

Tradeoffs in Indian seafood trade - Forex earnings vis- a- vis Domestic Availability and Affordability

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Abstract

India's seafood export surged new heights and continued unabated amidst global recession. The exports surpassed 2.85 billion dollars with dynamic geographic and commodity diversifications. Indian economy grew consistently post liberalization with higher purchasing power and consistent demand for food products. The consumption behavior skewed towards protein food with increased fish consumption on account of being healthier and cheaper food amongst animal protein substitutes. The annual per capita fish consumption has increased from 3.1 kg in 1970s to about 11 kg in 2010. The high value fishes like shrimps, squids, seer fishes and pomfrets are massively exported resulting in extortionate domestic prices. The paradox of export immensely exists with export price being substantially lower than domestic price. Thus there exists a question of availability and affordability of high value fishes in domestic market. The tradeoff between export and domestic trade was investigated by consumption studies across urban consumers in Chennai, Kochi and Mumbai. The study focused on income and expenditure pattern buying behavior, constraints in fish consumption and willingness to pay for high value fishes. Contingent valuation technique and dummy dependent regression model were employed. Domestic prices were 20-25 per cent more than export price nevertheless a sizeable demand exists with high consumer surplus. The Garrett ranking constraint analysis indicated reduced availability, seasonal consumption and exorbitant price. Most domestic consumers were unaware about low export price. The study exposed significant deleterious effect of fish demand - supply mismatch in domestic market and advocates for governmental interventions.