

*State level Dialogue
On*

Impact of the National Foreign Trade Policy on the Marine Sector of Tamilnadu”

30-July 2009, Ruby Hall, Hotel Raj Park

A Report

Introduction

In the context of the global economic slowdown and the heightened urgency to enhance economic growth, it becomes very relevant to look into significant growth promoters at the national level. Citizens Consumer and Civic Action Group (CAG) carried out a project on the impact of the National Foreign Trade policy on the Marine Sector of Tamilnadu with the partnership-support of CUTS Centre for International Trade, Economics and Environment (CITEE), Jaipur. This project entitled Grassroots Reachout on Trade, Economics and Environment (GRANITE) laid thrust on the National Foreign Trade Policy of India (NFTP) (2004-09). The NFTP (04-09) lays thrust on five major sectors which have been identified by the Ministry of Commerce & Industry namely;

- Agriculture
- Handloom and Handicrafts
- Marine Products
- Leather and Footwear
- Gems and Jewellery

Given this context, as the Tamilnadu state partner of CUTS CITEE, CAG, organised a state level meeting to deliberate on the impact of The National Foreign Policy on the Marine Exports from Tamilnadu. The deliberation centered on;

- Taking stock of the NFTP (2004-09), with specific reference to the Marine Sector.
- Running a check on the extent to which it has been implemented, in the context of trade Sustainability Impact Assessment with respect to economic, social and environmental sustainability.
- Revisiting livelihood concerns of Shrimp farmers and processors under the umbrella policy of the NFTP (2004-09)
- Analysing scientifically the rationale of the provisions made under the said policy, and evaluating its potential for future economic and social growth and sustainability.

M. Vijaylakshmi, Deputy Director (DD), Marine Products Export Development Authority (MPEDA), Regional Office (Chennai), delivered the Inaugural Address. She stressed that the functions of MPEDA are stipulated by an Act of the Parliament (1972)

and that the Regional Office in Chennai mainly focuses on Registration of processing plants. The more significant export promotion related work is carried out by the Headquarters of MPEDA, in Cochin, Kerala. She said that MPEDA lays down the Regulations as well as standards and specifications for processing units. Additionally MPEDA also outsources the services of a credible organisation (Netfish) to provide training to fishermen from all districts of Tamilnadu. Netfish also has a separate aquaculture regional centre.



M. Vijaylakshmi making a presentation on contribution of MPEDA towards Marine Exports in TN

She mentioned that till date there are around 858 seafood exporters who have registered with the MPEDA, which is perceived to be an agency for extension of relief. Shrimp farming is especially promoted given its demand in the export market and the focus on value added products, and hence district of Tamilnadu.

With regard to maintaining sanitary conditions of the landing centres, she suggested that this should be a joint venture along with the State Fisheries Department. With regard to conversion of boats to Tuna long liners she mentioned that MPEDA is working at its best to convert as many boats as possible, so that many fisher men would be able to take advantage of the export opportunities. She highlighted this with the fact that Tuticorin has responded very well to the subsidy provided for Tuna Conversion with 138 conversions so far, where as in Chennai the response has been relatively slow, with only two advance approvals given to conversion so far. The subsidy for tuna long-liner conversion offers Rs. 7.5 lacs for boats which are less than 20 meters in length, and Rs. 15 lacs for boats which are more than 20 meters in length. She also made available to all the participants a hardcopy of the list of schemes and provisions given to Seafood Export Units.

She highlighted that Technology Upgradation for Marine Products (TUSPM) is a new scheme which focuses on value added products. With regard to this scheme, it is essential to note that only new processing units are eligible to apply. However, a thrust is being given by MPEDA to focus on fishing harbor up-gradation in Nagapattinam, while up-gradation is ongoing in Siruseri followed by Chennai.

Following her presentation on the provisions made by MPEDA, **V. Murugesan**, Foreign Trade Development Officer, Office of the Zonal Joint Director General of Foreign Trade (ZJDGFT), Chennai, laid down very clearly, amongst other things that, the Zonal office is 'only' an implementing agency of the policy initiatives passed by the office of the Director General of Foreign Trade, New Delhi. While stressing that the regional offices (such as the one in Chennai) are only implementing agencies he also stressed that the Foreign Trade Policy is an item-wise policy, in that there are certain 'principles' that have to be adhered to with regard to export and import of products. In the case of marine products, these principles are focused around the concerns of

- Protection of Species
- Conservation

In a general sense, he mentioned that Export promotion schemes aim at targeting a figure of US \$ 200 billion. In this direction there are a number of schemes that are available for exporters, such as;

- Duty Remission Scheme (DRS)
- Duty Exemption Scheme (DES)
- Duty Free Import Authorization (DFIA)
- Duty Entitlement Passbook Scheme (DEPB)
- Vishesh Krishi Gram Udhayog Yojana (VKGUY)
- Export Promotion Capital Goods (EPCG)

Amongst the marine exports that get subsidy under various schemes are Crustaceans/fish which get 4% subsidy, additionally frozen form of these species get 8% subsidy. Marine products included in the VKGUY can avail of a 6% subsidy.

He threw light briefly on the aspect of policy formulation by highlighting the role of the Board of Trade (BoT) which is under the Ministry of Commerce and Industry and comprises on 25 members, who advise the Ministry of the Long term and Short term plans and Industry specific measures. He also suggested that any queries with regard to the policy could be addressed to the Export Commissioner, Policy Division, Office of the Director General of Foreign Trade, New Delhi.

A question from the audience to Murugesan addressed the concern on why only a small percentage of frozen fish is exported when the value of frozen fish is more? To this Murugesan, explained that these questions on ‘priorities’ for export product (type of exports) should be addressed to MPEDA. He added that if any difficulties are experienced or any issues are faced, such as insufficient percentage of chilled exports, the Export Promotion Council can be referred to. Individual exporters can write to the Policy division of DGFT Delhi as all major policy decisions are taken by them. Regional offices play only a small role. After policy decisions are made, feedback is received from regional offices, which leads to a zonal level meeting. If issues are faced before policy decisions, then exporters can write to the Board of Trade.



V. Murugesan responding to queries on FTP

Vivekanand, Advisor to South Indian Federation of Fishermen Societies (SIFFS), Trivandrum, raised the question on whether the DGFT or MPEDA has actually seen the benefit of subsidies. Who would be in a position to say who are the real beneficiaries of the subsidies and how do they help the beneficiary? **Vijaylakshmi** responded by stressing that, the subsidies are calculated on the basis of duty incidentals. The compensation rate is fixed. To give a

thrust to the marine product exports during the recession subsidies have been given.

Anutosh, CUTS Citee, enquired about the composition of the Board of Trade (BoT), and if Civil Society Organisations (CSOs) have any representation in the Board? To this **Murugesan** replied saying that in the first five-year phase of the NFTP (04-09) there was no representation from the CSOs, however, CSOs could be engaged in a dialogue with the policy division of the DGFT's office in New Delhi to come up with recommendation before the next NFTP would be released in August 2009.

Vivekanand, commented that the export quantities of most fish do not have much potential to increase, since they are already over-exploited. Adding to his comment, **Vinod Malayaletu**, Senior Coordinator, Marine Conservation Programme, WWF-India, Kochi, asked if there had been any studies conducted on the cost of trawler conversion to long liner? Do the boat owners break even? Have studies of Tuna fishing grounds been done? There is also a problem of by catch; have studies to solve that problem been done? Also are there any measures for curtailing the catch of endangered species?

The response to this was brief with **Murugesan** only mentioning that the concern of 'endangered species' was not within the mandate of the DGFTs office, however, it is the employment generative capacity of these incentives that needs to be focused on.

Venugopal, Leader of Mechanized fishermen in Tamilnadu, made his strong comments on the following points.

- He expressed concern that the benefits of the NFTP should reach the grassroots.
- Converting trawlers to long liners with MPEDA requires a large investment, and he was told the procedure would take more than 2-3 months. He had put in a lot of money for conversion of his boat in 2005 but is still stuck halfway through the conversion now as a signature of a Chartered Engineer is required, which he is not able to obtain. In other words, he has not able to convert his boat due to the problem of red tape.
- Another problem faced by fishermen in Tamil Nadu is that Sri Lankan fishermen fish in Indian waters. The Government has taken no action, and huge amounts of fish are being lost as those boats have 4000 hooks as opposed to Indian boats which have only 700-800 hooks.
- Nothing is reported in the exports regarding this looting of our fish. He mentioned that MPEDA had been fighting this battle for a long time but had not been able to achieve anything.

Session I: Foreign Trade as an instrument of overall Growth

Rachel Pearlin and Nandikesh, CAG spelt out ground realities of the Marine Export sector in Chennai by highlighting the findings of their field study. Their field study covered the area between the shores to the export unit (Royapuram area). They emphasized that while the main objective of the NFTP is to double the share of exports and increase employment generation, through reduced transactional costs,

neutralized levies, infrastructural support (ASIDE scheme) Market Development initiatives etc, there were many a hurdle that had to be overcome to realise the goals of the policy. The CAG team interviewed a number of stakeholders involved directly with marine exports (in Chennai, Tamilnadu). They included boat drivers, Boat Owners, Agents/ Whole seller, processing unit employees, Landing centre employees, Ice Shed workers, processing unit workers etc.



A summary of the perception analyses from all the stakeholder groups is mentioned below;

Boat Drivers (who also involve themselves in fishing) in general complained that there were no updated state-of-the-art methods to diagnose where the fish catch would be more. No training was given to the fishermen about the best practices for fishing and storing the fish catch.

Boat Owners in most part complained that while investments on boats were very high, there were no commensurate returns on investments due to non availability of fish. Also governmental promotional schemes do not promote construction of boats; Tuna long-liner conversions entail a lot of paperwork which is very cumbersome. The sanitary conditions of the ports are abysmal and no action is being taken by the relevant government authorities to check the same. However, some progress has been made in terms of providing training for Fishermen on best practices for fishing.

Agents/ Wholesalers were of the strong opinion that only exporters get the benefits of any subsidies. This is because they do not share the benefits with the other stakeholders i.e. Fishermen, Boat owners etc.

Processing unit Employees felt de-motivated to work in the marine export units, given the paltry remuneration offered. Most of the workers in the units are from states other than Tamilnadu. They stay away from their families and live in the same vicinity as the processing unit, since their requirement is necessary at all times, given that there is no fixed time at which the fresh catch may be brought into the processing unit.

Exporters expressed their serious concern over the falling demand from importing countries and hence the falling level of exports. They mentioned that there is a trend towards more domestic consumption of shrimp as compared with the trend about 4-5 years ago. Some exporters also complained that only the large exporters take the lion's share of all the subsidies, leaving the small and medium exporters behind. There is also a compromise in the quality of fish exported since, fishermen do not preserve them properly with sufficient ice after catching them, and hence to make the

fish seem fresh, exporters resort to treating them with a number of chemicals, at the risk of rejection from the importing country.

In conclusion, the CAG team highlighted the following areas of concern amongst others;

- Resource mapping (availability of the catch)
- Forecasting information to the fisher community with regard to direction of the wind, water current, time and location of fish availability etc.
- Methods of catch
- On-board processing, on-shore handling
- Appropriate infrastructure facilities in landing centres/ice factories
- Promotion of environmentally friendly technologies for export promotion.

In addition to these points, discussions were spurred on by the following points: The gross confusion over the difference between DGFT and MPEDA amongst the main stakeholders of the Marine sector. Most boats were less than 45 feet in length. Hence, converting them to long liners was a difficult task. For such boats Rs.20 lakh investment is needed and most of the time, the boat owners don't get subsidy on their investment. This is a regional issue as in other regions the boats may be longer than 60 feet. The system is quantity focused rather than quality focused. There is no insurance provided for workers in export units. They also have no fixed work timings and work can be for 12-14 hours a day. Therefore, most of the workers live at the factories. There is an urgent need for resource mapping, or else the cost of raw materials will increase exponentially.

Mohamad Kasim, Principal Scientist, Central Marine Fisheries Research Institute, made the following comments:



*Mohd. Kasim offering
Comments*

- How do we expect resources to increase if we adopt such unsustainable practices such as bottom trawling? We need to improve the ecosystem, and research institutions should make an effort in this direction.
- If we want food security we need to stop overexploiting our resources. 8 million tonnes needs to be our per capita production by 2020 in

- order to sustain ourselves and the current production rate is only 3.2 million tonnes.
- We need to focus on areas like culture production (current : 5%, China : 60-70%) and resource enhancement.



K. Shakeel,
State
Coordinator,
Netfish also
added the
following
comments;

Shakeel offering comments on the role of Netfish

- Kasimedu depends mostly on Andhra Pradesh fishing.
- Our fishermen have been facing problems, as they have to pay a fine and come back. Many fishermen fish till Gujarat waters and won't come back till their holds are full.
- We need to reduce the number of boats in order to increase resources.
- Some fishermen actually sell diesel instead of fish in order to avail the subsidies they get.

Mariadas, President, Jeevaratnam Fish Marketers Co- Operative, highlighted the following points for discussion;



Mariadas commenting on the lacunae in the Marine export sector

- Industrial waste in Tamil Nadu waters has resulted in a drop in the number of fish, and as a result fishing has moved to Andhra Pradesh.
- Preservation techniques are not known and fishermen know only to catch the fish.
- We talk about tuna fishing which brings in a profit, but we need to focus on replenishing our resources and minimizing industrial pollution. It is important to note

such developments as the replacement of trawlers with deep trawlers to exploit deep sea catch.

- The importance of the domestic market was recognized and it was one of the aims of the 11th 5 year plan to strengthen it. However, the efforts failed due to a number of problems.
- Firstly there were problems in both wholesale and retail selling of seafood. There was a problem of space for wholesale shops and problems in obtaining permission from the government to set up retail shops.
- There were problems with preservation and storage of the fish as not enough investment was made with regard to technical innovations for this purpose.

Mohd. Kasim, agreed with Mariadas and suggested that if fishing is stopped for two months every year, then resources can be replenished and effects of over fishing can be countered. However, the concerns of Climate change and salinity of water resources are issues to be dealt with, since they are major and real threats.



Anutosh making a presentation on the NFTP

Following the discussion, **Anutosh Biswas**, Programme Officer, CUTS Citee made a succinct presentation on the National foreign Trade Policy (NFTP) (04-09): Stake holder's participation in policy formulation and implementation. In explaining the objective of selecting the NFTP (04-09) as a tool to analyse the growth and development in the country, he reasoned out stating that the NFTP seeks to mainstream international trade in to the national development strategy, it is a policy that looks into is acclaimed to be a consultative policy involving a number of stakeholders such as Ministers (Centre and State), Bureaucrats, Chambers of Commerce, Trade bodies, Trade representatives, Export Promotion Councils and the Board of Trade.

Following a brief explanation of the policy framing process, he clearly spelt out the major gaps in the policy making process and enlisted them as follows;

- No percolation of decision making process to the bottom
- MPs/MLAs/political party representatives seldom discuss trade related issues
- Absence of Civil Society Organisations, Small and medium groups and Self Help Groups in the Board of Trade
- Lack of information regarding NFTP at the grassroots
- Lack of exporters views into policies

Recommendations were made on the lines of creating informed stakeholders, empowering the local governance institutions i.e. the Panchayats, development of Market intelligence as well as Marketing network, adequate representation of all relevant stakeholders in the BoT. His conclusion emphasized the important role CSOs could/should play in developing a coherent policy for economic and social governance in the country.

R.C. Bhatta, warned against making normative statements such as that there has been no involvement of Public-Private Partnerships. He highlighted the role of private companies in the establishment of Coastal SEZs in the name of public welfare.

Session II: Round Table Discussion: Concerns of the Marine Sector in Tamilnadu in the context of NFTP (04-09)

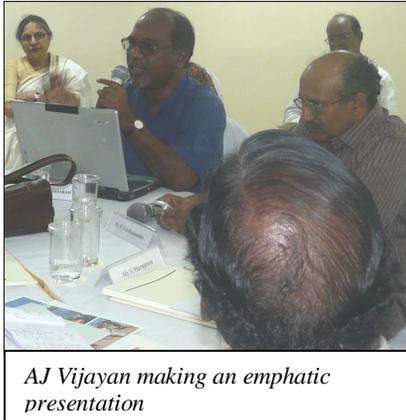


Vivekanand opening the Round table Discussions

The final session of the event which began post lunch was moderated by **V. Vivekanandan**, Advisor, South Indian Federation of fishermen Societies (SIFFS). Introducing the first resource person for the day, **A J Vijayan**, he mentioned that Vijayan was a former Trade union member and who dedicated a large part of his life working for the cause of the Fisher community. He also contributed extensively to the

cause while he was a part of the Babu Paul Committee.

A J Vijayan, Secretary, Protsahan was of the opinion that increase in exports is fine, and that shift is welcome, however, the mandate of the NFTP which strives to achieve a doubled share of exports is what is disturbing. He stressed that the basic character of the sector needs to be kept in mind before implementing and pushing a policy. He drew attention to the fact that marine products ought to be treated and seen differently from inanimate commercial products. He succinctly voiced the following points to establish his point;



- Marine products and seafood should be treated as a natural resource, and hence be consumed in a sustainable manner.
- Care needs to be taken with regard to the differences in quantities of availability of inshore fish and offshore fish.
- Marine products and seafood are to be seen as common property resource.
- Seafood is also the richest source of protein and the cheapest source of

protein as well, hence while taking into account the need to export seafood, there should be a concomitant thrust on food security and livelihood needs of the fisher communities.

In establishing a point that promotion of marine exports is actually anti-development, he made the following statements:

- This is because firstly marine life is a renewable resource.
- Secondly only 1/10th of fish are found inshore and most are found in offshore areas.
- The marine resources are a common resource and not Government property. This is a frequently ignored fact.
- Seafood is a protein rich food source
- Finally, this sector is a source of livelihood, both in production and marketing. We need to keep this in mind.

He chalked out somewhat of a historical approach of the marine sector in India and described how it has over the years been mismanaged and hence now finds itself in a very precarious situation;

- Earlier in our country, there were only a few varieties of fish caught and these were mainly marketed to the poorer sections of society and to countries like Sri Lanka and Indonesia.

- Fish was affordable and protein rich, and acted as a cushion to exporters to maintain a steady price.
- After the 70's, frozen fish was introduced into the market and this led to major changes. Developed countries became the market for seafood.
- As development went on, there were several indirect impacts on the sector. There was more pressure on selected varieties of fish and the first signs of over fishing were observed.
- Fishing became a business and the decline in fish availability adversely affected poor fishermen. Trawlers also felt pressure due to the decline in other varieties like shrimp.
- Competition increased so the sector became more capital intensive and trawl gear also changed a lot. For example, high open trawl nets were used to target different species.
- Fish production statistics showed that inland fishing had overtaken marine fishing, which is a sign of decline and stagnation in fish populations.
- MPEDA is an organization that talks only about export earnings and never talks about the actual export mix. Earlier, 80% of our exports were shrimp and now only 21% is shrimp.
- The current export mix is 40% fish, 21% shrimp, 9% cuttlefish, 8% squid. These are all exported as frozen foods.
- According to the MPEDA Chairman, there has been a decline in shrimp quality by 15% which has led to a decline in dollar value by 21%. This is in spite of all the efforts made in propagation by aquaculture.
- Earlier we were exporting high priced fish and now cheaper varieties are also being exported. This affects local consumers adversely. A classic example is the ribbon fish – 20 years ago, 50-75 lorry loads of ribbon fish were caught and transported every year to feed rural markets in Tamil Nadu. The fish used to come from the Gujarat coasts all the way to Kerala coasts and finally to Rameshwaram where they would be caught.
- When fishing took off in Gujarat, it led to a huge food shortage in Tamil Nadu and our fishermen used to go all the way to Gujarat to buy the ribbon fish and transport it back to Tamil Nadu. However now, even this doesn't happen as the market for ribbon fish is China. China is the second largest importer of marine products from our country. The ribbon fish are used to feed the Chinese Army.
- The prices that the Chinese pay for the fish are lower than the prices paid by rural consumers. However export is still done due to the subsidies given. Therefore we are subsidizing food for the Chinese army, which is anti national. We are denying poor consumers in our country, and export promotion for the sake of export should not be done.
- In the new NFTP we are talking about the import of fish. Licensing is not required for the import of 125 varieties of fish, mollusks, etc. The imports, however, are not for feeding the local population but for the exporters who import raw materials so that they don't experience a supply shortage. They defend themselves by saying that this leads to more employment generation, which is completely illogical as they don't even consider the millions who've been denied employment.

- They talk about being eco friendly, but MPEDA is a party to ruining our natural resources. The only reason they claim to be eco friendly is because importers are placing restrictions and are particular about it.
- Such export is anti people, anti country and anti women.
- We don't need export promotion; we need more export regulation and control. Fishermen should also come out and get involved.
- No fisher organization questions export promotion. Pricing wise, value has not changed but importers are paying less. What needs to be questioned is which varieties to export from here. The consumers welcome imports as prices are less than those charged in the domestic market.
- Fisheries should also develop in a 'people oriented' manner.

He also mentioned that providing subsidies are harmful insofar as fixing the price is concerned. He also threw light on the fact that the National trade policy is skewed in favour of the importing countries outside India. There are no import licenses given to around 125 marine species from India, this translates to the fact that imports in India are more in the form of raw material for the marine exporters. Also there is no negative list for exports from India to other countries. Added to this the thrust on Environmental standards is also one that is coming from external pressure rather than coming internally.

To sum up what **Vijayan** presented, **Vivekanand** explained that it is specifically untrammelled exports that is most concerning about the exports in the marine sector, apart from the subsidies having price distortion effects in the markets. Impetus to value addition requires more thought, and the market is a failure as far as Common property is concerned.

Vinod Malayilethu, Senior Coordinator, Marine Conservation Programme, WWF-India, Kochi focused on Concerns on Eco-labeling and Trade in marine products. **Vinod** had a point with a difference. He advocated that since the process of liberalization is here to stay, it would be useful to get prepared with the requirements and demands of the export market. The need for certifying export products is essential to make the consignment exportable.



Vinod on Eco-labeling certification

While the cost for certifying marine products was high, **Vinod** reassured the participants that all exporters especially the small and medium exporters could seek funding assistance from funding agencies and commercial organisations. He names a few of them and also provided the following website for details on funding.

He focused on the Marine Stewardship Council certification which came under a lot of flak from the fisher community in

Kerala for the reason that it was not accessible by the small scale fishermen. However, he reiterated that the funding options were open and should be made use of more.

He explained that the certification process has three broad principles based on:

- 1) Sustainability
- 2) Gear
- 3) Management

Vinod mentioned that there are basically four challenges affecting the implementation of the MSC certification;

- Taking the concept forward to the fisher community
- Addressing livelihood issues
- Breaking the customary chain
- Biased rules and regulations

Following his presentation, discussion ensued on the question of the cost of obtaining this certification and the legal obligations of the certified products. The response to this question was that the cost is borne by the sponsoring agencies. WWF bore the cost in Kollam. As far as legal obligations are concerned, it is a voluntary scheme which is a civil society initiative and therefore is not legally binding. There are no guarantees and it is entirely trust based. Japan has also started this eco labeling, and its growth has proved to be a kind of threat to normal fishing. Question of scope and sustainability of the certification was also raised. To this Vinod responded that the ecological part is voluntary, but the quality aspect is also covered by WWF as well as the food safety laws of the respective country.

This discussion was followed by a presentation by **Ravindran**, State coordinator, Netfish, Tutucorin, Tamilnadu who highlighted the key role played by Netfish under the aegis of MPEDA for training offered to fishermen and fisher communities on how to catch and handle the fish in an appropriate manner, keeping the focus on exports. Netfish lays thrust on improving the quality of fish and conserving resources. He spelt out the activities carried out by Netfish at the grassroots which are categorized as extension activities by MPEDA. He highlighted that the idea of Hygiene was important and was stressed in the training provided.



Ravindran on training provided by Netfish to fishermen

He also enumerated the challenges faced by Netfish as being faced by a lack of adequate staff. Netfish is attempting to bring in a change in the management practices of handling fish, this requires a change in the mind set, and this is a long process.

Following his presentation, discussions revolved around the point that the maintenance of infrastructure is very poor. For instance, in

Tutucorin when the consignment is rejected at the export market, it comes back. This amount to a huge loss to the exporters. There is thus an urgent need to work upon the infrastructural development, consultative policy formulation and implementation methods.

Gilbert Rodrigo, Team Leader & Adviser, Tamilnadu, Pondicherry Fisher Peoples Federation added that NETFISH has to be open to learning from fishermen too, as they have knowledge that has been passed down for hundreds of years. Knowledge should be exchanged, not just be imparted in a one sided manner.



Active and passionate members of the Coastal Action Network. Lt. to Rt. Pushparayan, Gilbert Rodrigues Stephen Victoria and Anton Gomes

Traditional fishermen have not been taken into the scheme of things at all. In Tutucorin, a thermal power plant has been set up which has made the sea bed like a cement floor and which has also caused the water to be poisoned by mercury.

There are a number of issues to be addressed. We need to control exports, and the construction of ports and the Sethu Samudram project. Subsidies are reaching the wrong people, and are being misused. For example there are vessels which do not leave the harbors but which make money using diesel subsidies. Due to all these issues, fishermen are perennially defensive and are not able to work towards any positive changes.

Pushparayan, Director, East Coast Research & Development, Tutucorin, Tamilnadu, began the next presentation with a quick look at the major markets for marine products. Naming Japan, EU and Middle East as some of India's major export markets, he went on to explain further the crisis situation faced by fishermen in the Gulf of Mannar (GoM) region. He highlighted that the world export share of seafood in India is 2%, coupled with the fact that India holds the third position of amongst the largest fish producing nations in the world. Shrimp products have in the recent past seen a slump in exports, given the economic slowdown. He also threw light on another reason for the decline in shrimp exports as the pollution caused by a number of factors, such as; the multiplication of Aquaculture ponds, pollution caused by domestic sewage and industrial waste, rampant illegal coastal sand mining, erratic rain fall, siltation of estuaries, untrammled use of mechanized trawlers using banned gears/nets which adversely affects the biodiversity. He mentioned that the government is promoting (aqua) culture shrimp and providing a number of subsidies to Culture Shrimp, given the demand from importing countries, however, this is at the cost of the (natural) capture shrimp which demands a better price

than the culture shrimp in the local market. He highlighted the local prices offered for Capture shrimp were much better than the prices offered for Culture Shrimp, but since the government promoted capture shrimp, by providing innumerable subsidies to those who were engaged in harvesting culture fish, it affected the livelihood concerns of the small (artisanal) fishermen. It is important for policy makers and implementers to take stock of environmental standards and to have a human face to be met while promoting exports.

Ramachandra Bhatta, Professor & Head, Dept. of Fisheries Economics, College of fisheries, Mangalore, made a presentation on the socioeconomic analysis of the Coastal Aquaculture in Andhra Pradesh. He detailed out some important facts such as the contribution of Cultured Shrimp to GDP as 22.2%. He drew attention to the fact that the percentage of Exports in total landings gone up since 1992 to 1995 from 27.4% to 39.8% but saw a slump in 2005 by accounting for 34.64%. He pointed out the importantly that the cost of compliance is quite high. For instance, the fixed cost in up-gradation of existing plants is US\$ 250 to US\$ 500,000 per units. Compliance norms for meeting HACCP norms is 15-40 % of FOB value, it means substantial erosion in competitiveness. Apart from an increase in economic cost use of 100,000 liters of potable water per plant involve a huge social cost. This is exclusive of the cost attached to capacity building. By highlighting the constraints in implementation, he elaborated on the points that the Sanitary & Phyto Sanitary Standards are very complicated to follow. There is also an insufficient involvement and participation in Standard setting. There are also problems added by way of domestic regulatory problems and infrastructural and resource problems.



Ramachandra Bhatta on Shrimp farming in Andhra Pradesh

While presenting details to some extent about Shrimp farming in Andhra Pradesh, Bhatt went on to highlight the fact that In Andhra Pradesh, the density of Coastal shrimp farming in Andhra Pradesh is in the ratio 1:10, which is a ratio between total area developed for Shrimp culture and the total available land in the coastal zone (ha). Apart from some technical issues with regard to subsidies availed for Shrimp farming, he also spoke about the social aspect of Shrimp trade which involved marginalization of processing

workers, the controls of agents over migrant labour (contractual women labourers). He pointed out in this regard that the Factory Act and the Migrant Workers(Regulation of Employment & Conditions of Service) Act of 1979 are largely bypassed. There are rules of dignity of labour that the EU prescribes, but these apply only to EU approved units. There are also institutional developments which need to be taken into consideration. The emergence of informal contract farming system and cluster management organisations, development of Aqua clubs, development of trade association as a lobbying group for their interest groups. However, concerns of Common Property Resources are not addressed, such as Common water quality.

While there are options to restore mangroves which are degrading due to Shrimp culture farming, the total cost of restoration of degraded mangrove area is estimated to be Rs.350,000 for 10 hectares including cost of Rs.18,000/ha towards labour and management and community mobilization for participation. In his concluding remarks Bhatt, considered it relevant to iterate that it is very essential that SPS measure should be taken up vigorously to ensure the international standards of hygiene of fishery products to have better access to the international market. The compliance involves a huge investment for up-gradation of existing plants. Farmers are not oblivious of some of the ecological as well as the socio-economic problems of Shrimp farming. They perceive that the current returns on investment from water quality improvement and conservation is too small. Farmers prefer private initiatives to group initiatives and hence, lack an investment for group investment. In the past few years, the Shrimp farming industry has undergone structural changes. i.e. there is a decline in the number of large farms, farms of a relatively small size (less than 5 ha) lead to an increased non-point source of effluents, increased cost of transaction due to the increase in the number of small farms for consultation, negotiation and conflict resolution.

Given these shifts, it becomes important to ensure participatory planning. There is an urgent need to include stakeholders from the grassroots while making and implementing policies, which emphasizes the point that there should be a more decentralized approach to policy formation and implementation.

Finally, **C.Muralidharan**, Consultant (FAO) presented the examples of Interventions for Sustainable fisheries. The main thrust of his presentation was to upgrade on-shore facilities. He made recommendations on co-management of Fisheries, serious thought on fishing capacity regulation for resource conservation, fishing viability and sustainable livelihoods.



C.Muralidharan on Sustainable fishing

He shared the experience of Co-management in Alappad. Elaborating on the same, he mentioned that the 17Km long stretch of the coastal fishing village in Kerala (Alapad) had 78 *Tangu vallams* using *Ring Siens*, *Mechanized trawlers*, *FRP boats* and *Mechanised trawlers and Catamarans*. The Ring Siene fishery of Alapad was one of increasing investments and diminishing returns. A management measure was hence a fisher-felt need, and this is when SIFFS & UNTRS intervened. The

Elected Panchayat, Fisheries sectoral representatives, the traditional karayogam representatives and local trade union representatives formed a council in Alapad to manage fisheries showing excellent results. They agreed to control the number of fishing trips by Ring Sieners to one per day and one carrier boat per Ring Siener. They also agreed that there would be no further increase in Tanguvallams and night fishing was withdrawn.

He also threw light on the Nagapatinam co-management experience, which came into fruition after impressing upon the government to take steps with regard to regularisation of Ring Sieners proliferation (post Tsunami) and trawler intrusion to coastal waters. With a clear recommendation for fisheries co-management, Muralidharan stressed that Co-management should focus on working with the most locally acceptable village level institution at the fisher level. There should be a preparedness to mediate conflicting interests and build a representative body with a clear mandate to resource conservation which will be in tandem with other developmental issues and demands amongst other things.

He also mentioned that small fisheries stand to gain from conversion to Tuna long lining. The FAO identified Grenadian Consultant to assist in suggesting appropriate technical and post harvest intervention for small scale sector to benefit from tuna long lining. Interventions such as manual reels, live bait, and proper post harvest measures other than costlier RSW system recommended. The Tamilnadu government followed up with the initiative through a continued training by the Fisheries Institute of Training and Technology.

In sum, he recommended that it is very important to identify and up-grade on-shore facilities, so that even small fishermen can make use of export opportunities.

CAG Recommends

As an initiative to bring together voices of various stakeholders together on board CAG, was successful in ascertaining different view points and coming out with a general recommendation that **it is of utmost importance that the government bodies be it policy formulation bodies such as the DGFT's office (in this regard) and the policy implementation bodies such as the MPEDA (in this regard) should work more in synergy with each other. Also the State department such as the Tamilnadu Fisheries Development Corporation (TNFDC) should work in cooperation with the Export promotion council to aid in smooth policy implementation.** For instance, with regard to the marine sector, the point on maintaining sanitary conditions at the landing centres, it should be a joint effort between the state department (TNFDC) as well as the export promotion council (MPEDA).

Since a blanket policy may have mixed effects in different localities even within the same country, it is very important to have state level consultations in every state with regard to a central policy before it is brought into practice. This consultation should include all the relevant stakeholders of the sector who should be allowed to voice their (informed) concerns. It should be the role of the Regional offices such as the MPEDA regional office in Chennai to take care of concerns from stakeholders from Tamilnadu. These concerns should be communicated to the MPEDA headquarters in Kochi, who will be responsible to inform the DGFT's office at the Centre with regard to the areas of lacunae with regard to policy formulation. Similarly, the Zonal Joint DGFT's office in Chennai (which is the regional office of the DGFT's office in New Delhi) should be able to take on board questions from stakeholders (i.e.) exporters (both large

exporters as well as small and medium sized exporters) with regard to the central policy formulated at the national level (NFTP 04-09) on why the policy may be flawed or skewed in favour one group or the other. These recommendations should be communicated to the DGFT's policy Division before the policy is put into place for implementation.

Apart from such structural changes, it is also recommended that there be some operational changes with regard to operationalising some schemes. For instance, the insinuation that training provided by MPEDA to the grassroots fisher folk is not reaching the intended beneficiaries, but to groups of people who have no connection with the fishing industry, or have other vested interests, may be taken care of by having the intended beneficiaries show a proof of identity at the training centre. This identification proof can be the same as the document that is got by the fishermen/Boat owner by MPEDA at the time of registering. **In other words accountability is an important issue and demands action by way of simple and straight forward methods. The involvement of CSOs can be made use of to keep vigil on the appropriate intended beneficiaries as well as input on policy recommendation.**

Export of marine products should be viewed as part of the larger fisheries sector in the country. Focusing and promoting only the export industry without addressing its impact on the domestic sector has already proven to be the counter-developmental resulting in wasting time and money as well has put the food security at stake. Therefore it becomes very important for all the state agencies to work in tandem towards the growth of the sector.

Some fundamental questions should be addressed before choosing to promote a product

1. What is the availability of resource of a particular product?
2. What is the contribution of the particular product on the food security of the region?
3. What is the traditional practices of fishing/marketing in a particular region?
4. What is the maximum permissible limit permissible to catch in order to sustain the resource?
5. What will be the involvement in women belong to the region when new practices are brought in?
6. How we ensure the benefit from export is shared by all those who are involved in the activities?

It is very clear from the experience gained from promotion of shrimp in India, that, when MPEDA started promoting shrimps it failed to look at sustainability of the sector or the impact of that promotional activity on the ecosystem which in turn led to resource depletion. The focus was only on earning more foreign exchange through supplying for the demand abroad. Exploiting the resources in the sea and arbitrary promotion of shrimp farms being the outcome of this resulted in decline in catch from sea and degradation of the coastal ecosystems. Therefore by only looking at the quantity of export instead of

sustainability of the industry is gradually destroying the shrimp market and unemployment of many migrant workers of shrimp farms.

NFTP (04-09) has come to an end in August 2009, at this juncture it is very important to understand the exact impact level of NFTP before coming out with new policies. If the new policies also fails to address the concerns raised above it would result in further depletion of resources (monetary and no-monetary) and will end up destroying the fishing sector in the long run.