

Economic Development of Goa

Problems and Prospects

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With the installation of civil Government in Goa, problems of economic reconstruction and development of the former Portuguese enclave assume immediate importance and deserve careful consideration.

The Government of India has lately devoted much attention to evolving a special economic programme for the development of Goa, Daman and Diu. This augurs well for the rapid integration of the liberated areas into the established national, pattern of development through planning.

The details of the Government's economic programme are still not clear, but it was made known on the floor of Parliament that the financial system was being centralised under the Reserve Bank of India, Goa would continue to maintain its distinct economic entity for some time. This approach is a realistic recognition of the peculiar problems of development of the rich natural resources of the region.

GOA is essentially an agricultural region. But the rapid (perhaps a bit too rapid) development of mining industry in the last decade has adversely affected agriculture. Since 1951, Goa has faced acute shortage of agricultural labour. Agricultural labourers have been compelled to migrate to Bombay or overseas mostly as seamen on foreign boats because they could earn better wages in the mining areas and in the cities than in agriculture under the antiquated feudal system of land tenure. Secondly, the big-bottomed barges carrying ores for loading in Marmagoa produced waves in the big rivers like Mandovi and Juari that ruined irrigation bunds in a number of islands in the river basins and on the banks.

Although the Portuguese had promoted a drive for growing more food, agriculture had ceased to be economic. Too rapid exploitation of the mines has inflicted permanent damage on Coan economy. The hillocks with *caju* trees and the beautiful greenery had been deliberately cut down without thought of its long-term repercussion on the economy. As a natural consequence, rainfall has been gradually declining and the lack of sub-soil water has become a perennial problem facing most Goa's villages.

Goa forms an integral part of the south Konkan coastal region and like the adjoining Konkan district of Katnagiri, it has always been deficit in food. Typically hilly terrain, the low productivity because of inferior soil—the antiquated feudal system of land tenure, lack of irrigation facilities, out-moded methods of culti-

vation — all these account for the low yield per acre and the consequent deficit in food grains

Feudal Agriculture

Goa remains a citadel of feudalism with a small but influential class of big, mainly absentee, landlords or 'bhatcars' and a mass of serfs or 'mundcars.' Some of the absentee feudal lords own vast areas of land and two of these families own between them all the arable land in the district Pernem.

Three-fourths of the total cultivable land in Goa belongs to the traditional village community, known as 'comunidade.' These are State lands auctioned every year to the highest bidder. The profits are distributed among share-holders, who were originally inhabitants of the village but now are absentee landlords.

But whether the land is owned by 'comunidades' or by the feudal lords directly, the actual tillers are the tenants or semi-serfs. They enjoy no protection or security of tenure and can be ejected by landlords at will.

The methods of cultivation are traditional and antiquated. Modern agricultural practices are unknown. There are practically no irrigation facilities except the canals of Khandepar and Paroda, constructed at a capital cost of 26 million escudos (Rs 43 lakhs). Of course there are a few bunds on local nalas and rivers and small-scale lift irrigation. But they hardly cover 3 per cent of the total arable land.

Untapped Irrigation Potential

However there are sufficient untapped water resources for large-

scale, medium and minor irrigation, as there are eight rivers*, with tributaries, that spring in the ranges of the Sahyadri mountain. Four are big enough for riverine traffic. The Mandvi has a length of 18 miles and ferry boats ply along the river. There are also a number of lakes in central Goa which can be used for irrigation. Intensive cultivation and double cropping can be introduced, if irrigation facilities are made available to the farmers. Some of the land is highly fertile and the Goan peasantry is known to be industrious.

Then there is great scope for development of horticulture which has always been an important industry in Goa. There is a good demand in India for the principal cash-crops like coconut, betelnut and *caju*. Schemes to develop coconut, betelnut, mango, *caju* and similar plantations of the type sanctioned for the Konkan region under the Third Plan will strengthen the agricultural economy of Goa.

As the low yield of the land is attributable to the archaic land tenure system, any programme of agricultural development must be preceded by liquidation of the absentee landlords. In fact, land reforms are an immediate necessity to raise agricultural production and raise the morale of the tillers.

Small-scale and medium-sized industries, particularly extracting and processing industries, can be set up in the rural areas to enable the underemployed agricultural population to supplement its meagre agricultural income. Manufacture of salt, fisheries, fish and fruit canning and similar industries

can also be established and developed, if cheap power is made available in the rural areas.

Reckless Exploitation of Minerals

From the geophysical point of view of the Indian sub-continent, Goa is strategically situated. With its fine natural harbour, enormous mineral resources and extensive forest wealth, this tiny area will turn into a hub of industrial activity. Until about 1947 Goa was an economic liability to Portugal: in recent years it had become an important source of foreign exchange. Following the acceleration of the pace of exploitation of the iron and manganese ore deposits and the lucrative contracts for the export of these ores to countries like West Germany, Japan, France, the USA, etc, Goa had assumed great importance for the Portuguese economy, especially since the disturbances in Angola disrupted the economy of that colony

During their 451-year rule, the Portuguese made no capital investment in Goa. They made no attempt to industrialise the colony. They encouraged reckless exploitation of the mineral wealth of this small area, granting as many as 375 mining leases for the extraction of iron and manganese ores. Prospecting of the iron ore deposits had been permitted in a haphazard, unscientific and wasteful manner because the export of minerals supplied the Portuguese with large amounts of foreign exchange.

Mining in Goa started only around 1906 when some Bombay industrialists acquired mining concessions for manganese ore in Rivona, Curpem and Naturlim near Marmagao. Six concerns obtained licences and as many as 21 mines were opened. Iron ore mining was also started during the same period by a French firm and leases were acquired in Bicholim, Sanquelim, Collera and Kaly areas. Since then mining activities in Goa have waxed and waned according to international market conditions. There were periods of boom in mining industry during 1908-13, 1924-29, 1937-42 and after the end of Second World War till now.

At present out of a total area of 1309 sq miles nearly 75 sq miles are covered under mining lease having nearly 375 mines. Sanguem

and Quepem districts situated in the south of Marmagao — Castle Rock Railway lines, and Ponda and Bicholim districts in the north are the four important districts where mining of iron and manganese ores is extensive. Some mining is also carried on in Bardias, Satari and Pernem districts.

Iron and manganese ores occur together in many areas. The average iron content in the iron ore varies between 55-65 per cent. Manganese ores are of low to medium grade containing 36 to 44 per cent manganese. High grade manganese ore containing 46-48 per cent manganese is limited.

Increase in Ore Exports

Most of the iron ore mines are mechanised. Machinery like bulldozers shovels, air compressors, belt conveyors, jaw crushers and screening plants has been set-up by every important mine-owner. Mechanisation of mines was started only after 1951 when Goa entered into long-term contracts for exports; of iron ore to Japan and West Germany and manganese ore to the USA. As a consequence, production as well as export (in fact the) are equal. Iron ores have been steadily rising in recent years, as is evident from the following table:

Export of Mineral Ores
(In lakh of metric tons)

YEARS	MANGANESE	
	IRON ORE	ORE
1948	0.05	0.05
1950	0.71	0.15
1953	8.53	2.07
1955	15.05	1.49
1957	26.78	1.87
1960	56.52	1.54
1961	64.30	---

Of the 56.52 lakh metric tons of export of iron ore in 1960, 25 lakh metric tons were to Japan, 22 lakh metric tons to West Germany and the rest to France, Italy, Belgium, Sweden and Holland. Bulk of the manganese ore export was to the USA. The slight fall in the export of manganese ore since 1953 was because the demand had fallen. Manganese ore is found in Goa mainly in pockets and, as such, there is a limit to the supply, but iron ore is in reefs and so there is no immediate danger of exhaustion.

The Portuguese authorities were looking forward to the export of larger and larger quantities of iron

and manganese ores. They expected a three-fold rise in the export of iron ore in the coming decade, as is evident from the Japanese plan for import of iron ore from Goa, given below :

Programme for Export of Iron Ore to Japan

(in lakh metric tons)

YEAR	QUANTITY (actual)
1960	2.50
1962	36.1
1963	43.0
1964	51.5
1965	63.0
1970	97.5

Foreign Collaboration in Mining

In recent years mining activities have been helped by foreign technicians, especially from Japan and West Germany. There are two major foreign undertakings, one is a joint venture between Italians and Germans and the other entirely Italian. There are some Indian mine-owners also. But the industry as a whole is controlled by a few powerful combinations.

About 38,000 workers are employed by the mining industry. While no Indian worker was supposed to be employed in Goa, the former Governor General, Brig Vassalo D Silva, had publicly stated that he had issued nearly 10,000 permits for Indian mine-workers, mainly persons from UP and Andhra. This gives us some idea of power of the mine-owners in both Panjim and New Delhi. Some of the capital invested in Goan mining came from the large profits from smuggling, and one finds in the list of holders of mining leases, names of notorious smugglers included in the Indian Government's blacklist of smugglers. The mine-owners, including Indians, possess millions of dollars deposited in foreign banks. The Goan nationalists have been demanding that these deposits must be frozen and confiscated for utilization "for development of Goan economy.

Because of the acute shortage of labour in Goa in recent years, the mine workers were able to get tolerably good wages of about Rs 2.75 to Rs 4 per day. But the workers enjoyed no legal protection. Legislation enacted by Portugal fixing an 8-hour day had never been enforced. Many serious accidents and even deaths occurred in these mines. The mines were not regular-

ly inspected to ensure safety of workmen.

Besides manganese and iron ores, occurrence of asbestos, bauxite, china clay, copper, gold, mica, ilmenite and ochres are reported. But the extraction of these minerals has not started so far, may be because the reserves are insignificant. The geological survey, that is being conducted in Goa by the Ministry of Steel, Mines and Fuel, is expected to throw light on a number of dormant vital resources besides iron and manganese ore deposits. The findings of the survey will facilitate the preparation of an integrated plan for the systematic exploitation of natural resources and consequently the rapid economic development of Goa. Implementation of a development programme in Goa will not only ease the financial burden on the Centre, but may also make a positive contribution to the Third Plan in terms of physical output, foreign exchange and employment.

Industrial Backwardness

Despite several natural advantages, Goa has not been industrially developed. With the exception of a match factory at Gurti and fishmeal pilot plant in Vasco da Gama other industrial units are small factories or cottage industries employing in all a few thousand workers. They include some hand-operated looms, soap making units, coconut oil mills etc. There are also a few small cashewnut factories. There is not even a brewery in Goa despite tin-heavy consumption of liquor by the local population.

But Goa has considerable possibilities of industrial development. The annual production of more than 6 million tons of iron ore and nearly 2 lakh tons of manganese ore indicate the richness of the tiny area in mineral resources. But no metallurgical industry has yet been developed. The main difficulty in the way of establishment of a steel plant in the region is that of the supply of metallurgical coal from Bengal-Bihar coal fields. But this difficulty can be overcome by the import of coal by the same ships which carry iron ore for export. Moreover Goa has a few waterfalls, including the famous Dudhsagar falls, and big rivers that can be harnessed for generation of power.

The fishing industry has made some progress in recent years. It was mechanised in 1958 and has since then turned out to be a lucrative source of revenue to the Goa treasury. The exact quantity of fish netted in Goa has always been difficult to ascertain, in 1960 trawlers and other fishing vessels caught 14.4 lakh kilos of fish. Of this catch 1.4 lakh kilos were sold locally and the rest was supplied to the plant for production of fishmeal and extraction of oil. A part of the fishmeal was used as fertiliser and fodder and the rest was exported.

In addition to the existing units, there was a proposal to set up another fishmeal and oil factory, an ice plant for fish preservation, a laboratory and research centre and an electric power house. The prospect for development of the industry is apparently sound and it would certainly be worthwhile for the Government of India to pursue these projects and explore the field further.

The recovery of salt from sea water is an important small scale industry. There are as many as 570 salt works in Goa, employing more than 2,500 workers. With the development of transport and hydro-electric power a number of cottage and small-scale industries like salt-works, fisheries, fish and fruit canning industries, coconut oil mills, power-loom, soap, cashewnut factories etc can be developed in Goa, provided (heap credit and organised marketing facilities are made available.

Development of Ports.

The port of Marmagao, because of its natural advantages, is one of the best ports in India. The harbour lies on the mouth of Juari river. It has a long break-water and is sheltered from storm and wind. It is accessible to shipping throughout the year. It has recently been fully mechanised with Japanese technical assistance, for loading ore. Marmagao is connected by an 81-km metre-gauge railway line to the east Gaste Bock railway station of the Southern Railway. Prior to the embargo on export of commodities through Marmagao about 7 years ago, most of the manganese and iron ores originating from Hospet Hubli.

Bellarv and Shimoga areas found an outlet through Marmagao. It is a port with a rich hinterland. Now that Goa forms a part of India, the entire region in its vicinity can feed it.

In fact Goa has two anchorages, one the port of Marmagao and the other in north known as Aguada near the mouth of Mandavi river. Aguada is not connected by rail and manganese and iron ores mined in the north and northeast of Aguada are brought to this port by river or by trucks.

The volume of export trade through Marmagao port has increased in recent years to such an extent that there is little scope of additional export through this port. Moreover the railway is also unable to handle all the mineral traffic moving to Marmagao. There is therefore, no reason to slacken efforts to develop other ports like Karwar, Mannavar, etc, in the south and Vengurla, Redi, etc, in the north of Goa.

with ports like Marmagao and Aguada, and a network of rivers, maintenance and repair of vessels had long been a problem in Goa. A public limited company, the Naval Shipyard of Goa Limited, was formed with an authorised capital of 30 million esendos (Rs 5 million). It had acquired a total land area of 1-1,500 sq. metres and had been authorised to reclaim another 29,900 sq. metres from the sea. The company went into operation early last year. Now the company is either to be nationalised or to be provided with adequate financial and technical assistance so as to enable it to complete its expansion work in time.

Foreign Trade

India provided a substantial proportion of Goan imports, including foodgrains and other necessities till 1953. The Portuguese had always levied heavy duties on goods imported from India. As regards imports from other countries, a substantial part of these imports, which were far in excess of local requirements, was for smuggling across the border into India and included, in addition to bullion, foreign luxury

goods on which India levied heavy duties or imports of which were Totally banned in the interest of the development of Indian industries. For instance, when a blanket ban on imports of all foreign shaving blades was imposed the Goan merchants (rather, summers) formed a syndicate for importing shaving blades worth Rs 2 crores. Almost all these blades were smuggled into India.

The abnormal increase in the value of imports into Goa after 1953 is explained by the fact that after India broke diplomatic and trade relations with the Portuguese in Goa., foodgrains and other necessaries for the civilian population and the army had to be imported from Karachi, Ceylon, Singapore and elsewhere. The increase is also partly explained by the heavy imports of bullion and luxury goods for smuggling into India,

Except manganese and iron ores, Goa has very little to export. The two mineral ores account for 96 per cent of the total export earnings of Goa. Among other items of export, Cashew-nuts, dried fish, betelnuts, canned food, bamboos and coconuts are worth mentioning. Under the Portuguese rule, Goa's balance of trade always used to show a sizeable deficit, as is evident from the following table :

Goa's Foreign Trade
(Million escudos)

YEAR	IMPORTS	EXPORTS	BALANCE OF TRADE
1948	296	60	-236
1953	656	390	-175
1958	874	537	-337
1959	751	710	-41
1960	1031	1033	+ 2

Note : Re 1 = 6 escudos

Goa had a favourable balance of trade in 1960, for the first time in the present century. The main reason for the gradual reduction of the trade deficit over the years and finally the conversion of deficit into surplus, was the rapidly growing export of ores

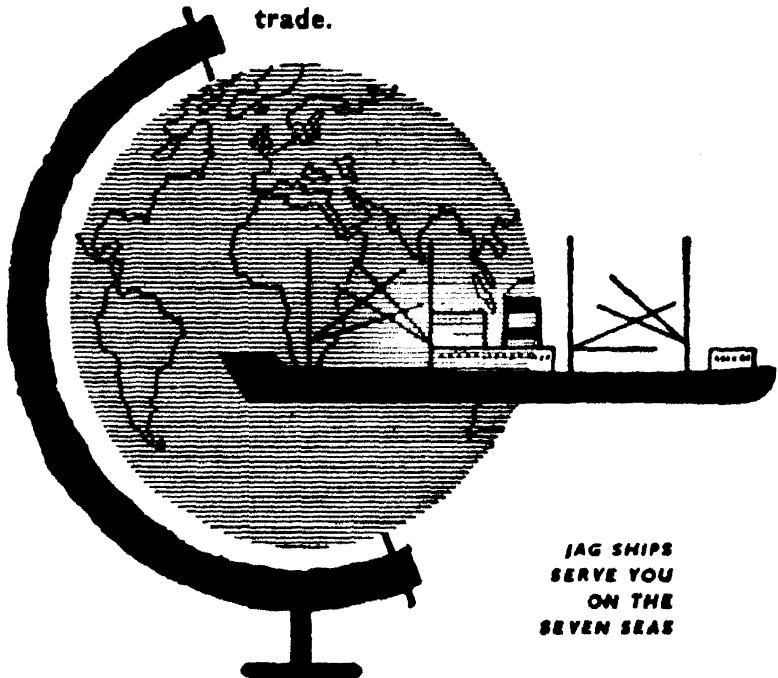
Though Goa used to have a deficit in the balance of trade prior to 1960, it seldom had a deficit in the balance of payment, the deficit in the balance of trade wiped to be wiped off with the re-

mittances made by emigrants and with the procteds from improvised sources like Government sponsored lotteries. Both in 1959 and 1960 Goa had a substantial surplus in the balance of payment. With the restriction on the import of luxury goods, effective check on smuggling into India and expansion of production of minerals for export, the surplus in both the balance of trade and the balance of payment is expected to grow in the coming

years, Goa's food requirements can be met from Indian surpluses and P L 480 imports. This again will save a considerable amount of scarce foreign exchange. As a result, Goa is expected to have an annual surplus in its balance of payment to the tune of Rs 20-25 crores. This amount should be used to finance developmental imports (capital goods as well as technical know-how) to accelerate the pace of economic development of Goa.

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