Chapter – V

Marketing of Fish
5.1. Introduction

Marketing plays a very crucial role in economic development as it stimulates production, avoids unnecessary fluctuations in output and prices and reduces costs of Production. Marketing stimulates production mainly by creating new demand dimensions. It can convert latent demand into effective demand. Though it cannot in itself create purchasing power, it can uncover and channel purchasing power that exists and thus create conditions for a much higher level of economic activity than existed before and create opportunities for entrepreneur.

Furthermore, distribution can play an effective role in economic development by holding down costs of production and increasing demand and thereby encouraging farming and related services. However, to facilitate these developments, marketing system and technology have to keep pace with production technology and socio-economic development of the country. There is an argument that in developing countries marketing is less important than production. It may be true that because of the subsistence nature of production, improvements in marketing may not be a pre-condition to start with, but a stage will soon be reached in the development of agriculture where further increments in production will be hampered in the absence of corresponding developments in the market structure.

The developing economies of today are all transitional agricultural economies. In such economies, with a large proportion of the country's food crops going to the urban markets and production getting increasingly commercialised, a general expansion and improvement of marketing system is needed. The experience of many countries, both developed and under developed show that any strategy for agricultural output cannot go very far to
stimulate production in the absence of efficient marketing system. (A.S. Khalon and M.V. George, 1985) ¹

5.2. Market Imperfections

The agricultural markets of underdeveloped economies are generally said to be inefficient due to the existence of several market imperfections. These imperfections arise, firstly out of the monopolistic or oligopsonistic activities of the private traders. It is alleged that such practices by private traders create artificial scarcities, which ultimately result in higher prices and speculative profits. Such imperfections are reflected in the extent of spatial and temporal price differentials out of proportion to transport, storage, processing costs etc. The second type of market imperfection arises from the inadequate development of market infrastructure leading to costly and uncertain transport facilities, lack of grading, storage and knowledge of crop size.

Such imperfections cited above largely arise out of structural factors. This necessitates a discussion regarding market structure.

5.3. Marketing Structure

According Schultz², Market Structure includes all the strategic variables, which control or influence the behaviour of different agencies involved in the market. Some of important structural elements of agricultural markets in countries like India are the following:

1) The number and size distribution of the firms which in turn determine the level of concentration and monopoly power enjoyed by the trading agencies.

2) The product characteristics such as durability, which has bearing on storability and hence influences the elasticity of supply. Similarly, the bulkiness of the product in relation to its
value which influence its transportability and hence the slope of the demand curve confronting the products.

3) Ease of entry and exit of trading firms which again determine the number and size of operating unit and is determined by the capital requirements, public policies of licensing and legislature restrictions which influence the performance at a particular time.

4) The degree of vertical integration, which again determine the level of market power.

5) Amount and quality of market knowledge and information.

6) Product homogeneity or adequacy of grade description, which influences knowledge in the market, hence the sharpness in the forces of demand and supply.

Thus, as Brain³ has aptly pointed out, market structure means, all those characteristics of the organisation of a market, which seem to influence strategically the nature of competition and pricing within the market.

Customarily, agricultural markets (fish markets included) in India are broadly classified into primary markets, wholesale markets and retail markets.

5.4. Fish Marketing

As different from marketing of agricultural products, fish marketing is confronted with certain peculiar problems: greater uncertainty in fish production, highly perishable nature of fish, assembling of fish from numerous landing centres, too many species and as many demand pattern, violent and frequent fluctuations in prices, difficulties in adjusting supply to variations in demand and need for transportations of fish in specialised means of transport (P.S. Rao, 1983)⁴.
One of the major objectives of fisheries development in the country was to ensure remunerative prices for the producers on the one hand and access to fish supply at reasonable prices to the consumers on the other. Inspite of five decades of development, the reality is that producers have not been able to realise remunerative prices for their products and consumers have not been able to get fish at reasonable prices.

Several research studies on fish marketing have revealed that the gap between consumer's price and producer's price generally remained very wide. The usual explanation advanced is that structural characteristics, which create market imperfections, perpetuate high market margins. Market margin is usually considered as an indicator of marketing efficiency. In the absence of any value added process, higher the value of marketing margin, the lower the efficiency of the marketing system and vice-versa. While assessing the market margins in the context of fish trading such aspects as the perishable nature of fish, seasonability in fish landings and distance between the fish producer and consumer should be given due consideration.

In this chapter, an attempt has been made to study the marine fish marketing system of the Pondicherry region mainly with a view to examining its functional efficiency. This marketing study is based upon a primary investigation the researcher carried out in the Pondicherry region. The primary market considered for the enquiry is Thengaithittu, which accounts for more than 50 percent of total fish landings even though, there are about 15 landing centres. It is located between the two major fishing villages of Vambakeerapalayam and Veerampattinam. The wholesale market chosen for the study is the big market of the Pondicherry town, the only wholesale market functioning in the region.

Fish arrives this market not only from all the 15 landing centres scattered over the region but also from the neighbouring states of Tamilnadu and Kerala. There are some 20 Retail Markets spread over the entire
Pondicherry region. Out of these, four retail markets Nellithope, Saram, Mudaliarpet and Muthialpet were chosen, taking into consideration, the distance from primary and wholesale markets and volume of sales.

As part of the enquiry, data on landing centre prices, wholesale and retail prices of different varieties of fish were collected by tracing the marketing channels. Information on various marketing costs at different stages were also collected. These data were collected consecutively for 30 days during the month of August 2003. August was chosen with a view to eliminating the extremes of seasonal differences in the relevant variables as August falls within the normal fishing season in the region.

5.5. Fish Marketing Structure

5.5.1. Primary Market

Thengaithittu fishing harbour is the major mechanised fish landing centre which is situated about 5 kms. away from the wholesale market towards south. Mechanised boats, gill-netters and catamarans mostly land their catches in the morning. The morning market at this landing centre functions from 6.00 a.m. to 10.00 a.m. and the evening market from 2.00 p.m. to till late in the evening. About 1500 people are involved in different marketing activities at this centre as listed below:

(a) Auctioners

(b) Retailers

(c) Bulk purchasers

(d) Wholesalers

(e) Commission Agents

The auctioners at the landing centre customarily take 3 to 5 per cent of the fish auctioned by them as their commission. Many of the auctioners
advance money to the fishermen and treat this commission as interest for the loan already advanced. They are benefited in two ways. Firstly, the fishermen who have taken loan are bound to sell their catch only through these auctioners and secondly, they get comparatively high return to the amount advanced as the value of fish taken by them generally exceeds the current interest rate.

Unlike other varieties, for prawns, there are two channels for marketing - one for the domestic and the other for foreign. The commission agents supply the exportable prawns to the processing units. The agents collect prawn catch from mechanised boat owners and catamaran owners at pre-fixed prices and transport it to the wholesale commission agents' sheds. The mode of disposal of prawns for domestic market is by auction. Very small size of prawns are auctioned either in baskets weighing 25 kg. to 30 kg. each or the whole catch in one lot. Alternatively, auctioning is also done by fixing the rate per kilogram. Once the rates are fixed, the prawns are taken to the shed, weighed and the account is settled.

There is no fish meal plant located in the Pondicherry region. However, about 20 agents are involved in the supply of dried fish wastes to fish meal plants. The study reveals that 10 to 15 per cent of the trawling boat catch coming under this category is going for fish meal plants. These varieties include young ones of silver bellies, anchovies, ribbon fishes, crabs, chunks, shells etc. About 50 men and women are employed for drying fish wastes at this centre and they are paid a daily wage of about Rs.50/-.

5.5.2. Wholesale Market

The big market, which lies in the heart of Pondicherry town, the only wholesale market in the region is 5 kms. away from the primary market of Thengaithittu. This market has become very prominent as many other businesses like grocery shops, fruit shops, vegetable shops, hotels etc. have come up in its surroundings. The transactions of the wholesale market start at
7.00 a.m. and end by 8.00 p.m. Retail businesses are also undertaken in this market. In addition, dry fish marketing is also done. There are about 1,000 people involved in fish marketing here. Out of them about 100 retail traders are undertaking dry fish marketing. The inflow of fish to this market is not only from Thengaithittu landing centre, but also from many other landing centres located along the coasts of Pondicherry region, neighbouring districts of Tamil Nadu and other states like Kerala and Andhra Pradesh. The mode of disposal of fish in the market is mainly by auctioning. The auctioners take some fish as their commission. The fish taken by them are sold there itself and they get nearly Rs.200 to Rs.300 per day. Retail traders from different markets in the city and from village markets participate in auctions. After the transactions, they carry the fish to various retail markets by cycles, rickshaws, autorickshaws and buses.

### 5.5.3. Retail Markets

These are about 20 retail markets located in the Pondicherry region. Out of them four retail markets namely, Nellithope, Mudaliarpet, Muthialpet and Saram were selected for this study based on the distance from primary and wholesale markets and the volume of sales.

In Nellithope retail market, there are about 150 retail traders of whom 10 are dry fish traders. The inflow of fish to this market is mainly from the village landing centres of Moorthikuppat, Narambai, Pannithittu and Nallavan. These landing centres are situated at 10 to 18 kms. distance towards South. The inflow of fish is also from Pondicherry wholesale market. About 25 percent of the fish are brought to the market by autorickshaws and motorised tri-cycles, 50 per cent by bus and the rest by van. The marketing activities begin at 8.00 a.m. and end at 8.00 p.m. but the peak hours are from 8.00 a.m. to 1.00 p.m. and from 5.00 p.m. to 7.00 p.m.
As regards Mudaliarpet retail market, there are about 100 retail traders in fresh fish and 10 in dry fish. The inflow of fish into this market is mainly from Thengaithittu, Veerampattinam and Pudukkuppam landing centres. The mode of transport is van, motorised tricycles and autorickshaws. The distance between the retail market and the landing centres ranges from 2 to 10 kms.

In Muthialpet retail market, there are about 80 retail traders and 10 dry fish traders. The inflows of fish to this market are from Solai Nagar, Vaithikuppam landing centres and Pondicherry wholesale market. The fish are brought to the market by autorickshaws, motorised tricycles, rickshaws and by head loads because Solai Nagar and Vaithikuppam landing centres are at one to two kilometer(s) distances respectively.

There are about 80 retail traders of fresh fish and about 10 dry fish traders in the Saram retail fish markets. The inflows of fish to this market are from Pillaichavady, Kalapet and Kanagachettikulam landing centres. The fish are brought by motorised tricycles, van and buses.

5.6. Marketing Channels

Landing centres of marine fish are scattered all over coast. But consuming centres are spread over the interior parts located far and wide from the landing centres. Fish is often carried over long distances to the consuming points by various means of transport. In the study area fish pass through three channels to reach the ultimate consumers.

Channel - I : Producer – Retailer – Consumer
Channel - II : Producer – Auctioner – Retailer – Consumer
Channel - III : Producer – Retailer (LC) – Wholesaler/Commission Agent – Retailer (CC) – Consumer

Note: LC - Landing Centre
CC - Consuming Centre
The sample size of various fish traders belonging to Primary, Wholesale and Retail markets covered in the survey are given in the following table.

Table-5.1: Distribution of sample market functionaries

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Type of Respondent</th>
<th>No. of Traders Surveyed</th>
<th>No.</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Auctioner</td>
<td>10</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Wholesaler / Commission Agent</td>
<td>20</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Retailer (Landing Centre)</td>
<td>40</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Retailer (Consuming Centre)</td>
<td>50</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Vendor</td>
<td>80</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>200</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Now a word about each of these functionaries:

5.6.1. Auctioner

The auctioner is an important functionary in the marketing channel. As the fish is landed in the primary market or brought into the wholesale market, the auctioner disposes the fish through auction on behalf of the fishermen producer. For getting auction right, the auctioner usually advances loan to the fishermen. For carrying out this function the auctioner is entitled to certain commission, which normally comes to 3 to 5 percent of the sale proceeds. Among the various market functionaries, the auctioner enjoys the highest status.

5.6.2. Wholesaler-cum-Commission Agent

The Wholesaler-cum-Commission Agent (W.C.C.A.) receives fish from the retailers who bring fish from the landing centres to the secondary market and sell it to the retailers / vendors in the secondary market. For this service
W.C.C.A. takes a commission from the retailers who bring fish from the landing centres. The commission varies depending on the nature of species. Usually the commission comes to 3 to 5 percent of the sale proceeds. This is a case of W.C.C.A. acting as a commission agent. Sometimes, W.C.C.A. purchases fish from the retailers of the primary market and sell it to the retailers in the secondary market. This is a case of W.C.C.A. acting as Wholesaler.

5.6.3. Retailer at Landing Centre

The Retailers are procuring the required quantity of fish from the fishermen by way of auction at the landing centre. The Retailers take the fish to the wholesale market in the town and request the Commission Agent-cum-Wholesaler to sell the fish on behalf of them. The Commission Agent makes arrangement to sell the fish to the Retailers in the market or to the fish Vendors and collect commission from the Retailers (Landing Centre) depending upon the quantity of fish and the prices sold.

5.6.4. Retailer at Consuming Centre

These Retailers procure the fish from the Wholesaler-cum-Commission Agents at wholesale market. Some times they purchase fish from the Landing Centres directly and take it to different retail market places and sell it.

5.6.5. Vendors

Vendors belonging to a particular category of retailers. They purchase fish from the Wholesaler-cum-Commission Agents at the wholesale market or directly from the primary market in open auction. The Vendors are mostly women who carry fish directly to the consumer households, while other retailers generally market at specified market places.
5.7. Price Behaviour

Price behaviour of fish is mainly characterised by wide fluctuations at all stages of transactions in the marketing channel which resulted from the highly perishable nature of fish and the high variation in its short run supply. Price is determined by the interaction of demand and supply at both producing centres (Primary markets) and consumer markets. At landing centres the market demand is the aggregate demand from wholesalers, which is indicated by the number of trucks arriving at the centre and also from cycle vendors, retailers and individual purchasers. There will not be much variations in the day-to-day demand by these purchasers or in other words, the short run demand is more or less stable. However, the level of supply on any day is completely unpredictable and short-run supply is highly inelastic. Hence, on any day, a bumper catch at a landing centre will slash down the fish prices and a small catch will boost the prices to very high levels.

Apart from this general case, fish prices are in practice, subjected to more frequent and pronounced changes so that the prediction of any trend is not possible. It is quite likely that there may be one price in the morning and a very different price in the evening in the same market. Sometimes prices vary at still short run intervals, as if to say from minute to minute. Price of a particular variety may change not only due to change in its demand and supply but also due to changes in the prices of other varieties available in the market. Prices are found to vary from spot to spot in a single market, if many auction takes place at a time. Usually when fresh fish arrives early in the morning a high price is quoted. But prices tend to fall as day is advanced. The perishable nature of fish and the uncertainties in the supply may explain to a large extent, the price behaviour of fish.
5.8. Analysis of marketing costs and marketing margin

With due consideration to the quantity of various services and functions carried out within the agricultural marketing systems, the most important yardstick of a given marketing system is the marketing costs and margins. Periodic review of marketing costs and margin will provide important clue to operational efficiency of agricultural marketing system especially when there is no significant change in the quality of marketing services and functions during the given period. Marketing costs consist of all items of expenditure incurred in transferring goods from the producer to the consumer. These are the costs of performing various marketing functions such as transporting, storing, processing, selling and other related activities, which are essential. However, the agencies of functionaries performing these services may be few or large in number depending upon circumstances.

The price spread between the various agencies or the intermediaries in the marketing chain is known as marketing margin. To the extent some of the marketing functions can be combined or performed by the same agency, the number of intermediaries in marketing channel can be reduced. Hence, it is said that middlemen in the marketing can be eliminated but not their functions. Systematic study and analysis of marketing costs and margins are necessary to understand the nature of market integration both spatial and temporal, the level of competition at different stages in the marketing channels, techniques of price determination, nature of marketing services rendered and the rewards thereof for various agencies involved.

Studies on marketing costs and marketing margins would be useful to identify the market structure variables that tend to distort effective competition and also the reasons why marketing costs remain high and the services to the consumer is poor in the developing countries (A.S. Kahlon and George, 1985).
Marketing costs and marketing margins in this study were worked on the basis of the following procedures. Marketing expenses incurred by way of assembling, loading and unloading, freezing, packing, transporting and handling of fish were directly collected by the researcher from the various marketing agencies whose number came to 200 as shown in Table-5.1. Producers price (Price at the landing centre) was computed by taking the average of 30 days prices for the selected varieties at the chosen landing centre. In order to examine the influence of differences in consumer preferences and species differences on market margins, the various species were divided into 3 broad groups (1) high priced varieties (2) medium priced varieties and (3) low priced varieties. The first group relates to those species whose average price exceeded to Rs.50/-, second group consisted of those varieties whose price varied between Rs.20/- and Rs.50/-, Third group included all species whose prices were below Rs.20/-. 

In this study as the indicator of the efficiency of the marketing system, we have considered the ratio of gross marketing margin to retail price. Gross marketing margin is defined as the difference between the consumer's price and the producers price and it includes marketing costs as well as middlemen's margin.

The gross marketing margins and the shares of middlemen as well as fishermen were worked out as follows:

\[
\text{Gross Marketing Margin (GM)} = \frac{\text{Retail Price (RP)} - \text{Landing Centre Price (LP)}}{\text{RP}}
\]

Percentage of marketing margin in consumer’s rupee.

\[
= \frac{\text{RP} - \text{LP}}{\text{RP}} \times 100
\]

Percentage share of fishermen in consumer’s rupee

\[
= \frac{\text{LP}}{\text{RP}} \times 100
\]
We have already seen that there exists three prominent marketing channels in the study area. It is hypothesised that the longer the marketing channel, the lesser the share of producer and higher the marketing margins; the shorter the marketing channel, the higher the share of producers and lower the marketing margin. We shall now take up a channel-wise analysis of price spread.

5.8.1. Price Spread

5.8.1.1. Channel - I: Producer - Retailer - Consumer

The distinct feature of the channel is that the consumer skips 2 channel agents namely, Auctioner, Wholesaler-cum-Commission Agent and the Producer directly sells to the retailer who in turns sells to the consumer. The average price of fish and various marketing costs involved are worked out per one kg. of fish.

Table-5.2: Distribution of marketing margin and marketing costs in Channel-I

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of Cost</th>
<th>Category - I (High priced)</th>
<th>Category - II (Medium priced)</th>
<th>Category - III (Low priced)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Amount (Rs)</td>
<td>%</td>
<td>Amount (Rs)</td>
</tr>
<tr>
<td>1.</td>
<td>Net Price paid to the Producer</td>
<td>87.91</td>
<td>77.13</td>
<td>37.14</td>
</tr>
<tr>
<td>2.(a)</td>
<td>Retailer's purchase price</td>
<td>87.91</td>
<td>77.13</td>
<td>37.14</td>
</tr>
<tr>
<td>(b)</td>
<td>Charges for loading &amp; unloading</td>
<td>2.31</td>
<td>2.03</td>
<td>2.31</td>
</tr>
<tr>
<td>(c)</td>
<td>Cost of transportation</td>
<td>1.15</td>
<td>1.01</td>
<td>1.15</td>
</tr>
<tr>
<td>(d)</td>
<td>Cost of ice</td>
<td>0.86</td>
<td>0.75</td>
<td>0.86</td>
</tr>
<tr>
<td>(e)</td>
<td>Market fee</td>
<td>0.25</td>
<td>0.22</td>
<td>0.25</td>
</tr>
<tr>
<td>(f)</td>
<td>Interest paid for Working Capital</td>
<td>3.50</td>
<td>3.07</td>
<td>1.02</td>
</tr>
<tr>
<td>(g)</td>
<td>Spoilage and wastages</td>
<td>8.80</td>
<td>7.72</td>
<td>3.70</td>
</tr>
<tr>
<td>(h)</td>
<td>Marketing margin</td>
<td>9.20</td>
<td>8.07</td>
<td>3.25</td>
</tr>
<tr>
<td>3.</td>
<td>Consumer's price</td>
<td>113.98</td>
<td>100.00</td>
<td>49.68</td>
</tr>
</tbody>
</table>
From Table-5.2, it is seen that the producer received Rs. 87.91, Rs. 37.14 and Rs.15.50 respectively for one kilogram of fish of the three categories. This amount works out to 77.13 per cent, 74.76 per cent and 62.40 per cent of the prices paid by the consumers for the three categories of fish namely, high priced, medium priced and low priced, respectively. This price is also the purchase price in respect of the retailer.

The marketing margin of the retailer was Rs. 9.20, Rs. 3.25 and Rs. 2.20 respectively for the three categories of fish. Considering the percentages, these figures work out to 8.07 per cent, 6.54 per cent and 8.86 per cent, respectively. The percentage is nearly equal for categories I and III, while it is slightly less in the case of category II.

The cost of transportation of fish from the landing centre to the retail market was Rs. 1.15 per kilogram of fish for all the three categories. However, in terms of percentage, it works out to 1.01 per cent, 2.31 per cent and 4.63 per cent respectively for the three categories of fish.

The cost of ice was Rs. 0.86 per kilogram irrespective of the categories. In percentage terms of this cost comes to 0.75, 1.73 and 3.46 respectively for the three categories.

The market fee was Rs. 0.25 per kilogram which remains the same for all categories of fish. The percentage of this item to the total amount paid by the consumer is found to be 0.22 per cent, 0.50 per cent and 1.01 per cent respectively for the three categories.

The amount towards spoilage and wastage per kilogram of fish was calculated to be Rs. 8.80, Rs. 3.70 and Rs. 1.55 respectively for the three categories. In terms of percentage, these figures come to 7.72, 7.45 and 6.24 respectively. It is seen that the percentage is almost the same for categories I and II, while it is slightly less in the case of category III.
Because of the highly perishable nature, there shall not be any delay in selling the fish. The delay in the sales and the quantum of unsold fish cause a high percentage of spoilage and wastage. The loss arising out of spoilage and wastage, however, is entirely passed on to the retailer. Wastage of fish also occurs consequent on the removal of the head and tail portions, the intestines and the fin of the fish by the retailer before selling fish to the consumer. The percentage of waste is maximum for the high priced varieties and minimum for the low priced varieties.

The charges for loading and unloading for one kilogram of fish was Rs. 2.31, whatever be the category of fish. In terms of percentage, it works out to be the maximum for category-III, i.e., 9.30 per cent.

The interest paid to the working capital per kilogram of fish works out to Rs. 3.50 for category-I and Rs. 1.02 for categories II and III each. The percentage under this item is found to be maximum (4.11 per cent) in the case of category-III and the minimum for category-II.

The price the ultimate consumer pays for the three categories of fish comes to Rs. 108.98, Rs. 49.68 and Rs. 24.84 respectively.

The difference between the consumer's price and the amount paid to the producer is found to be Rs. 21.07, Rs. 12.24 and Rs. 9.34 per kilogram of fish for the three categories respectively.

The table indicates that the two items which account for highest percentage of marketing costs are spoilage and wastages as well as the interest. The retailer can reduce these costs and add to his profit, provided he can resort to some preservation techniques and avail institutional loan.
5.8.1.2. Channel-II: Producer – Auctioner – Retailer – Consumer

The Channel-II system consists of four Agents namely, Producer, Auctioner, Retailer and Consumer. The details of various costs presented below:

Table-5.3: Distribution of Marketing margin and costs in Channel-II

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of Cost</th>
<th>Category - I</th>
<th></th>
<th>Category - II</th>
<th></th>
<th>Category - III</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Amount (Rs.)</td>
<td>%</td>
<td>Amount (Rs.)</td>
<td>%</td>
<td>Amount (Rs.)</td>
<td>%</td>
</tr>
<tr>
<td>1.(a)</td>
<td>Net Price paid to the Producer</td>
<td>87.91</td>
<td>73.82</td>
<td>37.14</td>
<td>71.29</td>
<td>15.50</td>
<td>60.31</td>
</tr>
<tr>
<td></td>
<td>(b) Auctioner's Commission</td>
<td>4.40</td>
<td>3.69</td>
<td>1.86</td>
<td>3.57</td>
<td>0.78</td>
<td>3.04</td>
</tr>
<tr>
<td>2.(a)</td>
<td>Retailer's purchase price</td>
<td>92.31</td>
<td>77.52</td>
<td>39.00</td>
<td>74.86</td>
<td>16.28</td>
<td>63.35</td>
</tr>
<tr>
<td></td>
<td>(b) Charges for loading &amp; unloading</td>
<td>2.31</td>
<td>1.94</td>
<td>2.31</td>
<td>4.43</td>
<td>2.31</td>
<td>8.99</td>
</tr>
<tr>
<td></td>
<td>(c) Cost of transportation</td>
<td>1.15</td>
<td>0.97</td>
<td>1.15</td>
<td>2.21</td>
<td>1.15</td>
<td>4.47</td>
</tr>
<tr>
<td></td>
<td>(d) Cost of ice</td>
<td>0.86</td>
<td>0.72</td>
<td>0.86</td>
<td>1.65</td>
<td>0.86</td>
<td>3.35</td>
</tr>
<tr>
<td></td>
<td>(e) Market fee</td>
<td>0.25</td>
<td>0.21</td>
<td>0.25</td>
<td>0.48</td>
<td>0.25</td>
<td>0.97</td>
</tr>
<tr>
<td></td>
<td>(f) Interest paid for Working Capital</td>
<td>3.50</td>
<td>2.94</td>
<td>1.02</td>
<td>1.96</td>
<td>1.02</td>
<td>3.97</td>
</tr>
<tr>
<td></td>
<td>(g) Spoilage and wastages</td>
<td>9.20</td>
<td>7.73</td>
<td>3.71</td>
<td>7.12</td>
<td>1.63</td>
<td>6.34</td>
</tr>
<tr>
<td></td>
<td>(h) Marketing margin</td>
<td>9.50</td>
<td>7.98</td>
<td>3.80</td>
<td>7.29</td>
<td>2.20</td>
<td>8.56</td>
</tr>
<tr>
<td>3.</td>
<td>Consumer's price</td>
<td>119.08</td>
<td>100.00</td>
<td>52.10</td>
<td>100.00</td>
<td>25.70</td>
<td>100.00</td>
</tr>
</tbody>
</table>

From Table-5.3, it is seen that the producer receives Rs. 87.91, Rs. 37.14 and Rs. 15.50 respectively for one kilogram of fish of the three categories. This amount works out to 77.13 per cent, 71.29 per cent and 60.31 per cent of the price paid by the consumers for the three categories of fish namely, high priced, medium priced and low priced, respectively. This price is also the purchase price in respect of the retailer.
The auctioner's commission is Rs. 4.40, Rs. 1.86 and Rs. 0.78 for the three categories of Channel-II. In terms of percentage, the commission works out to 3.69 per cent, 3.57 per cent and 3.04 per cent respectively. Thus it is seen that the percentage of auctioner's commission in relation to the consumer's price is almost the same in the case of categories I and II.

The marketing margin of the retailer is Rs. 9.50, Rs. 3.80 and Rs. 2.20 respectively for the three categories of fish. These figures work out to 7.98 per cent, 7.29 per cent and 8.56 per cent, respectively.

Comparing the auctioner's commission and marketing margin of the retailer, it is seen that the marketing margin of the retailer in each category of fish is more than the auctioner's commission. The retailer's marketing margin is 2.16 times that of auctioner's commission in the case of category I while this works out to 2.04 times for category II and 2.82 times for category III. Thus it is observed that the retailer's marketing margin is double or treble that of the auctioner's commission.

The cost of transportation of fish from the landing centre to the retail market is Rs. 1.15 per kilogram of fish for all the three categories. However, in terms of percentage, it works out to 0.97 per cent, 2.21 per cent and 4.47 per cent respectively for the three categories of fish.

The cost of ice is Rs. 0.86 per kilogram irrespective of the categories of fish. In percentage terms, it comes to 0.72 per cent, 1.65 per cent and 3.35 per cent respectively.

The market fee works out to Rs. 0.25 per kilogram which remains the same for all categories of fish. The percentage of this item to the total amount paid by the consumer is found to be 0.21 per cent, 0.48 per cent and 0.97 per cent respectively for the three categories.

The amount towards spoilage and wastage per kilogram of fish is found to be Rs. 9.20, Rs. 3.71 and Rs. 1.63 respectively for the three categories. In
terms of percentage, these figures come to 7.73 per cent, 7.12 per cent and 6.34 per cent, respectively. The percentage of spoilage and wastage in relation to the consumer's price is almost same in the case of categories-I and II, while it is slightly less for category-III.

The percentage of waste is the maximum for the high priced varieties and it is the minimum for the low priced varieties of fish.

The charges for loading and unloading for one kilogram of fish comes to Rs. 2.31, whatever be the category of fish. In terms of percentage, it works out to be the maximum for category-III, i.e., 8.99 per cent.

While considering the interest paid to the working capital per kilogram of fish, it works out to Rs. 3.50 for category-I and Rs. 1.02 for category-II and category-III. The percentage under this item is found to be the maximum (3.97 per cent) in the case of category-III fish and the minimum for category-II for fish.

After taking into account all the above expenses incurred right from the stage of procurement and culminating in the sales, ultimately the consumer has to pay a sum of Rs. 119.08, Rs. 52.10 and Rs. 25.70 respectively for the purchase of one kilogram of fish in the three categories.

The difference between the consumer's price and the amount paid to the producer is found to be Rs. 31.17, Rs. 14.96 and Rs. 10.20 per kilogram of fish of the three categories respectively.


From Table-5.4, it is seen that the producer receives Rs. 87.91, Rs. 37.14 and Rs. 15.50 respectively for one kilogram of fish of the three categories. This amount works out to 63.82 per cent, 58.07 per cent and 48.67 per cent of the price paid by the consumers for the three categories of fish namely, high priced,
medium priced and low priced, respectively. This price is also the purchase price in respect of the retailer.

The marketing margin of the retailer (LC) comes to Rs. 8.79, Rs. 3.71 and Rs. 1.55 respectively for the three categories of fish. Considering the percentages, these figures work out to 6.38 per cent, 5.80 per cent and 4.87 per cent, respectively.

Table-5.4: Distribution of Marketing margin and costs in Channel-III

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of Cost</th>
<th>Category - I</th>
<th>Category - II</th>
<th>Category - III</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount (Rs.)</td>
<td>%</td>
<td>Amount (Rs.)</td>
<td>%</td>
</tr>
<tr>
<td>1.(a)</td>
<td>Net Price paid to the Producer</td>
<td>87.91</td>
<td>63.82</td>
<td>37.14</td>
</tr>
<tr>
<td>2.(a)</td>
<td>Retailer's (LC) purchase price</td>
<td>87.91</td>
<td>63.82</td>
<td>37.14</td>
</tr>
<tr>
<td>2.(b)</td>
<td>Charges for loading &amp; unloading</td>
<td>2.31</td>
<td>1.68</td>
<td>2.31</td>
</tr>
<tr>
<td>2.(c)</td>
<td>Cost of transportation</td>
<td>1.15</td>
<td>0.83</td>
<td>1.15</td>
</tr>
<tr>
<td>2.(d)</td>
<td>Cost of ice</td>
<td>0.86</td>
<td>0.62</td>
<td>0.86</td>
</tr>
<tr>
<td>2.(e)</td>
<td>Marketing margin</td>
<td>8.79</td>
<td>6.38</td>
<td>3.71</td>
</tr>
<tr>
<td>3.(a)</td>
<td>Wholesaler's / C.A.'s Purchase Price</td>
<td>101.02</td>
<td>73.34</td>
<td>45.17</td>
</tr>
<tr>
<td>3.(b)</td>
<td>Market fee</td>
<td>0.50</td>
<td>0.36</td>
<td>0.50</td>
</tr>
<tr>
<td>3.(c)</td>
<td>Wages for workers</td>
<td>1.46</td>
<td>1.06</td>
<td>1.46</td>
</tr>
<tr>
<td>3.(d)</td>
<td>Marketing margin</td>
<td>10.10</td>
<td>7.33</td>
<td>4.51</td>
</tr>
<tr>
<td>4.(a)</td>
<td>Retailer's (CC) Purchase Price</td>
<td>113.08</td>
<td>82.10</td>
<td>51.64</td>
</tr>
<tr>
<td>4.(b)</td>
<td>Cost of transportation</td>
<td>1.15</td>
<td>0.83</td>
<td>1.15</td>
</tr>
<tr>
<td>4.(c)</td>
<td>Cost of ice</td>
<td>0.86</td>
<td>0.62</td>
<td>0.86</td>
</tr>
<tr>
<td>4.(d)</td>
<td>Interest on working capital</td>
<td>3.50</td>
<td>2.54</td>
<td>1.02</td>
</tr>
<tr>
<td>4.(e)</td>
<td>Spoilage and wastages</td>
<td>10.10</td>
<td>7.33</td>
<td>5.16</td>
</tr>
<tr>
<td>4.(f)</td>
<td>Marketing margin</td>
<td>9.05</td>
<td>6.57</td>
<td>4.13</td>
</tr>
<tr>
<td>5.</td>
<td>Consumer's price</td>
<td>137.74</td>
<td>100.00</td>
<td>63.96</td>
</tr>
</tbody>
</table>
The marketing margin of the wholesaler/commission agent works out to Rs. 10.10, Rs. 4.51 and Rs. 1.06 respectively for the three categories of fish. Considering the percentages, these figures accounts for to 7.33 per cent, 7.05 per cent and 3.33 per cent, respectively. The percentage is almost the same for the categories I and II.

The marketing margin of the retailer (CC) is Rs. 9.05, Rs. 4.13 and Rs. 2.04 respectively for the three categories of fish. Considering the percentages, these figures work out to 6.57 per cent, 6.46 per cent and 6.41 per cent, respectively. The percentage is almost the same in the case of all the three categories.

The analysis indicate that the marketing margin of the wholesaler/commission agent is more than that of the retailer (LC) or retailer (CC) in the case of category-I and II. However, it is the least in respect of category-III in comparison to the marketing margin of the retailer (LC) and retailer (CC). Consequently, a wholesaler/commission agent may prefer to deal with categories-I and II relatively high priced varieties rather than category-III.

The wages for the workers employed by wholesaler/commission agent work out to Rs.1.46 per kilogram, irrespective of the categories of fish. This amount works out to 1.06 per cent, 2.28 per cent and 4.58 per cent respectively for the three categories of fish.

The cost of transportation of fish from the landing centre to the wholesale market or from the wholesale market to the retail market (CC) is Rs. 1.15 per kilogram of fish for all the three categories. However, in terms of percentage, it works out to 0.83 per cent, 1.80 per cent and 3.61 per cent respectively.

The cost of ice incurred by the retailer (LC) or retailer (CC) works out to Rs. 0.86 per kilogram irrespective of the category of fish. While considering the
percentage of this cost to the total cost, it is estimated as 0.62 per cent, 1.34 per cent and 2.70 per cent respectively.

The market fee is Rs. 0.50 per kilogram which remains the same for all categories. The percentage of this item to the total amount paid by the consumer is found to be 0.36 per cent, 0.78 per cent and 1.57 per cent respectively for the three categories.

The amount towards spoilage and wastage per kilogram of fish was found to be Rs. 10.10, Rs. 5.16 and Rs. 2.54 respectively for the three categories. In terms of percentage, these figures come to 7.33 per cent, 8.07 per cent and 7.97 per cent. The percentage of spoilage and wastages to the consumer's price is almost the same in the case of categories-I and III, while it is slightly more in respect of category-II.

The percentage of waste is the maximum for the medium priced fish varieties and it is the minimum for the high priced varieties. The charges for loading and unloading for one kilogram of fish comes to Rs. 2.31, whatever be the category of fish. In terms of percentage, it works out to be the maximum for category-III, i.e., 7.25 per cent.

While considering the interest paid to the working capital per kilogram of fish, it works out to Rs. 3.50 for category-I and Rs. 1.02 for category-II and category-III. The percentage under this item is found to be the maximum (3.20 per cent) in the case category-III fish and the minimum for category-II (1.59 per cent). After taking into account all the above expenses incurred right from the stage of procurement and culminating in the sales, ultimately the consumer has to pay a sum of Rs. 137.74, Rs. 63.96 and Rs. 31.85 respectively for the purchase of one kilogram of fish in the three categories.

The difference between the consumer's price and the amount paid to the producer is found to be Rs. 49.83, Rs. 26.82 and Rs. 16.35 per kilogram of fish of the three categories respectively. The analysis regarding channel-III
indicates that marketing of low priced varieties of fish involves a higher proportion of expenditure than the other varieties of fish.

The uniqueness of this channel is that the first two agents of the channel do not have to bear the spoilage and wastages cost because the Retailer (Landing Centre) immediately passes on the entire bulk of the produce to the wholesaler/Commission Agent who in turn immediately passes on to the Retailer (Consuming Centre). The entire responsibility of selling to the consumer rests with the Retailer (Consuming Centre) and as such there is a heavy margin of spoilage and wastages which sucks his marketing margin. The highest marketing margin in this category is for the Wholesaler/Commission Agent who gets 7.33 per cent margin followed by the retailer (consuming centre) who gets 6.57 per cent and retailer (landing centre) who gets 6.38 per cent.

5.8.2. Producer's share in the Consumer's price

The difference between the consumer's price and the producer's price is conventionally taken as an indicator of the efficiency of marketing system. In fact, one major objective of marketing policy in the agricultural and fisheries sector of India has been to ensure adequate return to the producers. Hence, the importance of examining producer fishermen's share in the consumer's price. Table-5.5 presents the share of producer's share in the consumer's rupee.

Table-5.5: Producer's share in consumer's price - Channel-wise and category-wise

<table>
<thead>
<tr>
<th>Channel</th>
<th>Fisherman's Share (in percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Category-I</td>
</tr>
<tr>
<td>I</td>
<td>77.13</td>
</tr>
<tr>
<td>II</td>
<td>73.82</td>
</tr>
<tr>
<td>III</td>
<td>63.82</td>
</tr>
</tbody>
</table>
Table-5.5, indicates that Producer's share is found to vary from 49 per cent to 77 per cent. It implies that producer fishermen are able to get only one half to three-fourth of the final price of their produce. In other words, one quarter to one half of the sale proceeds are cornered by middlemen involved at different stages of marketing. It is found that producers get a higher share in the case of highly priced varieties as compared to low priced, irrespective of marketing channels. This finding is in conformity with the findings of certain earlier studies carried out in the neighbouring State of Tamil Nadu (R. Sathiadhas and K.K.P. Panikkar, 1988)\(^6\).

It is also seen that the share of the producers inversely varies with the length of the marketing channel or number of intermediaries in the marketing channel. In the case of all the three categories, the producer's share is found to be the highest for channel-I where the number of intermediaries is the lowest.
Notes and References


