

Supply chain Interventions

Improving socio economic status of Fisherman in India

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The paper is based on the finding of the author during the primary field study conducted in various coastal states of India. The paper looks into the various issues and concern of the poor fisherman in the present scenario. The paper delves into the reason for the exploitation of the fisherman community by industry and the business houses.

It further tries to explain the issues and concern of the fisherman community putting into perspective the value chain and role played by it. The paper further throws light on the present status quo of the trade and then subsequently tries to suggest the road ahead for the improvement of the socio-economic status of the fisherman community of the country.

The paper is an outcome of the author's personal experience while doing research on fishery value chain and hence may not be taken as absolute facts for the fishery sector.

BACKGROUND

Fishery is the oldest and most important livelihood option for the inhabitants of the coastal line of the country since times immemorial. This natural resource along with the marine environment has been the custodian of livelihood security of the coastal populace. The web of life of the coastal community is woven around it, be it festivals, weddings or even death, the community is intricately related to the natural marine resource



Paper Presented by
Ashutosh Sinha

Ashutosh is a Consultant at NiMble. He can be contacted at –
ashutosh@nimble.in

Approximate of about 1 % of the total population depends upon fishery sector in India as a primary source of livelihood - direct employment to about 6 million fishers and to another six million people who are employed in fishery related activities.

Resource Base

- ✕ 2.02 million sq. Km EEZ
- ✕ 1.4 million ha. brackish water resource
- ✕ 1.6 million ha. freshwater resource
- ✕ 64,000 km rivers and streams

India has an estimated marine resources potential of about 3.9 million tones per year. This potential source can be bracketed under two categories i.e. oceanic fishery and coastal fishery. The important marine fish disposition in India are the Mackerel, Sardines, Bombay duck, Shark, Ray, Perch, Croaker, Carangid, Sole, Ribbonfish, Whitebait, Tuna, Silver belly, Prawn, Shrimp, Squid, Octopus, Red snapper, Lobster, Cat fish and Cuttlefish. Among the species caught, Indian oil sardine, Indian mackerel and Sciaenidae are dominant ones.

HIGHLIGHTS

Background

Issues / Concerns

Supply Chain

Present Scenario

The Road Ahead

At present, India's marine products export is worth about US\$ 1,330 million, covering 60 products. Establishments connected with marine products export include 625 exporters (380 manufacturer-exporters and 240 merchant-exporters), 376 freezing plants, 13 canning plants, 4 in the agar-agar industry, 149 ice plants, 15 fish meal plants, 903 shrimp peeling plants, 451 cold storage units, and 3 chitosan /chitin plants

Present Scenario - trade

In the present scenario, the trade starts much before the actual catch is made. It starts with the establishment of the "Patron-Client" relationship between the poor fisherman and the business community. This is then followed by the lineage of catch being made and brought at the landing center and its auction (mostly predefined based on the terms and condition of the 'relationship'). The product then takes up multifarious channels to move up the value chain before final consumption.

The levels thus created in the chain are both of value added players as well as non value added players who add up only the cost without rendering positive service to the value chain. The flow of revenue thus gets distorted because of the non value added players. The presence of large number of the non value adds up to the plight of the poor fisherman who is deprived of its due share in the profit / revenue generated by the trade. The players like Middle man (Gaddiwala), auction agent and commission agent are the dominant non value added players who because of their forward linkages, credit leverage and muscle power have captured the trade and made it unfavorable for the poor fisherman.

According to a new report, Outlook for Fish to 2020: meeting global demand, released by the WorldFish Center and IFPRI (International Food Policy Research Institute), developing countries in 20 years will be responsible for 77% of fish consumption globally and 79% of world production. So, India's 4.8 million tonnes production of fish for food will grow to nearly 8 million tonnes, a 67% jump.

Consortium – Does it overshadow trade?

Another important observation is the informal consortium of non value added players has captures the vital resource like transportation, ice factory, etc giving them further leverage to control the trade. These informal consortiums are either supported by one or the other export house / processing house or are themselves promoted by them. This is a pointer toward the big business houses which comes into picture. Further understanding of the trade gives sufficient evidence that the big players of the commercial trade are directly or indirectly involved in the elite capture of the trade.

Support – Does it really help?

The status of physical infrastructure and other amenities for the fisherman community is negligible and hence the upliftment of the socially and economically deprived section of the community is difficult and in the present scenario seems improbable in coming times. Lack of credit facility, marketing infrastructure, support from government in terms of supporting schemes & policies is adding up to the plight of the deprived community. The dilapidated state of living condition and trauma of globalization

and mechanization of the trade can be seen by the worsening living condition of the fisherman.

Issues / Concern area

- Unregulated market
- Price paradox
- Infrastructure
- Credit
- Primary Phase- Secondary Phase Articulation
- Ancillary Support Services
- Gender
- Sustainable harvest

Unregulated Market

The market is highly unregulated for fishery with no minimum prices fixed for species, no product differentiation, no control on quality standards, no weighing mechanism for the catch, etc. The scenario further worsen with few players dictating the terms and condition of the trade.



Price Paradox

The pricing of the fish is one of the major concerns in the trade. The species which are exported sees a quantum jump of more than 500% from the source of origin. There are numerous other ways of modulating the price in favour of business at the expense of the poor fisherman, leverage being the credit which supports the industry and the processors rather than the poor fisherman.

Infrastructure

The state of the infrastructure was observed to be poor except for the few major landing centers. Even the basic amenities like weighing machines, landing platform, icing facility (cold storage) etc. were absent. Immediate attention by the government in developing the basic facility at the landing center needs to be prioritized.

Credit

The availability of credit to the fisherman is yet another area of concern for equitable growth of the sector. The credit leverage with the bigger players of the trade is one of the most important controls used on the trade. The rising of the "Client Patron Relationship" is the effect of the credit control which has distorted the trade unfavorably for the fisherman.

The financial institution needs to review the modus operandi for providing credit facility to the fisherman community on term and conditions which support the fisherman. Also the place of availability needs to be in proximity of the settlement of the fisherman which

The sanskritization of the "Patron-Client" relationship has become so endemic that client does not even have the right to change the Patron. Social, economic, political and in extreme cases even the threat of use of violence is used as means to get the errant back to fold

will help them accessing credit on requirement. Special schemes in terms of credit for boat and nets need to be developed as it is important requirement for the fisherman.

Primary Phase- Secondary Phase Articulation

The articulation between the catch / culture and industrial phases has been an area of concern for the fishery sector. In general, through practical constraints and facilitation and the use of multiple means, links have been established between the crafts and the processing plants, providing certain minimum stability to the chain, but the scenario continues to be bleak for the poor fisherman as the trade barriers created by the players of the value chain sharply and critically hampers the profit margin for him.

On the other hand the problem connected with the method by which the product is prepared in the catch / culture phase is of prime concern to the industrial phase because of the barriers to trade created by the global market standards, which limits the possibilities for its industrial processing.

Ancillary support services

Ancillary support services are the life line of the fishery trade owing to the perishable nature of the product. Immediate availability of ice, cold storage and transportation facility is a must for the fishery trade.

The control over ice factory, cold storage and transportation lies with the big players of the trade and the poor fisherman is devoid of these facilities when he wants to access / use it.

Gender

Gender concerns in the fishery business have a different dimension altogether in terms of physical as well as financial exploitation of the women even though they play an important role in the fish supply chain at the local level.



The center of power in terms of decision making, trade, financial access over product and market had been traditionally the domain of the male counter parts and women have little say in it. Fish drying and selling is the major activity in which the women are involved.

The financial exploitation of women is severest in the market place because of the unregulated market. Also the choice in terms of purchases is very limited at the landing center where they have say only for the products of low value and category.

Sustainable harvest

Exploitation of the natural resource with the advent of trawlers and ever increasing number of the traditional craft has decreased the quantum of catch per trip to the fisherman. Also

'Small and large-scale fish farmers need technical and policy assistance to produce top products in an environmentally friendly way. But governments can avoid a trade off if they develop aquaculture policies that are environmentally sustainable and foster technologies that poor fish farmers can afford.'

destructive fishing by the trawler and advances craft has severely impeded the capacity of the resource to rejuvenate back.

In light of the issues raises above and in quest for redressal of the problems to improve upon the socio-economic condition of the poor fisherman a directed concentrated effort should be made on the axis of the trade. This leads us to the supply chain management and its implication on the various players. Our past experiences with the wonderful outcome of supply chain management in dairy sector (Amul experience) highlight the need for such an intervention in fishery sector. If we draw a parlance we can deduce lot of similarity between nature of product, scope of production, trade practices, market, value addition, exports, etc. in dairy and fishery sector. This inspires us to think for strategic intervention in the fishery sector on the similar lines keeping the intrinsic nature of the sector as the directive force for such an intervention

The Supply Chain

We can define the supply chain as “the full range of activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers and final disposal after use (Kaplinsky and Morris).”

"A vertical alliance of enterprises collaborating to achieve a more rewarding position in the marketplace"

The important supply channels which caters to the various usages are –

- marketed fresh (70% of fish catch)
- fish drying and curing industry (14% of fish catch)
- Frozen fish production (6.5% of fish catch)
- reduction to fish meal (8.4% of fish catch)
- offal reduction (0.8% of fish catch)
- miscellaneous purposes (1.6% of fish catch)

2, 20,903 traditional craft, 39,444 traditional motorized craft and 51,744 mechanized boats operating in Indian waters.

The most important supply chain is for the fish marketed fresh owing both to the size of market as well as the nature of the product i.e. perishability. In the following discussion we will be analyzing the supply chain in this context. The important players in the supply chain are enlisted below –

1. Fishermen who do not have a boat
2. Fishermen with boat and net
3. Trawler owner
4. Auction agents
5. Commission/Collection agents
6. Transporters
7. Ice Providers
8. Godown owner (Gaddiwala's)
9. Wholesaler
10. Exporters
11. Head loaders
12. Cycle vendors
13. Petty sellers trading fish in kind
14. People working as fish packers at the landing centers and in processing units
15. Ancillary participants





All the players have their own stakes leading to a situation where we observe a conflict between livelihoods vs. business issues. Hence we can see a clear cut demarcation between the Producer class and Business class. The competition between the two classes over resource and thus the revenue generated becomes the contention that needs to be resolved amicably.

The Road Ahead

In the given context of the present state of affair of the fishing trade and industry, it is highly improbable the distortion can be treated by simple corrective measures. The need of the hour is surgical amputation of the dysfunctional part of the trade. It is expected that the corrective action of over riding the non function players of the value chain can directly / indirectly enhance the probability of redirecting the flow of revenue / profit back to the primary player of the trade. This in turn is expected to have its own positive externality in terms of improvement in the socio-economic standard, improvement in health and hygiene, per capita income, literacy level, decline in child mortality, etc.

Environment – How important?

In the prevailing environment – external & internal, it is difficult to predict the probable repercussion of any direct intervention in the supply chain by external agency. The 'change' has to be generated from within the community through wider co-operation between the community members and also amongst the various communities living side by side along the coast line. This involves higher level of participation, enhanced level of motivation, desire for change in the community members, support from government and other institution, etc. Managing change will require high level of discipline among the primary players where they co-operate with each other and sees each other as partners and not competitors. The realignment process will then set up the momentum of growth and prosperity for all the players and create an environment in which each of the player maximize their interest without causing hindrance in the growth of the others.



Managing Change

The process of "Change" needs to be initiated at the earliest and the author feels that the mobilization of the community is the initiation point of it. The desired outcome of the activity is a conceptualization of a common platform of activity, trade, and support in terms of both physical and financial hand holding. The facilitation of the entire exercise is crucial input with non NiMble System Pvt. Ltd.

Head Office: 93, B, 1st Floor, Iqbal Bhawan, Krisna Nagar, Safdarjung Enclave, New Delhi – 110029

Tel: 011- 51654178(Delhi Office); 022 – 56808785 (Mumbai office) Fax – 011 – 51859983

E-mail – Contact@nimble.in Website: www.nimble.in

government organisation, support organisation, individuals and government playing important role.

The progression of development, according to the author will lead to a stage where the fisherman community can come forward in a framework of association, either formal or informal and take up larger functions in the value chain. This should be a function of enhanced roles and responsibilities beyond the realm of traditional fisherman. These will in turn set off ripples of correction of the present distortion in the value chain by eliminating the non value added



players or at least limiting their roles. The imperfection of the market leading to the exploitation of the poor community will be rectified and hence create a conducive collaborative environment between the industry and the primary producers. The apprehension between the "Primary Phase- Secondary Phase" will be minimized and mutual trust and understanding will develop between the two.

End Remarks

As an end note, the author sees an immense potential in fishery as a trade and livelihood option. The need of the hour is to develop sync between the two so that they reciprocate each other rather than come in conflict. The issues and concern of various players of the value chain need to be addressed so that they come in supportive mode rather than the exploitative mode. Here it is imperative to mention that environment will play a crucial role for success or failure of any intervention. Hence changing the environment along with the mind set of the players coupled with supportive role of the facilitator will achieve the goal of improvement in the socio-economic status of the fisherman community.