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Trends in the development of industries in Goa leading to the Goa investment policy, 2014

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ABSTRACT

The purpose of this paper is to highlight the impact of the growth of the Industrial Sector of the Goan Economy. It is widely believed that the root of the development of any country lies in the strength of the backing provided by its industrial base. It is in keeping with this thought process that the Second Five Year Plan of India (the Nehru-Mahalanobis Model) and currently the Make in India Initiative, attribute maximum importance to the setting up of Industries (either manufacturing oriented or intellectual based). Similarly, after the liberation of Goa, an urgent need was felt to improve the industrial capacity of the state. It is through the programs of the Central and State Governments that Goa recorded success rates within a couple of decades. The demographic set up of the state too facilitated this fast-paced development within the state. Factors such as Literacy rate, Per capita income and HDI accompanied by low Birth and Death rates resulted in the expansion of the GSDP of the state. The share of the Industrial Sector to GSDP increased from 20.80 in 1961-62 to 26.23 in 1981-82. ^[1]

Industrial activity in Goa received a boost during the period from 1993 to 2002 as a result of a special income tax status from the Government of India and a Sales Tax holiday from the Government of Goa. ^[2]

It is the culmination of all these programs and factors that led to the establishment of the Goa Investment Policy of 2014. The vision of this program is 'To be an inspirational investment destination, by making business a pleasure, for best in class manufacturing, knowledge-based, tourism, entertainment and other service industries while improving the environmental and social indicators of the state. ^[2]

Hence, the objectives of the following study are to establish the factors that contributed to the growth of industries, the impact of trends in the development of the industries in Goa, the contribution of MSMEs and large-scale enterprises to GSDP, and finally the implementation of the Goa Investment Policy of 2014.

Keywords: Industries in Goa, Goa, Development of Industries.

Table of Contents

S. No	Content	Page Number
1	Abstract	2, 3
2	Table of Contents	4
3	Introduction	5, 6
4	Objectives	7
5	Review of Literature	8
6	Methodology	9
7	Main Findings	10 – 15

8	Conclusion	16
9	References	17, 18
10	Appendix	19

INTRODUCTION

The smallest state of India, Goa ^[3], received its liberation in 1961, more than a decade after India's Independence. As a result, Goa, having missed the first two development programmes (1st and 2nd Five Year Plans) of India, saw a frenzy of developmental activities with the establishment of the Regional Rural Project of 1962 and the setting up of the Goa Industrial Development Corporation under the Goa, Daman and Diu Industrial Development Act of 1965. These programs aimed at shifting the nature of Goa's Economy from that of a 'Trading Economy' (pre-liberalisation) to that of a 'Production-oriented Economy' (post-liberalisation).

The primary intention of the development of industries in Goa was to facilitate the growth of employment opportunities as well as increase the potential for revenue generation within the state.

It was through the initiative of the National Policy of the Government of India to correct regional imbalances that the state of Goa (except for the capital city of Panjim) was declared as industrially backward. As a result, the industries in Goa could now avail of certain concessions.

The Regional Rural Project (RRP), 1962, worked towards providing recognition to traditional industries such as Carpentry, Wood Carving, Pottery, Leather Work, Bamboo Craft, Metal Craft, Bakery and other such units. The RRP was merged with the Directorate of Industries and Mines, which then began registering industries and classified them into – Artisan Industries, Tiny Industries, Small Industries and Large Industries. After the enactment of the MSMED (Micro, Small and Medium Enterprises Development) Act of 2006 by the Government of India, the industries were classified into Micro, Small, Medium, and Large Enterprises.^[4]

By the year 1999, as recorded by the 2003-04 Goa Economic Survey Report, Goa topped the Index of Social and Economic Infrastructure with a ratio of 200.57.^[5]

Currently, as per the Goa Economic Survey of 2010-11, Goa consists of 20 Industrial Estates and a total of 1,552 registered operating industrial units which employ 38,546 persons. The sum total registered units in Goa amount to 7,350 (which employ 53,714 persons).^[6]

The detailed Taluka-wise distribution of industrial estates along with units functioning and persons employed is provided in Annexure 1.

OBJECTIVES

1. Factors contributing to expansion of industries post-1961 (Post Liberation)
2. Trends in the development/establishment of Industries in Goa
3. Distribution of large scale, medium scale and small scale industries and corresponding contribution to GSDP
4. Goa Investment Policy, 2014

REVIEW OF LITERATURE

Whilst examining the overall improvement in Per Capita Income of any region/state/country, generally accompanied with an improvement in HDI (Human Development Index), the factor that forms the foundation of these improvements is most often pinpointed to be industrial development. On further investigation, it is frequently found that several other factors too play an important part, which may be either government policies, health care services, advancement in international trade and/or others. However, the common underlying source is more often than not an improvement in the Industrial Sector of that region/state/country. In this context, studying the trends in the development of the manufacturing sector becomes the most necessary requirement.

Studies carried out by Bulent Unel (2003)^[7] and Dr. Adil Mohommad (2010)^[8], highlight the productivity trends in India's manufacturing sector. Dr. Adil Mohommad in his dissertation relates industrial development to inclusive growth and poverty alleviation whereas Mr. Bulent Unel in his paper highlights the impact of structural reforms implemented by the Government of India on the productive capacity of the Industrial sector along with providing a classification of the worst and best-performing sectors based on their total factor productivity.

The aim of this study is to note the trends in the development of the Industrial sector of Goa along with the contribution of small, medium and large scale industries to the GSDP (Gross State Domestic Product) of Goa. This study will also cover the aspects of the Goa Investment Policy implemented in 2014.

METHODOLOGY

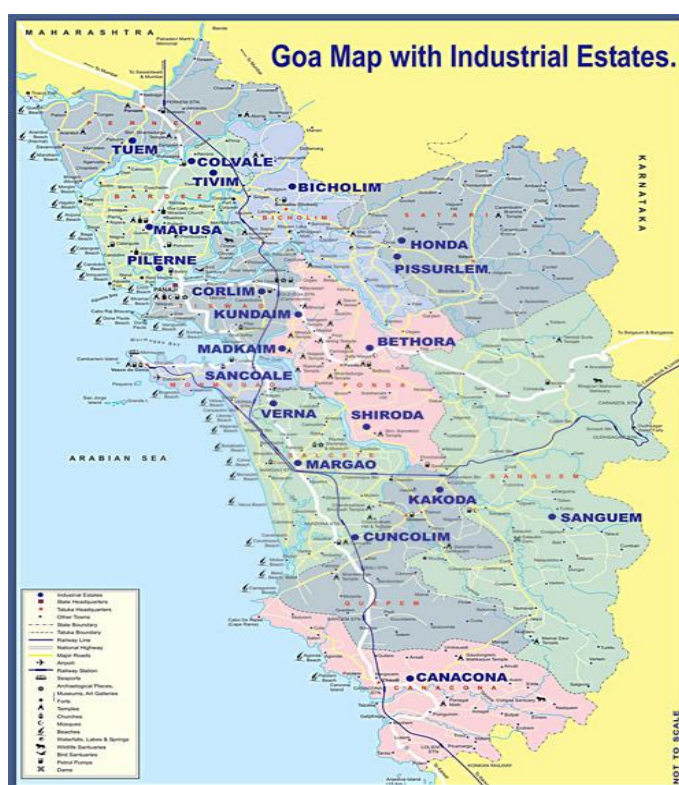
- Collection of Secondary Data from online journals, articles, surveys and other resources
- Collection of Secondary Data from Journals published by the Goa Chamber of Commerce and Industry (GCCCI)
- Compilation of data from the Goa Economic Surve

Main Findings

Goa is one of the fastest growing states in India and recorded a growth rate of about 11.23% in its gross state domestic product (GSDP) between the years 2004-05 and 2014-15. The state's per capita NSDP during 2014-15 was Rs. 2, 97,986.68 and is one of the highest in India. Goa's economic growth is driven by the strong performance of its industrial sectors such as mining, tourism, and pharmaceuticals.^[9]

Factors contributing to expansion of industries post-1961 (post-liberation)

- The availability of a combination of port, rail, road and airport for efficient logistics.^[10] Mormugao is considered as the most important link as far as logistics are concerned. Apart from a large network of roads, Mormugao houses a Railway station, a Harbour and Goa's only Airport.^[11] Mormugao Port is the major port in Goa followed by Panjim Port which is a minor port. Goa possesses a single airport situated at Dabolim, which serves as a naval base, however, all domestic and international flights are also directed through the same. It is well connected with 224 kilometers worth of National Highways.^[12] Railway connectivity in Goa is provided by 105 kilometers of the Konkan Railway line and 62 kilometers of the South Western Railway line.^[13]
- The literacy rate in Goa is a whopping 88.70% (14% higher than the national average), according to the Goa Economic Survey of 2014-15 and is the fourth highest literacy rate in India. This provides the state with a large educated, literate working section of the population.^[14]
- Economic Development indicators in Goa provide positive reinforcements. Goa is in its final stage of demographic transition and thus experiences a low birth rate, low death rate and has the highest doctor-to-patient and hospital-bed-to-population ratios.^[15]
- The supply of electricity does not prove as a barrier. The state receives 394 MW from the Central Generating Stations and 48 MW from Reliance Salgaoncar Power Co. Ltd. The maximum demand in Goa is of the order of 305 MW. Thus there is more than enough supply of uninterrupted power to the industrial sector.^[15]
- Goa has an extensive telecom network too with optic fibre technology, cellular phones, and high-speed Internet.^[15]
- As recorded in 2012-13, Goa possessed the highest Per Capita Income in India. It was recorded to be Rs. 2,00,514, almost triple the value of the National Average of Rs. 67,839.^[16]



Trends in the development/establishment of Industries in Goa:

http://www.goachamber.org/html/index.php?option=com_content&view=article&id=151:industrial-map-of-go&catid=43:about-go&Itemid=40

S.No.	Year	No. of Units	No. Large Scale Units
1	1961-1987	2907	-
2	1987-1988	3271	-
3	1988-1989	3602	-
4	1989-1990	3924	-
5	1990-1991	4120	-
6	1991-1992	4344	-
7	1992-1993	4558	-
8	1993-1994	4787	-
9	1994-1995	4995	-
10	1995-1996	5118	-
11	1996-1997	5278	-
12	1997-1998	5488	-
13	1998-1999	5765	-
14	1999-2000	5949	-
15	2000-2001	6157	-
16	2001-2002	6469	-
17	2002-2003	6714	-
18	2003-2004	6852	-
19	2004-2005	6954	-
20	2005-2006	7060	14
21	2006-2007	7105	8
22	2007-2008	7162	3
23	2008-2009	7238	13
24	2009-2010	7350	47

<http://shodhganga.inflibnet.ac.in/bitstream/10603/39561/7/chapter%20ii.pdf>

In this table, the number of large-scale industries is accounted for only after the enactment of the MSME Act of 2006. Contribution of the Manufacturing Sector to Goa's Gross State Domestic Product at Factor Cost at Current Prices:(in Rs. Lakh)

S. No	Sector	1993-94	2013-14
1	Manufacturing	57365	1555677
2	Registered	45453	1400743
3	Unregistered	11911	154934

<http://goadpse.gov.in/publications/dpse-go-economic-survey2003-04.pdf>

http://goadpse.gov.in/publications/Economic_survey_2014-15.pdf

Goa Investment Policy, 2014

The vision for Goa:

“To be an aspirational investment destination, by making the business a pleasure, for best in class manufacturing, knowledge-based, tourism, entertainment and other service industries while improving the environmental and social indicators of the state.”

Mission:

The mission of the Government of Goa for economic development includes -

1. Environmentally sustainable industrial development to be ensured while accelerating investment in the state.
2. Sustainable employment for the people of Goa, without impacting cultural identity.

3. Existing industry in Goa to be competitive.
4. Infrastructure enablers to be available and reliable.
5. A governance structure that is transparent, seamless and pro-active.

Objectives:

The objectives of this policy are:

1. Creating 50,000 jobs in the next five years.
2. Facilitating Rs. 25,000 Crores of new investment into Goa in the next five years.
3. Providing high-quality logistics infrastructure to industries.
4. Providing 24*7 high-quality power supply and quality core infrastructure to industries.
5. Using innovative and socially acceptable mechanisms to make land available for industrial development.
6. Setting up an Investment Promotion Board and bringing clarity to roles and responsibilities of Goa IDC, EDC, DITC, GEDC, ITG, and GTDC. This policy also aims at providing guidance for policies in other investment areas from the primary sector, and for the creation of the institutional framework for facilitating investments in the thrust areas and other areas decided by the Investment Promotion Board/Government of Goa on an ongoing basis. ^[17]

CONCLUSION

On the basis of data collected, it can be summarised that the state of Goa provides not only all the factors conducive to the setting up of new industries, but government policies of the state also back this drive. The Goa Investment Policy, 2014, Goa Industrial Policy, 2014 accompanied by tax holidays, subsidies and other promoting elements create an investment friendly atmosphere in the state.

As is also seen, the contribution of the manufacturing sector is on a continuous rise despite the ban on mining. With increased importance to innovation, research and development aided by the high literacy rate within the state, Goa is gaining momentum in its development pace.

It can be concluded that the economic progress of a state stems from its manufacturing sector. With the trajectory that Goa's industries have seen since Liberation, the time is not far when Goa will be considered the Industrial Hub of India.

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Appendix

Annexure 1: Taluka-wise Industrial Estates along with units functioning, employment and area covered

S. No.	Taluka	Number of Industrial Estates in each Taluka	Industrial Units Functioning	Employment	Area covered by IE (m ²)
1	Tiswadi	01	76	700	211363
2	Bardez	04	223	4500	1040420
3	Bicholim	01	85	1200	212276
4	Satari	02	39	900	663618
5	Pernem	01	44	500	162118
6	Ponda	04	365	7100	3339726
7	Mormugao	01	138	2200	429270
8	Salcete	03	511	1900	7962081
9	Quepem	01	42	2000	237045
10	Sanquelim	01	1	146	498859
11	Canacona	01	30	300	143310
	Total	20	1552	38546	14900086

Total number of units registered in Goa: 7350

Total employment in registered units in Goa: 53714

Economic Survey of Goa, 2010-11

(Source - <http://shodhganga.inflibnet.ac.in/bitstream/10603/39561/6/chapter%20iii.pdf>)