CHAPTER VII

MAJOR FINDINGS, CONCLUSIONS
AND IMPLICATIONS
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7.1 The Summary of Major Findings

This study of regional imbalances (taluka wise) in the sectoral development of Goa is an attempt to measure and analyse the extent of regional (taluka wise) inequalities in the development of the three sectors in the economy, namely, agriculture, manufacturing and the service sector, in Goa from 1987 (attainment of statehood) to 2006. The study takes into consideration important development indicators in each of the sectors under consideration to understand the source of inequalities and to examine the changes in the same spatially and temporally over the period of study. The study aims to verify the hypothesis that there are gross regional inequalities in the sectoral development of the State, while attempting to understand the reasons for the same. The study is conducted with the intention of making relevant recommendations to the government to overcome the problem of regional inequalities.

The basic research problem and the relevance of such a study are explained in the Chapter I along with the objectives, hypothesis, and scope of the study. The review of literature on regional imbalances across nations, within nations and within sub-regions (states) of a nation, with particular reference to India, is presented in Chapter II. The methodology adopted for the purpose of the study is explained in Chapter III.
Chapters IV and V analysed the inequalities in the Agriculture and Manufacturing sectors in Goa. The pertinent development indicators in each of the two sectors are examined and a development index is prepared to examine the extent of inequalities in each of the sectors across the regions (talukas) and within them, for the period 1987 to 2006. Simple statistical tools, such as the simple and composite index, the rank correlation coefficient, the coefficient of variation and the Gini coefficient are used for the measurement of these inequalities and to examine the changes in these imbalances, across the eleven talukas in the state.

Chapter VI examines the regional inequalities in the service sector by taking into consideration the four important service activities, that is, education, public health, banking and tourism and the imbalances in their development in each of the talukas. The regional inequalities in the overall development of the economy are then measured by combining the statistical findings for each of the sectors of agriculture, manufacturing and the service sector as a whole.

The analysis undertaken in Chapters IV, V and VI reveals several important aspects about the development of the three sectors, the imbalances in their development across the regions (talukas) of the state and the changes that have taken place in the development of these sectors in the talukas during the period of the study.

The major findings that result from the study are summarised as follows:

i. Inequality studies reveal that, regional disparities increased the world over prominently after the industrial revolution. Approximately 30 years after the II
World War, inequalities amongst the developed nations began to be bridged, but inequalities between the developed and the developing countries began to widen, and continue to do so; similarly, the disparities within the developing countries begin to diverge and drastically so. Globalisation and its implications could be widely responsible for the observed phenomena. In fact, free market economies appear to be the ones where the problem of disparities is the most severe. Socialist countries exhibiting lower within-nation disparities of incomes seem to suggest that socialism makes for lesser inequalities. An effective antidote to regional disparities therefore appears to be the evolution of the mind sets of the people towards welfarism.

ii. With the growing understanding of economic development in terms of human development there is a growing emphasis on the non-economic factors in identifying the causes of inequalities. This new understanding views inequality as a very serious problem as it severely restricts access to wider 'choices' or 'freedoms' for the people.

iii. Inter-state studies in India have belied the neo-classical theory that growth in some areas percolates down to other areas resulting in a "trickle-down effect" and have revealed that although some pockets of the country have developed, they have not resulted in development of the other areas within the country, because of which regional disparities are widening.
iv. The post-economic reforms era has seen a further widening of the disparities with the already 'strong' States becoming 'Stronger' and the 'poor' States worsening in their situations. Disparities are evident regionally as well, particularly across the rural / urban divide. Alarmingly, there appears to be no evidence of convergence across States / regions rather, strong evidence seems to be emerging showing up increasing divergences. Sectoral and regional disparities are established in intra-state inequalities. There exist widening inequalities in incomes and development indicators. Regional disparities are on account of natural differences in factor-endowments and man-made differences in infrastructure, both physical and social.

v. Regional (taluka level) inequalities in Goa can be attributed to historical causes. The colonial rule of the Portuguese and the policies followed by them resulted in the ‘old conquests’ (coinciding with the coastal talukas of Murmugao, Tiswadi, Bardez, and Salcete) of the colonial rulers gaining a headway in development of the regions (talukas), primarily as trade centres. The colonial rulers also contributed to the development of facilities of education, health and cultural activities in these regions. The hinterland regions which were situated in the extreme interior of the state, and were added to the Portuguese colony as ‘new conquests’ long after the ‘old conquests’, were late to enter into the development race; these regions were in fact, grossly neglected by the colonial rulers; as the people of these regions were predominantly Hindu and because they traditionally led revolts against the Portuguese invaders, the colonial rulers were not inclined to develop these regions.
vi. The agriculture sector, in Goa, is facing a serious problem of the exodus of rural population to urban areas in search of employment in white collar jobs. While the decadal censuses indicate continuous decline of work force in the agriculture sector, agriculture production in the State is showing an increasing trend, even as its contribution to GSDP has been sharply declining, standing presently at approximately 7 per cent.

vii. The measurement of inequality in the agriculture sector with the help of an inequality index has revealed that it is the hinterland talukas that performed relatively better in the development of agriculture in 1987 but with the increase in irrigational facilities, the coastal taluka of Bardez has been able to surge ahead into the high development category in this sector and the same trend continued in 2006.

viii. The rank correlation coefficient shows that for the period of study under consideration, the change in the relative position of the talukas with respect to the development of agriculture is more or less the same throughout the period. However, it has changed a bit between 1987 and 2006, and the change between 1987 to 1997 was considerably less and the least change has taken place between 1997 and 2006 as the rank correlation coefficient is very close to one.
ix. The analysis based on coefficient of variation has indicated that in the agricultural sector, the spatial variation, that is, the variation in the inequalities in the development of agriculture among talukas is much higher than the temporal variation, i.e, the variation in the development of agriculture within one taluka, over the years.

x. The Gini coefficient analysis of inequalities in the development of agriculture shows that spatially, inequalities among the talukas has been in the medium significance category, registering only a marginal increase at the three points of time under consideration, that is 1987, 1997 and 2006; temporally, inequality within each taluka over the entire period, has been of low significance.

xi. Despite several measures adopted by both, the government in the Centre and in the State, development of manufacturing activities flourished only in those talukas which were trade centres in the erstwhile colonial rule in Goa, with only the exception of Ponda, which is a midland taluka.

xii. For each of the variables considered, only four talukas emerged as the better developed, in the period of study. While it was Murmugao that dominated in the large scale industries, it was Tiswadi, Bardez and Salcete which performed better in the small and medium scale industries. Of the four talukas, the rise in manufacturing activities in Salcete was the most prominent.
xiii. The coastal talukas of Murmugao, Tiswadi, Salcete and Bardez were the ones where notable development of manufacturing activities was evident. It was the location advantage enjoyed by these talukas that resulted in the highest number of both, large and small scale industries being set up in these talukas. While Murmugao enjoyed the benefit of being a port town as well as having a railway junction, it was in Tiswadi, Bardez and Salcete that the Government set up industrial estates, which provided the basic infrastructural facilities, as an encouragement to entrepreneurs in addition to the various incentives offered by the central and state governments to promote industrialization and thereby development.

xiv. It is pertinent to note that though Murmugao was known for the large scale Industries set up there, this taluka was eased out of the high development category and pushed into the medium development category in 1997 and 2006. While Ponda taluka replaced Murmugao in the high developed category, Tiswadi, the taluka which is recognized as one of the prominently developed talukas was relegated to the fourth position. This minor shuffle in ranks is reflected in the rank correlation analysis which indicates negligible change in the relative position of the talukas.

xv. Ponda taluka, unlike the above coastal talukas, displayed a meteoric rise in industrial activities after statehood, primarily on account of the setting up of three
important industrial estates in the taluka at Kundaim, Bethora and Madkaim. This also attracted skilled and unskilled industrial workers to this taluka thus providing further impetus to the growth of manufacturing activities in Ponda. The talukas that emerged consistently as the least developed in manufacturing activities are the hinterland talukas of Sanguem and Quepem along with the coastal talukas in the extreme north and south of the state, namely, Canacona and Pernem.

xvi. The spatial coefficient of variation in the manufacturing sector reveals greater inequalities in this sector than in the agricultural sector. As between the three points of time under consideration, the variation has increased from 1987 to 1997 and further still in 2006 which can be explained by the increasing manufacturing activities in the state which are not evenly spread over the length and breadth of the state. In the temporal analysis, the high inequalities are quite evident. Pernem shows up as the taluka with the lowest inequalities, though the region is devoid of manufacturing activities worth the mention; the low variation can be explained by the fact that Pernem taluka is uniformly underdeveloped and therefore variation in inequality is not evident.

xvii. With the introduction of population of the respective talukas in the Gini analysis, spatially, there appears a reduction in inequality from 1987 to 1997, however with the extraordinary development of manufacturing activities in some of the talukas, inequalities appeared to have increased with Gini values rising; however this Gini value is placed in the low significance range of inequalities and thus does not
appear to be a cause for concern. The reason for low Gini values appear to be the migration of people towards industrially developed areas.

xviii. Imbalances in the service sector are most evident in the tourism sector amongst the four sub-sectors considered for the purpose of this study. It may be the inequality in the tourism sector that is largely responsible for the wide taluka wise inequalities that are observed. Educational facilities and the access to education exhibit the lowest levels of taluka wise inequalities. Banking activities are also seen to be concentrated in the four coastal talukas of Tiswadi, Bardez, Salcete and Murmugao. These talukas are therefore, also the ones to develop commercially.

xix. In the index analysis of the inequalities in the service sector, it is amply evident that it is the three coastal talukas of Tiswadi, Bardez and Salcete which have emerged as the hubs for the service sector development, while Sanguem, Canacona and Sattari talukas lag way beyond. Except for Quepem moving into the medium development category and Sanguem taking its place the relative position of the talukas remains the same during the entire period of study, as is also indicated by the rank correlation coefficient.

xx. The spatial variation in the service sector is as high as that in the manufacturing sector, though in 2006 there was a slight decrease in the coefficient indicating a reduction in inequalities in the sector amongst various talukas. Temporally,
Quepem reflects the highest extent of variation in inequalities while Salcete reflects the lowest variation in the years under consideration.

xxi. The Gini coefficient analysis reveals the moderately high Gini values, as categorized for the purpose of this study. The temporal Gini coefficient analysis reveals that it is Sattari and Quepem which reflect rather high levels of inequality as do the talukas of Pernem and Canacona which are located to the extreme north and extreme south of the state.

xxii. In the ultimate analysis, while considering the overall development of the economy, across the three sectors, that is, Agriculture, Manufacturing and the service sectors, it can be observed that regional inequalities in Goa are mainly driven by the service sector and in particular by the tourism sub-sector.

xxiii. From the index analysis it is evident that certain talukas like Ponda though performed better in agriculture and manufacturing sector could not make it to the overall high development category. It is interesting to note that the relative position of the talukas in the development rankings, as revealed by the rank correlation coefficient, remained almost the same over the entire period of study.

xxiv. The absence of a deliberate policy, on part of the successive governments, soon after liberation as well as after statehood, to correct the imbalances in the development of each of the talukas has resulted in these inequalities persisting in
spite of more than forty five years of planning for the region. It is also seen that
the nature and the pattern of inequality has not changed over the years.

xxv. Inequality in the sectoral development within each of these regions is also
evident. It is seen that inequalities vary widely among the agriculture,
manufacturing and the service sectors in Goa. The extent of inequalities in the
service sector is extremely high and service driven economic growth has emerged
as a major cause for taluka wise inequalities.

7.2 Conclusions

In the light of above findings, the present study makes the following conclusions

i. The study, therefore, establishes firmly that regional disparity exists among
the various talukas in Goa in all sectors of the economy. It is the two coastal
talukas of Bardez in North Goa and Salcete in South Goa which are way
ahead of the other talukas in the State in the development of all three sectors
in the State. Tiswadi, the coastal taluka in North Goa is also in the high
development category by virtue of being the hub of administrative and
tourism activities. The remaining seven talukas are grossly underdeveloped in
comparison to the three talukas mentioned above, except in the development
of agriculture. The only hinterland taluka that may be able to come into the
high development category in future is Ponda, which is strategically located in
the centre of the State
ii. Inequality between the talukas is evident in the development of each of the three sectors within them. The extent of inequality among talukas differs widely in agriculture, manufacturing and service sector of Goa's economy. While the agricultural sector is more developed in the hinterland talukas, it is the manufacturing and service sectors which are more prominently developed in the coastal talukas of the state, with the exception of Pernem in the extreme north of the state and Canacona in the extreme south of the state. The extent of inequality in agricultural sector is relatively less.

iii. Inequality exists both spatially and temporarily. The spatial inequality is more severe as compared to temporal inequality. The spatial and temporal inequality also differs from sector to sector. Spatial inequality is more felt in the manufacturing and service sectors. Temporal inequality is fairly less in all sectors of the economy. The nature of temporal inequality varies from taluka to taluka for different sectors. Therefore, there is no clear pattern in the case of temporal inequality.

iv. It is pertinent to note that the extent of inequality in the service sector is high and that the tourism driven growth in the service sector is the major cause for inequality in this sector. It is established firmly from this study that it is beach tourism that is dominating the tourism sector and thus, it is the coastal regions, (with the exception of the coastal talukas of Pernem in the extreme north of the state and Canacona in the extreme south, which are less accessible) which
have surged ahead dramatically in the development of tourism related infrastructure and in the influx of both domestic as well as foreign tourists into the state.

v. The study examines the inequality in all sectors of the economy over the period of study and arrives at the conclusion that there is no denying the existence of gross inequalities in the taluka wise development of each of the sectors over the period of study, both spatially and temporally.

7.3 Implications of the Study

The study has far reaching implications in the context of ensuring a balanced regional development of the State as a whole. As regional imbalances are economically undesirable, the study provides an important insight into the extent of inequalities and the areas in which such inequalities exist.

The policy makers would be able to make use of the findings of this study to focus their attention on the measures that need to be taken in order to ensure a more balanced regional development of the sectors under consideration.

It is observed that the declining interest towards agriculture is mainly due to the structural shifts in all economies, yet the challenge lies in developing a sustainable village economy through agricultural activities by encouraging the more commercially viable horticulture, floriculture and cash crop plantation. Allied agricultural activities can also serve to retain
the work force in the rural areas. It is necessary for policy makers to focus on this as it is evidently easier to bridge the regional (taluka wise) imbalances in the agriculture sector. Thus, the focus would have to be on shifting from cultivation of conventional crops to the sunshine areas of the agriculture sector, such as horticulture, floriculture, dairy farming etc. so that agriculture becomes an attractive option for the unemployed in Goa.

The Manufacturing sector would have to be promoted in the relatively less developed talukas by providing the necessary infrastructural facilities, mainly industrial estates. It speaks volumes about the lack of a deliberate policy to ensure balanced development when the largest taluka (area-wise) in the State, Sanguem, does not have even a single industrial estate. Government should also try to bring in private investment in less developed talukas giving incentives to the industries.

The Service Sector in Goa is predominantly driven by tourism. The findings of this study clearly indicate the over emphasis on beach tourism which is slowly losing its attraction and is also facing stiff competition from other beach tourism destinations, not only in India, but from around the world. It is imperative therefore, for policy makers to look in the direction of diversification of tourist attractions. There appears to be good potential for eco-tourism, adventure-tourism, education-tourism and medical-tourism. It is imperative that a conscious effort be made to develop the service sector in the talukas in the low development category to ensure a more balanced development among the talukas. The IT sector presents itself as an environment friendly service activity which can be promoted to ensure sustainable growth led by the service sector.
However, development of each of these requires meticulous planning, provision of world-class infrastructure and most important a continuity and consistency in policies. The study therefore provides invaluable guidance to policy makers to ensure the sustainable growth and balanced development of the region as a whole.

What emerges as an undisputable fact is that regional disparities need to be addressed, failing which, gross inequalities could lead to serious economic, social and even political ramifications. It is important to remember that there can not be any common prescription for balanced growth for all the regions which are lagging behind. State must have a development blue-print for every region within itself.

There is need for a pro-active public policy to correct disparities through affirmative measures which would result in spreading infrastructure through effective regional policies which are formulated bottom upward rather than imposed from above.

Development policies in the state therefore, need to be reoriented with greater emphasis on the social sector in order to address the problem of regional disparities.

7.5 Limitations and Future Research

Since it is a state level study, it depended on the secondary data collected mainly from official sources. The findings of the study depend on the authenticity of data used. Secondly, the study gives only a broad view of the inequality existing in the various
sectors of the economy. The inequality that actually exists at the household level is not studied.

Study provides ample scope for future research. Taluka level inequality studies can be undertaken in other states of the country on similar lines. There is scope for further detailed sector, sub-sector specific research using primary data. Taluka level studies over a period of time can be undertaken using pooled time series and cross section taluka level data.