980 to 26% in 1990.

7.3.4 The spatial distribution of office sector in Greater Mumbai shows that 53% of the growth in establishments and 38% of the growth in employment during 1980-90 has occurred in the suburbs. From the remaining 25% of establishments and 38% of employment has gone to the CBD and 22% and 24% respectively has gone to the Rest of the Island. As a result, the share of CBD in the office sector establishments has decreased from 51% to 39% and that of employment from 55% to 47% during 1980-90. However, the Island City as a whole, continues to hold majority of the office sector activities. The spatial distribution of office sector establishments and employment in 1980 and 1990 is diagrammatically shown in Figure-7.1 and 7.2.

The average employment per establishment is 17 in Island City as compared to 11 in

the suburbs. Office sector establishments also continue to employ more persons (15 in 1980 and 14 in 1990) per establishment as compared to all establishments (7 in 1980 and 6 in 1990).

7.3.5 In Table-7.2 sector wise employment for Greater Mumbai in 1980 and 1990 including that for office-oriented sectors is given. It may be seen from the table that in general, only construction, trade and services have recorded growth in employment during 1980-90 and the services sector employment constitutes most of this growth. In the office-oriented sectors, 37% growth during 1980-90 is in Public Administration and Defense Services and 21% in business and various services, such as, professional, legal, renting and leasing, auctioneering and operation of lotteries. These have recorded a growth of 150% over 1980-90 period. Banking and allied activities and Provident and Insurance constitute 18% of this growth. Transport services and International and Extra territorial bodies have recorded more than 100% growth in employment during 1980-90. However, their base is small.

Due to these varied growth trends, the shares of various sectors in the total office employment have changed. The share of Public Administration and Defense Services has increased from 33% to 37% of the total employment during 1980-90. The share of Business, Professional and allied services has increased from 15% in 1980 to 21% in 1990. The share of Banking and Allied activities has reduced from 24% in 1980 to 18% in 1990 and that of Education, Scientific and Research Services from 6% to 12%. These categories together account for about 89% of total establishment employment in 1980 as well as 1990.

7.3.6 The size-wise distribution of office establishments in 1990 (Refer Table-7.3) shows that 87% of all establishments employed less than 20 employees each. However, of the total employees in the office sector, only 26% were employed in such establishments. The employees per establishment are considerably higher for Public Administration and Defense Services (50), Banking and Allied activities, Provident and Insurance (32). The Public Administration and Defense and Banking and Allied Activities and Provident and Insurance together constitute 20% of all office sector establishments

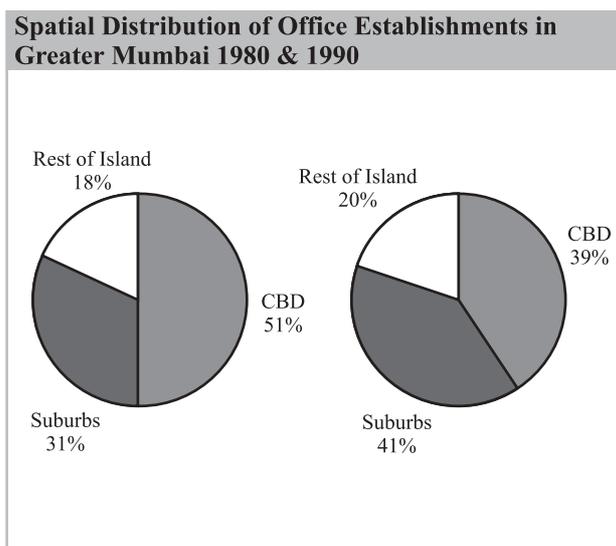


Figure 7.1

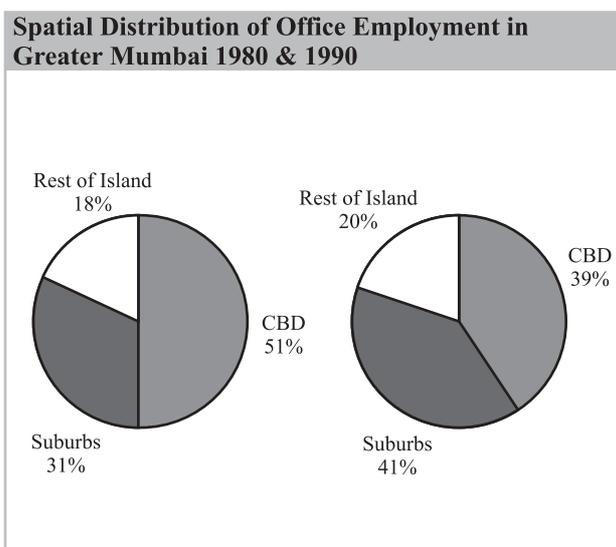


Figure 7.2

Ward-wise Distribution of Establishment & Employment for Office Sector in Greater Mumbai - 1980 & 1990.									
Ward	Est --- Emp	1980 Office Sector	% to Total	%to All Divisions	Total All Divisions	1990 Office Sector	% to Total	% to All Divisions	Total All Divisions
A	Est	4575	38.72	23.38	19568	8721	52.48	31.48	27386
	--- Emp	126608	65.64	38.48	329057	226171	75.71	62.60	361285
B	Est	2022	17.11	11.77	17174	2602	15.66	12.23	21278
	--- Emp	16425	8.52	15.89	103395	18888	6.32	20.23	93363
C	Est	2954	25.00	9.71	30409	2684	16.15	7.07	37961
	--- Emp	20805	10.79	14.81	140453	19871	6.65	13.48	147361
D	Est	2265	19.17	11.85	19113	2612	15.72	13.17	19829
	--- Emp	29050	15.06	21.65	134155	33786	11.31	29.68	113835
C.B.D.	Est	11815	50.65	13.70	86264	16619	39.22	15.61	106454
	--- Emp	192888	54.72	27.28	707057	298716	47.50	41.73	715844
F	Est	1075	25.30	4.29	25041	2026	21.10	7.50	27012
	--- Emp	14494	20.58	7.54	192309	27523	20.23	16.66	165161
G	Est	1822	42.87	5.71	31904	3672	43.67	8.91	41213
	--- Emp	34994	49.68	11.68	299484	57113	41.99	21.14	270193
Rest of Island	Est	4250	18.22	5.59	76021	8408	19.84	8.76	96005
	--- Emp	70435	19.98	10.17	692255	136023	21.63	21.47	633523
H	Est	1077	14.84	6.17	17465	2303	13.27	9.49	24256
	--- Emp	16397	18.39	19.27	85102	32132	16.56	27.72	115933
K	Est	1266	17.43	6.76	18733	3434	19.79	8.69	39509
	--- Emp	19328	21.68	12.44	155369	41668	21.47	17.97	2319923
L	Est	656	9.04	4.62	14205	1417	8.17	5.50	25744
	--- Emp	5080	5.70	4.63	109696	12131	6.25	10.03	120976
M	Est	705	9.72	5.20	13563	2342	13.50	8.65	27078
	--- Emp	8750	9.82	13.53	64654	25981	13.39	23.61	110024
N	Est	766	10.54	5.39	14215	1685	9.71	7.79	21644
	--- Emp	9067	10.17	10.08	89957	20097	10.36	22.12	90834
P	Est	1584	21.82	6.30	25164	2453	14.14	6.74	36386
	--- Emp	17652	19.80	10.07	175292	21623	11.14	13.01	166210
R	Est	930	12.81	6.69	13910	2056	11.85	7.51	27385
	--- Emp	8607	9.66	9.50	90643	17937	9.24	14.48	123902
T	Est	275	3.79	5.90	4667	1662	9.58	8.77	18957
	--- Emp	4264	4.78	14.53	29356	22508	11.60	19.29	116712
Suburbs	Est	7260	31.13	5.95	121922	17352	40.94	7.85	220959
	--- Emp	89145	25.29	11.14	800069	194077	30.86	18.03	1076514
Gr. Mumbai	Est	23326	100.00	8.21	284207	42379	100.00	10.01	423418
	--- Emp	352469	100.00	16.03	2199381	628816	100.00	25.92	2425881

Source : Economic Census 1980 & 1990.

Table-7.1

Employment Structure of Greater Mumbai							
NIC Division	Description	1980	%	1990	%	% of Increment	% Growth
0	Agriculture, Hunting, Forestry and Fishing	23089	1.05%	10491	0.43%	-5.26%	54.56%
1	Mining and Quarrying	920	0.04%	348	0.01%	-0.25%	-62.17%
2 & 3	Manufacturing & Repairs including Household industries	791080	35.97%	690621	28.47%	-44.35%	-12.70%
4	Electricity, Gas and Water	14388	0.65%	10997	0.45%	-1.50%	-23.57%
5	Construction	14028	0.64%	20082	0.83%	2.67%	43.16%
6	Wholesale and Retail Trade and Restaurants & Hotels	545591	24.81%	705127	29.07%	70.44%	29.24%
7	Transport Storage and Communication	209883	9.54%	131472	5.42%	-34.62%	-37.36%
8	Finance, Insurance, Real Estate and Business Services	138849	6.31%	248541	10.25%	48.43%	79.00%
9	Community, Social and Personal Services	303557	13.80%	578945	23.87%	121.58%	90.72%
10	Not Elsewhere Classified	157996	7.18%	29257	1.21%	-56.84%	-81.48%
TOTAL		2199381	100.00%	2425881	100.00%	100.00%	10.30%
Office Oriented Sectors							
NIC Major Group	Description	1980	%	1990	%	% of Increment	% Growth
73	Transport Services : Packing, Carting, Travel Agencies etc.	6811	1.93%	22921	3.65%	5.83%	236.53%
80 & 81	Banking and allied activities, Provident and Insurance	86009	24.40	116393	18.51%	10.99%	35.33%
82 to 85 & 89	Business, Professional & Legal Services, Operating of Lotteries, Renting & Leasing n.e.c. & Auctioneering Services	52790	14.98%	132148	21.02%	24.72%	150.33%
90	Public Administration and Defence Services	116523	33.06%	232501	36.97%	41.97%	99.53%
92	Education, Scientific & Research Services	58267	16.53%	75709	12.04%	6.31%	29.93%
94	Welfare, Business, Professional & Labour Organisations	16521	4.69%	26473	4.21%	3.60%	60.24%
95	Recreational & Cultural Services	15148	4.30%	21853	3.48%	2.43%	44.26%
98	International & Extra Territorial Bodies	400	0.11%	818	0.13%	0.15%	104.50%
Total		352469	100.00%	628816	100.00%	100.00%	78.40%
% of Total		16.03%		25.92%			

Source : Economic Census 1980 1990.

Table-7.2

and 55% of employment. The distribution of office employment by size of establishments for 1990 is shown in Figure-7.3.

7.3.7 The large number of smaller establishments are indicative of variety of services they offer very competitively. The presence of such establishments creates economies of agglomeration which attracts even the large establishments (Blumenfeld, 1971 and Jacobs, 1969). While devising policies simultaneous attention has to be paid, therefore, to both small and big establishments.

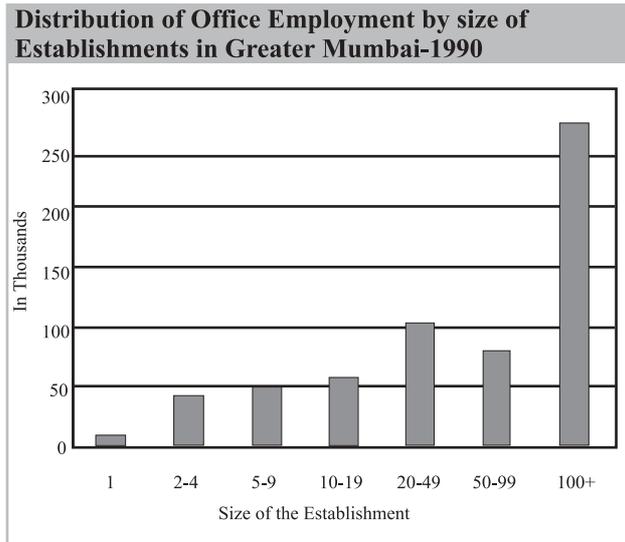


Figure 7.3

7.4 The Trend

7.4.1 Even in the absence of systematic information, a few trends could be identified about the growth characteristics of offices. Some of these could be stated with more certainty but others may be rather indicative.

7.4.2 By and large the growth of offices, as in most of the metropolitan cities, is taking place over a very small geographical area. The reasons for such concentration could be found in the following :

1. Economies of agglomeration: In order to derive the benefits from already existing activities and services every new establishment tends to cluster around the existing nucleus.

2. The need for personal contacts: The location in a developed commercial area of city facilitates the organizations to have better inter organizational contacts at personal level which help in orientation and planning of the organisation. Also many decisions are taken across the table in an office or over a lunch in a luxury hotel. Telecommunication contacts between distantly located offices apparently cannot be an alternative to face to face contacts.

3. Absence of fiscal policies: Taxation or user fees do not take cognisance of congestion caused by the concentration of offices e.g. property tax is linked to controlled rents, use of roads and parking spaces is largely free. These have to some extent helped the concentration tendencies.

4. Subsidised public transport : Lack of large scale private automobile ownership and heavily subsidized mass transport has allowed the continuation of concentration of offices in South Mumbai.

7.4.3 In some of the developed economies the decentralization trend is evident even in traditional CBD functions. The characteristics of the decentralisation process are;

1. The decentralization, at least in the first phase has been limited to retail and wholesale trade, and in very few cases it has embraced the offices and other quaternary

Size-wise Office Sector Employment in Greater Mumbai in 1990

NIC	Total			1		2-4		5-9		10-19		20-49		50-99		100 +	
	Est	%	Emp	Est	Emp	Est	Emp	Est	Emp	Est	Emp	Est	Emp	Est	Emp	Est	Emp
73	3449	8.14	22921	415	415	1586	4599	913	5808	361	4647	142	3953	22	1447	10	2052
80 & 81	3645	8.60	116393	390	390	656	1828	465	3162	629	8946	1032	32271	334	22135	139	47661
82 to 85 & 89	16093	37.97	132148	3036	3036	6605	18836	3803	24158	1556	20408	800	23405	195	13214	98	29091
90	4693	11.07	232501	557	557	118	3341	767	5106	664	89020	697	21731	369	25326	451	167520
92	4285	10.11	75709	789	789	1275	3520	674	4362	559	7766	581	17566	272	18804	135	22902
94	5854	13.82	26473	2548	2548	2039	5432	719	4592	334	4212	162	4588	39	2617	17	2484
95	4322	10.20	21853	1513	1513	1842	4895	575	3540	231	3084	121	3424	18	1132	22	4265
98	34	0.08	818	0	0	7	19	8	59	9	119	5	145	4	346	1	130

Source: Annual Survey of Industries 1976-77 to 1986-87.

Table-7.3

functions. However in later phases office parks in suburban locations or New Towns could attract office growth. The reason for the above has largely been the increased automobile ownership, lack of parking facilities and lack of subsidized mass transport.

2. Furthermore, some changes within the traditional office sector seem to be taking place. In a continually evolving office sector new establishments need a large number of external links i.e. dependence on local environment. Whereas in later stages, routine activities become less dependent on external contacts vis-a-vis internal contacts. Thus the different needs of interaction between the office and its environment makes the locational segregation of the decision making and routine function feasible. However, the new location of a lower order function of routine nature is necessarily relocated at convenient distance and with strong communication linkages with the central office.

7.4.4 Recognizing the need to understand the growth trends and locational behaviour of the office establishments MMRDA had commissioned Operations Research Group, Baroda to carry out a study for formulation of comprehensive Office Location Policy. Some of the important findings of the study are summarized below (BMRDA & ORG, 1983). It may be noted that the study was completed in 1983 when the results of Economic Survey 1980 were not available. The current status is given in the parenthesis.

Employment Trends

1. The annual growth rate in establishment employment in Mumbai during 1977-81 was significantly lower (2.6%) than the growth rate (3.4%) during 1961-71. Though office sector was growing at a faster rate (3.2%) as compared to total establishment employment, its growth rate was also substantially lower than that during 1961-71 (5.0%). (This growth has further slowed down recording only 98% rate of growth during 1980-90. However, the office sector growth has accelerated and has grown at a rate of 5.6% during 1980-90.)

2. Office oriented activities, with a base share of 17% in total establishment employment had made a significantly higher contribution to annual incremental employment (11,000 out of 51,000 at 1981 base). About 61% of incremental employment in office sector was in large sector (entire public sector and in private sector those employing more than 19 persons). Most of office employment growth in large sector was due to expansion of existing units whereas in small office sector it was mostly due to new units. (These trends are confirmed by the data available from 1980 and 1990 Economic Census except that there is no perceptible impact of increment on the size-wise distribution of office sector establishments.)

3. In the office sector, over 62% of employment was concentrated in CBD and there appeared to be some evidence of marginally increasing concentration of this sector in CBD. (However according to Economic Census, 1990 CBD's share of office sector employment has decreased to 47%. (Figure-7.2))

Profile of Establishments

The average employment size for office sector was estimated to be 56 and the corresponding figure was about 208 for large office sector. Floor space per employee was estimated to be about 83 sq.ft. Relatively large proportion of the sampled office establishments were head offices (26%) and most of them were located in city area

(85%). Though large proportion of establishments were located in rented premises, there appeared to be an increasing trend towards owning space. It was evident that rent/property tax per employee and expenses on water supply/electricity per employee was very low compared to annual business turnover per employee. The average annual wage bill for office sector establishments in Greater Mumbai was estimated to be around Rs. 17,000/- per employee. It was more than 10 times that of rent per employee.

Business and Communication Linkages

The business linkages have been analysed in terms of number of establishments/units contacted for various business dealings. The concept of backward and forward linkages has been used for this purpose. Important findings of the analysis are:-

1. In terms of activity to activity linkages, offices of manufacturing concern and wholesale trade/office show both high forward and backward linkages. Particularly, the former plays a key role in agglomeration of economic activities in Greater Mumbai.
2. Offices of manufacturing and wholesale trade have been identified as leading activities. In terms of business linkages, other activities like public services, import-export, banking and insurance, port-oriented activities and professional/business services form important elements of the cluster.
3. Certain establishments (other than clients) appear to have an important bearing on office location decisions. Most important critical contacts identified are those with wholesale trade, offices of manufacturing concerns, public services, banking and financial institutions.
4. Mantralaya does not appear to have strong economic linkages with private office sector establishments. This indicates, on one hand, a possibility of relocation of Mantralaya (at least selected departments) and on the other hand, weak multiplier effect of such relocation.
5. Though personal contact has been identified as an important means of communication among office sector activities, all personal contacts for business dealings are not necessarily important or unavoidable.

Qualitative Analysis of Factors Influencing Location

1. The primary reasons for choosing present location are central and commercial location and proximity to related activities. Physical availability of space is also considered as an important reason for present location whereas low cost/rent of space is not considered to be an important reason.
2. The main disadvantages are seen to be inefficient telephone services, lack of mass transport and traffic congestion. Inadequate space and not high cost/rent of space is considered as a major disadvantage.
3. A large proportion (51%) of office sector establishments have shifted to present location from some other premises. However, most of them have shifted within the city. Many of the establishments presently located in Nariman Point area have shifted there from other areas of CBD. A significant percentage of units has also moved from central area to nearby other city areas. This indicates the trend of short distance dispersal of office sector.

4. A large proportion of the decision makers have expressed that their type of activity cannot develop in Kalyan Complex (80%) and Navi Mumbai (85%). Most of the registered manufacturing establishments in Kalyan and Thane have also not preferred these centres. Bandra-Kurla and to some extent Oshiwara appear to have a good scope for development. Bandra-Kurla is also reported to be the most appropriate growth centre from the point of view of employees.

7.4.5 Some trends of decentralization have been visible in Mumbai. Initially it was in the form of linear expansion of the present CBD. Developments at Worli is an example of such decentralization. Establishments needing large areas and having captive clientele (like the Regional Passport Office) appear to be more prone to adopting decentralized locations rather than smaller establishments essentially depending upon inter linkages with other establishments and competing with similar establishments. Notable developments are now taking place in the suburbs. Chembur area is one such example. In Andheri area near Saki Naka and SEEPZ a lot of new offices related to electronics industry are coming up mainly through land use conversions.

7.4.6 Regional Plan, 1973 had identified Bandra-Kurla Complex, Navi Mumbai, Kalyan Complex, Kolshet-Balkum Complex and some new townships as growth centres. Bandra-Kurla Complex and Navi Mumbai were particularly identified for office developments. Oshiwara and Kanjur Marg were also later identified for office developments. Both Bandra-Kurla Complex and Navi Mumbai are under development and have already emerged as new growth centres. A District Centre accommodating 40,000 jobs, a half of which are likely to be in offices, has been planned on a 102 ha. land at Oshiwara between Jogeshwari and Goregaon. The development of this centre is currently underway.

7.4.7 Information on the current status of office developments in BKC is given in Table-7.4.

Office developments in G block includes UTI, ICICI, IL & FS, and NABARD. Setting up National Stock Exchange in BKC is also under consideration. Apart from these commercial developments including a diamond bourse, Hotel and Convention Centre and Wholesale Textile Market are also proposed.

7.4.8 Information on office developments in progress in various nodes of Navi Mumbai by June 1991 is given in Table-7.5.

7.5 Relative Importance of Policy Measures

7.5.1 The analysis of location behaviour of office establishments indicates that a particular location bestows a variety of advantages upon the establishment. Low cost of land or floor space at another location, which does not provide similar benefits, is therefore, not an adequate incentive for the office establishments to move. In this context, the Office Location Policy study (BMRDA & ORG, 1983) recommended that the policy intervention with respect to office location has to arrange its measures in the following order of priorities:-

Priority 1 : To help attain a critical level of agglomeration at the desired alternative centre taking advantage of external economic inputs.

Priority 2 : Offer significant economic incentives along with efficient levels of infrastructure at alternative centres to motivate shifting or relocation of office establishments.

Office Developments in Bandra-Kurla Complex.			(Area in sq.m.)
	Plot Area	Permissible Built-up Area	Estimated Jobs
Office Buildings Constructed			
D-Block	29,662	50,427	5,043
E-Block	42,705	92,260	9,226
Office Buildings yet to be Constructed			
E-Block	15,095	32,025	3,203
G-Block	470,000	940,000	94,000
All Offices	557,462	1,114,712	111,471
Estimated jobs in BKC on full Development			150,000

Source : MMRDA

Table-7.4

Priority 3 : Significantly increase the private cost of land, labour and other infrastructure in the CBD, particularly by removing artificial restrains such as rent control for commercial properties so as to bring private costs closer to the corresponding social costs.

Priority 4 : Introduce direct development control measures to restrain further development of office buildings.

7.5.2 An assessment of actions taken with regard to above priorities shows that a critical

Office Developments in Navi Mumbai				
Offices constructed / likely to be constructed by CIDCO				(Area in Sq.m.)
Node	Plot Area for Offices	Potential Built-up Area	Office Floor Space at Railway Stations	Estimated Jobs
Vashi	55,983	83,975	63,810	14,778
Sanpada	1,040	1,560	10,173	1,173
Nerul	2,082	3,123	6,000	912
CBD Belapur	62,176	93,264	77,774	17,104
Kalamboli	1,909	2,864	—	286
Panvel	1,611	2,417	—	242
Drongiri	6,160	9,240	—	924
Juinagar	—	—	2,113	211
TOTAL	130,961	196,442	159,870	35,631
Offices constructed / likely to be constructed by others				(Area in Sq.m.)
Node Offices	Plot Area for Built-up Area	Potential	Estimated Jobs	
Vashi	102,242	153,363	15,336	
CBD Belapur	233,227	349,841	34,984	
New Panvel	15,322	22,983	2,298	
Total	350,791	526,187	52,619	
Total	701,582	1,052,373	105,237	
All	832,543	1,408,685	140,868	

Source : CIDCO & New Bombay area statistics as on June 1991, Economic Section, CIDCO.

Table-7.5

level of agglomeration appears to have been attained at Bandra-Kurla Complex. In BKC the process was initiated through location of large scale government and public sector offices. Locational advantage coupled with provision of efficient infrastructure has started attracting new public and private sector offices. Even though data on actual occupancy is not available merely from the extent of office buildings construction activity it may be noted that a large number of offices will be ready soon with a potential for accommodating about 110,000 in BKC. This is about 37% of total office sector employment concentrated in the CBD of Greater Mumbai in 1990.

- 7.5.3** In Navi Mumbai, CIDCO seems to have adopted a supply driven strategy through large scale provision of office space in anticipation of future demand which may result on account of the new rail link with Greater Mumbai. Offices which did not require central locations in Mumbai including expansions of offices located in Mumbai which could not be accommodated in their present locations have been attracted to Navi Mumbai through provision of relatively cheap space for offices and residences for staff working in them. Some offices which have localised functions are also growing along with the growth of Navi Mumbai. Some Government offices have also come up in Navi Mumbai. Navi Mumbai shows a distinct bias at this stage towards small offices where most of the offices constructed or under construction by the private sector are of sizes less than 50 sq.m. each. Some advantages of the external economic inputs like the Nhava-Sheva port and new industries based on gas obtained from Mumbai High appear to have been realised in Navi Mumbai. With these, Navi Mumbai particularly its CBD is about to attain the critical mass offering agglomeration benefits to new offices.
- 7.5.4** Restrictive development control measures (Priority 4) have been adopted to restrain further development of office buildings. No action with regard to priority 3 above has however been so far initiated to eliminate hidden subsidies through pricing and taxation measures in order to facilitate shifting of footloose offices and also make those remaining behind to pay for the social costs imposed by them.
- 7.5.5** London is one of the important metropolitan cities that have attempted deliberate decentralisation of offices and other CBD activities and later reversed these policies. The experience of London is summarized in the Annexure-A.7.1. It may be seen from the account of this experience that the decentralization forces were already at work before the deliberate policies of decentralisation were adopted. The Governmental efforts in U.K. in case of location of offices were largely confined to restrictions of office development in central London, dissemination of information about the availability of office space and relocation of substantial number of decision making civil services away from the central areas to growth centres under Hardman proposals of 1974 (Goddard, 1975). Fiscal measures were used as incentives only in a limited way to bring about the desired decentralization. These essentially included small building grants which were generally ineffective since offices preferred to rent the accommodation. The apparent success of reduction in office jobs in London was soon seen as the problem and major efforts were launched to promote growth of offices in London through London Dockland Development - Canary Wharf.

- 7.5.6 Although, the importance of inter-linkages among the commercial establishments is usually emphasized the inter-establishment competition is also an equally important reason for continued concentration of such establishments. For example, if there are two competing establishments in a congested location it may be cost-effective for both the establishments to move together to a new location. However, if only one moves to the new location it may not gain enough benefits; on the other hand, the establishment which has stayed behind in the congested location may derive the benefit of additional business and relatively less congestion. However, knowing this phenomenon none of these establishments would choose to relocate singularly (Prisoners dilemma in Game Theory). On account of such phenomenon the fiscal disincentives are not effective in inducing individual establishment to move away from the areas of concentration.
- 7.5.7 Because of the competitive nature of various office establishments, the relocation can occur only when a sufficiently large number of establishments are activated to move simultaneously. This can occur either through cooperation or through suitable Government intervention, which makes relocation mandatory. It may be noted in this context that the Draft Five Year Plan 1978-83 recommended imposition of ban by the Central and State Governments on setting up of offices, commercial establishments and centres of entertainment and culture in large urban agglomerations. (Planning Commission, 1978)
- 7.5.8 This phenomenon of competition leading to concentration of activities does not, however, hold good for the Government offices. Government offices, (although they also need a few years to function effectively at the new location) therefore, are more mobile. As may be observed from the London's experience, such relocation of Government Offices has helped the decentralization offices. (Central Office Information, 1976). The State Government has taken a few steps to relocate some of its offices in Navi Mumbai. However, the nature of these offices and the magnitude of employment is too small to have any significant impact.
- 7.5.9 While considering the role of Government in promoting the New Growth Centres, the Mantralaya is normally considered as a single entity. However, in a modern welfare government, activities of the governments are so diverse that functionally it need not be considered as a single entity. An in depth study of communications behaviour of various functional units within the Mantralaya may indicate that certain functional units have intense inter linkages among themselves as compared to the other functional units. Hypothetically it could be visualized that the Government activities are broadly divided into two classes, namely developmental activity and welfare activity. The first category may again comprise two types of activities - one dealing with the urban and industrial development, such as those of the Industries, Energy, Environment and Labour Department, Urban Development, Public Works and Housing Department, and the other dealing with the agriculture and rural development, for example Agriculture and Cooperation Department, Irrigation, Animal Husbandry and Dairy Development Department. The welfare functions may largely include activities, like those of the Education Department, Public Health, Social Welfare and Cultural Affairs Department. In addition to the above, there may be common service functions

such as those performed by the Finance Department, Planning Department, Law and Judiciary Department, Revenue Department and the General Administration Department. In the light of the above hypothesis, it could be conjectured that above broad categories of Government activities can be located at separate locations within the Metropolitan Region without affecting the functional efficiency. This would be important even from the limited objective of creating adequate space for the future expansion in the employment in the Mantralaya. The possibility of relocating a group or two of the Government Department in Navi Mumbai, therefore, needs to be seriously considered.

7.5.10 The policy about the location of offices would generally have following three components:

1. Development Control,
2. Public Investment, and
3. Fiscal measures which would help both development control and development promotion.

The policy package will have to be developed within the framework of relative importance of the policy measures and the priorities described earlier.

7.6 **Review of Policies**

7.6.1 Major concern of the Regional Plan, 1973 was to contain Mumbai's population through controls on physical developments while maintaining economic growth. The control measures adopted for this purpose included curbs on industrial growth in Greater Mumbai particularly in the Island City and relocation of wholesale and office establishments from south Mumbai. It had recommended adoption of a policy at the Government level comprising the following measures;

1. Not to do anything which will go to perpetuate the north-south development trend and aggravate the structural imbalance in the city. No additional commercial area to be created in the Backbay Reclamation by restricting the commercial area to 20% of the scheme, the remaining 80% reserved for residential user.
2. To establish a control on the location of new offices with a space requirement of more than 250 sq.m. or with an employment potential of more than 50 persons and not to allow such new offices in the area south of Belasis road.
3. To plan for eventual location of all offices not connected with Mumbai, in the metro centre across the harbour and to undertake the shifting of as many such offices from the present CBD as possible to the area of the proposed metro centre as soon as conditions are ripe for so doing.
4. To give a priority to the Bandra-Kurla reclamation and to establish an alternative commercial complex in this area to give immediate relief. To locate or relocate such offices which must essentially exist in Mumbai either in this alternative centre or in the area to the north of Belasis road.

The Draft Five Year Plan, 1978-83 also explicitly recommended policies for suppressing city growth including moving government offices.

7.6.2 Maharashtra Regional and Town Planning Act, 1966, is the principal legislation under which, the development is controlled. The development as defined in the Act includes both construction of floor-space as well as change of use. The powers of the development control under the said act are exercised through the Development Plan and Development Control Rules. The Development Plan, 1967 and the related Development Control Rules of Greater Mumbai referred to zoning according to broad land-use classes. Though such zoning provided for land-use classes such as residential, commercial and industrial, it did not distinguish offices as an independent land-use category.

7.6.3 The MMRDA 's Notification issued in June 1977 under Section 13(1) of MMRDA Act, 1974 for the first time recognized office as an independent use-class, and borrowing from the British legislation defined office. The notification required that no development for office purposes covering both new construction and change of use be undertaken in the Island City without the permission of MMRDA. Here too, the development control operated for the use class as a whole, and not for an individual establishment. For example office premises used by one establishment, if handed over to another establishment does not constitute development, and hence, it does not attract the provisions of the Notification. Based on the applications for development of offices and wholesale establishments and for additional FSI rejected by MMRDA it is estimated that these restrictions have so far prevented construction of 5,80,000 m² of floor area and location of 58,000 jobs in the Island City. The Development Plan of Greater Mumbai and the Development Control Regulations have been revised in 1991. These recognize "Office" as the distinct use class and incorporate the provisions of MMRDA's Notification in a mandatory manner. MMRDA Notification therefore now stands withdrawn.

7.6.4 The main provisions of the Development Control Regulations for Greater Mumbai, 1991 (GOM, 1991) related to offices are described below:

Ancillary Use

Office use is identified as an ancillary use and all the ancillary uses permitted shall not exceed 50% of the floor space of the principal use.

Residential Zone

In the purely Residential Zone (R1), professional offices of less than 30 sq.m area of residents incidental to residential use are only allowed. In the Residential Zone with Shop Line (R2) Professional offices each not exceeding 100 sq.m. area are allowed only in the suburbs and extended suburbs. Data processing units which use computers are also allowed. In independent buildings business offices on roads of 18 m. wide and more outside the Island City are allowed subject to fulfillment of parking and other requirements. Balconies of such buildings are not free of FSI computation.

Commercial Zone

In the Local Commercial Zone (C1) business offices, including trade exchanges, are allowed only outside the Island City. In the District Commercial Zone (C2) headquarters of commercial organisations or firms are allowed only in the suburbs and extended suburbs.

Industrial Zone

In the Service Industries Zone (I1) Data processing units with computers are allowed subject to a maximum permissible power of 4 K.W., 9 employees and 50 sq.m. floor area each. In the General Industries Zone (I2) including industrial estates and in the Special Industries Zone (I3) the existing or newly built up area of units could be allowed to be used for offices outside the Island City and only as a part of a package of measures recommended by the BIFR, Financial Institutions and Commissionerate of Industries for revival/rehabilitation of potentially viable sick industrial units.

For Cotton Textile Mills existing or newly built up areas could be used for diversified industrial users in accordance with industrial location policy, with office space only ancillary to and required for such users, subject to FSI of 1 and observance of all other regulations.

It may be noted that new office developments are totally banned in the Island City . However commercial developments are allowed almost anywhere except in R1 Zone.

7.6.5 Past policy on office location has mainly relied upon stopping office developments through controls with the sole aim of decongesting Mumbai. Mumbai's economy on the other hand has been undergoing structural changes in the form of declining secondary sectors and growing tertiary sector employment resulting in increasing demand for office space particularly during the 1980-90 period. Scarcity of new office space in the Island City has to some extent encouraged new office developments in the suburbs but has also resulted in large scale illegal conversion of residential space into offices - particularly of small sizes. These controls have given rise to an anomalous situation. However due to strong agglomeration benefits, real estate prices further escalated in south Mumbai. While real estate prices have been pushed further up large areas of high value remain derelict due to restriction on land use conversions prohibiting renewal.

7.6.6 Public investment in the development of Bandra-Kurla Complex and Navi Mumbai has recently helped to attract some office developments in these centres. However their slow pace of growth over the last two decades could not prevent illegal use conversions triggered by growing demand for office space. No fiscal measures have so far been adopted to guide location of office developments.

7.7 Mumbai's Role in the New Economic Era

7.7.1 While recommending controls on economic activities the Regional Plan, 1973 assumed unabated economic growth of Mumbai in future. Twenty years after, the context has changed both in terms of growth characteristics of Mumbai as well as

the broader economic policy framework within which Mumbai's role in the national and global economy is defined.

- 7.7.2** Firstly there are signs of economic stagnation of Mumbai with an overall slow down in the economic growth. Although this is a result of larger economic forces and national economic policies, local restrictions on location of economic activities have accentuated the problems. The growth characteristics of Mumbai in the recent past are described in detail in Chapter-4 and 6. It is felt that apart from liberalising the Industrial Location Policy for the Region special efforts need to be made to facilitate overall economic and employment growth.
- 7.7.3** Secondly steps are underway to liberalise the Indian economy which would result in substantial structural changes in the economy. The process of liberalisation is expected to go far beyond resolving the macro-economic crisis of balance of payments. It is expected to give boost to economic growth by ensuring efficient use of all available resources. As a part of this process private sector entry is allowed in infrastructure, industry and financial sectors including banking and insurance. Many of the constraints on corporate financing, foreign capital flows for trade and investments, imports, foreign exchange transactions have been removed. Exports are being facilitated through positive policy interventions. Foreign financial institutions are being encouraged to invest in the stock markets. Increased foreign and private sector activity in various sectors particularly finance is expected to give rise to substantial new office oriented activities. New types of private sector financial institutions are already coming into existence. Inflow of foreign capital has increased manifold. Increased volume of import and export would require supporting services.
- 7.7.4** Mumbai will have to respond to the changing circumstances to achieve its own economic recovery and exploit the trend for the City's benefit. With liberalisation of Indian economy, Mumbai's role as the financial capital is bound to be accentuated. Furthermore Mumbai can also act as the focal point in the process of globalisation of Indian economy. For this purpose positive efforts need to be made to develop Mumbai into a finance and business node for international level of operations.
- 7.7.5** Mumbai's strength lies in its large and active private sector, skilled manpower, availability of international sea and air port facilities, corporate headquarters of many multinationals and large industrial houses and some of the leading research and training institutions. It has an active regional (80% of total turnover of the country) and national stock exchange and leading financial institutions including Reserve Bank of India, Securities and Exchange Board of India, OTC Exchange of India and head offices of many Indian and foreign commercial banks. Many apex financial institutions such as Export Import Bank of India, Industrial Development Bank of India, National Bank for Agriculture and Rural Development are located in Mumbai. A substantial amount of business conducted by various financial institutions and commercial banks in the country is conducted through Mumbai based offices. Operational offices of the Unit Trust of India, Life Insurance Corporation of India and General Insurance Corporation of India and subsidiaries of commercial banks like the Mutual Funds are also located in this city. Head offices of various merchant banking, leasing, hire purchase, investment and public

and private sector housing finance companies and leading financial and other publications are located in Mumbai. Two of the three rating agencies are located here. It also houses head offices of Central and Western Railways. Mumbai accounts for 50% of Import and export and 40% of central revenue generated through excise and income tax. Mumbai's economic activities are served by 1200 bank branches, 300 post offices and 80 telegraph offices.

- 7.7.6** As a part of liberalisation of financial markets the Reserve Bank of India has recently announced full convertibility of the Rupee on the current account for trade related and other activities facilitating import and export and paving the way for less restricted foreign currency transactions in the future. In anticipation of liberalisation process extending to the capital account Mumbai could be developed as an off-shore centre as a stage of preparation for globalisation of financial market. This envisages handling of foreign exchange by banks located in such a centre which would enable raising loans and making deposits in foreign currencies in such banks without having to approach banks abroad. Thailand is one of the successful examples of establishment and use of such an Off-shore centre. Mumbai with its vibrant financial sector has a potential to be developed as an Off-shore Centre (Patil, 1994).
- 7.7.7** In Mumbai, the impact of the liberalisation measures is likely to be felt in the form of increased international business transactions, increased communications and information flow, more international business traveling and corresponding growth in the demand for related services particularly in the quaternary sector. Economic restructuring will increase the demand for services related to finance, information, business, trade, import-export and business tourism with increased private sector investment. Such major services would require support from a large number of small offices carrying out specialised tasks such as accounting, computer data processing etc.
- 7.7.8** The State Government is taking initiative in implementing the liberalisation measures at the state level and is keen on exploiting opportunities provided through economic restructuring. Steps to revitalise Mumbai's economy are already underway in the form of liberalised industrial location policy for Mumbai. Adopting a totally new approach the new industrial policy recently announced allows high-technology non-polluting industries in the industrial zones in Greater Mumbai. Development of a major Business Centre in Bandra-Kurla Complex has also been envisaged as a part of Mumbai's response to the economic restructuring process.

7.8 Issues for Location of Offices

- 7.8.1** Locational decisions of the economic activities particularly the office establishments are more sensitive to availability of social, financial and economic infrastructure, agglomeration economies and civic and communication facilities than to real estate prices or local tax overheads. Historically all these benefits are concentrated in Mumbai - especially in the Island City. Moreover, the new service activity particularly in the finance sector is likely to be attracted to South Mumbai to be located in proximity of other financial services due to the importance of face to face business contacts. Following are some of the important issues related to location of new offices. **155**

Conditions such as increasing reliance of Mumbai's economy on the tertiary and quaternary sector, very high land prices in central locations and availability of essential infrastructure in the suburbs, Bandra-Kurla Complex and Navi Mumbai are likely to induce shifting of routine jobs by offices located in the Island City. New high level jobs involved in the decision making process would concentrate in the CBD. Liberalised economy and relatively free market is expected to speed up this process. Recycling of space presently used by relatively footloose offices, particularly in the Island City, for new offices requiring centralised location will accompany progressive structural changes in Mumbai's economy.

However a major problem about recycling of space is related to offices located in old buildings. This existing office stock is being neglected due to the adverse impact of Rent Controls. Cheap rents and low property tax also act as an incentive for offices to continue in their present locations. As a result offices presently located in the Island City though having limited linkages within the area do not favour change of location. Land use zoning restrictions on office development in the suburbs further reduce mobility. As observed earlier small offices constitute majority of the office sector in Mumbai. However high real estate prices prevent growth of new small offices which thrive on agglomeration benefits available in central areas. New growth centres such as Bandra-Kurla Complex also mainly provide for large offices only. Restrictions on new office developments are hence resulting in unplanned and unauthorised conversions from residential to office use due to increased market pressure. The new Rent Control bill (GOM, 1993) prepared by the State Government does not propose any change in the provisions relating to premises let prior to October 1, 1987. Office developments - particularly small offices, may therefore be allowed in the commercial zones by relaxing office growth restrictions in the Island City and elsewhere.

Economic activities that choose to relocate may opt for Bandra-Kurla Complex, Oshiware or Navi Mumbai depending upon agglomeration benefits and availability of infrastructure. While Bandra-Kurla Complex could attract international and national level activities due to availability of economic infrastructure such as stock exchange and presence of international airport in Greater Mumbai, other activities could be suitably located in Navi Mumbai which is now linked by rail to Greater Mumbai.

Loss of jobs and population, high real estate prices and at the same time large dilapidated areas left so due to various controls could lead to further deterioration of certain parts of Mumbai although such areas have great economic value due to their location. Area based urban renewal provides an opportunity for redefining land uses and improving overall environment of such areas. Allowing interchange among industrial, commercial and office uses could greatly facilitate the process of Urban

Renewal. New office developments or redevelopment of areas such as Bora Bazar, Colaba Market etc. for office purposes could also therefore be permitted in the Island City.

The possibility of recycling industrial warehousing and other lands under obsolete economic uses could also be explored. Large excess lands of Textile Mills, surplus lands of Bombay Port Trust and lands under warehousing in the BPT area are not being optimally used. In the new Industrial Policy new high tech non-polluting industries are allowed in Mumbai. No distinction between such industries and offices needs to be made and offices could also be allowed where industries are permitted. These two land uses would compete with each other and market forces would determine the most economic use. From the view point of additional infrastructure requirements and the environmental implications office establishments are actually less harmful than the high-tech non-polluting industries being allowed.

Recycling of land and space used by economic activities which may even opt for relocation is currently restricted on account of :

1. controls on land use conversions,
2. restrictions on transfer of lands leased by Government to industries,
3. application of Urban Land Ceiling provisions for redevelopment of lands, and
4. restrictions on closure (Exit Policy) of industries under labour laws.

It is necessary to try and remove these constraints. Offices should be considered as a possible and important alternate use for recycled lands earlier used by obsolete economic activities.

7.8.4 Reconstruction of Old Buildings

Like chawls and other old residential buildings, most of the old buildings occupied by offices in the Island City have already consumed more FSI (3 to 4) than currently permissible. Under the Development Control Regulations, 1991 for public repairs and reconstruction of cessed buildings and for urban renewal schemes 2.4 times the permissible FSI is allowed in the Island City. 50% additional FSI is allowed in case of buildings of Government and Semi-government offices and public sector undertakings however only outside the Island City. To make reconstruction of old buildings occupied by offices by the private sector feasible at least FSI currently consumed will have to be allowed. This could facilitate shifting of footloose offices and routine jobs.

7.8.5 Conservation

Some old buildings housing offices need to be conserved for their architectural and aesthetic value and therefore can not be demolished and reconstructed. These can however be redeveloped through only envelope control. This allows total internal restructuring and redesigning of buildings without affecting the facade and other outer characteristics such as walls and roof. It is also observed that many of these old buildings including those identified for conservation have very high ceilings on each floor. It may be possible to create large quantities of additional space by allowing use conversions and internal redesigning of architecturally and aesthetically valuable

buildings for office activities. This way the resources required for conservation of these buildings, which are mostly concentrated in the Island City, could also be generated. In view of the small space requirements of most offices, a large number of offices could be accommodated in such buildings.

7.9 Infrastructure Inputs

7.9.1 The new activities would initiate economic growth of Mumbai though they may also put pressure on Mumbai's infrastructure. Although efficient recycling could prevent excessive additional infrastructure requirements, Mumbai's infrastructure is likely to be burdened in view of the probable densification of areas which presently have only scattered developments like the BPT lands. It will be necessary to upgrade Mumbai's infrastructure to support and promote its economic growth. Mumbai will have to however raise huge amount of resources for maintenance, upgradation and extension of its infrastructure.

7.9.2 Presently, Mumbai's ability to raise resources for infrastructure investment is greatly hampered by negative effects of Rent Control and obsolete property tax structure. Markets greatly influence land uses either as conscious adoption of economic rationality in determining land uses or through the process of illegal use conversions. It is only logical therefore that prices of use of space should also reflect market trends. For sustained development economic use of a crucial resource such as prime urban land will have to be appropriately priced (say through rational property tax structure) based on its social costs. This means that only those economic activities which value the locational benefits more than such costs would opt for these locations. Essential components of a policy package for facilitating recycling on the one hand and for mobilisation of resources on the other would be rationalisation of taxes and user fees based on economic return from land due to its location and negative externalities created by them.

7.10 Policy Framework for Location of Offices

7.10.1 The current Office Location Policy which prohibits any new office growth in the Island City of Mumbai will have to be modified in response to the recent macro economic reforms and the resultant increase in demand for office space at central locations. The modified policy could also be linked with the process of recycling of land under non-residential obsolete uses, such as, industries, warehousing, etc. The new policy thrust should essentially constitute the following :

1. Mumbai should be equipped to host international business and financial operations. As a part of this strategy, an International Finance and Business Centre may be developed in the Bandra-Kurla Complex. The possibility of developing Mumbai as an Off-shore Centre for financial market may also be facilitated.
2. It is however of utmost importance that the real estate development that may occur on account of the modified policy must pay for the social costs of congestion and infrastructure strengthening that may be required. For this purpose, assessment of properties at their true market values for the property

tax purposes will be the first step. Rent Control and Property Tax Reforms for such assessment of properties should, therefore, be treated as the pre-condition for adopting the following changes in the Office Location Policy.

3. No increase in the existing industrial and commercial zones, which may bring additional pressure on infrastructure, may be allowed in Greater Mumbai. The offices may however be allowed to compete with high-tech non-polluting industries. Office development particularly small offices may be allowed as a part of the commercial development. For this purpose the relevant provisions of the Development Control Regulations for Greater Mumbai, 1991, may be modified.
4. Reconstruction of existing office stock located in old buildings may be allowed at consumed FSI. Conversion and internal redesigning of architecturally and aesthetically valuable buildings through adaptive reuse for office activities may be permitted.
5. For large concentrations of old buildings in non-residential zones in derelict areas urban renewal may be undertaken to bring about infrastructure and environmental improvement involving changed land uses including office development. Recycling of land and space used by obsolete activities like textile mills, cotton godowns of BPT etc. may be promoted through integrated planning and development.

The adoption of the above policy will require necessary amendments to the sanctioned Development Plan as well as the Development Control Regulations for Greater Mumbai, 1991. Specific amendments proposed in this regard will also have to undergo public scrutiny.

Office Location Policy - London Experience

A.7.1 Background

After the World War II there was enormous increase in office space and employment in major towns especially the capital cities of Europe. Some governments especially U.K., France and Sweden attempted to curb the continuing growth of offices in the capital cities partly to ease congestion and partly to spread it more evenly over the country, particularly in the economically depressed areas.

The White Paper 'London - Employment : Housing : Land published in 1963 by the British Government observed that one third of U.K.'s population and about half the increase in employment during the previous decade was concentrated in South-East England as sequel to the complete removal of building regulations in 1954 and subsequent 'Great Property Boom'. London Metropolitan Region shared three-fourths of this increase. Moreover, out of about 40,000 jobs that were added every year in London region about 15,000 jobs belonged to offices. They created a situation, in which the rents for offices were high and congestion of services was acute, necessitating expansion of road and rail capacities and other infrastructure.

A.7.2 Controls on Office Development

The Government, therefore, imposed ban in 1964 on office development in London region and West Midlands conurbation. It was also felt that the ban on private sector office development would encourage better regional distribution of employment in Greater Britain. Developers wishing to build offices initially involving more than 3,000 square feet (10,000 sq.ft. from December, 1970), (Heap, 1973), of office space were required to obtain Office Development Permit' (ODP) from Department of Environment of the Government, as well as normal planning permissions from the local authorities. The developer, to obtain the ODP, had to argue that the would-be occupiers of the proposed premises were tied to London and could not operate elsewhere. Thus the regulation made speculative office development difficult. The condition thus acknowledged the importance of linkages in assessing the need for London location. However in the absence of any hard evidence the Government was unable to differentiate between offices which needed central location and those did not. The control was extended in 1966 to whole of the South-East region.

A.7.3 Location of Offices Bureau

The above controls anticipated the decentralisation of office activity and its partial relocation. As a complementary move to the above government set up the Location of Offices Bureau (LOB) in April 1963. It was an independent commission maintaining comprehensive information service about all the factors involved in the relocation of offices, viz. communications, financial aid, local amenities labour supply available etc. for every possible location including assisted areas which was freely available to businessmen and has liaison with the areas anxious to attract new office development. It also undertook necessary publicity and research. It tried to achieve regional balance

through developing new growth centres which are essentially small by helping to plan the establishment in new growth centres.

Between 1963 to 1977 the LOB assisted in the relocation of about 160,000 jobs (Location of Offices Bureau, 1978) out of these about 72% of jobs have moved to South-East direction. The second preferred location is South West which attracted about 11% of jobs. Moreover about 33% of jobs have moved within the GLC area and another 26% of job have moved beyond GLC area but with 40 miles from GLC. Some of these were of complete organisation whereas the others of particular departments within the organisations. Furthermore, offices which moved, belonged mainly to insurance companies, distributive trades, marketing boards, nationalised industries and other large national and international firms.

A.7.4 **Loss of Jobs**

Concern for increasing congestion particularly in the central London area due to perceived high growth in jobs led to imposition of controls on physical growth and pursual of dispersal policies. These included controls on office and industrial development and were enforced for twenty years since 1963. However, it was later realised that the employment in Greater London peaked during the early sixties and declined thereafter. It fell from 4.43 million in 1966 to 4.21 in 1971, 3.71 in 1976 and 3.38 million in 1982 (Jones, 1988). The share of the manufacturing category decreased from 29% in 1966 to 19% in 1982 whereas that of offices grew from 38% to 53% during the same period. In absolute terms the office jobs however grew only marginally from 1.70 million to 1.75 million in 1982. In the central London area the share of financial sector and business services increased from 37% in 1961 to 44% in 1971 and 50% in 1981 (Evans and Crampton, 1989).

London's jobs are seen to have declined as a result of increasing shift in the economic base from manufacturing to services sector and due to natural process of decentralisation of activities from the core to the outer areas. Structural reorganisation is considered to be the main cause for loss of manufacturing jobs and decentralisation of activities. Structural reorganisation is seen to have encouraged relocation of different parts of London firms: routine production to remote areas with plenty of labour and weak unions, R&D to environmentally good places in the OMA (Outer Metropolitan Area), headquarters to Central London. (Hall, 1989).

A.7.5 **Reversal of Policies**

The Office Development Permit (ODP) system was criticised to be arbitrary and was seen as a cause for artificial shortage of office accommodation and rent inflation. By 1977 the Government claimed that congestion was not a problem in Central London any longer and adopted policies for promoting office employment in inner urban areas (Alexandar, 1979). In a total reversal of policies the government summarily abolished in 1983 the Location of Offices Bureau. Although very little is presently known from the literature available about the job situation after the reversal of policies, based on transport statistics and employment trends analysed by Evans and Crampton, 1989, it appears that the central London employment has stopped decreasing in 1982 or

83 and has begun to increase. However favourable economic conditions now available for the financial sector and relatively less loss of jobs from industries which registered decline in the past are seen as principal causes of change (Evans & Crompton, 1989). However, the Dockland Developments and proposals such as redevelopment of Kings Cross is expected to certainly result in growth of employment in London.