

# **Fish Economy of Kerala**

## **An Enquiry of the Role of Middlemen in the Marketing Process**

**Dr. ASHA MATHEW**

**Assistant Professor, St. Joseph's College, Devagiri, Kozhikode, Kerala**

### **Executive Summary of the Final Report of the Work Done on the Minor Research Project**

Fishing is considered as one of the oldest means of livelihood of mankind. Over the time it has transformed into a multifarious industry called fisheries. The economic importance of fisheries and the successively progressive technological developments in this sector have resulted in the transformation of this primitive occupation into a major industry. Although a considerable progress has been achieved in technological aspects in fisheries, marketing is yet to become an organized system.

The technological change had a direct bearing on the structure of the market and marketing of fish. It greatly influences the production sector and the marketing means. In Kerala, the growth of mechanized fleets had been dominated by trawlers which mainly catered to high priced species. In case of purse – seiners the landings were frequently in very large quantities and the subsisting marketing systems and infrastructure could not cope with the landings ending in the bulk purchase of catch by big merchants. This raised the question in relation to the role of intermediaries and about the adequacy of marketing infrastructure. In Kerala, the marketing organization is surrounded by conventional accoutrements and lacks by and large modern system of management. Several projects like co-operativization of production, processing and primary sale of fish were introduced to free the fishermen from the exploitation of middlemen. Even, after the initiation of these projects, auctioning of fish at various centres was largely controlled by the middlemen, who extracted a major share of the gross sale proceeds as auction charges. They often failed to pay the fishermen the promised prices when the deals were finally reconciled and the fishermen who are indebted to the middlemen have been absolutely vulnerable in exercising any control in the sale of fish landed by them.

On the other hand, the rapid growth in mechanized boats and other modern apparatus had resulted in a continuous decline in the share of production of fresh fish owing to over fishing. Due to the decline in the share of production of fresh fish, many of our markets, which were once flooded with fish of every species are now a day's brazen out with the most serious problem of an unprecedented short supply of fish. Fish and fishery products are increasingly finding place in the diets of Kerala people as a result of the changing consumption behaviour and life style, rising income, growing urbanization etc. Therefore, our domestic population should not be totally deprived of the protein rich cheap food due to this tendency. The contemporary state of the production sector and the marketing sector has put both the producers and consumers in dilemma. In this background, the present study examines the hindrance faced by the producers and the consumers in the existing marketing system. The findings of this study would disclose a number of aspects which could be captured by Government in policy making in the future.

The main objectives of the study are:

- To have an overview of the marine fish economy of Kerala
- To analyse the fish marketing system prevailing in Kerala with special reference to North zone, which comprises of Kasargode, Kannur, Kozhikode and Malappuram.
- To compute the marketing costs and marketing margin with reference to the North Zone.
- To analyze the role played by the intermediaries in the marketing process of fish

The fisheries sector has become highly industrialized and so the conception and objective of fish marketing also have taken a new role in business activities. The efficiency of a marketing system can be examined by looking at the proceeds it receives from the sale of the output. The market functionaries are being identified depending on the function performed by each channels in the sales. Between the fishermen and the ultimate consumers, there exists a long chain of middleman. The economics of fish marketing varies widely from place to place and so it is difficult to have a common analysis.

For studying the marketing system, 300 persons involved in various marketing activities in North Kerala comprising of Kasargode, Kannur, Kozhikode and Malappuram are surveyed. The major sources of primary data for analyzing the marketing system are the auctioneers, the wholesalers, the commission agents, retailers at the landing centre and consuming centre and the

vendor. Data on landing centre prices, wholesale and retail prices of different varieties of fish are collected by tracing the marketing channels. In North Kerala, the fish market structure begins with the fishermen and the catches are disposed in three ways – i) sharing of fish by crew, ii) catch value sharing, and iii) direct disposal by the producer.

In the case of sharing of fish by crew, the fish that is being caught is shared among the crew members and is sold off either to a permanent or a non - permanent domestic market. 60 percent of the catch is for the crew members and 40 percent for the boat owners. With reference to sharing on the basis of size of landings, two methods are opted. In case of small landings, the producers themselves directly sell the fish to the retailers. In case of bulk landings, the catch is sold to different channels with the help of middlemen. In the case of direct disposal by producer, the producers themselves sell the fish catch directly to the permanent domestic market and they get directly involved in the marketing process. It gave them control over their produce.

It is found in the study area that fish take four major channels to reach the consumers. The channels identified are -

- Channel I : Producer → Retailer (at the landing centre) → Consumer
- Channel II : Producer → Auctioneer → Vendor → Consumer
- Channel III : Producer → Retailer (at the landing centre) → Auctioneer → Vendor → Consumer
- Channel IV : Producer → Auctioneer → Wholesaler → Commission agent → Retailer (at the consuming centre) → Vendor → consumer

In North Kerala, the auctioneers are known by several names like ‘Tharakans’ and ‘Addayi’ and they receive a certain commission which normally comes between four percent and ten percent of the sale proceeds. He also acts as a money lender. The wholesalers in this region play a dual role. He himself acts as a commission agent or else he purchase fish from the auctioneers. In the case of retailers, there exist two types of retailers – retailers at the landing centres and retailers at the consuming centre. They purchase fish either directly from the producers or from the auctioneers or even from wholesaler or the commission agent. The vendors always have eminence in non-permanent market.

The marketing costs incurred by each of the intermediaries have been calculated and it is found that for the wholesaler, the maximum expenses are on salary for the workers, followed by the transportation charges. In the case of retailers, the cost items mainly include the loading and unloading charges followed by the spoilage and wastage and on the interest paid for working capital. For the vendors, the marketing costs are high for spoilage and wastage, followed by transportation and loading and unloading charges.

The marketing margins and costs for the four channels are calculated and an attempt is made to calculate the producer's share in consumer's price which is considered as an indicator of marketing efficiency. The results of the analysis showed that the producer's share is high in the case of Channel I where the number of intermediaries is less. The producer's share has been decreasing with the increase in the number of intermediaries. A sizeable portion is taken away by the middlemen as marketing margin.

Certain problems of fisheries sector is highlighted by the fishermen respondents. The major production constraints faced by the fishermen are the risk in the occupation, raising cost of materials, exploitation of fisher folk area by outside boats, issue of technically unsuitable crafts and gears, delay in the supply of fishing equipments by the government and the depletion of resources due to the use of inappropriate technology.

The marketing constraints faced are the absence of market stalls for fish, absence of institution for marketing, lack of export facilities, interference of intermediaries and the inadequacy of frozen storage facilities.

Lack of proper communication facility with the island while fishing, inadequacy of maintenance yards for crafts and gears, lack of launching and landing facilities for crafts and gears in many areas, lack of processing factories and inadequate training for fishermen by the fisheries department are the infrastructural constraints pointed out by the fishermen. The major social constraint is the absence of disposal of waste mechanism and cleanliness of the fish markets.

This study is an eye opener to the policy makers. In the case of marketing analysis, the results of the analysis showed that the producer's share is high in the case of Channel where the number of intermediaries is less which inturn shows the exploitation of the fisher folk by the

middlemen in the sales activities. It also clearly depicts the tendency of the price of fish to get hiked when the number of intermediaries involved in sales increases. This calls for the Government intervention in the fish distribution system either directly through developing good marketing net works and thus helping the producer to have control over the distribution system. As there is no organized institution for marketing, initiation on the part of the Government to market the products, will reduce the interference of intermediaries and is an important measure to protect the fishermen from exploitation. Improvement in infrastructural facilities also is a need to increase the marketing efficiency. Several constraints with regard to production, marketing, social and infrastructure were also identified. To sum up, the Government should undertake policies in such a way as to safeguard the advantages of both the producers and consumers simultaneously.