

India's Fish Economy

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The evolution and development of India's fishing industry, upto very recent times, has in many ways been on the same lines as those of Sri Lanka. In India, however, there has emerged a new force in the form of an 'ultra-modern sector', in the industry. John Kurien, in an incisive analysis of India's fish economy and the impact of the entry of big business concerns into fishing in India, published in India's *Economic and Political Weekly*, first discusses marine fish resources potential and then traces the evolution of the fish economy before he makes his assessment. Part II of this paper, continues with the entry of the ultra-modern sector and concludes with the final impact and possible future trends in India's fishing industry.

The current involvement of big business in fishing is basically the logical extension of trends that set in motion into India's fish economy about three decades ago with emphasis on modernisation and the introduction of capital intensive technology. This was greatly facilitated by the existence of plentiful resources and a rapidly expanding market. However, with the proclamation of a 200-mile Exclusive Economic Zone (EEZ) which spurred off a debate on the future trend in fisheries development, a new twist is being given to the entry of big business interests to exploit our newly acquired deep-sea resources. The argument has been that the involvement of big business is an inevitable step taken only to ensure that the extension of our fishing rights will not bring a fall in world fish out-put because of our present inability to exploit the resources for want of capital and technology. To this debate a 'humanistic' overtone has lately been added by viewing with concern the multi-faceted impact of this 'new' phase on those traditionally involved in fishery-related activities. The consensus seems to be that while traditional fishermen be safeguarded, our commitment to the global community must be honoured.

To understand the implication of the entry of big business in fishing in terms of the concrete reality, one has to take an overview of the evolution of the fish economy as a whole. At the same time it is necessary to examine and be informed of some characteristics of the aquatic terrain and the potential and the exploited marine resources of India's Exclusive Economic Zone.

(Having discussed the characteristics of the aquatic terrain and the potential and exploited marine resources of India's Exclusive Economic Zone the author makes a brief review of the evolution of the Indian fish

economy. In the final part he attempts to highlight the crucial issues that confront India's deep-sea fishing interests and their impact on the whole fish economy).

Evolution of Fish Economy

Let us now briefly review the historical evolution of the fish economy. This is being undertaken, in spite of the limitations of such an exercise, for two reasons. First, it will portray the process and the conditions under which — and in spite of which — the persons presently engaged in fishing were able to achieve such high levels of exploitation of resources. Secondly, it will help to highlight the sequence of trends which led to the development of 'new' interests in fishing, expose and examine their motivation, providing an insight into the manner in which the remaining untapped resources will be exploited.

The fish economy of the country consists of participants engaged in the activities of production (catching), marketing and consumption of fish. It is presently made up of two sectors, traditional and modern each consisting of the three activities.

The traditional sector forms the base of the economy. It consists now of well over half a million fishermen using over a lakh of different types of non-mechanised craft. They are spatially dispersed over 1800 fishing villages along the coastline and account for about 70 percent of the total marine fish catch of the country. The bulk of this is distributed by an equally large number of small distributors who carry fish on their heads or on cycles to a predominantly rural clientele. The sector is really the consequence of gradual evolution and innovation of individuals confronted with the sole option of making a living from fish.

The modern sector has a relatively shorter history. It became promi-

nent only in the post-Independence period of development planning. The producers of this sector are also by and large traditional fishermen numbering about 65 to 70 thousand and operating around 11 to 12 thousand small mechanised boats which contribute a little over a quarter of the total marine fish catch. Much of the landings, restricted to about 250 centres, are initially handled by big merchants who transport it by road and railway to distant inland urban centres. It is consumed there by the upper and middle income consumers. (The approximate figures given in the descriptions of the sectors are roughly extrapolated for 1977 from data given in several sources pertaining to different points in time).

A third sector, which we term as the ultra-modern sector is now in the making with the emerging trends.

Traditional Sector

The traditional fishermen of our country, residing on the fringes of the 5,600 km. of our coastline, belong to communities which have for centuries been involved in this caste-based activity. Over the centuries they have evolved their own craft and gear and fishing techniques which were best suited for their local conditions. Their greatest asset is the accumulated knowledge about fish, fish habits, waves, currents and stars handed down from generation to generation.

The labour intensity of their technology and the space limitations on their craft restricted their operations to the shallower waters nearer the coast which abound in large quantities of the smaller species of fish.

Though fishing is a sort of perpetual harvesting operation, the low productivity of the traditional techniques prevented any rapid depletion of the resources. Yet, even at very low levels of productivity — because of the perishability and the fact that it formed only a small portion of the producers' consumption — there were large surpluses available for disposal and trade. The increasing demand from communities outside the fishing villages provided an outlet for these surpluses to be bartered or traded. The initial trade activities were taken up by the wives of fishermen and subsequently men from other communities, who did not consider fish trade a taboo, also got involved. The perishability of fish posed the main limitation to the expansion of this trade.

Preservation techniques like salting and drying which increased the

shelf-life of fish partially tackled the problem of perishability. This further expanded the potential for disposals of larger surpluses. The production and use of ice revolutionised trade potentials further and as a consequence there was a greater proliferation of activities related to on-the-beach transactions: icing, packing and transportation, bulk disposals at inland centres; and so forth.

These developments provided opportunities for a larger number of people to make a living out of activities allied to fishing. Since not many from among the actual producers came up to tap these opportunities gaps developed between the production and consumption stages and these were filled up by outsiders. They initially entered as agents, functioning as 'buffers' between producers and traders/small distributors, and between big traders and small distributors. Generally they began to perform the role of financiers, especially to producers to whom they would advance money for making craft or gear or for consumption. To avail of this, producers had to pledge to sell their fish only through the mediation of the financier. In this manner some of them extended their influence into the realm of production while others established a firm footing in the marketing activities. Progressively this new class of middlemen—agents began to exercise a degree of monopolistic power proportionate to the extent of integration, control and manipulation they were able to wield. This concentration of power also meant gyrations of surpluses to their fold with the result that practically all further expansion in productive activities depended considerably on them and the 'sharks' share of benefits would also accrue to them.

Prior to the expansion of trade the consumers of the traditional sector were those in the immediate hinterland of the fishing villages and much of the transaction was barter exchange. The improvement of preservation techniques resulted in an extension of the market and also a greater degree of monetisation. Purely in terms of numbers the clientele was basically rural or of the lower income groups in the numerous coastal trading centres. (The vegetarianism of the upper castes was also probably an added reason for the restriction of fish consumption to the rural and lower income groups) For this segment

of the population fish gradually became an important animal food and a crucial protein intake. The large collective demand emanating from the rural areas encouraged the continued growth of the traditional form of production which in turn spurred the activity of the small distributors and assured the supply of fish at low and accessible prices to the small consumer.

This mass, rural-based sector of a large number of producers, distributors and consumers is what we refer to as the traditional sector of the fish economy.

The producers were confined to pre-capitalistic production relations, used labour intensive technologies that were of low productivity yet yielded proportionately large surpluses. The large number of small distributors undertook trade for subsistence and catered effectively to the widely dispersed and growing segment of low income consumers. These were the main participants of the sector but the control was with the finance capitalists who were gradually gaining a crucial and vicious foothold into the production and marketing activities.

Modern Sector

The early post-Independence period saw the faster development of industry, trade and commerce in the urban areas accompanied by a greater movement of the population to these centres. Improvement of roads and railway facilities made these centres more easily accessible and this opened up new avenues for disposal of fish at much higher prices considering the greater demand. The up and coming class of well entrenched finance capitalists seized the opportunities to divert the surplus production of fish in their control to these new portals of demand making full use of the new facilities. Simultaneously, planned fisheries development was taken up for implementation in a big way by several state governments. In the eyes of the planners the problems of the traditional fishermen was one of low productivity leading to poverty. The panacea for poverty was to increase production and productivity. Concretely it meant a graduation from the old, traditional fishing crafts to the modern mechanised crafts used successfully in the industrialised countries like Britain, Norway and so on.

The finance capitalists backed the moves for mechanisation of fishing boats. They infiltrated the new state-encouraged primary fisher-

men's co-operatives in an attempt to corner the sizeable number of mechanised boats issued through them to the fishermen. With the extent of control they already had over the fishermen, this was a matter of ease and where attempted spelled great success.

Fishing with mechanised boats and nylon nets yielded very substantial increases in production and productivity and spurred out the beginning of bulk movements of the larger species of fishes to the urban centres. The mechanised boats not only resulted in increased productivity but also in a whole new realm of costs—of diesel, engine oil repairs—unknown to the operators of non-mechanised craft. All this meant more financial requirements and made the fishermen who operated the boats more vulnerable to the overtures of the increasing number of financiers who are willing to advance money to tide over expenses of oil, fuel and repairs in return for the right to sell the fish caught on the boat.

The increased volume of catches also resulted in small fish distributors being easily edged out due to their lack of funds and control on the producers. They had either to move out of the trade or purchase fish, on very unfavourable terms, from the many financiers, who were also becoming large merchants.

In this manner the traditional sector of producers as well as the new class of fishermen on the mechanised boats who continued to be predominantly from the fishing communities—got integrated into the large network of marketing channels. This network now extended across states linking the hitherto peripheral villages to more distant inland urban centres. The rural consumers in the immediate hinterland and within cycling distance (a new mode of transportation taken up by the distribution) still formed the consumer base and accounted for the bulk of the consumption both in terms of volume and value. But the urban consumers provided the impetus for expansion of trade. The network of movement of fish from surplus landing points to big demand centres obscured the rapidly emerging exploitative links between the vested interests at the two ends of the trade circuit. The producers, still faced with—buyer's market, received no significant returns for increased productivity. The consumers, in a sellers' market had to bargain hard over the soaring final prices in spite of persistent

poor quality of fish, decaying for want of sufficient ice and proper care in handling and transportation.

With the emphasis on 'modernisation' of the fish economy a whole new infrastructure of research, development and training institutions in the field of fisheries was set up in important fishery centres all over the country to cater to and spearhead the programmes for large-scale development of the fishing industry along the lines of the industrialised countries. International collaboration and advice from such international organisations as FAO was sought for much of this activity and some concrete country-to-country development projects were arranged.

Take the case of Kerala where the Norwegians were at work on a project for 'integrated fisheries development'. They ruled out the possibility of an intermediate form of technology to mechanise the traditional canoes or catamarans, and instead introduced the new Pablo mechanised boats. They also set up a Sales Organisation with the intention of developing a network to handle the processing and marketing of fish. Thus, technology then prevalent in Norway and forms of organisation suited there were transplanted to the calm and quiet fishing village accustomed to its traditional and deeply rooted system of operations. The Sales Organisation failed before too long. Its own internal structure and economics made the fish that moved through it too costly for the consumers around the area. Later, even concentrating on the upper-income strata of one urban centre did not provide a sufficiently large turnover. The local interests of the middlemen and the big merchants also scuttled its functioning by out-buying the Sales Organisation when the catches were low and withdrawing from the shore when there was a bumper catch. A quick succession of such situations and total chaos prevailed.

Along with the catches, of the mechanised boats came small quantities of prawn — a crustacea that does not have much of an internal market but which has a demand in the dried form in Sri Lanka and Burma. Resource surveys showed that the region off the Kerala coast has a plentiful resource of these crustacea. The Norwegians saw that the introduction of freezing technology and the diversion of the prawns in the frozen form to the US where the demand for it was picking up would be the solution to their knotty

problems. With one stroke they had discovered the way to avoid the self-defeating internal logic of a costly technology superimposed on poor consumer and also the path to avoid conflict with the vested interests.

Bottom trawl nets were introduced, freezing plants were set up, trade contracts were established in the US and the prawn rush was on (Bottom trawl nets are used to catch the fish (called the demersal species) which inhabit the bottom of the ocean, of which the crustacea, prawns is one. These nets are large and heavy and the pressure of the water acting downwards on it necessitates the use of mechanical power to operate them. This method of fishing is therefore not feasible from non-mechanised craft).

New Vistas Opened

A whole new vista was opened. In the early sixties fisheries suddenly became a sector with enormous export potential in a situation when foreign exchange was a crucial need. All and sundry who ventured to take the risks of entrepreneurship were encouraged. Persons who would otherwise have shunned any association with fish or fishermen found a new responsibility in prawns.

On the one hand the fish economy was breaking open to a new set of forces and interests. An otherwise seemingly stagnant economy was soon well within the tentacles of the world capitalist market forces. On the other hand, the semi-feudal relations deepened in the traditional and modern sectors of production. For the traditional fishermen using the non-mechanised craft, prawns was not a new species in their catch. They caught it in its season, may be never ate it themselves, and in times of bulk landings even disposed it of as manure for coastal coconut plantations. For them this overnight transition of an inedible species into their 'gold' was beyond comprehension (Between 1960 and 1974 the share of prawns to the total marine exports, of India, in terms of volume, increased from 30 percent to 77 percent and in terms of value, from 41 per cent to 90 per cent. The unit value realised increased from Rs. 3.32 per kg. to Rs. 19.10 per kg. during the period). They had the capacity to catch more of it and were even happy to accept the liberal cash advances given to them during the off-season for the mere pledge to sell their prawn catch to the same merchant/middleman. In fact until

the late sixties this class of producer contributed over three-quarters of the catch of prawns which finally found their way to the luxury hotels of the US and the wedding ceremonies of wealthy Japanese. In this manner the traditional fishermen were linked to the world market through a hierarchy of middlemen culminating in India with the *nouveau riche* merchant capitalist owners of freezing plants and insulated vans. They in turn exported the frozen prawns to a trade agency in the importing country which distributed it through the chain of department stores and frozen food retail outlets to an ultra modern consumer in the developed industrial countries of the world.

Emerging Ultra Modern Sector

The involvement of the industrial capitalist—big business houses and the multinational corporations—in the fisheries sector came at this stage in the history of the evolution of the fish economy.

The big houses initially entered the fisheries sector and more particularly the marine export trade to fulfil their export obligations as export houses and later as a result of their acquiring import licences in terms of the Import Trade Control Policy. Under this policy an export house was required to export non-traditional goods (of which canned and frozen fish was one) the f.o.b. value of which was to be equal to four times the value of the licence.

To achieve this some of them initially acted as merchant capitalists buying products from processors and exporting it under their own brand name. (Taking advantage of their position as experienced Export Houses became a lucrative proposition for both the business houses and the processor. The former was assured of steady supplies of the processed product without having to produce or procure it, the latter had an edge over the other processors because higher returns were offered by the business house in the form of a 7 to 10 per cent commission on sales value. Additionally the bother of export formalities and the complexities of marketing were done away with). Some others went a step further to give a few financial doses to 'enterprising young men and institutions' to buy their own fishing boats and start fish processing firms. The understanding was that the exportable species would be sold to the business house.

To be concluded