

## Impulse effect of demonetisation on the fishing operations, trade and fish consumption in Ernakulam, Kerala

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A rapid survey was conducted during 24-26 November 2016 in order to assess the effect of demonetisation of the ₹ 1000 and ₹ 500 currency bills on the marine fishing operations, trade and fish consumption in Ernakulam district, Kerala across different landing centres and markets. A structured schedule eliciting information on the details related to the total number of fishing operations, crew size, landings, price realised, etc. was used (Annexure 1). The traders (exporters, wholesalers and retailers) were queried on the changes in the quantum of transaction and prices (paid and demonstration realised) during the pre and past periods. The study analysed the extent of different fishing operations by mechanised, motorised and non-mechanised sector in the landing centres / harbours of Munambam, Chellanam, Fort Cochin, Cochin Fisheries harbour and Kalamukku during the pre-demonetised (prior to 8th November) and post demonetised (9-23 November 2016) period covering a fortnight. The fishing operations include the number of trips, days of fishing, depth of fishing, crew size, crew share, operating cost etc. The traders from the Broadway, Thevara, Thoppumpady, Chambakkara and Kaloore fish markets were interviewed for assessing the status of the business during these days. In addition, consumers were interviewed on their pattern of fish consumption during the period. The study covered 200 respondents who were mainly boat owners/ representatives (n=35), labourers (crew / harbour

labourers) (n=40), traders (exporters/ wholesalers) (n= 20), commission agents (n=20), retailers (n=25) and consumers (n=60). The study on the effect of demonetization across the operations / stakeholders revealed the following:

### Fishing operations

The analyses on the fishing operations indicate that there weren't any considerable reduction in fishing operations consequent to demonetisation process. The available supply of money (in denominations of ₹ 500 and 1000) and its usage till December 15 towards the purchase of fuel (diesel) by the pump owners and facilitation by the commission agents ensured that there was no decline in the major fishing activities. However, there was a marginal decrease in the multi day fishing operations during this period. During this season the landings were low mainly due to fishing reasons (slack season, non-availability of crew who were planning to go home for Christmas etc) rather than the demonetisation. Most of the fishing operations from mechanised, motorised and non-mechanised crafts continued amidst these reform shifts. Crew remunerations includes two components viz., crew wages and crew *bata*. The crew share varies depending on the crew size and the different craft gear combinations. Crew wages are normally given on the basis of the revenue generated post sharing the cost of operation and could range from 40-50% among the trawl workers

mainly in Cochin Fisheries Harbour. Crew *bata* is an incentive given to the crew members who are engaged in fishing operations in the sea, irrespective of the catch. It is a fixed amount paid as daily wages to the crew irrespective of the catch based on the duration of the fishing trip and normally ranges between ₹ 150-200 per day and along with this they are also paid for provisions /food expenses. The study revealed that for the realisation of the labour involved, the crew *bata* alone was provided by the commission agents as subsistence and the crew share of the fishermen on account of the catches was delayed for a future payment.

The average revenue losses per trip in landings for the different craft and gear combinations are indicated in Table 1. The results indicate that reduction in the revenue earned from the landings ranged between 8 -16 % ranging from 8.28 % in the case of single day trawlers to 15.79% in the case of inboard ringseine. The gillnetters weren't included

as most of them operate for more than 30-40 days.

### Price realisation

There was a 15-20 % reduction in the landing centre price of major species due to inconsistent demand. However there were no significant changes in the procurement / purchase prices of the export species / high value fishes. The retail prices of the fish species was reduced by 30-40% on account of lower demand from the consumers. There was a marginal reduction in wholesale prices of the fishes which led to an increase in the procurement of fishes by the traders for the production of value added fish products. The prices of the important commercially traded fishes in the retail markets of Kaloor, Broadway and Thevara are given in Table 2.

### Traders

Normally trading in landing centres/ harbour is facilitated by three different supply chain agents - the exporters, wholesalers and the retailers. The

Table 1. Average revenue losses during the period

Sector	Pre demonetisation*	Post demonetisation#	Per cent losses
Trawler (SD)	85,000	78,500	8.28
Trawler (MD)	520,050	475,500	9.37
Ringseine (Inboard)	165000	142500	15.79
Ringseine (Outboard)	8800	7700	14.29
Non mechanised	1050	950	10.53

\*Pre demonetisation (7<sup>th</sup> October - 7<sup>th</sup> November), #Post demonetisation (9<sup>th</sup> Nov- 26<sup>th</sup> November)

Table 2. Average Price differentials of major commercially traded fish species

Species	Pre demonetisation(₹/kg)*	Post demonetisation (₹/kg)#
Sardine	141.67	110.83
Mackerel	161.67	132.92
Thread fin breams	160.00	125.00
Black pomfret	355.67	315.00
Red snapper	246.67	216.67
Anchovy	150.00	120.00

\*Pre demonetisation (23<sup>rd</sup> October - 7<sup>th</sup> November 2016), # Post demonetisation (9<sup>th</sup> November - 23<sup>rd</sup> November 2016)

fishing industry which depends on cash transactions was in a shock for a few days. However it was observed that the November - December period, being the peak export sourcing period and the prevalent increased exchange rates, the exporters found an opportunity to procure more fish during this period of study. As the export payments are normally done with a lag, the transaction were not affected and the export procurement increased by 10-20%. Wholesalers were marginally affected as the delay in payments had led to lower liquid transactions and the unavailability of liquid cash to facilitate new procurements which necessitated the need for credit / cheques for large transactions. The small retailers who purchased 5 -10 boxes of fish were affected because of lower demand of fish from the consumers and the unavailability of the lower denominations of money for giving change to the customers. The retailers also opined the need for longer selling hours to dispose the fish and sometime even resorting to distress sales.

### Consumers

The consumption of fish came down by 30-40 % during the above period. The consumer perception on low fish consumption is depicted in Figure 1. 70% of the polled consumers expressed that they reduced their consumption on account of the non-availability of the lower tenders while purchasing fish. 58% of the respondents reduced their consumption as it was necessary to reallocate and

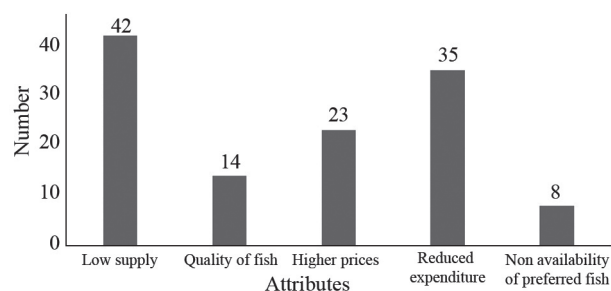


Fig. 1. Consumer perception on low fish consumption

prioritise the consumption expenditure within the limited legal tenders available in hand leading to lower fish demand. The prices of fish had an impact on the consumption pattern which was mainly the differences in the price during their purchases. 23 % of them have reduced their consumption due to quality reasons and 13% of them account to non-availability of preferred fishes.

The most unique thing which was noticed consequent to the demonetisation reform in the fisheries sector was the continued “trust” among the different stakeholders (boat owners, commission agents, labourers and traders) in ensuring that the fishing operations and trade weren’t affected. The stakeholders facilitated smooth fishing operations as well as business transactions during this period. The fishing operations continued undeterred because the major operation costs are incurred for diesel and the crew share (which is a combination of crew wages and profit share). The commission agents provided for the *bata* and food provisions to the crew and since the diesel required was made available, the operations continued undeterred and the crew share was provided with a lag by the commission agents. The fisheries sector rallied behind the commission agents who became key player in building the trust in the sector.

The short study indicated that ‘Trust’ - rules the roost in the fishing sector and the commission agents played a pivotal role in facilitating fishing operations. The sector is slowly embarking on a transparent, cashless and identified banking system. The bottom players in the value chain viz., the retailers and consumers were mainly affected due to non-cash transactions and non-availability of smaller denominations. However their expectations were that the slowdown will only be short-lived and that the fishing economy will rebound once the systems adjust to the new normal.