

Seafood Export Processing Industry In East Godavari

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ABSTRACT

Starting from an absolutely traditional activity in the fifties, both aquaculture and fisheries have transformed to commercial endeavors and have considerable potential for business generation and commitment to the food and sustenance security and outside exchange earnings of the nation. Fish creation has a crucial job for the improvement of marine export processing industry. This paper provides the profile of seafood export processing industry in east Godavari.

Keywords : Seafood, Supply Chain, Warehouse

I. INTRODUCTION

The latest trends as well as pressures on supply chain / logistics forever increasing customer support levels, inventory optimization, time compression as well as price minimization have inevitably transformed the framework of the place and supply chains & working of warehouses to the supply chains network. Surely the outdated idea of warehouses as go downs to shop items has been outdated. Warehouses maybe more effective called distribution centers; exist mainly to facilitate the motion of materials to the conclusion buyer. You will find exceptions like Strategic stock holding, but in just about all industrial applications; powerful & more effective movement of materials to the buyer is actually the key, even if a number of inventory has to be held to do this.

Warehouses are really made in every one of the shapes just as sizes, structure offices of several 1000 square meters taking care of unobtrusive throughputs, to regardless of the earlier remarks enormous capital far reaching establishments with capacity limits in the 1,00,000 pallet plus range, and

very high many pallets hourly - throughputs. By and by, the possibility of throughput rather contrasted with capacity, just as the strain to upgrade stock with improved customer service sum have also observed the improvement of dispersion focuses which don't hold stock-the' stockless terminal, for example, trans-shipment warehouses with significantly more cross docking activities.

WAREHOUSE

A warehouse is depicted as a region where items are put something aside for more age or notwithstanding for division. A warehouse is generally a crude material warehouse, semi completed things manufacturing plant or perhaps a finished merchandise warehouse.

Warehousing is among the imperative helpers to exchange. It sets aside a few minutes' vitality by connecting the time hole between utilization just as creation of merchandise. The productive and powerful administration of any organization necessitates that all the constituent segments of its

run proficiently and adequately as explicit SBUs/offices and by and large as a coordinated whole organization. Over the stockpile chains, warehousing is really a fundamental part of activity in the conveyance of merchandise, from crude materials and work in advancement through to completed items. It is really central part to the production network organize inside which it works and furthermore therefore its destinations and jobs must synchronize with the objectives of the inventory network. It is anything but a 'Stand-alone' part of activity and this mustn't be a powerless connection in the whole store network arrange.

Warehousing is expensive in phrases of human energy and of the facilities as well as tools needed, and the performance of its will impact on total supply chain efficiency. Insufficient style or even managing of warehouse methods will jeopardize the achievement of needed customer support levels as well as the repairs and maintenance of inventory integrity, as well as result in unnecessarily high costs.

Issue which has practiced organizations as of late has been the measure of building to use in warehousing activities. The alternative ranges from common warehousing racking and racking with fork lift or possibly maybe hand exercises through to totally computerized techniques with transports and robotized guided cars (AGVs) just as from carousels to automated projects. The explanations behind the choice of a particular innovation sum aren't regularly exceptionally obvious, and run the array of budgetary, different components and publicizing, from organization's comfort or notoriety for potential change through to individual impression of the propriety of a specific innovation to a particular organization or even association.

II. SEAFOOD EXPORT PROCESSING INDUSTRY IN EAST GODAVARI

This part attempts to analyze the outline of the 55 seafood export processing units on the basis the surveyed data. Analysis is conducted on the basic nature of possession, location of units, item type, major things of exports, present day facilities, installed capacity of infrastructure and categorize laborers and businesses in the surveyed units. Table 1 gives the proprietorship pattern in the surveyed units.

Table 1 : Nature of Ownership of Exporting Unit

Nature of Ownership	Number of Units	Percent
Proprietary	10	18.2
Partnership	21	38.2
Private Limited	21	38.2
Others	3	5.5
Total	55	100

Location of the unit can be classified into Panchayat, Corporation and Municipality. The survey recognized that 53 percent of the seafood export processing units located at Panchayat, 40 percent located at Corporation and only 7 percent located in Municipality. Out of the 55 survey units, 47 seafood export processing companies have only one production unit in the same district, 5 seafood export processing company have 2 production units in the same district, 2 units have 3 production in the same districts and 1 unit have 7 production units in the same district. Other notable reflections from the survey are that 51 seafood export processing companies have no production units in other districts. Only 4 seafood export processing companies have production units in other districts for example 3 seafood export processing companies have only 1 production units in other district and 1 seafood export processing company have 3 production unit in other districts. The survey distinguished that only 9 seafood export processing companies have production units outside the state.

Table 2 : Nature of the Product Export from the Survey Unit

Type of Product	No. of Units	Percentage
Peeled and deveined	26	47.3
Peeled and undeveined	26	47.3
Headless	24	43.6
Frozen	52	94.5
Individually Quick Frozen	25	45.4
Value Added (Ready to eat)	4	0.073
Chilled	18	32.7
Live	5	0.09
Dried	1	0.018

The survey results demonstrate that countless units are dealing with solidified products. The Survey revealed that value-added products or ready-to-eat seafood products ought to be delivered to satisfy the changing needs and consumption patterns of the consumers both local as well as international markets. Table 3 demonstrates that major things of export things are shrimp, cephalopods and fishes.

Table 3 : Major items of Export

Items	No. of Units	Percent
Shrimp	38	69
Cephalopods	49	89
Fishes	48	87

The data revealed that seafood export processing companies are probably going to export all these things according to the availability of raw materials. Basic infrastructure facilities in the export processing units ought to be improved in order to face international competition. Adventure of present day facilities uncovered in the seafood export processing industry is appeared in the table 4.

Table 4 : Facilities of Seafood Processing Industry

Facilities for Seafood Export	No. of Units
Refrigerated Trucks/ Containers	45
GreenTechnology	7
Zero Waste Approach	9
Value Addition Capacity	19

Table 5 presents the survey results of the installed capacity of infrastructure facilities with minimum

and maximum reveals the range of infrastructure capacity in these units.

Table 5 : Minimum and Maximum Installed Capacity of Infrastructure

Installed Capacity of Infrastructure	Minimum	Maximum
Processing Plant MT/ Day	3	150
In- house Pre -Processing MT/ Day	4	80
Water Treatment Plant Lac Liter	0.1	50
Cold Storage Metric Tonnes	75	10000
Chill Room Metric Tonnes	2	550
Peeling Shed Metric Tonnes	3	70
No. of Insulated Fish Boxes	6	5000
Effluent Treatment Plant Lac Liter	0.1	5

III. FINANCIAL PROBLEMS IN THE SEAFOOD INDUSTRY

Finance which is the backbone of the seafood industry The main allied issues related to it are taken as lack of assets for expansion, high interest rates, delay in official systems, and lack of profits from investment and insurance claims.

Table 6 : Finance Problems: Kruskal H statistic Analysis

Finance	Sum of Ranks	Mean Ranks
Lack of funds for expansion	7448	137.925926
High Interest Rates	9538.5	173.427273
Delay in Official Procedures	8132	147.854545
Lack of returns from Investment	7314.5	132.990909
Insurance claims	4695	88.5849057
Test Result		
H Test Statistic	33.05715	
Critical Value	9.487729	
P-Value	1.16E-06	
Reject the Null Hypothesis		

Test Result shows that H test Static is greater than the critical value so we dismiss the Null Hypothesis. The main issues in the finance sector are the high interest rates and the delayed official methodology which definitely affect rolling of cash pattern in the seafood business. Third ranking issue is the lack of assets for expansion, especially to convert the traditional solidified pattern to value added item like ready to pan implementation requires huge investment and it will restore its profit margin in the long run only. That leads to lack of come back from investment in the short run and resulted in a

financial dilemma. Insurance claims are not a significant issue if the official documentation techniques are flawless otherwise the exporter has to face losses in the way of insurance claims.

Reasons for the Delay in Pre-shipment Clearance

The importer is generally responsible for arranging the pre-shipment inspection; the exporter must make the products available for inspection in the nation of origin. Delays in the process can lead to problems with the shipment and increased expenses for the exporter. Therefore, it is in the best interest of exporters to work with their freight forwarder to guarantee that all information is accurate and is given to the inspection company immediately after notification of the mentioned inspection. On the off chance that a disagreement arises on the findings of the pre-shipment inspection, a resolution to the discrepancy should be negotiated with the inspection company. However, in the event that exporting to a World Trade Organization (WTO) part nation, the WTO Agreement on Pre-shipment Inspection explains the responsibilities of the exporter and the inspection company. The agreement requires the inspection company to appoint an appeals official and consent to the agreement guidelines when carrying out their pre-shipment inspection administrations for signatory nations. Sanitary and phytosanitary certificates, which are normally issued to ensure U.S. consumers, can also be used for international trade purposes. The Certificate of Origin is issued by the capable authority in the exporting nation.

Survey examines the reasons for the delay of Pre-shipment Clearance using the scale from 1 to 5 and analyzed it by using the kruskal H Statistics method. Table 7 distinguished the major problems faced by the Pre-shipment clearance from the surveyed unit. There are 9 parameters chosen for problems related to pre-shipment clearance and are recorded with ranks.

Table 7 : Problems Faced in the Pre-shipment Clearance: Kruskal H statistic Analysis

Reasons for the Delay in Pre-shipment Clearance	Ranks	Sum of Ranks	Mean Ranks
Random Opening of Self-Sealed Containers	4	13532	255.3
Non-Availability of Custom Officials for Inspection	8	12587	228.9
Congestion at Port	2	16676.5	308.8
Poor Port Handling Facility	3	14862	280.4
Lack of Adequate Berthing Space in Ports	6	12835	242.2
Missing Container Trailers	9	3153.5	59.5
Processing of Shipping Bills	7	12639.5	229.8
Storage and Warehouse Facilities	5	13427	253.3
Corruption Practices	1	17173.5	318
Test Result			
H Test Statistic			124.768254
Critical Value			15.5073131
P-Value			3.43E-23
Reject the Null Hypothesis			

The foremost issue distinguished is degenerate practices which are all pervading in commercial procedures and documentation and other coordination activities of pre-shipment clearances. The study recommended that all archive should be minimized and shipping allowed on invoice basis which involves all imperative information. In request to survive, the issue of corruption practices, government should diminish discretionary forces of the concerned officials. Second and third ranked problems are related to the poor infrastructure facilities. Random opening of self-sealed containers is ranked as fourth. Other problems are storage and warehouse facilities, Lack of adequate berthing space in ports, processing of shipping bills, and non-availability of custom officials for inspection and missing container trailers. Electronic processing of record procedures should be made increasingly compelling by better training of officials and ECGC should be progressively active.

Economic Recession

Economic recession caused the liquidity crunch on the planet economy. Shortage of liquidity in various nations adversely affected the aggregate demand of various merchandise and enterprises. In request to face the issue of availability of liquidity, US and EU nations had to withdraw their investments in

developing nations. The overall recession has also taken a toll on the fishing industry of Veraval in Gujarat. Veraval, which is considered to be the hub of fishing exports, is currently going through its most exceedingly terrible conceivable phase, as fish traders report a plunge of almost 30 percent in overseas demand. Fisheries are one of the main export arranged Industries in India, as it earns billions of dollars from world markets through its fish and other seafood exports. The encouraging results from the advance estimates for 2014-15 recommend that though the global sluggishness has partly sustained into the lackluster growth in foreign trade; this downward pressure has been compensated by strong local demand, keeping the growth energy going. Out of the 55 surveyed units, 39 companies revealed that global recession partially affected seafood export processing industry. There are ten factors which are taken in 1 to 3 point scales, graded the global recession and analyzed it with the help of Kruskal H Statistics. Table 8 presents the affected factors of global recession in the surveyed units with their ranking grade. All the factors are not equally affected and the impact of variation can be uncovered with the help of total of Ranks or their mean ranks. The highest Mean rank factors are the fluctuating foreign exchange rates and prices which were affected more in the global recession. Changes in the dollar rates partially affected the prices of seafood products during the global recession. Third ranking grade factor is the demand for marine fish products, for example, the European Union nations Italy and Germany demanded more cheap rate fishery products than high rated fishery products as revealed from the surveyed units. The fourth ranking factor i.e., Client Market and their Payment Schedules delayed because of global recession. Global recession partially changes the export destination and was ranked fifth. Sixth ranked factor is the changes in value addition and the seventh ranked factor is modification of factory operational plans which also partially got affected because of global recession.

Least affected factor is the value chain management, which revealed that at each stage of production, additional value is added to withstand the global recession and did not adversely affect the surveyed units.

Table 8 : Factors Affected Global Recession in the Marine Export Industry Kruskal H statistic Analysis

Factors Affected Global Recession	Rank	Sum of Ranks	Mean Ranks
Production Capacity	9	11218.5	203.97
Price	2	19364	352.07
Client Market and their Payment Schedules	4	17133	311.51
Export Destinations	5	16254	295.53
Fluctuating Foreign Exchange Rates	1	20615.5	374.83
Demand for Marine Fish Products	3	18688	339.78
Changes in Value addition	6	14969	272.16
Effect on Employment	8	11455	208.27
Modification of factory operational Plans	7	11488.5	208.88
Value Chain Management	10	10339.5	187.99
Test Result			
H Test Statistic	94.30518948		
Critical Value	16.91897762		
P-Value	2.21947E-16		
Reject the Null Hypothesis			

IV. PROBLEMS AND CHALLENGES FACED BY SURVEYUNIT AT THE TIME OF WAREHOUSING MANAGEMENT

Improving Quality Standards by implementation of National and International Standards, advance brand in the Market, improve sanitary conditions, minimize losses and change the working atmosphere of the unit are the foremost challenges faced by the seafood export processing industry. Analysis of the survey saw that the third party inspections on quality, facility, social ethical are exorbitant. Survey analysis showed that social ethical sourcing audits are to be included in the firm. Sanitary import license become mandatory. It is the present requirement by importing nations because of new regulations. Industry need to pursue and avail the sanitary license. 100 percent of the survey units have an assimilation to keep themselves updated to all quality standards information for a stable running. Out of the 55 surveyed units 50 units i.e., 91 percent revealed that seafood firms incurred additional expense because of inspection. 69 percent agreed that

the seafood export processing industry faced abrupt changes in principles, laws, regulations and policies. Among the surveyed unit 75 percent are satisfied with the measures taken by the government regulatory authorities to face the challenges in export industry. 84 percent of the survey units have very much prepared lab and testing facilities to guarantee legitimate quality drills and material traceability. Only one survey unit have not exactly or equal to 50 percent ownership and also one survey unit revealed that have in excess of 50 percent foreign ownership. Out of the 55 survey units, only 4 units import raw materials from other nations. 26 survey units import technology from the remainder of the world. 39 survey units pointed out that the seafood industry faced labor issues. Survey revealed that 95 percent of the survey unit's wastes are taken by Private Agents, 2 percent of the unit waste are taken by Government. 3 percent of the waste is used for processing and marketing of marine by products.

Analysis of the survey revealed that the main issue faced by seafood export industry is scarcity of raw materials and its uncertain price rise. The center issue faced by processing industry is shortage of trained manpower, waste water management, control failure, ice shortage and lack of responsibility of outside laborers. Labor shortage is serious because talented labors are located in East Godavari than the northeastern states. The industry has to face stringent import standards by EU and USA and competition from other ASEAN seafood processing nations. Lack of trained manpower especially non-availability of laborers for value added production.

Survey revealed that financial, technical and training assistance from state and central government are moderate. Contributions from fisheries Universities are low. CIFT gives training to HACCP and other quality issues faced by the industry. Assistance from EIA and MPEDA are contributed significantly for the welfare of seafood export industry. Survey remarked

that low assistance from private and international institutions. All Surveyed units are availing obligation pay back scheme and Vishesh Krishi Gram Udyog Yojana scheme. Out of the 55 survey units, 69 percent of the survey units revealed that the seafood firm faced delay in the export incentives dispensed by DGFT.

Government Legislation

The Government of East Godavari gives top need to the fisheries sector, because this sector gives business and income to more than one million individuals, either legitimately or indirectly. Fishing industry satisfies the protein requirements of a considerable chunk of the population. Fisheries sector gives considerable income, especially in foreign exchange, to the exchequer of the State. Hence, it has undertaken several activities and programs for increasing production, for conserving and ensuring sustainable exploitation of fisheries wealth, for promoting cultivation of fish and prawns, for advancement of fishing harbors and facilities for landing of fish, for strengthening facilities for marketing of fish, and for the upliftment and welfare of the fisher-society. The importance of fisheries sector in East Godavari and the advantageous position that East Godavari appreciates as a maritime State is to be considered in the national policies. There is a great need to introduce late slants in fish processing technology to maintain the state's position in international market. India was emerging as a major marine item exporter. The fishing industry acts as foreign exchange earner as well as plays an important job in East Godavari's economy. Be that as it may, with the advancement of technology and liberalization of international trade, the foreign nations adopted trade barriers to restrict East Godavari's fishery item export, which had made East Godavari fishery item export disproportionate with fishery products production.

The government obtainment procedure isn't aggressive and often lacks transparency. Information about government undertakings and acquisitions is often not readily available from the appropriate authorities and interested parties must invest considerable energy to obtain the necessary information (Government has undertaken several strategy initiatives and measures to support the growth of fisheries industry in India. At the Central level an important strategy has been announced as the Comprehensive Marine Fishing Policy, 2004. The target of the arrangement is to augment marine fish production of the nation up to the sustainable level in a responsible manner in order to support the export of sea food from the nation as well as to increase the per capita fish protein intake of the masses. The strategy, thus, advocates protection, consideration and encouragement of subsistence level fishermen. It tries to advance conservation, management and sustainable utilization of India's invaluable marine wealth. The Union Government also decreased the Central grant component for infrastructure advancement from 70 percent to 40 percent. Assistance from National Fisheries Development Board has been diminished to 40 percent from the previous degree of 90 percent. The State Coastal Development Corporation is implementing ventures worth Rs. 580 crore for the improvement of the coastal areas in the State.

Other Issues

Seafood exporters from East Godavari are facing innumerable challenges, following the upgradation of the Customs EDI software from version 1 to 1.5. The technical snag that originated in August 2010 has stalled the payment of export incentives to exporters not exclusively to East Godavari, yet across the nation. The East Godavari is one of the most exceedingly awful affected because of the framework upgradation. The other major ports such as Chennai, JNPT and Mumbai have not been adversely affected as the Customs EDI version has not been converted

to the new framework. The officials in the Seafood Exporters Association of India (SEAI) pointed out that export benefits worth Rs 100 crore have been obstructed on account of this. The shipping bills documented by the exporters/Custom House Agents and Export General Manifest (EGM) recorded by the shipping lines with the Customs Electronic Data Interchange (EDI), have to be uploaded in the DGFT site automatically, and the export incentives are handled by DGFT based on these transferred data. The export incentives granted under schemes such as Duty Entitlement Pass Book scheme as converted as Duty Drawback Scheme, Vishesh Krishi Gram UdyogYojana and Export Promotion Capital Goods scheme, are not completely functional. More than 3,000 such shipping bills are pending with DGFT offices all over the nation. In spite of the various representations by the Exim trade bodies to the higher authorities at the Ministry of Finance, Commerce and to the System Directorate of Customs at New Delhi, no successful advances have been taken to redress the problems.

V. CONCLUSION

The fishing industry in East Godavari is of vital importance in the monetary improvement of the State. Starting from an absolutely traditional activity in the fifties, both aquaculture and fisheries have transformed to commercial endeavors and have considerable potential for business generation and commitment to the food and sustenance security and outside exchange earnings of the nation. Fish creation has a crucial job for the improvement of marine export processing industry. Compound annual development rate of total fish creation 1950 to 2014 is 5.2 percent. Fish generation levels have increased from 2.8 million tons of fish and shell-fish in 1985-86 to 5.3 million tons in 1996-1997. Compound annual development rate of fish creation during the I Phase upto 1985 is 10.9.

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