
6. Case Study on Crisis in the Indian Fishery Industry and its Impact on the Economy

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Abstract:

The fishing sector has been highlighted as a significant contributor to India's economic success. The goal of this paper is to highlight the multifaceted economic ramifications of the unprecedented circumstance for the fishing industry. Some ways for mitigating the effects of economic crises are presented. The current paper made use of both primary and secondary data. Fish prices rose due to a demand-supply imbalance. The current study evaluates and investigates the influence on fisher livelihood, income, and food access, as well as offers methods and decision support. Furthermore, through examining numerous journal publications, this study attempts to reflect on the current situation of the Indian seafood industry. It also offers certain recovery methods, such as creating alternative seafood networks and raising domestic production.

Keywords:

Fisheries Sector; Income; Food security; Covid-19; policy

Introduction:

As the FIFA World Cup started, Qatar banned Indian seafood when Qatar detected bacteria i.e., microbial contamination on shrimps that are imported from India. The Ministry of Qatar urged all consumers that if they have recently purchased fresh or frozen Indian shrimp in the last three days, they should immediately return them to the outlets, and if they are unable to do so, the shrimp should not be consumed. Qatar imports 53% of seafood from India. Another large importer of seafood from India is USA which takes 43% of the produce. A ban or reduction in imports by these nations will therefore have a large impact on India's fishery industry and thereby on her economy. Previously in 2012, China had put a ban on Indian seafood citing an issue with the quality of the exports. We know that Fisheries play a vital role in boosting the Indian economy. India is the second largest fish producing country in the world accounting for almost 8 per cent of global production. India is home to more than 10% of the world's fish and shellfish species. It shares about 1.24 per cent of the country's gross value added and contributes more than 7.28 per cent to the agricultural sector. The sector has grown at an impressive annual rate of 10.87 per cent since 2014-15 with record fish production of 145 lakh tons in FY 2020-21. It supports the livelihood of over 28 million people in India; mostly belonging to the marginalized and vulnerable communities. The sector also recorded an impressive export earning of ₹ 46,662.85 crore during 2019-20 and the export revenue from this sector had seen tremendous growth over the last few years. This news of Qatar obviously degraded India's reputation worldwide. The COVID-19 situation has already disrupted the seafood trade and had serious implications for the economy and employment. This explorative article deals with the preliminary findings of the impact of a crisis in the fisheries sector on the Indian economy.

The findings realized that a significant reduction in seafood export from India affect the economy of our country negatively.

Literature Review:

According to Degner et al., (1994), Asians have a higher demand for seafood. Asian nations consume the maximum part of the global produce. Cheng and Capps Jr (1988) proposed evidences that household size has a direct relation to seafood consumption. Families with larger number of members consume more seafood than others. Cheng and Capps Jr (1988) and Degner et al., (1994) and Manrique and Jensen, (2001) have found that consumption of shellfish is positively related to household income. Further, as noted by Huang and Bouis, (1996) and Delgado et al., (2003), urbanization induces increased seafood consumption.

Impact on Indian Economy:

In spite of COVID-19, the export of marine products did not suffer much. Various government initiatives such as *Pradhan Mantri Matsya Sampada Yojna* (PMMSY) addressed productivity gaps, introduced innovation and cutting-edge technology, improved infrastructure and management to help modernize and strengthen the sector. The government aims to increase fish production from 140 lakh tones to 220 lakh tones by FY 2025 through the use of deep-sea vessels, modern and effective fishing methods, better cold storage facilities, ice plants and more fish product units. However, this will be effective only if India can continue to increase its export market as planned. Any fall in the exports will immediately dampen such expected growth. Thus, when Qatar banned Indian seafood, it immediately impacted the sector and through it, the economy.

A look into the causes revealed the nature of the problem. There are about 250 fish and shrimps farm across the nine highest-producing states and one union territory. Fresh and brackish water farms in Andhra Pradesh, Tamil Nadu, Puducherry, Gujarat, west Bengal, and Orissa, and freshwater farms in Bihar, Jharkhand, Chhattisgarh, and Assam. As per news sources, Tamilnadu was found to have the worst water quality for fish farms, while Andhra Pradesh, west Bengal, and Puducherry exhibit high-level public health hazards. The farms in Tamil Nadu, Bihar, and Orissa were found to be the most harmful to the environment. This lack of proper waste disposal and management creates a toxic cycle in the water environment. This could have caused the quality of the product to be compromised and therefore resulting into a ban by the importing countries.

However, according to some news reports, at times although the cited reason for the ban may be related to quality, the actual reason may be much more political. Political rift between nations may cause them to reject import shipments by camouflaging it with quality standards. For example, in May 2022, Nupur Sharma, a former BJP spokesperson made controversial comments about the Prophet Muhammad. Many Islamic nations took offense at her comment and held grudges. 34 countries spoke out and the major counties were Qatar, Turkey, and Iran. Soon after this in November 2022, Qatar temporarily banned seafood imports from India citing microbial contamination detected in some consignments. This seemed to be more of a political attack and soon afterwards in February 2023, this ban was lifted paving the way for enhanced export and improved bilateral relations with the country.

Suggestions for Policymakers:

As literature suggests that Asian nations consume the maximum part of the global produce, India should look towards Asian markets for increasing exports. Literature also suggests that families with larger number of members consume more seafood than others. Hence nations which tend to be overpopulated and with less population control can be targeted as favored export destinations for relatively low-cost seafood products. Since it has been found that consumption of shellfish is positively related to household income, India's target export destination for shellfish should be countries with high per capita GDP.

Further, as it has been found that urbanization induces increased seafood consumption, hence more developed nations can be targeted for high end seafood products. Strict regulatory control over the fish farming sector is required to assure that the quality of the produce is export ready and hygienic.

Additionally, policymakers need to focus on the smooth movement of fish products through international supply chain logistics and also revive the sector by providing economic packages. Good political relationship with export destination countries can also help to keep the exports boosted.

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