

SEAFOOD EXPORT PROCESSING INDUSTRIES IN KERALA – ISSUES AND CHALLENGES

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ABSTRACT

Exports of marine products are important to the Indian economy in terms of employment and income generation, as well as valuable foreign exchange earnings. India is the world's fourth largest exporter of seafood products, with total export value of USD 6.73 billion, accounting for 4.35 percent of the total global exports. This study analyses the issues and challenges faced by the seafood processing export industries in Kerala. The success of fishery export processing industry can be achieved by minimizing the cost production and improving quality standards to attain higher economies of scale. Seafood processing industries face lot of problems in both demand and supply side issues. However, compliance of Food Safety Standard, QualityIssues, Tariff and Non-Tariff Barriers, Anti-dumping duty and increase in the degree of global level competition are some of the potential treats that must be taken into account by the Seafood export processing industries in Kerala.

Keywords: Seafood, Food Safety Standard, Anti-Dumping, Quality Issues

Introduction

Fisheries export occupies a prominent place in India's food export market with overall export of seafood accounting for 49 percent of animal product exports from the country in the value terms for 2020-21. India shipped 13,69,263 MT of seafood worth Rs.5,586.48 crore (USD 7.76 billion) during 2021-22. During the FY 2021-22, export improved in rupee term by 19.12%. Frozen shrimp is the item most exported from India. In addition to frozen shrimp, other major seafood items exported from India include frozen fish and frozen squid. Kerala fisheries sector contributes around 1.80% to the total GDP and its contribution primary sector is about 14%. Export of marine products from Kerala amount to Rs.5623.12 Crore (1,57,698 MT) during

2020-21, that is 14 percentage of share in all India export. Appreciating India's export performance, it is important to note that fisheries exports are carried out primarily by fish processing units in the country and hence, functioning and concerns, if any, need a proper assessment.

Objectives of the study

1. To study the process of Seafood Industries in Kerala.
2. To analyze the challenges faced by the seafood export processing industries in Kerala.
3. To make SWOT analysis.
4. To make suggestion based on the findings of the study.

Significance of the study

Seafood industries play a vital role for the economic development of Kerala. It provides employment opportunity for both male and female in local areas. Kerala's seafood product is more demand in foreign market, it leads to export opportunities. However, the exporters face lot of challenges. Hence the study about this sector gets must significance.

Statement of the problem

The major problem faced by the seafood export processing industries are Safety and Quality Standard, Labelling and Certification requirement, International Standard and Regulations, Anti-dumping duty, Low level of mechanization, Low-Capacity Utilization, Global Competition, Insignificant Infrastructure, Inadequate supply of quality of raw material, Lack of marketing, Lack of access to finance, Changing business cycle and Government legislation.

Review of literature

Singh et al. (2020), had detailed that there is always a huge demand for Indian seafood at the international markets. The major product consumed is shrimps which includes both wild caught shrimps and aquaculture shrimps. Though there is huge export volume, exporters must focus on value addition and product diversity to reach more farther and varied markets. Various financial related schemes need to be utilized by the seafood exporters and the government needs to see that the funds allocated for the export growth reaches to the right people. Various institutions like NABARD should fund various government aided fisheries related projects and must enable the realization of the complete potential of Indian seafood industry.

Shyam et al. (2019), proposed that the Indian seafood exports generate a huge revenue even after the recession period. Demand for seafood has increased gradually over the years. Sometimes, buyer prices mismatch between buyers affect the end raw material prices. India's exports were mostly low value exports. At the beginning of the recession, exporters were forced to do business at high risk and were subjected heavy trade pressure. Even though the seafood exports grew during this period, the government needs to intervene in trade policies to ensure healthy and safe trade practices throughout the world.

Research Methodology

For the purpose of study, 100 seafood processing units were selected from cochin using convenience sampling method. The study was based on both primary and secondary data. Primary data were collected with the help of structured questionnaires prepared for the purpose. Secondary data were collected from books, publication of Marine Products Export Development Authority (MPEDA), online articles and websites etc. Chi square test and SWOT analysis are used as a tool for the analysis of data.

Hypotheses

H1: There is no difference of opinion between the seafood processing industries towards their difficulties in export.

Analysis of Seafood Export Processing Units

An analysis of profile of the seafood industry shows that structure of the seafood industry has changed from the traditional scenario and transformed into modernized and systematically run sector for the export market. The major challenges faced by the seafood export processing industries are food safety standard, quality standard, tariff and non-tariff barriers and global competition.

Export of Marine Products from Kerala

Year	Quantity (in MT)	Value (in Rs.Crore)	% of share in all India (Quantity)	% of share in all India (Value)
2016-17	159141	5008.54	14	13
2017-18	178646	5919.02	13	13

2018-19	183064	6014.70	13	13
2019-20	163563	5672.27	13	12
2020-21	157698	5623.12	14	13

Discussion: -Challenges faced by the seafood export processing industries in Kerala

Food Safety and Quality Standards

To ensure the quality of exported seafood, the processing industries have been strictly following the international quality standard. Indian seafood export industries must be ensure food safety standards of importing countries like European Union, USA, Japan,China,Australia,Canada.Seafood exporters must follow International safety standards such as CODEX standard,HACCP standard,ISO standard.

Tariff and Non-Tariff Barriers

Seafood export industry if facing high and varying tariff rates imposed by the importing countries both developed and developing. Non-Tariff Barriers in the form of Anti-Dumping duty, licensing requirement, testing measures for detection of antibiotics, health certificate requirement, packaging, and labeling and marketing requirements and other certificates.

Global Competition

One of the serious challenges of the seafood export processing industries is the increasing degree of global competition. One of the threats of competition from competing countries in the field of seafood export like Vietnam, Thailand and Indonesia.

Data Analysis: - X^2 Test

Null Hypothesis: -There is no difference of opinion between the seafood processing industries towards their difficulties in export

Observed Frequency

Seafood Exporters	Challenges			Total
	Food Safety and Quality Standard	Tariff and Non-Tariff Barriers	Global Competition	
Small	7	10	3	20
Medium	15	5	10	30
Large	25	10	15	50
Total	47	25	28	100

Source: Primary Data

Expected Frequency

9.4	5	5.6
14.1	7.5	8.4
23.5	7.5	14

$$X^2 = \sum (O - E)^2 / E = 9.016$$

$$\text{Degree of freedom } V = (r-1)(c-1) = (3-1)(3-1) = 4$$

$$\text{Table Value} = 9.49$$

Interference: The calculated value (9.016) is less than the table value (9.49). So the null hypothesis is accepted at 5% level of significance, hence it is concluded that there is difference of opinion between the seafood processing industries towards their difficulties in export .

Performance faced by the seafood export processing industries in Kerala– A SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none"> ❖ It generates employment opportunity and foreign income. ❖ It enhances better standard of living and Infrastructure development. ❖ Good relationship exists between two countries (exporter country and importer country) ❖ Unique strength of Kerala rich of rivers, beaches, backwater ❖ Higher economies of scale. 	<ul style="list-style-type: none"> ❖ There are no proper infrastructure facilities and value addition. ❖ Compliance of food safety and quality standards. ❖ Lack of marketing network and price mechanism. ❖ High rate of tax and Anti-dumping duty. ❖ Difficulties in collection of export revenue.
Opportunity	Threats
<ul style="list-style-type: none"> ❖ There is an opportunity to export to other countries. ❖ Financial benefits through different Govt.scheme. ❖ Large varieties of seafood are exporting from Kerala to other countries. ❖ Export promotion schemes and export incentives. 	<ul style="list-style-type: none"> ❖ Improper maintenance of wastage cause diseases ❖ Global level competition. ❖ Crucial strategies adopted by other countries. ❖ Frequent changes in Government the .policy of importing country. ❖ Improper cold storage facility and low capacity utilization.

Findings

1) Kerala has an estimated maximum sustainable yield of about 7.5 lakh metric tons and the net production from the Kerala state has reached 3.91 lakh tons.

2)Kerala earns approximately Rs.5,623.12 crores (1,57,696 MT) from export of marine fish products and approximately Rs.600 crores from domestic sales. Kerala contributes to about 14 per cent (13% value) of the marine fish production in the country.

- 3) Kerala seafood industries contributes 1.56% of total GVA.
- 4) The seafood export processing firms are generally the most powerful stakeholders, playing a leading role in maintaining quality of seafood supply chain activities. They get information on fish quality standards from the customers/foreign buyers/importers. Hence, the export firm act as intermediaries, which means on one hand, transferring requirements of importers to the small-farmers, and on the other hand, informing the importers with respect to production quality.
- 5) The seafood export processing industries face global competition .
- 6) By applying X^2 test, there is difference of opinion between the seafood export processing industries towards their difficulties in export.

Recommendation/Suggestion

- 1) Government strictly follows proper quality assessment and certain specific testing.
- 2) Supply Chain Practices of seafood exporting firms can be improved through effective interaction and collaboration with customers and suppliers. Firms should maintain an intimate relationship with their trading partners.
- 3) Establishing proper air connectivity to some of the important exporting locations and hygiene conditions can help improve Kerala export competitiveness by reducing time and cost.
- 4) Processing/export firms should provide information to help aquaculture farmers plan production cycles. This provision would stabilize market output, help farmers to assess fair prices, and enable them to better cooperate with other farmers.
- 5) Regular inspection of products by the customs department in the company premises and allow export license with a good track record firms.

Conclusion

The major problems faced by the seafood export processing industries in Kerala are infrastructure facility, waste management, proper cold storage facilities, tax escalation, low quality raw materials, competition. The fish storage facility in Kerala is inadequate compared to the potential for fish production and processing. The seafood export industries should therefore explore versatile export options by identifying the changes in customer requirements, market trends, changes in dietary and consumption patterns of importing country.

Seafood export industries faces high level competition in the international market and strict food safety legislations by the importing countries .Kerala’s seafood exporters seriously conduct market study to closely analyze the global market trend and must pro-active steps in order to reach maximum rewards from opportunities.

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