At the beginning of the year 2000, the total number of registered active exporters of marine products in India was 552. These marine product exporters export their products to various countries in different forms according to the specifications of the overseas buyers. The major forms of exports of marine products are grouped into four namely, frozen, IQF (Individual Quick Frozen), dried and other forms. The 'other form' category includes fresh, chilled, live and canned forms. A predominant proportion of exporters sends their seafood products in frozen form. Frozen form of export includes IQF type of freezing also. Under this type of freezing the fish products are individually packed and freezed. About 12 per cent of frozen fish exporters uses IQF machine for freezing the seafood like large size prawns, lobster tails and crabs. The frozen fish exporters in India normally use Plate freezer and Air blast freezer. Almost all the fish exporters use plate freezers. But the air blast freezer is very much suitable for turning out IQF items of fish products.

Among the total exporters, about one fifth of them exports their fish products in dry form. The dry form of export is very traditional and involves less processing cost as compared to the processing cost of freezing. Around one fourth of marine
products exporters send their fish products in other forms namely live, fresh and canned form. Some of the exporters of marine products send their fish products in more than one form. The investment required for freezing plant is much higher than dried or live products exporting plants. The risk involved in the export of live fish is also very high as compared to the export of frozen and dry fish.

As far as the total seafood exporters are concerned, about fifty per cent of the seafood exporters of the country belong to Tamilnadu and Kerala. Between these two states, Kerala is predominant with a proportion of 29 per cent of the country’s seafood exporters and Tamilnadu has 25 per cent of the total seafood exporters. Kerala has a large number of frozen fish exporters and IQF form of fish exporters with a proportion of 29 per cent of frozen fish exporters and 38 per cent of IQF exporters of the country whereas frozen fish exporters in Tamilnadu are 13 per cent and IQF users of the state are 14 per cent. Tamilnadu has a large number of dry fish exporters (45 per cent) of the total dry fish exporters of the country and 30 per cent belongs to other form of fish exporters. But in Kerala the dry fish exporters and other form of fish exporters are not as much as in Tamilnadu. There are only 14 per cent dry fish exporters and 21 per cent are the other form of fish exporters in Kerala.

In spite of the significant role being played by the exporters of marine products, they face many problems in their export trade. The nature, causes, composition and magnitude of such problems faced by the exporters are analysed in this chapter. For this purpose a separate survey of 20 exporters (10 each from Kerala
and Tamilnadu) was conducted: the information, opinions and perceptions of the exporters collected from this survey are discussed in the following sections. Appropriate suggestions to the problems are also presented in this chapter.

4.2 SCARCITY OF RAW MATERIAL

Major problem in the export trade of marine products is the scarcity of raw material. One of the main causes for such scarcity is the fluctuating trend of fish production of the country. As far as the fish production of our country is concerned, it has gone down from 5.3 million tonnes in 1996 to 3.2 million tonnes in 1998 and increased to 5.65 million tonnes in 1999-2000. The overall export from the country decreased by 22 per cent in volume during 1998-99 as compared to the previous year. But in 1999-2000 it showed an increase of 12 per cent in volume of export as it is seen in Table 4.1.

<table>
<thead>
<tr>
<th>Year</th>
<th>Export volume (million tonnes)</th>
<th>Growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995-1996</td>
<td>2,96,277</td>
<td>-3.6</td>
</tr>
<tr>
<td>1996-1997</td>
<td>3,78,199</td>
<td>27.7</td>
</tr>
<tr>
<td>1997-1998</td>
<td>3,85,818</td>
<td>2.0</td>
</tr>
<tr>
<td>1998-1999</td>
<td>3,03,000</td>
<td>21.5</td>
</tr>
<tr>
<td>1999-2000</td>
<td>3,40,000</td>
<td>12.0</td>
</tr>
</tbody>
</table>

Source: Marine Products Export Review. 1998-99

1 FAO, Fisheries Circular, 1999, p.29.
Scarcity of raw material for export of marine products is also caused by increasing trend of domestic consumption of fish. The annual per capita consumption of fish in India has registered a phenomenal increase to 6.44 Kg. in 2001 from 3.3 Kg. in 1988 (Table 2.9). The recent trend is that not only the old buyers buy more but also the new consumers of fish have entered into domestic market. Though this is a welcome sign, in terms of exports it has negative impact by making availability of fish for exports as less and less. Thus there is an emerging paradox of how to balance the domestic consumption on the one hand and encourage exports on the other hand.

Such scarcity of raw material leads to tremendous idle capacity in the seafood processing plants in India. At the end of the year 1999, the total production of freezing capacity of Indian fish processing plants was 7500 tonnes per day or 27,37,500 tonnes per annum. However, production falls far short of this installed freezing capacity at just 1050 tonnes per day or 3,78,200 tonnes per annum. Consequently, the industry’s capacity utilisation in relation to the installed capacity was only in 14 per cent.²

The problem of raw material scarcity can be tided over in the long run by removing the present obstacles faced by the fishermen by encouraging them and training them up in deep sea fishing, utilisation of latest technological Knowhows, and ensuring them liberal loans to carry on fishing without much risks.

Further, the government must not only study the loopholes existing in the present licensing system of the imported vessels but also see that licensed foreign vessels do not infiltrate into Indian seas. Further it is also known that some foreign fishing companies violate the present licensing system of the Government of India with regard to deep sea fishing, by plying many vessels in the same name especially in the eastern coast of India.

With regard to fuel supply made by foreign vessels to the Indian vessel which is patronised by the government license, the owners of small Indian fishing boats are discriminated against the favourably placed big vessels.

The worse is, even Indian big vessels which are meant to supply fuel at sea with the patronage of the government, refuse to supply fuel to the small domestic vessels. The fuels supplied at sea are at a subsidised price. This benefit is denied for the small boats. This situation is unfortunate which calls for urgent action.

With regard to payment of subsidy for the purpose of fishing, the fishermen are by and large neglected. The assistance given by the state governments is not adequate. There are more than 25,000 traditional crafts operated in Tamil nadu. The outboard engines supplied to fishermen in Tamilnadu are only 1204 and they are far below the requirements. It covered only 10 per cent of the traditional craft owners. The situation is worse in Kerala. With the plan allocation of Rs.10 lakhs, about 100
machines can be supplied. It covered less than one per cent of the total traditional craft owner fishermen during 1999-2000. This is a centrally sponsored scheme which is meant for giving subsidy at the rate of Rs.10,000/- or 50 per cent of cost required for motorisation of traditional crafts. The main purpose of this scheme is to enable the fishermen to reach the off shore areas and improve the production capacity of the respective states.

There is some improvement in fish production in both the states. The fish production from Tamilnadu increased marginally just by four per cent in 1999-00 as compared to 1997-98 and in Kerala it was 17 per cent (Table 3.4 and 3.35).

In order to improve the trend in fish production and thereby the earnings of fishermen, the government should periodically revise the rate of subsidy to commensurate with the price trend, the cost of production and the cost of living. The government can appoint a committee of experts on a permanent basis to study and revive the subsidy situation and recommend objective and positive measures for implementation much to the benefit of the struggling fishermen of the states and the exporters of marine products of our country.

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The **following suggestions** are made for improving fish production.

i) The present fishing vessels can be fitted with engines of higher Horse Power and winches of higher capacity and also use nets of good design such as long lining for shark and tuna fish catch and purse-seining.

ii) Almost all the trawlers operating in Indian coast are to be equipped with shrimp trawling. These trawlers can upgrade on board processing facilities and undertake fishing for other varieties of fish such as deep-sea lobsters, deep-sea prawns and cephalopods.

iii) It is a known fact that the seawaters around Andamans have a substantial potential of tuna, shark and lobsters constituting a good slice of overall resources of Indian EEZ. In order to ensure sustainable fishing of potential stocks of these area, multi purpose fishing vessels can be introduced

iv) At present, the commercial banks and financial institutions are not forthcoming for assisting the fisheries sector. The reluctance on the part of these bodies is related to their inability to receive repayments from the fishermen or enterprises that avail loan from such institutions.
Since, the fishing industry has its own set of characteristics which need to be taken into account while formulating policies regarding granting loans, the repayment and recovery norms.

4.3 PROBLEMS RELATING TO MODERNISATION

Indian fish exporters find it difficult to adhere to the norms fixed by some foreign importing countries like European Union, U.S.A and Japan with regard to modernisation of the fish processing plants.

4.3.1 These countries link plant modernisation to their imports from India based on the certificates, namely EU approval HACCP and Pre-Certification. EU approval is given by representatives of European Union after inspecting the nature of modernisation executed by the Indian exporters. EU banned the fish imports from Indian exporters whose plants were not modernised to the norms fixed by the E.U. Indian exporters find it very difficult to invest huge money to the tune of Rs.1 crore per unit just to fulfil the EU norms. At this juncture, MPEDA came in for their rescue. The Government of India, through MPEDA has given subsidy for modernisation to 41 Indian exporters to the tune of Rs.304.26 lakhs during 2000-2001. With the above assistance, 95 processing plants have already achieved EU standards.
Similar to above, USA insisted the Indian fish exporters, to obtain HACCP
certificates in order to export fish and fish preparations from India to USA. EU
totally banned fish imports from India in the name of modernisation during 1997 and
lifted the ban after a few months. But USA restricted our fish export not only in the
name of modernisation but also in the name of method of fishing of shrimp and
turtle. USA insists that while the fishing gear used for catching shrimps catching
turtle should be avoided.

Japan, the largest buyer of seafood products from India, insists a new
certificate scheme as in EU and USA. The New scheme of Japan is ‘System of Pre-
certification’ for imported products under the Food Sanitation Law of Japan. Under
this system, registration will be granted to products which are processed in
establishment conforming to the standards of specification and sanitation controls of
the above Law of Japan. The certification once made will be valid for three years
and such exporting units will enjoy exemption from customs check in Japan,
indicating the registration (pre certification number) number on the packages
exported.  

Apart from the above restrictions on modernisation, all member countries of
EU are going to bring out 88 new regulations which will come into effect on 1st
January 2004. It will govern each step from the point of origin to the final consumer.

MPEDA Newsletter, May 2001, p. 15.
The first step, in the new regulation, every producer, middleman, and processor involved in the food handling chain will have to be registered. This registration should accompany all food items.

The above regulations endanger seafood industry of India very much. It is well said by Robert Milne "there is a real danger that yet further inappropriate and unnecessary requirements will be imposed on already over-burdened industry". These kind of restrictions affect not only the export prospects of Indian seafood trade but also create heavy financial burden to the seafood trade. Hence the exporters should be aware and prepared to meet the present as well as future regulation of the major importers of seafood from India.

4.3.2 Seafood exporters of India face *branding problem* of their products in the overseas market. Indian fish exporters find it very difficult to promote their brands in foreign markets because of the heavy cost involved in promoting brands. There is yet another problem in branding is that the foreign importers and the distributors strongly resist the use of exporters' brand name because they afraid, using the exporters' brand name may undermine the market power of the distributors or importers. All the seafood exporters contacted during the survey expressed that they used to sell their products only to the foreign buyers who resell on their brand name.

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5MPEDA Newsletter, May 2001, p. 33.
The government can solve this problem by offering additional grants to our exporters in order to secure the right type of brands for the products they export. The exporters of seafood from India can obtain financial assistance from *Brand Acquisition Fund* which has been created by the Government of India in order to help the Indian exporters to acquire big international brands put up for sale and build them up as Indian brands in the overseas market.

It is also suggested that the government of India may try to provide maximum amount of subsidy to the seafood exporters and also simplify the procedure and minimise the delay in obtaining the existing subsidy schemes which are already in force for the purpose of modernisation of seafood processing plants in India. Some of such subsidy schemes are stated in the following paragraphs.

The government of India, through the development and quality control division of MPEDA implemented the following schemes for the benefit of the seafood industry namely,

i) Subsidy assistance was made for setting up with mini laboratory attached to seafood processing plants. Under this scheme an amount of Rs.7 lakh has been extended to 14 beneficiaries during the year 2000-2001. Altogether 263 units have been assisted so far since inception of this scheme, to the tune of Rs.1.06 crore.
ii) Subsidy was given to establish pre-processing plants and to renovate existing pre-processing plants. There are 41 exporters benefited during 2000-2001 to the tune of Rs.304.26 lakh.

iii) The development section of Mpeda operates some other schemes. namely,

   a) Subsidy scheme for making automatic flake / clip tube ice making machine. During the year 2000-2001 an amount of Rs.50.34 lakhs were disbursed for 27 units.

   b) It also provides subsidy to the export units to buy generator sets by providing 25 per cent of the cost as subsidy. Under this scheme Rs.35.38 lakh have been paid so far.

   c) During 2000-01, there are 4 processing units were assisted with total subsidy of Rs.3 lakhs for upgrading the existing cold storage.

   d) It also provided subsidy of Rs.42.51 lakhs to 4 processing during 2000-2001 to acquire machinery and equipment for production of value added marine products.

   e) It gave away molded synthetic insulated fish boxes at 50 per cent subsidy for proper preservation of raw materials in iced condition on board fishing vessel in shrimp farm, peeling sheds and processing plants. There were 57 units availed such benefits during 2000-2001.

   f) The processing plants that modernised their plants to achieve conformity to EU standards are given interest subsidy by MPEDA.
Under this scheme 7 per cent of interest rate charged by the banks over and above the international rate of interest of 7 per cent is subsidised subject to a maximum of Rs.15 lakh. A total of Rs.181.71 lakh was disbursed among 25 units during 2000-01.

g) To set up chill room facilities in the processing plants, Rs.36.80 lakh has been given for 22 units during 2000-2001.

h) Under the scheme for installation of water purification system in seafood processing plants a sum of Rs.19.75 lakh was disbursed among 14 units in 2000-2001.

Finally, under the scheme of acquisition refrigerated truck/container. Rs.3.50 was provided to only one unit during the year 2000-2001.

4.3.3 Another problem of Indian fish exporters is that they find it difficult to change over to the new scheme of bar coding. Barcodes are series of bars and spaces printed / labeled on a product / service package which enables automatic data capture of information for identifying it, using bar code scanners. Though such bar codes are very effective identification tool that provides accurate and timely data to support sophisticated management system it is an additional expense to the exporters of seafood.

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It is suggested that the Export Promotion Council of India should motivate the members to adopt bar-coding standards as early as possible. Directorate General of Foreign trade (DGFT) in consultation with other agencies can reduce the cost involved in bar coding.

4.4 GOVERNMENT POLICY AND REGULATIONS

4.4.1 Exporters in India hesitate to avail of the Export Credit Guarantee Scheme of the government of India due to several reasons of which

i) high premium which is beyond their means and

ii) the procedural wrangles. Another important thing is, when the claim is due, the holders of policy are put into lot of hardships and finally are deprived of their claims due to them. It is really unfortunate that the exporters should suffer like this under the hands of government agency.

It will be the right task on the part of the government to redress such grievances of the exporters with regard to their policies and claims under this Government ECGC scheme.

4.4.2 Exim Policy of 2000-01 is not favourable to small exporters as such the exporters criticise it. The government has removed Quantitative Restrictions on 715 items and thereby India becomes a dumping ground for multi-nationals. But, the fisheries sector may get the advantage of Exim policy by importing fish in a raw form for processing and exporting. The plants which suffer because of lack of raw
material, can import fish and utilize their idle capacity. It is made possible only by large-scale exporters. This is the reason why the small exporters feel that the present Exim policy of the government of India is not helping them.

The benefits of the present Exim policy do not reach the small exporters which is an anomaly to be seriously thought out not only by the government but also by the people directly involved in fish exports and this is certain things which calls for a permanent remedy on urgent basis.

4.4.3 Though many exporters of seafood are eligible for the Generalised System of Preferences (GSP), in most of such cases they are denied such benefits of access towards concessional duties.

This problem again calls for government intervention in favour of exporters of seafood.

4.4.4 Serious set back with regard to the downward trend in our overall exporters to East Asian countries is the result of China tightening their import policy with regard to exporters from India.

It is suggested that the government of India should initiate negotiations with the Chinese counterparts in order to relax the import restrictions with regard to fish exports from India.
4.5 PROBLEMS FROM BUREAUCRACY

4.5.1 Chilled, dry, live and ornamental fish are mostly exported through airways. The exporters are confronted with *space allocation* for their cargo consignments. Sometimes, the cargo authorities extend the space allocation on premium rate, which is arbitrarily fixed by them on the basis of demand and the value of the cargo. It creates unhealthy competition among the exporters.

This problem can be solved with suitable laws with regard to transport of particular item of fish through airways in order to curb bureaucratic hazards which come in the way of export promotion which finally tells upon the volume of foreign exchange.

4.5.2 Owing to the carelessness and *negligence* of cargo authorities in airport, the stuffs meant for exports get rotten and become unworthy of exports. There are several incidents of consignments sent abroad though flights from particular airports having not reached the actual destinations due to utter careless of the personnel handling such cargos. Under this kind of situation the exporters incur severe losses for no mistake of theirs. The compensation, which they seek, is not paid in time and the amount is very much less to the value lost in transit.

This is a terrible blow to the traders and shameful flaw on the part of cargo management and administration which should be viewed seriously and for such lapses proper compensation should be paid in full and on time.
4.5.3 In the event of off loading articles to balance the weight of the flight, more often than not, it is the fish consignment, which is off loaded. This puts the serious obstacles to the regularity of fish exports and the exporters are at a loss to ensure uninterrupted supply of fish to their foreign customers. Monetarily also they come across severe hardships and losses. They also lose their credibility and their trustworthiness, which is the prerequisite to create trade confidence in the minds of their customers abroad.

It is suggested that in such occasions fish items should not be off loaded while other items like vegetables and fruits are accepted.

4.5.4 Though the stock fish meant for export is exempted from payment of sales tax, the exporters are intimidated at every check post while they carry their stuffs to airports. The check post officers not only delay their movements but also extract money from them which causes considerable delay in reaching the airport for required clearances by customs. There are cases in which some exporters could not air lift their cargo due to these unwanted mischievous played on them by the high handed men posted at various check posts on route to airports.

It is suggested that the government should immediately intervene and remedy such anomalous situation.
4.5.5 With regard to customs clearance, the fish exporters come across various hardships like *customs formalities*, conditions, regulations and lack of facilities such as stuffing and sample inspection.

There is again the responsibility of the central government to create the right atmosphere and conditions with regard to customs clearance and make our exporters tension free so that they can attend to other problems and making the export competitive and attractive in overseas markets.

4.5.6 Sometimes the fish exporters are eligible for *refunding from customs* on the issue of balance which is due to them from the contract filed earlier regarding the consignment and the amount of consignment supplied. The refunding procedure those simple, the exporters have to experience a long delay in getting the actual amount due to them. Unfortunate thing is, this refund is never paid to small exporters who are eligible for refund.

Since the problem is created by the custom authorities proper administrative action may be taken to ensure timely payment of refund without unnecessary delay.

4.5.7 With regard to chilled, fresh and live fish exports, the airport complex does not have *storage facilities* as in foreign countries. This caused serious problems in handling the cargo and transporting it to the airport leading to delay, lack of cleanliness, unhygienic circumstances and pollution. Non availability of storage
facility at the airport causes quality deterioration of exportable marine chilled, fresh or live products.

Therefore the government may take up this responsibility of asking the airport authorities to equip the airports with proper and adequate storage facilities and ensure a conducive atmosphere for exporting the consignments.

4.5.8 For live fish products especially live lobster exports, the *custom stipulation* regarding the time frame for bringing the article in advance of three to four hours prior to the departure of the flight may be relaxed so that the mortality of the product may be kept in tact before the actual take off.

4.6 *FINANCIAL PROBLEMS*

4.6.1 Fish exporters, in some cases, *divert the funds what* they obtain from banks on projects other than the purpose for which the funds received by them. As a result, this adversely affects the production capacity. With regarding to shrimp farming, the Supreme Court ban on this project has curtailed the rate of investment on such projects. Thus the dilemma is on the one hand, diversion of funds and on the otherhand reduced the scope for new alternative investments in such fresh shrimp farming.
Therefore there is a need for checking the diversion of funds and also providing adequate scope for the genuine investors, who venture into fresh fish farm culture.

4.6.2 The *working capital* available for fish exporters is very meager as such they find it extremely difficult to carry out their day to day operations and other related commitments, mainly on raw material procurements. This hinders the smooth progress of the fishing industry as a whole.

Solution to this problem can be solved by liberal and unhindered assistance on a large scale and see that the problem of working capital does not come as a stumbling block to our exporters. It is suggested that a separate banking system may be evolved and established exclusively for the fishing industry on the lines of agricultural development banks, industrial development banks, agricultural credit societies and the like.

4.6.3 The subsidy granted by the government for the fish export is not steady and regular. Sometime the government withdraws the *subsidy* throwing the fish exporters out of balance. This puts them into sudden and unexpected hardships.

It would be better if the government relaxes the time frame of subsidy on DEPB (Duty Entitlement Press Book) scheme and raise the quantum of grant from the present 2 per cent of the Free on Board (FOB) value to the higher and viable rate.
4.6.4 In fishing centers, the fish had caught by the fishermen and brought to the shores is not hygienically kept and maintained or protected before it is taken out and supplied to the exporters. This causes serious handicaps regarding the quality of stuffs which are caught and supplied.

This problem can be solved by providing shelters and facilities like hygienic auction platforms with adequate water supply on the respective fish landing and fish marketing centres. The fishermen should also be continuously taught on the need for maintaining standards of hygiene and quality of fish stocks. More than helping the exports, this will certainly promote the interest of the local fishermen.

4.6.5 The *trade fairs* organized for the fish exporters by the government become a costly affair. As such many exporters find it difficult to participate on a full scale which reflects on their poor trade prospects.

This can be rectified by making this trade fair easy and more attractive in terms of costs which will bring about greater participation by all sections of the fish exporters from all over the country.

4.6.6 With regard to export prices of shrimps there is a downward trend in prices which result in loss and *low price* realization. For instance, Frozen prices of shrimp (IQF) per kg. has decreased from Rs.195 in 1997-1998 to Rs.190 in 1998-99. The price of block frozen shrimp also fell down by Rs.13 per Kg during 1998-99 as
compared to the previous year so also cuttle fish by Rs.33 per kg in the same year. But there is an increase of price with regard to live lobster by Rs.49 per kg during 1998-99.\textsuperscript{8} Because this general declining trend of price, the Indian fish exporters face financial crisis in the fish export trade.

It is suggested that the government should take up the issue and save the exporters from this ugly situation by granting compensatory financial assistance to make good the loss.

\textbf{4.6.7 The another problem in fish export is one which emanates from the exporters themselves though their number is small. These exporters, after accepting letter of credit (L/C), do not comply with the requirements specified in the L/C. This adversely affects the \textit{overall image} and the credibility of the majority exporters though the fault is not theirs. This has brought down the demand for Indian fish and fish preparations in overseas markets.}

Solution lies with in the framework of the trade pattern and the method of operation of the fish exporters and their foreign trade operations should be based on honesty and integrity fulfilling the government requirements. Their foreign operations should not be linked to profits only.

\textsuperscript{8}Marine Products Export Review, MPEDA, Kochi, 1998-99.
4.6.8 The fish exporters surveyed opined that the investment needed for modernisation is quite heavy and is beyond their means, also the rate of interest for obtaining this amount as loan is quite high. High rate of interest is the prime cause which reduces the competitiveness of Indian fish exporters in the international market. Table 6.2 shows the different rates of interest charged by different countries. Of course interest rates in India have declined from 20 per cent per annum during 1991 to 12.5 per cent per annum in 1999 and further declined to 9.5 per cent in 2001. But when we compare these figures with other countries, the lending rate of commercial banks in India is quite high. For instance, the rate of interest charged in Japan is 2.2 per cent p.a and China is 5.9 per cent per annum during 1999 (as shown in Table 6.2).

It is suggested that the Indian exporters should be provided with adequate financial assistance at a low rate of interest.

4.6.9 Small exporters mostly merchant exporters also create problems and provide hindrance to the large-scale exporters by directly purchasing raw materials offering higher prices than the current prices. This makes it difficult for the large scale exporters in obtaining raw materials at high prices because of their heavy investment in the plants they have already made. The reason is the small exporters offer high prices for the raw material as they have no huge financial commitments as in the case of big exporters.
Though there is no direct solution in sight for this problem, the government can persuade or prevent the small exporters without modern plants from directly entering into the export trade by offering higher prices to the raw materials. As this problem arises from among the fish exporters, this has to be dealt with in a very tactful manner without affecting the trade prospects, present and future.

4.6.10 There is also the problem of exploitation and monopolistic control of the fish markets by the wholesale dealers who because of their monetary power and bargaining strength procure fish from different sources and sell them to the exporters at exorbitant prices. This puts the local exporters in a tight spot adversely affecting the trade prospects. This rivalry between the exporters and wholesale dealers is largely vitiated by the over dependence of the local fishermen on the wholesalers for anything and everything, much to the disappointment and fear.

The solution to this problem lies by liberating the fishermen from the clutches of wholesalers and make them more and more independent socially and economically. This situation is very close to the kind of the exploitation in the agricultural sector which has led to the creation of an unfortunate class of bonded labour. This is in existence in large scale in throughout Tamilnadu where the small and ordinary fishermen are found in a state of low levels of income, submissiveness and disorganised living.
4.6.11 Though the present study is not dealing with inland fish production mainly *aquaculture production* the researcher observed some of the problems expressed by the exporters during his survey with regard to aquaculture production because the total export of marine products includes the aquaculture production also. The problems which have been highlighted by the exporters are

(i) Viral disease has been a major reason for the set back in shrimp aquaculture for the last few years. The disease was spread mostly through unhealthy seeds.

Solution to this problem is applying irradiation to improve the hygienic quality of fish items.

(ii) Water is the most critical point that is responsible for hazards. The use of wastewater for fish farming or the practice of fertilizing ponds with animal manure may result in transmission of bacteria and parasites of fish.

In order to solve the above problem World Health Organisation (WHO) has proposed an international guidelines for the use of wastewater in aquaculture. It is also suggested that an approved agro-chemical and veterinary drugs can be used to avoid chemical hazards caused in aquaculture.
4.6.12 Another problem which is very common in aquaculture farming is that using poor quality of fishmeal for the manufacture of aqua feeds. Irradiation treatment is the solution to these kinds of problem.

4.6.13 In Kerala, a peculiar situation has developed discouraging fish exports. For instance, the state government of Kerala has established Fishermen Welfare Fund and in the name of this fund the government has asked the fish exporters to pay one per cent of their total turnover as cess to the fund on compulsory basis. It is a heavy burden which the exporters can not bear.

At present, the exporters are refused to pay the cess and have taken up the issue with the state government in order to get the payment of cess totally scrapped. The Kerala Fisheries Minister Shri. K.V. Thomas has said that earnest efforts would be made to bring back the sea food industry that had migrated to the neighboring states to avoid this one per cent cess imposed on sea food exporters by the previous CPM government. It is suggested by the exporters that this levy should be removed at any cost.

4.7 OTHER PROBLEMS

4.7.1 The fish exporters face different types of labour problems regarding loading and unloading in ports. For instance, the labour problem is severe in Cochin harbour, whereas it is comparatively less or mild in the ports of Tamilnadu. As such the

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9MPEDA Newsletter, May 2001, p. 32.
exporters from Kerala take their products all the way to Thoothukudy port from Kerala which causes great difficulties in terms of transport cost and loss of time.

4.7.2 Another problem with regard to the availability of *special labour* needed by the freezing plants, pre-processing centers and peeling centres. These plants employ mostly women labourers who have special skill. They are short in supply as such the labour cost escalates.

Therefore there is a need for training such specialized and skilled labour and making it available at reasonable costs to the exporters.

4.7.3 *Frequent strikes* by organized workers in the fishing industry instigated and patronized by the politically sponsored unions cause disorderliness and irregularities and adversely affecting the production process of fish products especially in Kerala.

This problem can be solved by educating and motivating labour force and getting them rid off from their political clutches.

4.7.4 The fish exporters, in general, *lack quality consciousness* and the emphasis is more on profit than on quality. The quality is not improved despite the fact that the export promotion council insists on high quality for fish export and institutions like MPEDA and Export Inspection Agency (EIA) periodically inspect quality condition.
Solution to this problem lies in stern action against the erring exporters by the government through measures like canceling their export license, seizing the property and asking them to refund the value of consignment exported.

4.7.5 Some times the reverse happens from the importing countries. For instance, even when the quality of fish exported is high and in tune with international standards, the overseas buyers deliberately cheat the exporters by declaring the exports as substandard ones under various pretexts. As a result the Indian exporters become hapless without any immediate remedy.

Under these circumstances, the Government of India may instruct their missions abroad to come to the rescue of our exporters who face such wanton mishaps.

4.7.6 Another problem faced by the fish exporters is the one created by themselves which some importers term as ‘RENEGING’ which means that our exporter go back on the conditions agreed upon during the middle of the contract. This is viewed very seriously by our importers abroad and it reduces the image of Indian exporters. It calls for suitable action.

The best way for solving this problem is proper motivation and orientation of Indian exporters by organising seminars, workshops, counseling programs by Government agencies and voluntary agencies on a scientific basis.
4.7.7 Indian fish exporters face another problem by way of over depending on Japanese, European Union and USA markets. The problem arises when these countries impose any *new restrictions* on Indian fish products and also when the economic situation in these countries experience a slump, the volume of Indian exports dwindles, adversely affecting the turnover leading to heavy losses.

The solution lies in avoiding over dependence on a particular country or countries for the Indian exports and diversifies the export trade in different countries which are willing to import from exporters from India.

All these problems not withstanding, many problems continue to remain as problems without solution in sight because there is no proper cohesion among the fish exporters. This situation can be remedied by forming a national level organisation on a scientific basis which will study, discuss and analyse the problems at hand and also the ensuring ones which pose a threat and challenge to the fish exports. This organisation can negotiate with powers that be and chalkout action programmes if necessary in order to settle and find as amicable solutions to the problems the exporters face today and in future.