

# Marketing Efficiency of Fresh Fish Trade in Cochin and Veraval

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Price spread is an important index of marketing efficiency. This study reports the price spread between landing centres, wholesale and retail markets in Cochin (Kerala) and Veraval (Gujarat) for important varieties of fish. The price spread is very high both in wholesale and retail markets. While in wholesale market the price spread ranged from 1.11% to 46%, it was as high as 471% in the retail market at Veraval and 1410% at Cochin. The range of price spread was found to be very high during the periods of low price and high catch, and low during high price and low catch season. The benefit of high price spread accrue to the middlemen, depriving both the consumer and the fishermen of a fair price.

**Key words:** Price spread, marketing channel, marketing intermediaries, landing centre, wholesale market, retail market

The price spread, measured as the difference between the price paid by the consumer and the price received by the fishermen, is an important index of marketing efficiency as well as the fairness with which the market treats the consumer and the producer. An efficient and fair market is characterized by a quantum of price spread that is equivalent to the marketing costs including the cost of storage, transport, display, handling, package, the opportunity cost of marketing functionaries and the transaction capital. Studies have been carried out on the marketing efficiency in fish trade in Uttar Pradesh (Katiha & Chandra, 1990) and Tamil Nadu (Sathiadas & Panikkar, 1988). The study of marketing margins is of special significance in fisheries for the reason that fish prices fluctuate far more drastically than the price of manufactured goods. While most manufactured consumer goods show a steady upward movement, fish prices show a cyclical upward movement. The short period cycles of very high and low price for fish allow enough room for marketing intermediaries to exploit both the fishermen and the consumer, rendering the market inefficient and unfair. Hence, a systematic investigation of this aspect is of importance for the producers as well as the consumers.

## Materials and Methods

With a view to estimate the price spread in fish markets of Cochin (Kerala) and Veraval (Gujarat), primary data were collected from landing centres, wholesale and retail markets for major species of fish marketed in these localities. Data were collected over a period of two years from 1998 to 1999, covering all the seasons. The data collection was carried out twice a week from landing centers at Veraval and Cochin Fisheries Harbour and the corresponding retail markets at Cochin and Veraval. In addition, the major beach landing centres of Cochin such as Kamalakadavu and Vypin were covered once a week. Data for the first and last days of the week were not included, so as to avoid abnormalities in price formation.

Price spread reported in the study covered important table varieties of fish such as sardine, mackerel, seer fish, pomfret, threadfin bream, shark, tuna, thread fish, wolf herring, perch and catfish.

## Results and Discussion

The first stage of fish marketing is the bulk landing of fish in landing centres.

Landing centres vary considerably in terms of marketing facilities available. In Cochin, fish landing centres such as Kamalakadavu and Fort Cochin have no landing facilities at all. The catch is auctioned as the craft touches the shores, after the price fixation onboard. The catch is secured in baskets (50-70 kg) by the wholesaler, who in turn auctions the fish in lots of baskets. In Fisheries Harbour, the practice is same but the landing facilities and handling facilities are better resulting in least harm to the quality of the fish. From the wholesaler onwards, marketing channel takes diverse direction and means. There are wholesale dealers who secure fairly large quantities of fish and take them to distant markets in mini-trucks, selling all along the way. Next come moped-borne vendors, who also have an extended reach to interior markets. Most common vendors are, however, cycle-borne vendors who are the main channel connecting wholesalers and consumers. The established urban retail markets in Cochin have direct linkage between wholesalers and consumers. The oldest channel of fisherwomen vendors continue to thrive in spite of the multiplicity of marketing functionaries (Fig.1).

The main channel of fish trade in Veraval is the landing centre – wholesaler – retailer – consumer chain. Door-to-door vending is not common in Veraval.

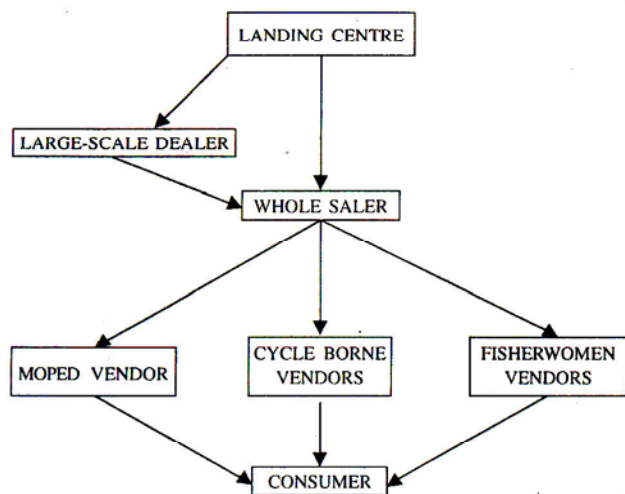


Fig. 1. Fish trade channels operating at Veraval and Cochin

Modal prices for different varieties of fish in the retail markets at Veraval and Cochin during different months are given in Table 1. It may be observed that every variety of fish showed a very high range of fluctuation in price. The percentage difference between the lowest price and the highest price was maximum in the case of seer fish (166.67%) in Cochin and white pomfret (500%) in Veraval (Table 1). These price fluctuations were generally induced by seasonal differences in landings. Marketing

Table 1. Retail price movements in Cochin and Veraval

Variety	Rs. kg <sup>-1</sup>		Month
<i>Cochin</i>			
Sardine	Low	20	November-December
	High	30	March-October
Mackerel	Low	30	May
	High	45	December
Seer fish	Low	60	March
	High	160	June
Pomfret	Low	60	September
	High	70	November
Threadfin bream	Low	20	August
	High	30	September
<i>Veraval</i>			
Ribbon fish	Low	15	September
	High	30	February
Croaker	Low	10	December
	High	30	March-June
Pony fish	Low	20	March
	High	50	September
Spotted bearded-croaker	Low	25	October
	High	60	September
Tuna	Low	20	Nov., February, April
	High	50	March
Shark	Low	15	February
	High	40	July
Wolf herring	Low	15	December, February
	High	50	April
Thread fish	Low	15	March
	High	40	April, June
Mackerel	Low	8	April
	High	30	May
Perch	Low	20	December
	High	50	February, March
White pomfret	Low	50	January, February
	High	300	March, April
Seer fish	Low	30	Nov., Jan., Feb.
	High	60	Jan., April, October
Catfish	Low	15	October, January
	High	40	August

intermediaries usually tend to narrow down the price fluctuations. However, this role is largely ineffective on account of the extremely perishable nature of fish and fish products and the market functionaries are generally inclined to take advantage of these fluctuations for their own profit rather than stabilising the prices.

At Cochin, wholesalers from different markets procure their stock from landing centre by participating in the bids. The quantity unsold at the landing centre is transported to major fish markets like Kottayam, Aluva and Changanassery and sold to wholesalers through open auction. At Veraval, the first stage transaction takes place at Bhidiya where the landing centre as well as the wholesale market are located. The wholesalers supply the fish to smaller vendors in small lots. The later transactions usually take place in established markets. Sometimes, vendors pool their resources and join the auction to lift the stock at wholesale prices from the large traders directly. The retail markets at Veraval are situated at Bhidiya and Kharakua.

In Table 2, wholesale price is given as a percentage of landing price for different

Table 2. Price spread between landing centre and wholesale market in Veraval

Variety	Low*	High*	Range of price spread*
Ribbon fish	105.00	111.11	5.00-11.11
Croaker	103.57	112.50	3.57-12.50
Pony fish	101.11	111.11	1.11-11.11
Spotted bearded croaker	101.23	104.84	1.23-4.84
Shark	102.27	107.69	2.27-7.69
Tuna	102.78	105.56	2.78-5.56
Wolf herring	106.67	109.09	6.67-9.09
Thread fish	103.12	145.83	3.12-45.83
Mackerel	103.12	132.14	3.12-32.14
Perch	104.17	105.00	4.17-5.00
White pomfret	101.86	106.86	1.86-6.86
Seer fish	104.17	117.50	4.17-17.50
Catfish	102.78	122.22	2.78-22.22

\* Percentage increase based on landing prices

varieties of fish. Even in this initial phase of transaction in the landing centre, there was considerable price spread between landing price and wholesale price. The percentage increase in prices for different species ranged from 1.11 to 45.83%.

Cost of marketing being a fixed element per kg of fish marketed, the higher percentage of marketing margin indicates more than normal share of total revenue accruing to the marketing functionaries. The margin of abnormal profit generated in the first phase of marketing goes to the large traders who lift the supply from fishermen and sell to the wholesalers, hardly keeping the stock for more than a couple of hours, unless the heavy stock forces them to store the fish. Marketing margin is generally high during high catch and lower price. This phenomenon is explained by the fact that there is an upper price limit beyond which the consumer will not purchase fish. Therefore, at times of low catch and high price, marketing margin is kept low to make fish saleable. When prices come down drastically at landing centre, the reduction is not proportionately passed on to the succeeding stages of marketing. The market functionar-

Table 3. Price spread between wholesale market and retail market in Veraval

Variety	Low*	High*	Range of price spread*
Ribbon fish	105.26	200.00	5.26-100.00
Croaker	114.28	333.33	14.28-33.33
Pony fish	109.89	267.86	9.89-167.86
Spotted bearded croaker	107.59	109.76	7.59-9.76
Shark	226.67	571.43	166.67-471.43
Tuna	162.16	184.21	62.16-84.21
Wolf herring	187.50	500.00	87.50-400.00
Thread fish	175.00	400.00	75.00-300.00
Mackerel	240.00	500.00	140.00-400.00
Perch	200.00	476.19	100.00-376.19
White pomfret	104.17	150.00	4.17-50.00
Seer fish	120.00	187.50	20.00-87.50
Catfish	193.55	322.58	93.55-222.58

\* Percentage increase based on wholesale price

Table 4. Price spread between wholesale market and retail market in Cochin

Variety	Low*	High*	Range of price spread*
Sardine	214.29	606.06	114.29-506.06
Mackerel	208.66	818.18	108.66-718.18
Seer fish	410.26	521.74	310.26-421.74
Pomfret	727.27	848.48	627.27-748.48
Threadfin bream	444.44	1509.64	344.44-1409.64

\* Percentage increase based on wholesale price

ies create a large price spread cornering a large share of benefits from the lower prices.

The price spread in the next phase of transaction, i.e., between wholesale market and retail market at Veraval and Cochin is given in Tables 3 and 4, respectively. Price spread at Veraval in the first stage went up to a maximum of 46% (Table 2), whereas the same in the second stage had gone up to 471% (Table 3). While lowest range of price spread in the first stage was within 7%, the corresponding figure in the second stage was 167% in Veraval and 627% in Cochin. At higher levels of price spread, the percentage increase touched peak values of 571% at Veraval and 1410% at Cochin. Assuming that the marketing cost per kg of fish is same, the enormous difference in price spread in the two markets goes to the benefit of marketing intermediaries, particularly the retail vendors. However, it has to be noted that the labour input per unit transaction could be comparatively high which will cut into the marketing margin of the retailers.

The price spread between the wholesale and retail markets discussed above were based on the retail prices of established markets in leading urban and semi-urban centers. However, it has to be mentioned that the profile of retail markets is generally not homogenous. An important link in the marketing chain is the vendor fishermen and fisherwomen who carry the fish to the doorsteps of consumers. As mentioned in the marketing chain flow chart (Fig.1), cycle-borne vendors and vendors on mopeds constitute an important marketing link. Prices of fish from these vendors were found to be 30 to 50% more than the retail prices in the established markets. It was observed that the retail prices charged by the vendors had a high degree of variation from vendor to vendor, particularly with respect to the time of transaction. Prices generally, reach peak values, often 50% above the standard market prices, in the early hours of the day and progressively decline by midday.

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