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## INDUSTRIAL POLICY OF GOA – 2003



### Initiatives...

taken by the government to accelerate industrial development in Goa.

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# MISSION

The mission of the Industrial Policy is to ensure accelerated industrial development, catalyze economic growth, ensure balanced regional growth, protect the environment and above all create sustainable employment to local youth of Goa.

The policy document focuses on the creation of sustainable employment opportunities for the people of the state. This will be achieved by providing the industry an access to high quality infrastructure, extending institutional support, technology upgradation, deregulating business environment for an efficient, proactive and transparent administrative framework and catalyzing the entrepreneurial as well as creative capabilities of human resources and providing market support.

The policy document aims at ensuring a facilitative regime that explores and unleashes the energies of the private sector to create an environment in which industries, both existing and new, can prosper.



# OBJECTIVES

The mission can become a reality with clearly laid down objectives that will provide both focus and direction.

The document lays down the following major objectives:

1. Promote industries specifically identified as 'Thrust Areas'.
2. Promote industries, which would consume locally available raw materials.
3. Develop Goa as the 'Export/Import Hub' and encourage export oriented industries.
4. Develop self-employment opportunities for the local youth, especially in rural and semi urban areas.
5. Promote and encourage the agro based industries to give a boost to the rural economy.
6. Promote and encourage development of handicraft products to give a boost to local artisans.
7. Create a healthy climate for the growth and

promotion of small-scale and cottage industries.

8. Promote and encourage the process of technological upgradation/automation in the existing units as well as new industries so that need of migrant labour is gradually reduced, thereby arresting the influx of migrant labour.
9. Create cluster development centres in rural areas around which traditional livelihood earning professions can develop and thrive.
10. Encourage industries which can convert existing and generated industrial waste such as mining rejects, slag etc., into useful products.
11. Encourage participation of women entrepreneurs in the industrial development of the state.
12. Ensure balanced growth to address regional economic and social disparities in the state.
13. Encourage promotion of all such industries that are environment friendly and do not indulge in wasteful consumption of resources.
14. Facilitate revival and rehabilitation of sick industrial units by devising suitable schemes.
15. Promote Research and Development (R&D) to enable the industry to have access to state of art technology.
16. Encourage the participation of Industry Associations in the decision making process and support their initiatives in promoting industrial development.
17. Encourage artistic talents amongst local youth.

## THRUST AREAS

The policy document identifies the following as thrust areas for focused attention:

1. Pharmaceuticals, drugs and bio-technology industries,
2. Food processing and agro-based industries.
3. IT and IT-enabled services,
4. Eco tourism/heritage tourism /adventure tourism/ event tourism/medical tourism,
5. Entertainment industry.

In order to ensure that thrust areas receive focused attention, setting up of the following will be encouraged:



1. Pharma park.
2. Food park including wine park.
3. Software Technology Park (STP).
4. Agro Economic Zone.
5. Bio-technology park.
6. Apparel park.
7. Special Economic Zone.
8. Film City.



## INITIATIVES

The successful achievement of the objectives depends on a clear and well defined strategy. The strategy is required to take into account the state of the existing institutional mechanisms and the need for creating new ones and support structures in order to achieve the objectives. It should also focus on administrative reforms that aid and support realization of the objectives. Creating synergy in the local youth would be one of the most important strategies to ensure their participation in making the mission a success.

### 1. Establishing Institutional Networks

The government has already established various institutions to cater to the many sectors of industry, with clearly defined roles and responsibilities. The following institutions shall have an important role to play:

**a. GOA INDUSTRIAL DEVELOPMENT CORPORATION:**

This Corporation has been established for the purpose of securing land and assisting in the rapid and orderly establishment of industries in industrial areas and industrial estates. 21 industrial estates set up by the corporation shall be provided with state of the art infrastructure facilities in a stipulated time frame. Uninterrupted electric power, necessary water supply, a network of good roads, the availability of easy and fast transportation wherever they do not exist. The government will revamp the functioning of the Goa Industrial Development Corporation, and make efforts to energise the corporation to provide proper

infrastructure and facilities, for setting up of industries and attracting investment in Goa.

**b. ECONOMIC DEVELOPMENT CORPORATION:**

This Corporation has emerged as a leading financial institution promoted by the government but intended to be managed on professional lines to perform the role of a scheme manager for the government and operate, as directed, various financial schemes. Economic Development Corporation will be made to play a more proactive role and will be revitalized as a leading financial institution.

**c. INFORMATION TECHNOLOGY CORPORATION:**

Realizing the potential of information technology to impact the growth of every sector of the economy, the government has set up the Information Technology Corporation. The Corporation's mandate includes development of IT related infrastructure, IT enabled services and implementation of e-governance objectives of the government.

**d. GOA HANDICRAFTS RURAL AND SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION:**

This Corporation has been set up with an intention to promote the traditional arts and crafts fashioned by Goan artists/artisans. Besides this, the Corporation performs various other functions such as procurement and distribution of indigenous and imported raw materials, and also assist the Small Scale Industries (SSI) units to procure raw materials and market their products. Through establishment of emporia, their products are exhibited and sold. This Corporation will be further engaged in identifying products from different trades. Units will be assisted by providing designs and even in laying down the process parameters, for ensuring better quality. Expertise in packing will be offered in order to enhance the sales.

**e. KHADI AND VILLAGE INDUSTRIES BOARD:**

This is a statutory organization which provides financial assistance in the form of loans and grants to entrepreneurs. The board supports and encourages



**INSTITUTIONAL NETWORKS:**

- a. Goa Industrial Development Corporation
- b. Economic Development Corporation Ltd.
- c. Information Technology Corporation
- d. Goa Handicrafts Rural and Small Scale Industries Development Corporation
- e. Khadi and Village Industries Board
- f. Goa State Infrastructure Development Corporation
- g. Goa Tourism Development Corporation
- h. Goa Horticulture Corporation
- i. Government Institutions Industrial Training Institutes
- j. Training cum production units
- k. Technical Institutions

artisans from rural areas under Rural Employment Generation Programme (REGP). So far the board is implementing schemes formulated by the Khadi and Village Industries Commission on an all India basis and the government of Goa has to bear the cost of establishment. Presently, only one scheme viz., "Margin Money Scheme" is implemented by the Board in Goa. Generally 25% subsidy in form of margin money is allowed. In cases of women and the weaker sections, the subsidy is to the tune of 30%. Government contribution will be provided for increasing the interest of such artisans.

**f. GOA STATE INFRASTRUCTURE DEVELOPMENT CORPORATION:** This Corporation has been set up as a special purpose vehicle with the basic aim of further developing infrastructure in a time bound manner.

**g. GOA TOURISM DEVELOPMENT CORPORATION:** This was established to specifically promote tourism and related activities in the state of Goa. Goa is the first to accord industry status to the tourism sector. Special emphasis is being laid to develop eco tourism, heritage, adventure, medical and event tourism.

**h. GOA HORTICULTURE CORPORATION:** One of the major areas the Corporation explores is the possibility of promoting investments in export-oriented projects, such as the cultivation of exotic fruits and vegetables, flowers, etc. The Corporation also attempts to reduce the dependence of the hospitality sector for such material on regions outside Goa. The Corporation is also entrusted with development of horticulture estate and establishment of sale outlets for local produce through Krishi Ghars. These institutional mechanisms will be strengthened and rejuvenated to become engines of growth and to cater to the industrial policy objectives.

**i. INDUSTRIAL TRAINING INSTITUTES:** To cater to the requirement of skilled/semiskilled manpower for industries, the government has enhanced the quality of training in all its government Industrial Training Institutes (ITIs). ITIs are now equipped with latest



modern equipment and machinery. The instructors/trainers have been sent for upgradation of their technical knowledge and for enhancement of their teaching skills. To provide exposure to understand the requirement of industries, Institute Managing Committees (IMCs) have been formed in many ITIs. Production Oriented Training (POT) will be introduced shortly in all ITIs. This will give trainees On Job Training (OJT). This will also inculcate timely delivery and quality consciousness in them.



- j. TRAINING CUM PRODUCTION UNITS:** It is proposed to enhance productivity in all industrial units by introducing good machinery and equipment, as well as proper vigilant supervision. A show room in the building of the DITC has been set up to exhibit various products manufactured by the units. It is also proposed to have an extensive display of our products on permanent basis at our Design & Development Centre at Neugi Nagar, Panaji. It is proposed to enhance marketing of our traditional products like wood carving, papier-mache, bamboo and cane work, pottery and coir work. This will give a boost to the local artisans. These units have been placed under the State Directorate of Craftsman Training, in order to enhance its usefulness and effectiveness.



- k. TECHNICAL INSTITUTIONS:** The state has a well-established government engineering college, including two private engineering colleges and various polytechnic institutions, which cater to the requirements for qualified technical personnel. Several new courses/programmes have been introduced in keeping with the latest technologies being used in the industry. The Tool Room Training Centre, which provides precision tools, quality testing and training to suit the needs of the industry, will be revamped to ensure that the requirements of the industries are fulfilled.



## 2. Simplifying Administrative Reforms:

In order to ensure efficient, effective & responsive administration, appropriate administrative reforms will be carried out to ensure greater amount of transparency and accountability in the functioning of the government by simplifying procedures and enhancing the capabilities of human resources.

The government has already initiated steps for simplification of procedures in various government departments. Citizens Charters have been framed by all departments and a system of regular monitoring and review will be put in place. The existing set up of single window clearance is being revamped by setting up of statutory bodies with clearly defined objectives and necessary authority.

In order to enhance the capabilities of government employees, suitable training programmes will be devised and imparted in a phased manner with special emphasis on skilled development and change in mindset. In this respect e-governance measures have been adopted in simplifying procedures, increasing transparency and accountability.

The government has already come out with the policy document on tourism and is in the process of finalizing policy papers on new information technology, taking into consideration present trends in bio-technology.



## 3. Promoting Investments:

The policy document strives to promote Goa as a 'Global Investment Destination' by attracting investments from both local and outside entrepreneurs, national, multi-national companies and international agencies including Non-resident Indians (NRIs).

In order to create a healthy investment climate, the government has proposed to set up an investment promotion board by enacting suitable legislation. The mandate will include identifying the investment requirements of the state, prioritizing public investments

in specific projects, deciding modalities of funding, ensuring timely clearance of the investment proposals and reviewing the execution of the projects.

The Investment Promotion Board would act as a facilitator for investment promotion and serve as a single window clearance authority for medium and large scale industries.

Similarly, for small scale industries, it is proposed to set up a committee headed by the Minister (Industries) to address the problems/grievances of industries in a time bound manner. This committee will meet periodically and review the functioning of small scale industries and recommend measures for strengthening the sector in addition to addressing specific grievances.

A committee will be constituted under the chairmanship of the Secretary (Industries) for providing single window clearance for SSI units for permanent registration, along with the representatives of the concerned departments as members with statutory powers.

## 4. Developing Infrastructure

A sound infrastructure is the backbone of a healthy economy. The state already possesses excellent infrastructure, which includes the highest network density of roads, connectivity by rail to all parts of the country, an international airport (with another international airport in the pipeline) and a natural port. The state also has power surplus and has a strong transmission and distribution network, which is being further modernized. The government has already reduced the tariff by about 7%. There is ample supply of water. Efforts will be made to ensure timely and perennial distribution of water throughout the year.

In keeping with the motto of developing Goa as a 'State of Excellence', the policy document envisages development of world-class infrastructure on par with the developed countries. The state would actively encourage and promote public-private partnership in infrastructure development and invite both Indian



and foreign investments. Financial assistance for industrial development for export will be provided for strengthening the existing infrastructure.

In order to create an appropriate framework for facilitating investment in the infrastructure development, an Infrastructure Act is being proposed to ensure smooth and quick development of infrastructure facilities in Goa.



## **5. Simplifying Procedures for Land Allotment/Registration**

The existing industrial estates will be further improved and land allotment process will be expedited by simplifying the procedures. The government has substantially reduced the stamp duty payable by the industrial units.

It is also proposed to (a) increase the FSI (floor space index) in industrial estates and nonurban areas for the benefit of the industries (b) ensure computerization of registration formalities so that the process will simplify and expedite the registration process. (c) notify the existing industrial estates.

## **6. Bettering Labour Reforms**

Due to liberalization of the economy/WTO regime there has been a tremendous impact on the concept of security of job across the world. This has not left Goa untouched, and tendencies for short term employment and contract labour, as well as retrenchment has become the part of the system. The government has considered this and has cushioned the impact of such negative forces by introducing Retrenchment Benefit Scheme and Smart Card Scheme, both of which ensure social security cover. This has already reflected in a lower rate of labour unrest in the state. The current policy also encourages employment on sustainable basis and many other benefits to the workers.

The emerging economic environment, involving rapid technological changes, globalization and liberalization of trade and industry, requires that industries should become more competitive in terms of price and quality. Therefore, there is an increasing demand for multi-skilled

workers and people with higher technical qualifications. The government is aware of the need to invest in skill development, training and education of work force and modernization of training systems. The government has already taken steps to revamp Industrial Training Institutes in the state. It is introducing a modular approach to vocational training, which will aid multi-skilling and impart skills to the labour market. Two year multi-skill diploma courses have already been introduced in the ITIs. The SSIs have a pivotal role to play in the overall industrial development of Goa. The SSI operations tend to be labour intensive and it has been the endeavour of the government to promote SSIs, as they in turn promote employment.

The state will ensure an administrative regime, which is simple, transparent and responsive to the needs of the industry, and which will ensure harmonious industrial relations and increase the opportunities of employment. Considering the various problems faced by small scale industries with respect to regulation of employment by government departments, the Government of Goa has given support to the Central Government's proposal for introduction of a system of self certification, with inspections kept to the minimum.

## **7. Transferring Units**

Any industrial unit seized under section 29 of the State Financial Corporation Act, 1951 and thereafter sold to a new entrepreneur shall be treated as a new industrial unit for the purpose of all concessions as applicable under the policy. Arrears of sales tax, entry tax, and any other state government dues payable by previous owners will not be realized from the transferees of the transferred units. These being public dues, they will be recovered from the previous owners under the alternate legal provisions like Goa Land Revenue Code and the rules made thereunder.

## **8. Reviving Sick Units**

Recognizing the need to revive and rehabilitate those sick industrial units that are employment oriented, the policy document proposes setting up of appropriate mechanisms for both SSI and large & medium



scale industries to identify and help the process of rehabilitation. A package of incentives is being provided for their revival and rehabilitation.

The government will formulate an “Exit & Closure Policy” for those industries, which are sick and cannot be salvaged.

## 9. Providing Incentives

Goa offers innumerable advantages to investors in terms of social and physical infrastructure. In addition, various incentives/subsidy schemes are already in operation.

To further boost investment in the industrial sector, it is proposed to offer a host of incentives and investor friendly measures. These measures would not only provide a competitive advantage to the state as an attractive investment destination, but also sustain the long-term presence of industries.

The proposals will be given concrete shape by finalizing appropriate schemes within a period of 90 days from the date of publication of the Industrial Policy.

The following incentives/subsidies and investor friendly measures are proposed:



**a. EMPLOYMENT SUBSIDY SCHEME:** This scheme is an innovative concept for supporting sustainable employment of local youth. The concept lays great stress on generation of employment and not on capital deployed. It also takes into consideration the fact that employment retained is employment created.

All manufacturing SSI units and specified categories in medium and large scale units, including sick units under revival plan, will be covered under the scheme. The salient features of the scheme are:

- ▶ Subsidy would be applicable to employees of all SSI units and in specified categories of medium and large scale units whose gross salary is less than Rs. 10,000/- per month while the actual benefit would be restricted to a maximum salary of Rs. 6,000/- per month.
- ▶ There will be a ceiling under maximum subsidy with a limit of Rs 6 lakh per annum for SSI units,

and Rs. 12 lakh per annum for medium and large scale units.

- ▶ Subsidy will be available for a period of 5 years. in case of new units, while for existing SSI units and sick units under revival plan, it would range from 2 to 4 years as per criteria laid down.
- ▶ Subsidy ranges from 10% to 40% depending on category, location of the unit, etc.
- ▶ New units having 80% of local manpower employed amongst its permanent employees are eligible. However, existing units in SSI sectors and also sick units under revival plan would also be eligible for periods specified in the scheme.

**b. CAPITAL CONTRIBUTION SCHEME:** This scheme is designed to support local entrepreneurs, promote industrial units to manufacture goods, and also units in tourism sector, except hotels and resorts. The salient features are:

- ▶ Maximum capital contribution of Rs. 1 crore per unit subject to the equal paid up share capital of the promoters. The restriction of share capital will not be applicable to the sick units. The capital contribution will be for a period of 5 to 10 years with a guaranteed return of 6% annually.
- ▶ Preference will be given to SSI units, R&D and technology oriented units, and those run by women entrepreneurs.
- ▶ In order to be eligible under the scheme, the unit has to be in operation for a period of at least three years. This scheme is applicable only for partnership firms and private limited firms
- ▶ The quantum of contribution under the scheme will be subject to budgetary provisions, except in case of sick units under a revival plan.
- ▶ The applications which are not considered during the fiscal year shall lapse and fresh applications are required to be filed during the next financial year.
- ▶ However, in case of sick units under a revival plan, the capital contribution will be subject to:
  - The unit generating net revenue in VAT to the government.
  - The actual generation of net tax revenue dur-



**INCENTIVES:**

- a. Employment Subsidy Scheme
- b. Capital Contribution Scheme
- c. Share Capital to Self Employed/Local Entrepreneurs
- d. Interest Subsidy Scheme
- e. Certification/ Patenting Incentives
- f. Scheme to Encourage Consumption of Local Raw Materials
- g. Mediclaim Facilities
- h. Preferential Purchase Incentives for SSIs
- i. Incentives for Women
- j. Export Market Development Scheme

ing the preceding year.

- The details for treatment of sick units will be spelt out in the package for sick units.

**c. SHARE CAPITAL TO SELF EMPLOYED/LOCAL ENTREPRENEURS:**

The scheme envisages local youths or local entrepreneurs to start income generation activities by providing share capital contribution for specified activities. The salient features are:

- ▶ Maximum share capital contribution of Rs. 2 lakh in case of each individual with professional degree/diploma including ITI, and Rs. 1 lakh in case of individuals with non-professional qualifications. This would be subject to contribution not exceeding 50% of total capital.
- ▶ Beneficiary shall be below 40 years of age to be eligible. However in case of widows and the disabled, Other Backward Classes (OBCs), Scheduled Castes (SCs) and Scheduled Tribes (STs), the age will be relaxed by 5 years.
- ▶ A group of persons can take benefit under the scheme up to the extent of Rs. 10 lakh subject to the condition that the individual limit per head is not exceeded.
- ▶ The share capital should be paid back to the government over a period of 10 years.
- ▶ Collateral security will not be insisted upon. Self-guarantee by the applicant/parents will be sufficient.

**d. INTEREST SUBSIDY SCHEME:** In an effort to boost economic growth in Goa, it is proposed to provide subsidy on interest payable. This will be a great incentive to the investor who could then invest more and seek better returns for himself and for the state.

The salient features of this scheme are:

- ▶ The scheme will be applicable to new SSI and tiny units in the manufacturing sector.
- ▶ Incentives will be to the extent of 11-12 % of the total net turn over or 30% of the interest paid,



whichever is less subject to a ceiling of Rs. 5 lakh per annum.

- ▶ The scheme is applicable in respect of working capital and term loans obtained from nationalized banks and other specified financial institutions for purpose of plant & machinery required for manufacturing. The scheme will not cover penal interest/default interest.
- ▶ The eligibility amount of loan shall be subject to parameters as deemed fit.

**e. CERTIFICATION/PATENTING INCENTIVES:** Units which obtain certification/accreditation by ISI & ISO, or any other international certification and/or patent right on products and/or processes, need to be specially encouraged. Such units provide a benchmark of excellence and serve as a model for others to emulate. Under the scheme, a subsidy will be a maximum of Rs. 2 lakh per unit. The facility is available only once after permanent registration and all units, existing or new, are eligible.



**f. SCHEME TO ENCOURAGE CONSUMPTION OF LOCAL RAW MATERIALS:** The scheme envisages encouraging consumption of raw materials by the industrial units by offering incentives. The salient features of the scheme will be:

- ▶ Applicable to only units in specified categories.
- ▶ Minimum 30% of the value of raw material used should be from local sources.
- ▶ The benefit above 30% consumption will be proportionately higher.
- ▶ Incentives will be in the form of subsidy in power and water bills.

**g. MEDICLAIM FACILITIES:** A healthy economic growth is directly linked to a healthy industrial atmosphere. And this in turn depends very much on the health

of the manpower that turns the wheels of growth. Appreciating this reality, the policy document proposes mediclaim facilities to employees in all the sectors. The salient features are:

- ▶ All employees who are not covered under any

other medical scheme such as Employee State Insurance (ESI) are eligible.

- ▶ Employees drawing a gross salary not exceeding Rs. 1.5 lakh per annum, will qualify for this scheme.
- ▶ The scheme is applicable to regular employees only. contract/temporary employees shall not be covered.
- ▶ Employees who wish to avail the benefits under the scheme will require to register with the designated authority.

#### **h. PREFERENTIAL PURCHASE INCENTIVES FOR SSIs:**

At present the SSI units are given a price preference of 15% in purchases made by government departments and public undertakings. This is proposed to be replaced with a new scheme, which will ensure protection to SSIs. The salient features of the scheme are:

- ▶ Those manufacturing SSI units whose quotation is within 15% of the lowest quotation of non-SSI supplier will be allowed to match the lowest quotation and will be given preference for order.
- ▶ However, in case of contractual tenders involving supply and installation of goods manufactured by SSIs, pro-rata advantage over and above the lowest quotation will be granted.
- ▶ EMD to be payable by SSIs will be fixed at a maximum of Rs. 500.
- ▶ The tender document cost will be fixed at a maximum of Rs. 200.
- ▶ Priority in payment will also be ensured under this scheme so that SSI units do not face liquidity crunch.
- ▶ The SSI units having turn over not exceeding Rs. 5 crore and registered in Goa with the DITC only are eligible for the benefits of the scheme.

#### **i. INCENTIVES FOR WOMEN:** in order to encourage the employment opportunities for women and also to provide support to women entrepreneurs, the following benefits are proposed to be extended:

- ▶ 5% additional benefit under local employment



subsidy scheme. This is over & above what is eligible under the scheme.

- ▶ Priority in share capital contribution and special capital contribution schemes.
- ▶ In case of interest subsidy scheme, prescribed limit of 11-12 % of turn over will be increased and 30% of interest paid will be increased to 35%. However, subject to overall ceiling of Rs. 5 lakh.

**j. EXPORT MARKET DEVELOPMENT SCHEME:** In order to encourage the Goan industry to improve the exports market, financial assistance in the form of interest free loan up to 5 lakhs repayable over 5 years will be granted, provided the unit has been in operation for at least five years, has Import/Export Code and its turn over does not exceed Rs. 5 crore during the preceeding 3 years.

**k. EARLY BIRD OFFER:** Units which would be set up within one year from the date of publication of the Industrial Policy will be considered for additional benefits under various incentives/subsidies. The additional incentives shall be detailed in the scheme.

## MONITORING AND REVIEW OF THE POLICY

A High Powered Cordination Committee (HPCC) headed by the Chief Minister shall be constituted to oversee the implementation of the Industrial Policy. The committee will review the implementation of the policy from time to time and issue suitable directions.

A Monitoring Committee headed by the Chief Secretary will also be constituted to look into the problems arising with respect to implementation of the policy and will have the powers to provide relief in deserving cases. This committee will also act as grievance redressal machinery for the industries.





All departments and institutions shall take the necessary action to give effect to the provisions of this policy within 30 days of the declaration of the policy.

The performance of the industries will be evaluated on an yearly basis, and suitable awards for outstanding achievements in areas like sports, social service, industrial management, pollution control, energy conservation, etc. will be instituted.

**Panaji, 4 August, 2003**

**Smt. Jayshreeraghuraman, Secretary of Industries**



