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CHALLENGES IN THE EXPORT OF SEAFOOD IN TAMILNADU

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ABSTRACT
This paper aims to analyse the challenges faced by the exporters of marine products. This study was conducted based on the primary data collected from the seafood exporters (N=80). This study focused on challenges faced by seafood exports in the areas of procurement of raw materials, production, finance, marketing, and export. Within these realms, various factors were identified as contributing variables. The study results showed that seafood exporters grappled with significant challenges. These included the volatility of raw material prices, the burden of high production costs, the stifling regulatory environment imposed by financial institutions, and the intensifying competition on the global stage.
Keywords: Entrepreneurs, Exports, Fisheries, Marine Products, Seafood.

INTRODUCTION
Developing nations remain the primary contributors to the global fishery export market, while developed countries continue to dominate as importers (Savita, 2013). The coastal waters have transitioned into open-access zones for investors who possess the financial means to utilise new harvesting and processing technologies (John, 2000). This sector holds immense significance for the economy of the country, contributing significantly to employment generation and export potential.

In response to this demand, numerous seafood processing facilities equipped with modern machinery for freezing and the production of value-added products have been established at key locations across the country, facilitating export processing. However, the product composition of India's seafood exports has been subject to change, influenced by factors such as limitations in fish production, availability of raw materials for processing, and evolving market preferences (Nikita et al., 2009).

Entrepreneurs in the export-oriented seafood processing industry grapple with a multitude of challenges that hinder their operations. Chief among these is the scarcity of skilled local labour,

coupled with the absence of accredited laboratories offering affordable testing services for both raw materials and finished products. Moreover, entrepreneurs often face harassment from local authorities, a lack of support from state governments, and fierce competition in the market.

Environmental factors exacerbate the situation, with changes in climatic conditions, pollution of seawater bodies, and overexploitation of marine resources contributing to the unavailability of raw materials. Illegal fishing practices and the presence of foreign trawlers further compound this issue, making it difficult for seafood processing units to secure consistent supplies.

During trawling ban seasons, seafood processing units reliant on aquaculture may weather the raw material shortage by meeting timely demands from importing countries. However, those without such arrangements face imminent closure, resulting in unemployment for workers. Additional challenges identified include escalating reefer base rates, exorbitant terminal handling charges, and anti-dumping duties imposed by key markets like the United States. Withdrawal of subsidies, defaults in payment by importers, as well as cultural, linguistic, and political differences in importing countries, pose significant obstacles. Strict food safety regulations enforced by entities such as the European Union further strain the industry, alongside issues like overfishing, depletion of seafood resources, and inadequate infrastructure. The study conducted aims to comprehensively evaluate these challenges confronting entrepreneurs in the seafood processing industry in Tamil Nadu, shedding light on the complexities of their operations and the urgent need for strategic solutions.

Methods

For the study, 80 seafood processing units were chosen from Chennai and Thoothukudi districts through the convenience sampling method. Both primary and secondary data were utilised for the analysis. Structured questionnaires were employed to gather primary data, tailored specifically for this purpose. Secondary data, sourced from articles, websites, and other relevant sources, complemented the primary data collection process.

Frequency tables and weighted averages served as analytical tools to process the data effectively, providing valuable insights into the various aspects under consideration. This comprehensive approach facilitated a thorough examination of the seafood processing industry in the selected districts, offering a robust foundation for the study's findings and conclusions.

Results

The data indicates that 63.3% of units are located in Chennai district, while 36.7% are in Thoothukudi. Rural areas host 40.0% of the units, whereas urban areas accommodate 60.0%. In terms of establishment year, 53.3% were founded between 2011 and 2015, followed by 23.3% between 2006 and 2010. Regarding plant capacity, 40.0% have a capacity of 20-30 metric tonnes, while the majority of capital investment, 73.3%, is above 5 crore rupees, with 26.7% falling in the range of 25 lakhs to 5 crore rupees.

Table 1: Profile of the Exporters

		Frequency	%
District	Chennai	51	63.3

	Thoothukudi	29	36.7
Location of the Unit	Rural	32	40.0
	Urban	48	60.0
Year of Establishment	2000 - 2005	3	3.3
	2006 - 2010	19	23.3
	2011 - 2015	43	53.3
	2016 - 2020	8	10.0
	2020 onwards	8	10.0
Plant Capacity *(metric tonnes)*	20 - 30	32	40.0
	30 - 40	16	20.0
	40 - 50	3	3.3
	50 - 60	11	13.3
	60 - 70	11	13.3
	Above 70	8	10.0
Capital investment	25 lakhs - 5 crore	21	26.7
	Above 5 crore	59	73.3

The challenges that exporters in the seafood processing sector faced were divided into five main categories based on these factors: issues with obtaining raw materials, issues with production, issues with financing, issues with marketing, and issues with exporting processed seafood. issues with manufacturing, financing, marketing, and exporting processed seafood are among the issues that need to be addressed.

Table 2: Challenges in Procurement of Raw Materials

Items	Mean
Lack of timely access to raw materials	3.89
Inaccessibility of raw materials at affordable rates	3.25
Substandard raw materials	3.45
Inconsistent availability of uniform-quality raw materials	4.02
Shortfall in quantity	3.99
Inadequate credit facilities from suppliers	4.14
Restrictive government ceilings on subsidies, grants, etc.	3.45
Fluctuating prices	4.59
Transportation expenses	3.09
Unethical trade practices	3.22
Interference of intermediaries	4.09
Extended distribution channels	4.22

The table indicates the mean scores for various challenges encountered in the procurement of raw materials. These issues include lack of timely access to raw materials (mean - 3.89), inaccessibility

of raw materials at affordable rates (mean - 3.25), substandard raw materials (mean - 3.45), inconsistent availability of uniform-quality raw materials (mean - 4.02), shortfall in quantity (mean - 3.99), inadequate credit facilities from suppliers (mean - 3.29), restrictive government ceilings on subsidies and grants (mean - 3.45), fluctuating prices (mean - 2.99), transportation expenses (mean - 3.09), unethical trade practices (mean - 4.22), interference of intermediaries (mean - 4.09), and extended distribution channels (mean - 4.22). It is observed that price fluctuations in raw material prices are a daunting problem among seafood exporters, followed by extended distribution channels, inadequate credit facilities from suppliers, interference of intermediaries, and inconsistent availability of uniform-quality raw materials.

Table 3: Challenges in Production

Items	Mean
Production costs	2.55
Challenges in maintaining product quality	4.29
Limited production capacity	4.65
Outdated production technologies	4.09
Shortage of electricity	5.02
Lack of a shared potable water supply system	4.69
Inadequate road and transportation infrastructure	4.69
Shortage of local labourers	2.75
High labour turnover	2.69
Import duties on capital and intermediate goods	4.42
Issues with trade unions	4.69

The table shows the mean scores for various problems encountered in production. These scores represent the severity or significance of each issue. For instance, challenges in maintaining product quality received a mean score of 4.29, indicating it's a significant problem, while production costs received a mean score of 2.55, suggesting it's less of a concern compared to other issues.

Table 4: Challenges in Finance

Items	Mean
Challenges in obtaining sufficient credit	4.05
Struggles in securing adequate government subsidies	3.72
Obstacles in accessing loans promptly	3.52
Elevated interest rates	3.25
Stringent regulations imposed by financial institutions	2.99
Inadequate repayment periods	3.99
Lengthy processing times for bank loans	3.39
Troubles in obtaining funds from financial institutions	3.65
Restrictions on fund procurement and settlement	3.39

The mean scores for various finance-related challenges delineated that challenges in obtaining sufficient credit scored 4.05, struggles in securing adequate government subsidies scored 3.72, obstacles in accessing loans promptly scored 3.52, elevated interest rates scored 3.25, stringent regulations imposed by financial institutions scored 2.99, inadequate repayment periods scored 3.99, lengthy processing times for bank loans scored 3.39, troubles in obtaining funds from financial institutions scored 3.65, and restrictions on fund procurement and settlement scored 3.39.

Table 5: Challenges in Marketing

Items	Mean
Insufficient accredited laboratories for timely product inspections	2.72
Diminished product demand	4.42
Interference by intermediaries	4.61
Influx of inexpensive imported goods into the local market	5.05
Rise in competitive pressures	1.89
Stagnant customer base	4.09
Preference of customers for fresh food over processed options	4.12
Advertising expenses	4.22
Packaging expenses	2.82
Logistics costs (transportation, warehousing, material handling)	2.99
Limited access to marketing information	4.39
Inadequate storage facilities	5.15
Shortage of refrigerated wagons	2.72
Challenges with compliance to Weights and Measures Act and Packaging Commodity Rules	4.42
Conflicting and overlapping food regulations	4.55
Inconsistencies between central and state policies	4.05
Taxation issues	2.89

Table 5 presents various challenges encountered in marketing, with their respective mean scores indicating the severity of each problem. These issues include insufficient accredited laboratories for timely product inspections (mean 2.72), a diminished product demand (mean 4.42), interference by intermediaries (mean 4.61), an influx of inexpensive imported goods into the local market (mean 5.05), a rise in competitive pressures (mean 1.89), a stagnant customer base (mean 4.09), customer preference for fresh food over processed options (mean 4.12), advertising expenses (mean 4.22), packaging expenses (mean 2.82), logistics costs including transportation, warehousing, and material handling (mean 2.99), limited access to marketing information (mean 4.39), inadequate storage facilities (mean 5.15), shortage of refrigerated wagons (mean 2.72), challenges with compliance to Weights and Measures Act and Packaging Commodity Rules (mean 4.42), conflicting and overlapping food regulations (mean 4.55), inconsistencies between central and state policies (mean 4.05), and taxation issues (mean 2.89).

Table 6: Challenges in Export

Items	Mean
Reefer base rates are on the rise.	3.12
Terminal handling charges have increased.	3.65
The US has imposed anti-dumping duties.	4.05
Government subsidies have been withdrawn.	3.15
Importers are defaulting on payments.	3.99
Cultural and language barriers are causing issues.	4.42
Political and legal systems in importing countries differ.	4.25
Strict food safety laws, such as those in the EU, are impacting imports.	2.59
US requirements for HACCP are stringent.	2.85
Importing countries have inconsistent requirements.	3.25
Compliance with regulations is challenging due to time constraints.	3.69
Currency fluctuations pose problems.	4.59
Capturing the export market is difficult.	4.19
Export duties are affecting trade.	4.22
Competition in the international market is intense.	2.42
Government restrictions are in place.	3.79
Export procedures are complex and lengthy.	3.55
Procedural delays are common.	3.12
Maintaining quality standards is challenging.	3.65
Difficulty in the maintenance of quality standards	4.05

Table 6 presents various challenges faced in the export sector, with each issue rated based on its severity, represented by the mean score. Reefer base rates are experiencing an increase, marked at 3.12, while terminal handling charges have notably risen, rated at 3.65. The imposition of anti-dumping duties by the US is a significant concern, scoring 4.05. Additionally, the withdrawal of government subsidies is contributing to challenges, rated at 3.15. Importers defaulting on payments is a worrisome trend, rated at 3.99, while cultural and language barriers are causing significant issues, marked at 4.42. Differences in political and legal systems in importing countries are also problematic, scoring 4.25. Strict food safety laws, particularly in the EU, are affecting imports with a score of 2.59, while stringent US requirements for HACCP are rated at 2.85. Inconsistent requirements from importing countries are noted, with a score of 3.25, and compliance with regulations is challenging due to time constraints, rated at 3.69. Currency fluctuations pose substantial problems, scoring 4.59, and capturing the export market is proving difficult, with a rating of 4.19. Export duties are impacting trade significantly, marked at 4.22, and intense competition in the international market is a notable challenge, rated at 2.42. Government restrictions further complicate matters, scoring 3.79, and export procedures are complex and lengthy, marked at 3.55. Procedural delays are common, with a score of 3.12, while maintaining

quality standards is challenging, rated at 3.65. Lastly, difficulty in maintaining quality standards is also a concern, scoring 4.05.

CONCLUSION

Entrepreneurs grapple with a myriad of challenges when it comes to sourcing raw materials for their ventures. Among the most prominent hurdles is the volatile nature of prices, which can fluctuate unpredictably, making budgeting and forecasting a daunting task. Additionally, the exorbitant costs associated with transportation further compound their difficulties, eating into profit margins and posing logistical headaches.

Fortunately, the issue of substandard raw materials doesn't loom as large for these entrepreneurs, sparing them from potential production delays and quality control headaches. However, their production woes are far from over, as they contend with the perennial problem of high production costs, exacerbated by a distressingly high turnover rate among their labour force. Despite these challenges, the scarcity of electricity poses a relatively minor inconvenience in comparison.

In the realm of finance, entrepreneurs encounter a formidable array of obstacles. Foremost among these are the stringent regulations imposed by financial institutions, which often stifle innovation and growth. Coupled with prohibitively high-interest rates and interminably long processing times for securing loans, accessing much-needed capital becomes a Herculean task. Moreover, restrictions on fund procurement and settlement further impede their financial maneuverability, casting a shadow over their fiscal viability. Yet, amidst this quagmire of financial woes, the comparatively shorter repayment periods offer a glimmer of relief.

Navigating the treacherous waters of marketing presents its own set of challenges for entrepreneurs. Chief among these is the relentless onslaught of competition, which forces them to constantly innovate and adapt to stay relevant in the marketplace. Compounding their woes are the scarcity of accredited laboratories for timely product inspections and the burdensome weight of high taxation, both of which conspire to erode their profit margins. Nonetheless, the lack of adequate storage facilities and cold storage-equipped wagons presents a relatively minor inconvenience in comparison.

Venturing into the realm of exports, entrepreneurs encounter yet another set of formidable challenges. Foremost among these is the cutthroat competition in the international market, which demands a level of competitiveness and agility that can be difficult to achieve. Additionally, navigating the labyrinthine maze of strict food safety regulations imposed by importing countries such as the EU poses a significant barrier to entry. However, the challenges posed by foreign currency fluctuations pale in comparison, offering a modicum of respite amidst the tumultuous landscape of international trade.

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