An Introduction to Goa Economy

Goa is located in the western region of India. The state shares its borders with the Arabian Sea to the west, Maharashtra to the north and Karnataka to the south and the east. Due to its scenic beauty, cultural diversity and architectural splendor of its temples churches and monuments it is a favorite spot for the tourists from all over India as well as from all over the globe . Goa is one of the 365 days tourist destinations.

It is the fastest growing states in the country. The state's Compound Annual Growth Rate was at about 11.39 per cent between 2004-05 and 2015-16. The state's per capita Net State Domestic Product (NSDP) was US$ 4,765.7, one of the highest in India, in 2015-16. Goa's strong economic growth was due to its performance in industrial sectors such as mining, tourism and pharmaceuticals.

It has increased power generation capacity to great extent. By the end of June 2016, Goa had a total installed power generation capacity of 412.45 MW. Goa is also one of the few states in India to achieve 100 per cent rural electrification. Goa is the second state in India to achieve a 100 per cent automatic telephone system with a solid network of telephone exchanges.

Infrastructure in Goa has increased at a rapid rate to provide the perfect platform for other sectors to grow at such a pace. Goa has a well-developed social, physical and industrial infrastructure and virtual connectivity. It has an international airport that is in line with its importance as a globally-recognised leisure destination. It also has significant port infrastructure. The state has an established base for the pharmaceuticals industry and an emerging destination for knowledge-based industries such as biotechnology and IT.

According to the Department of Industrial Policy & Promotion (DIPP), FDI inflows into the state of Goa, during April 2000 to March 2016, totaled to US$ 841 million.

Various indictors of economy of Goa

The GSDP at constant (2011-12) prices for the year 2015-16 (Quick Estimates) is estimated at above 37,520 crore as against 34611 crore in the year 2014- 15 (Provisional- Estimates) thereby reflecting a growth of 8.41 percent as against 9.64% in 2014-15.

Per Capita Income

Per capita income is increasing at a rapid pace for the state of Goa. Per Capita income of state of Goa is also one of the highest in India. It is seen that per capita depicts

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downward trend from 2,89,192 in 2011-12 to 241893 in 2013-14 and thereafter it showed an increase from 2,71,793 in 2014-15 to 2,99,003 in 2015-16(Q).

Secondary sector and tertiary sector plays an important role in the development of the economy of Goa. These two sectors together provide more than 90% of GSDP. As per the Quick Estimates of GSDP for the year 2015-16 (Quick Estimates) at constant prices, primary sector accounted for 6.88 percent, secondary sector for 46.45 percent and tertiary sector accounted for 46.67 percent. The Primary sector which accounted for 21.52 percent during 2011-12 declined to 6.88 percent during 2015-16(Q). Similarly, the composition of secondary sector which was about 47.23 percent during 2011-12 has come down to 46.45 percent during 2015-16 (Q) However, the composition of tertiary sector gradually increased from 31.25 percent in 2011-12 to 46.67 percent in 2015-16 (Q).

Agricultural sector : Government aimed at doubling the farmer's income by 2022 by focusing on potential crops like Cashew, Coconut, Mango and Paddy by increasing productivity. Various schemes are being implemented to improve the performance in agriculture.
Industrial sector : The Government is encouraging green project and boosting employment potential industries in the State. The trained unemployed youth are given placement in these industries.

Efforts are made to improve condition of small and medium entrepreneurs to improve their international competiveness acquiring the necessary technologies and quality infrastructure, enhancing productivity and export potential and developing entrepreneurial human resources, particularly among women and youth.

Tourism : Tourism is the most important industry that promotes economy to higher levels. It has become a major industry in Goa and attracts domestic and foreign tourists from all over the globe for a fabulous peek into the complex heritage and natural spectacle of the state.

Recent Developments to promote the growth of economy

For the development of ‘Ease of doing business’ and ‘investor friendly ecosystem’ initiatives in the state, the state government has proposed to establish an EMS (Electronic Monitoring System) that will track the progress of all IPB granted single window clearances, as per state budget 2016-17.

Union ministry of home affairs (MHA) has identified five islands in Goa, namely St George Island, Grande Island, Pequeno Island, Conco Island and Bhindo Island to carry out holistic development.

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Goa government has approved the Rs 981 crore (US$ 144.1 million) proposal for Panaji Smart City which will have a major focus on eco-mobility, public transport system and improvement of conservation zones.

Goa has a coastline of about 104 kms and inland waterways of about 250 km. The coast is full of creeks and estuaries formed by rivers.

Goa has a strong presence in mining, tourism and pharmaceuticals sectors. Mining (iron ore and manganese), pharmaceuticals, iron and steel industries are present in North Goa while mining and shipbuilding industries are present in South Goa.

Tourism is the largest segment in the services sector. Goa is traditionally known as a tourist paradise for its natural scenery, beautiful beaches and cultural diversity. During 2015, the footfall of foreign tourists in the state reached 541,480.

Goa has also emerged as a manufacturing base for several leading companies in areas such as fertilisers, tyres and tubes, cement, electrical machinery, fish-net making machines, automatic washing machines, printed circuit boards, pharmaceuticals and pharmaceutical machinery. Cashew processing has also been a traditional industry in the state.

Major initiatives taken by the government to promote Goa as an investment destination

The state government has proposed to install 100 solar powered dual water pumps at an amount of US$ 3.05 million with 50 per cent assistance by the Government of India, in the remote areas of Goa.

As of July 2016, Goa had seven formally approved and three notified special economic zones (SEZs). However, there are no operational SEZs in the state and no in-principle approved SEZ.

The state is in the process of developing the logistics sector by forming a special logistics group and constructing several bridges to address the existing deficiency with regard to logistics and warehousing.

Goa Pharmaceutical Manufacturers' Association (GPMA) is a registered body formed with the objective of uniting the pharmaceutical manufacturers in Goa. Export of pharmaceuticals products from Goa was recorded to be 5,076 metric tonnes during 2015-16.

A new IT policy 2015 : The state government has announced to introduce a comprehensive IT policy with the objective of supporting the Electronic System Design and Manufacturing (ESDM) sector in the state.

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The Government of India has granted the approval to the state government for constructing the Electronics Manufacturing Cluster in Tuem by providing a central assistance of US$ 7.63 million.

The state Government has been proactive in encouraging public-private partnerships for promoting tourism by instituting a corpus fund.

New Tourism Policy: The state Government is also working on a new tourism policy with a vision of overall tourism development and to engage with private players to invest and develop infrastructure in the state. As of 2015-16, the number of passengers who arrived in the state on the basis of e-tourist visas was recorded to be 80,928. Moreover, the state recorded a total of 541,480 foreign tourists from over 141 countries across the globe. To further promote the tourism sector, a new Tourism policy has been proposed.

During 2015-16, the state government created a separate District Mineral Foundation under the MMDR Act, 1957, as per which the state's mining firms need to deposit an additional amount of 30 per cent of the royalty paid to this fund.

During 2015-16, production of fish in Goa was recorded to be 115.09 thousand tonnes. Moreover, in order to boost ornamental fish farming in the state, a model ornamental fish farm is expected to be set up during 2016-17 by the Department of Fisheries.

Main Features of Budget of Goa

The GSDP at constant (2011-12) prices for the year 2015-16 (Quick Estimates) is estimated at above 37,520 crore as against 34611 crore in the year 2014-15 thereby reflecting a growth of 8.41 percent as against 9.64% in 2014-15.

Growth rate projected an 11% growth in the GSDP(Gross state domestic product) during the next fiscal year. According to reports, central funding during the last fiscal year had risen three-times to Rs 3224.61, which is 22.4% of the net state budget.

Sectoral contribution towards gross domestic product of the state shows that industry and services sector together provides over 90% to GSDP. As per the Quick Estimates of GSDP for the year 2015-16 (Quick Estimates) at constant prices, primary sector accounted for 6.88 percent, secondary sector for 46.45 percent and tertiary sector accounted for 46.67 percent. The Primary sector which accounted for 21.52 percent during 2011-12 declined to 6.88 percent during 2015-16(Q). Similarly, the composition of secondary sector which was about 47.23 percent during 2011-12 has come down to 46.45 percent during 2015-16 (Q) However, the composition of tertiary sector gradually increased from 31.25 percent in 2011-12 to 46.67 percent in 2015-16 (Q).

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