

Study of Panaji under DGFT as an “Export Hub” initiative



FEDERATION OF INDIAN EXPORT ORGANISATIONS

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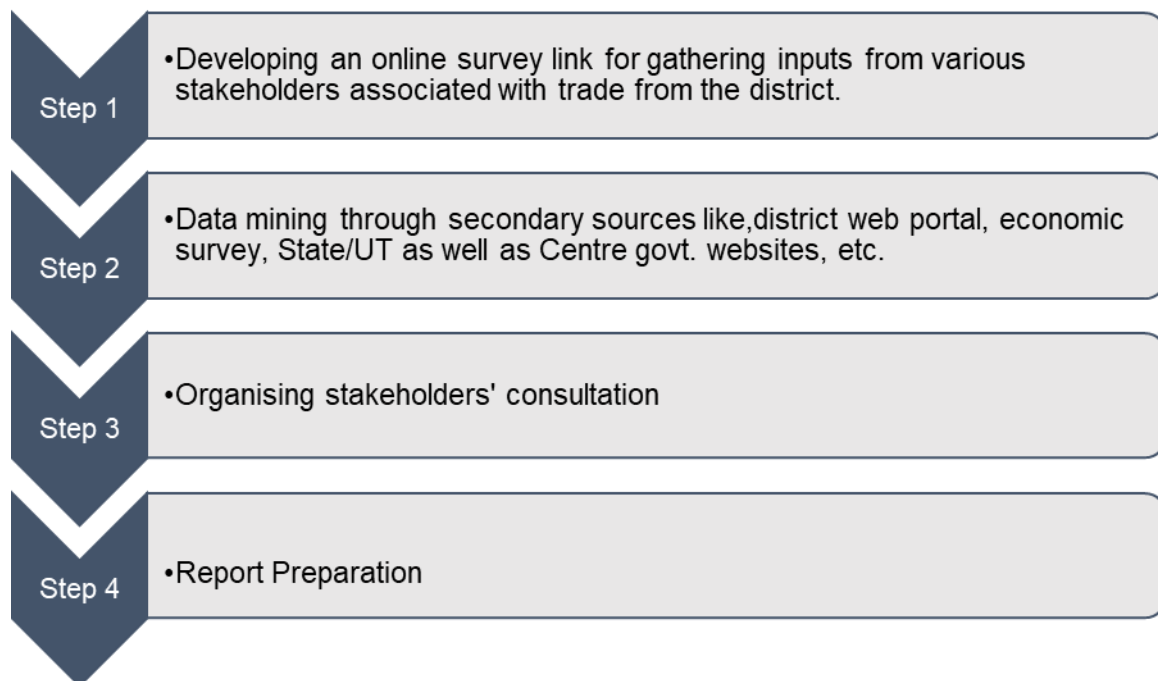
1.0

Objective

The Study overall aims towards facilitating exporters in the district through various measures pertaining to policy, infrastructure, logistics, ease of doing business, promotion, skill development, cluster development, etc.

1.1

Methodology



1.2

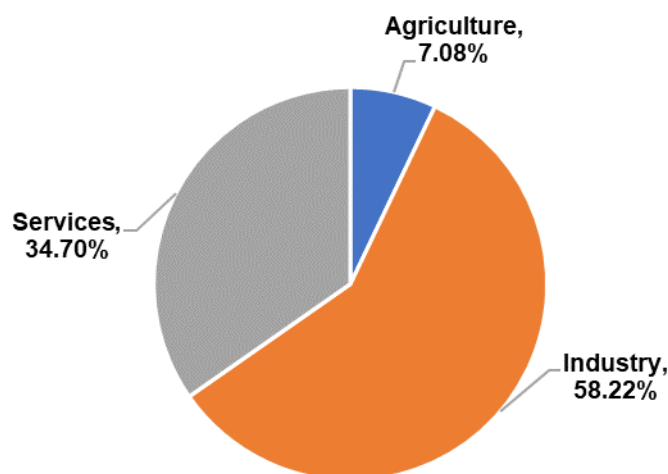
Stakeholder's Consultation

FIEO organized an Interactive Video Conference with Stakeholders from Panaji, Goa under DGFT's District as Export Hub Initiative on 25th February 2021. The objective of the session was to identify key issues and challenges and also to find out the potential export sectors from the District.

The meeting attended by Joint DGFT, Officials from DIC, Representatives from Goa Pharmaceutical manufacturers association, Goa Air Cargo Association, Goa chamber of commerce and Industries, Travel and Tourism association of Goa, Goa Technology Association and World Trade Centre. The Session also witnessed active participation from various sectors from the District.

- Goa is located on the west coast of India. The state shares its borders with Arabian Sea to the west, Maharashtra to the north, and Karnataka to the south and the east. It is traditionally known as a tourist paradise for its natural scenery, unique beaches, and cultural diversity. 68% of its area is under forest and tree cover. State Government is committed to conserve and improve the rich natural heritage of forest and biodiversity of Goa with people's participation and also to compensate any loss of tree/ forest cover due to various developmental works.
- Gross State Domestic Product (GSDP) of Goa at current prices increased at a Compound Annual Growth Rate (CAGR) of 10.88% between 2015-16 and 2019-21. Goa's Net State Domestic Product (NSDP) was Rs. 660.60 billion (US\$ 9.45 billion) in 2018-19. Goa's economic growth is driven by the strong performance of its industrial sectors such as mining, tourism, and pharmaceuticals.

Composition of Goa's Gross Value Added (at current prices)

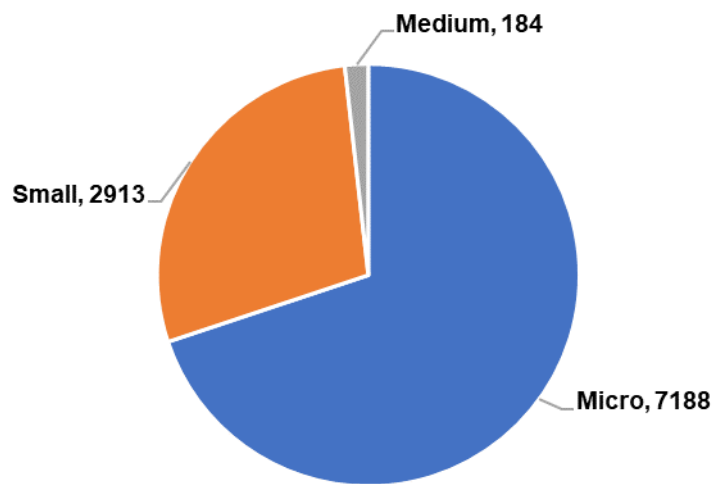


*Goa's GSDP (current prices): Rs 81502 Crores
Rank in India: 17th (2019-20)*

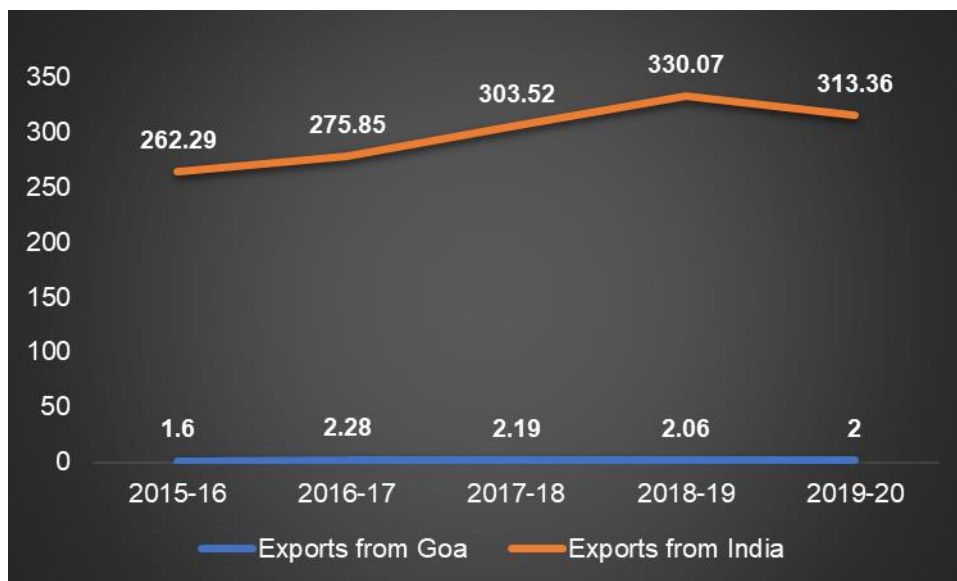
- According to the Department for Promotion of Industry and Internal Trade (DPIIT), Foreign Direct Investment (FDI) inflow in Goa stood at US\$ 77.97 million between October 2019 and September 2020.
- As per 2011 Census, the population of Goa constitutes around 0.12% of the total Country's population i.e. 14,58,545 as against 1,210,569,573.

- Goa has been placed at 21st position in terms of mobility of goods and efficiency of logistics chain, according to the Logistics Ease Across Different States (LEADS) index 2019 of the Ministry of Commerce & Industry.
- According to NITI Aayog's Export Preparedness Index 2020, Goa stood at 17th position both among all Indian States/UT's and placed at 2nd position under the category of Union Territories.
- Goa is a popular tourist destination due to its natural beauty and bountiful avenues for leisure and relaxation. The tourism industry directly contributes 16.43% to Goa's Gross Domestic Product (GDP) and directly employs ~35% of the state's population.
- The State received 42.00 lakh tourists in the year 2019-20 upto August which comprises of 37.07 lakh domestic and 4.93 lakh foreign tourists. It has been observed that, there is a 3 percent increase in the arrival of tourist of which 2.70 percent contributed by domestic tourist and 4.87 percent by foreign tourist. The state has good connectivity in terms of international flights, including chartered flights from European countries.
- Goa has a coastline of about 104 kms and inland waterways of about 250 kms. The coast is full of creeks and estuaries formed by rivers. 125.6 thousand tonnes of marine fish were harvested in 2019. Exports of marine products from Goa stood at US\$ 53.64 million between 2019 and 2020; and were at US\$ 23.22 million in April-November 2020.
- Industry sector accounted largest number of percentage share (58.22%), followed by Services and Agricultural sector. Rise in the secondary sector was largely driven by the manufacturing industry, construction and utility services, while the growth in the primary sector was driven by agriculture and fishing sectors.

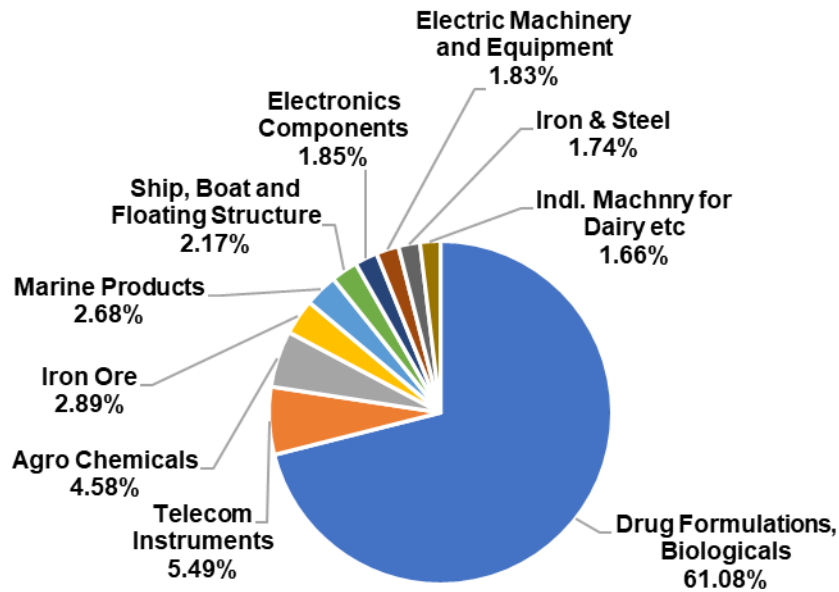
Composition of MSME units registered in Goa



EXPORTS FROM INDIA vis-à-vis GOA (values in USD Bn)



During 2015-16 to 2017-18, Goa stood as 16th largest exporting State in the Country. While, for 2018-19 and 2019-20, Goa was placed at 18th position.



Out of 168 principal commodities, Goa exported 121 commodities in 2019-20. The above pie chart depicts the top 10 principal commodities which constituted a share of 85.97% in State's total exports.

2.1	<i>District Profile</i>
	<i>North Goa</i>

North Goa is one of the two districts that constitute the State of Goa. The district has an area of 1736 km², and is bounded by Sindhudurg and Kolhapur districts of Maharashtra state to the north and east respectively, by South Goa District to the south, and by the Arabian sea to the west. Population of North Goa district is around 818,008.

Topography

North Goa district belongs to the "Central Midland region" characterized by moderately elevated but undulating terrain having roughly NW – SE trend; separated again by undulating tracts of deeply weathered etch plains. North Goa district comprises of coastal plain on the west, lateritic plateaus at the central portion and western ghats along the eastern most part. The river basins and the coastal alluvial flats are the lowlands of North Goa.

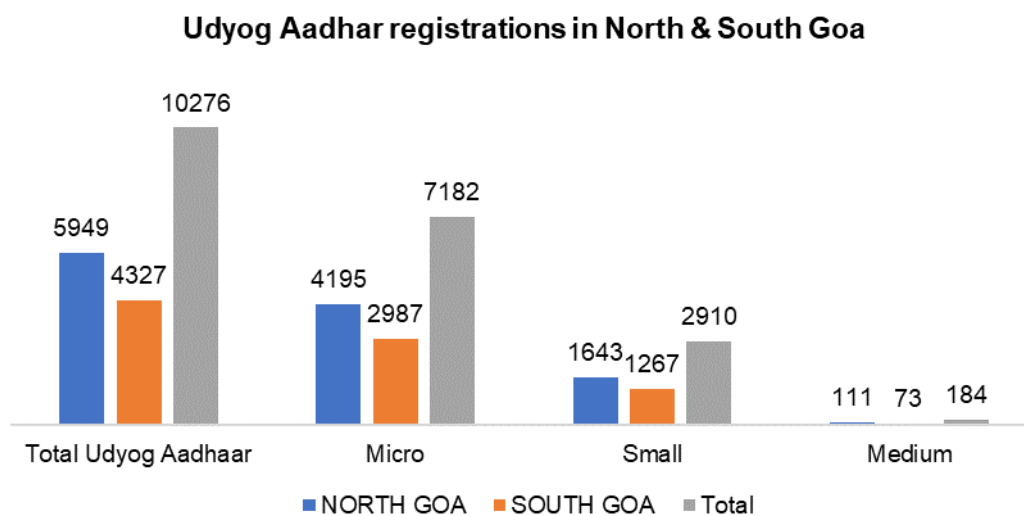
Panaji

Panaji is the capital of the Indian state of Goa and the headquarters of North Goa district. It lies on the banks of the Mandovi River estuary in the Tiswadi sub-

district (taluka). With a population of 114,759 in the metropolitan area, Panaji is Goa's largest urban agglomeration, ahead of Margao and Vasco da Gama. Panaji had a population of 114,405.

Panaji is one of the 65 cities identified under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). Two projects costing around US\$ 15.6 million have been sanctioned for Panaji.

Panaji also witnesses footfall of international as well as domestic tourists. North Goa has more than 20 beaches, along with beautiful forts and churches, which makes it a picturesque land of natural beauty.



Above bar graph depicts number of Udyog Aadhar registrations in North and South Goa. North Goa accounted around 57.8% to the total Udyog Aadhar registrations.

Connectivity

Panaji being the capital city of Goa has a well-developed social, physical and industrial infrastructure, and virtual connectivity

- **Road:** NH-17 runs along India's West Coast & links Goa to Mumbai in the north & Mangalore to the south. NH-4A running across the state connects Panaji to Belgaum (Karnataka) in the east. As of March 2019, Goa had 293 km of national highways.
- **Airport:** Goa has one airport at Dabolim, which functions as a domestic as well as an international airport. The state is connected to most Indian cities by air. A second greenfield international airport is being developed in Mopa, Goa with an annual capacity to handle 30 million passengers by phase IV.
- **Rail:** The total railway route in Goa comprises of two rail tracks: the Konkan Railways line that runs from the north to south and the South-Western Railways line that runs from west to east. These routes connect the state to other parts of the country. Konkan Railways, which connects Mumbai, Goa

and Mangalore, has considerably boosted tourism. The Mormugao port is connected through a broad gauge line.

- **Multi Modal Logistics Park, Balli:** Multi Modal Logistics Park is located at Balli Station near Madgaon in Goa. The park is located on Konkan Railway route. It has been set as per MoU entered between Konkan Railway & Container Corporation of India Ltd (CONCOR).
 - The park from its economic transport solutions and state of the art facilities will benefit both trade and industry in Goa. The container depot at park will reduce time required to cover distance between JNPT port (Mumbai) and Goa via road in 30-40 hrs from 16 to 18 hrs. Thus, it will save time, along with cost of transportation and relieve congestion on road and fuel.
 - Set up of MMLP at Balli has been already done, while approval of authorities for bonded permission is still awaited. Domestic movement has started. Provision of rail facility and custom clearance facility will also be there at Balli. Goa has capacity of 1000 TEU's and even if 500 TEU's is provided to Balli, it can easily function.

MOPA Airport

- A second greenfield international airport is being developed in Mopa, Goa with an annual capacity to handle 30 million passengers by phase IV. The first phase of the airport, being developed at Mopa plateau in North Goa and will be commissioned by August 2022.
- The concept of pharma village is under consideration, subject to the requirements of trade. Tenders have been opened by cargo infrastructure companies and will be closed by next week, only then construction will start.

Key sectors

After consultation with various stakeholders and with the fact that Panaji is the capital city of Goa and the main headquarter of North Goa district, the following sectors could be focussed for export promotion:

- ❖ Pharmaceutical sector
- ❖ IT

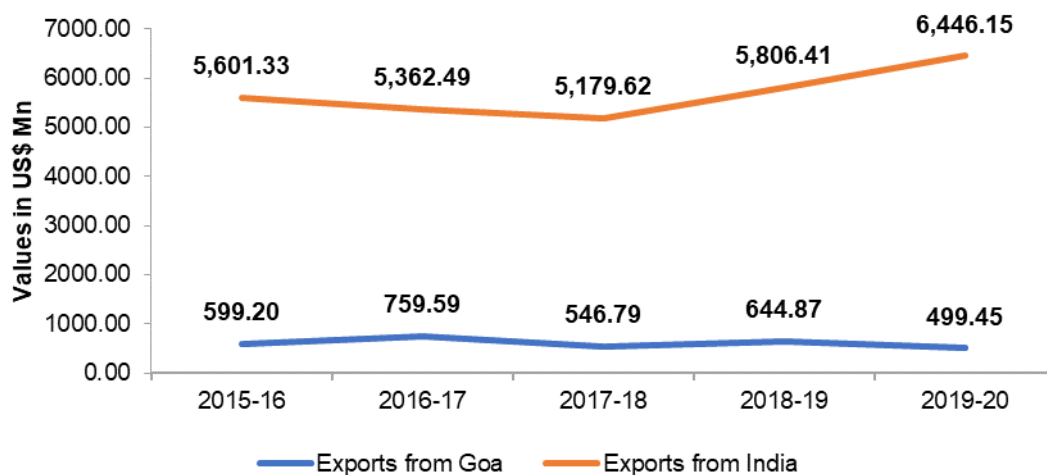
A detailed analysis of each of the above sectors including the concerns of stakeholders/recommendations for boosting exports is covered in the sectoral chapters of this report.

Goa has a large established pharmaceutical industry with estimated yearly revenues of more than Rs. 7,500 crores (\$ 1.35 billion). The industry is growing at a healthy rate of about 15% annually, and employs more than 25,000 persons. It is estimated that the pharmaceutical industry in Goa contributes around 10% of India's pharmaceutical output.

The Pharmaceutical Industry has emerged as a major component in the industrial development of Goa because of its ambience and pollution free atmosphere that is conducive to the Pharma Industry.

Goa has international advantage and natural attraction, there is scope to set up companies. Pharma industry from Goa turnover has 20,000 crores.

30049099 (Other Medicine Put up for Retail Sale N.E.S)



Strategy

Facilitating infrastructure

- Companies are sending the hazardous waste to Mumbai and due to over burden of capacities in Mumbai, the companies are looking at other options in Hyderabad too. There is an immediate requirement for an incineration facility to be set up in Goa as waste is sent to incineration facility located in Mumbai for treatment, as a result of which trade has to bear huge transportation cost (Rs 45/kg).
- There are hardly 1-2 testing labs in Goa. Samples are being sent to Mumbai or Hyderabad for testing. Thus, setting up of testing lab in Pharmacy College can be considered.
- Export facilitation desk at North Goa and South Goa can be created for connecting to buyer, export related information can be created. This can also facilitate the loan requirement/ skill development needs of the industry.

Facilitating human resource

- There are sufficient colleges in Goa for B Pharma (PES, Pharmacy college) and the number of pass outs are also enough as per the industry needs. However, there is an artificial shortage due to gender imbalance which is posing challenge. Pharma companies are required to work in three shifts and most of the pass out were girls (nearly Ninety percent) and due to regulatory and cultural issues, the companies are facing challenge. Also lack of connectivity from North Goa to South Goa during night further poses challenge with the movement of girl employees. This needs attention.

Policy intervention needed

- Need of the hour is the provision of subsidies and tax benefits for attracting pharmaceutical companies in the State. In Asia Pacific and China, finished product is cheaper than API.
- It has been informed that support from local community is required for encouraging investments in the State.

Exports of other medicine put up for retail sale (HS code 30049099) from Goa in 2019-20

Exports from Goa	:	US\$ 499.4 Mn
Exports from India	:	US\$ 6446.14 Mn
Share of Goa	:	7.74%

Major Export Destinations of Goa for HS code 3004909



These five markets occupied a share of 67.08% in Goa's total exports of the item.

3.1

Information Technology

Goa carries the capability to lead Indian IT sector. There are around 250 IT companies in Goa out of which 57% are startups. Goa's IT industry is about Rs 700 crore growing at 8% year on year basis. By 2025, it is envisaged at Rs 1200 crore. There are about 9000 plus jobs in IT. Around 27,000 employment has been given by IT industry only. IT exports in Goa is 0.1% of total India's exports. Attaining a share of 1% of India's exports will take another 5-6 years.

Strategy

Facilitating Infrastructure

- Apart from G- wave and ethernet express, DNA network is also one of the reliable suppliers of internet in Goa. However there are issues related to last mile connectivity and many companies have stopped hiring people from Panaji due to connectivity issue between North Goa and South Goa. This needs attention by the State government on priority basis.
- Each and every time an internet line is laid; interference from the PWD department is faced. Thus, there is a need for synchronization of all the departments to address this issue.
- All panchayats are already connected by G wave. To give impetus and provide an eco-system to smaller units, a co-working space for 10-15 people can be created.
- IT companies are required to work as per the needs of the customer, e.g., for a US client might have to work as per US timings i.e. late night and they are not able to do so as public transport is bad and there is no connectivity from North Goa to South Goa in night. The last public transport from Mudgaon to Panaji is at 10 PM and for that matter from Panaji to Mapusa, the last connection is at 8 PM. This is extremely important which needs attention and will help them to employ more people.

Policy Interventions

- Industry has been benefited by Startup and IT policy but now it is a matter of concern as by the end pandemic, 40% of the startups would be affected. Sustained disbursement of funds under the prevailing schemes is the need of the hour.

3.2

Export Logistics

Dabolim Airport

It has been reported during stakeholder consultation that air cargo in the state from the Dabolim airport is set to fall due to the disastrous impact of the pandemic on flights. Cargo movement from the airport in 2020-21 is not even going to be 10 per cent of what it was in the previous year. In 2019-20, the State's international airport handled 1,800 tonne of cargo comprising mainly of exports of perishable commodities. But in 2020-21, the total traffic is only about 100 tonne (made up of about 80 tonne of exports and 10 tonne of imports).

Strategy

Facilitating Infrastructure

In 2018-19, the cargo terminal at Dabolim handled 2,200 tonne of cargo. The airport presently has a capacity to transport around 3,000 tonne of cargo annually. The extreme drop in air cargo volume could have been easily avoided if the local industry had used the terminal at the airport for goods movement. The state is a hub for pharmaceutical exports, but local pharmaceutical companies prefer to use the cargo facilities at Mumbai or even Bengaluru and Chennai while blaming the lack of cargo facilities at the Dabolim airport. Also, large-bodied aircrafts are willing to land in the state for pharmaceutical exports but so far virtually no pharmaceutical company excluding Glenmark Limited has showed an interest in transporting air cargo from Dabolim.

- Presently Dabolim airport has an EDI facility and has also got RA3 certification which is required for exports of Fruits and vegetables to Europe. Various cargo service operators are ready to operate from Goa, however, in absence of a consolidated demand projection, the scheduled carrier could not be worked out. Therefore, there is a need to have joint consultation among major associations and councils and their members so as to estimate actual requirement of the trade present in Goa.
- There is no proper sitting of custom officials and drug control officials at Mormugao port, this need to be taken care on top priority.

Mormugao Port Trust

Strategy

Facilitating infrastructure

- Most of the pharma companies are directly sending to JNPT barring a few, because of the fact that companies have logistics office located in Mumbai. It has been informed that on booking larger volumes of Cargo through Mumbai, trade is usually offered better rate along with competitive pricing. The same can be facilitated from Goa itself in order to attract logistics flow directly from the State.

It is understood from the trade that around 150 containers of Pharma are being sent to Mumbai on daily basis for export from JNPT. The option of feeder vessel could be once again explored provided it has backing from industry in a consolidated manner and such vessel should get priority berthing at JNPT.

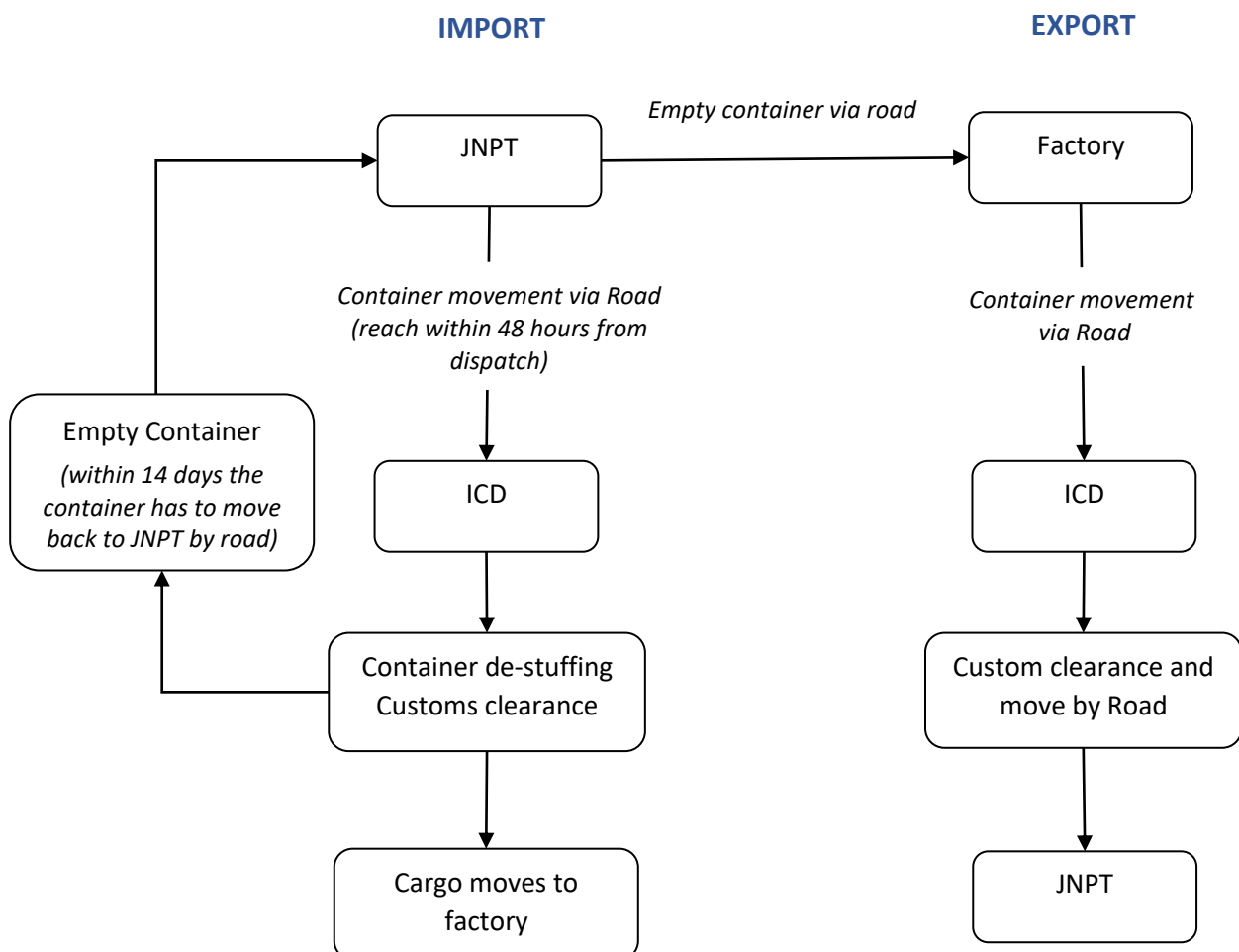
The option of rail/ feeder could be explored to bring efficiency.

- Industry is facing disadvantage of both cost and time while using MPT. There is a time delay of around 7-12 days when using MPT or even higher. Moreover, it is expensive as the cargo have to be offloaded and connected to generators at transit location to maintain temperature. There is a waiting time at Colombo also. Difference of time and cost is reflected as per table below:

Destination	Loading Port	Pre-Carriage Cost	Custom clearance charges (Incl.THG)	Sea Freight	Total Cost in INR	Transit Time Port to Port
Australia	Nhava Sheva	65,700	38,244	118,620	222,564	29 days
Australia	Marmagao	21,240	49,908	199,437	270,585	35 days
Germany	Nhava Sheva	65,700	41,123	138,240	245,063	28 days
Germany	Marmagao	21,240	52,717	154,022	227,979	45 days
UK	Nhava Sheva	70,500	41,123	138,060	249,683	28 days
UK	Marmagao	21,240	37,577	150,898	209,715	45 days

The concern of cost and time once addressed through more feeder/Balli ICD would provide much relief to the sector.

- LOGISTICS MAPPING**





ANNEXURE

Annexure I

PRESENCE OF TRADE RELATED ORGANISATIONS

District: North Goa

DGFT	o/o Additional DGFT 6 th floor, Kendriya Sadan, C&E wing, Koramangala, 2 nd Block 17 th Main Road, Bangalore- 560 034 Phone: 080-25527215 Telefax: 080- 25537214
State Government & DIC Goa	Industry directorate, trade and commerce, Government of Goa, Udyog Bhawan, Panaji, Goa - 403 001. Phone: (0832) -2222241, 2420787, 2226377, 2422268 Email: dir-indu.goa@nic.in
FIEO	Times Square, Unit No.3A, B-Wing, 4th Floor Andheri Kurla Road Andheri (East), Mumbai-400059 Phone: +91-22-40572222,
Local Export Promotion Bodies	Goa Pharmaceutical Manufacturers Association Sanofi Synthelabo(India) Pvt Ltd GIDC, Plot No. L-121,Phase IIIA. Verna Industrial Estate, Verna Goa 403722, India.
	Goa technology Association S7, Second Floor, Pai House, Sadar, Ponda, Goa Email: info@goatechassociation.com

	World Trade Centre Goa Office 26, EDC Complex, Dr A. B. Rd, Panaji Panaji - Goa, India 403 001; India Phone: +91 (0832) 2431107 / 08; +91 (0832) 2431107 Email id: wtc@wtcgoa.org
	Travel and Tourism Association of Goa 609 Dempo Tower, Patto, Panaji, Goa 403001