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Trade liberalization and the worker's situation in the seafood processing sector of Veraval

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Abstract

The trade liberalization in the Indian economy since the late 20th century has a larger social, economic and political impact on the seafood processing sector. The reduction of trade barriers and liberalized labour laws in the name of industrial growth resulted in the huge success of seafood processing industries situated across the Indian coastal states. However, on the other side, incessant exploitation of workers in the processing industries begin to maximize the profit in the seafood processing business. In the era of 'blue economy' when governments are committed to exploiting abundant fisheries resources, the workers involved in the processing job are still at the losing end. Their life chances have not improved significantly as compared to the growth of the industry. Based on the ethnographic study on the workers of the seafood processing industry of Veraval (Gujarat), this paper presents worker's situation in one of the flourishing industries of Gujarat (and India). It discusses how the two segments of the processing sector viz. pre-processing and processing places its workers in Veraval. It attempts to present the peculiarities of the employment in the processing plants where a large number of local as well as migrant workers are engaged.

Keywords: Blue economy, employment, fisheries, seafood processing, trade liberalisation, veraval

1. Introduction

The change in trade policies under the structural adjustment programs has intensified since the last decade of the 20th century. These policies have influenced (and influencing relentlessly) the economy, society, and polity of the country in many ways. In the case of Gujarat, the new economic policies along with privatization of the economy, globalization, and liberal markets have reached the state's economy to new heights. The per capita income of the state has increased significantly since the 1990s which indicates that the state has taken full advantage of opportunities created by the changing trade policy regime, or trade liberalization.

Looking at the seafood processing sector through the 'political economy approach', it is clear that trade liberalization has influenced a range of affairs of the business, viz. production, supply, export, labour, and employment. In this regard, the seafood processing industry of Veraval, a port town of the Gujarat state has experienced huge changes in course of time. From the small-scale and traditional fish processing ways (which can be called pre-organized) by the fisherfolks in the beginning, this industry has gone through organized mass production with massive mechanization and industrialization. Later in the liberal trade policy regime, informalization and casualization of employment become an important feature of this sector in Veraval. This paper attempts to discuss the situation of workers engaged in the seafood processing sector of Veraval owing to the trade liberalization in India.

1.1 Industrial production and trade liberalisation in India

India had a glorious past in terms of trade and commerce- from the Pre-Mauryan epoch to the early British era, the manufactures, as well as raw materials (including fish) from various part of the country, were available in different overseas markets like Mesopotamia, Egypt, Tigris, Euphrates, etc. Indian arts and handicrafts, spices, metal, and stones were in high demand at the international market due to its uniqueness. There is ample evidence that shows the presence of Indian colonies and trading settlements in Pegu (Cambodia), Java (Sumatra), Borneo, Southern China, Malayan Peninsula, Arabia, Persia and all the east coast of Africa (Mookerji, 1912:4; Nehru, 1946:70) ^[1, 2]. There were a well-developed inland and maritime trade network.

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The factory production in India began in the early 1850s with the objective to export manufactured goods to the markets of Britain (Bhowmik, 2012:111) ^[3]. There were two types of industries that existed in India in the pre-independence era: Modern Industry (like jute and cotton mills) which were using machines, steam or fossils fuel as a source of power, and some form of regulation and modern managerial system. The second was traditional industrial firms like handloom textiles, leather manufactures, metal utensils, pottery, carpets, and shawls, etc., where machinery, size, and hierarchical management played no significant role. Both traditional and modern industries shared one feature: the intensive use of labour and locally available raw materials. Large-scale industries employed two-three per cent of India's industrial workers at c. 1900 and a little over 10 per cent in 1947 (Roy 2005: 33) ^[4]. The census of the year 1911 indicates that there were around 8,00,000 workers engaged in the secondary and tertiary sectors in different parts of India, employing a significant number of workers (around 5,24,000) in the factories and plantations (Bhowmik, 2012: 112) ^[3].

Industrialization in India was a by-product of colonialism. It emerged in those sectors of the economy where the processing of raw material (from India) to export to the industrial hub (in England) was needed. Thus, it emerged with cotton or jute, and the factories were established in the port towns of Calcutta and Bombay to facilitate exports as well as utilize the cheap availability of labour (Bhowmik 2009: 129) ^[5].

After independence, industrialization became a need for economic development in India. The policymakers considered that the problems of poverty and unemployment, of national defense and of economic regeneration, in general, cannot be solved without industrialization. The fundamental requirements for India in order to develop, according to Nehru (1946) ^[2] was: a heavy engineering and machine-making industry, scientific research institutes, and electric power (Nehru 1946 cited in Srinivasan 2011: 11) ^[2]. In this regard, the Planning Commission of India was established in 1950 to devote continuous attention to the whole field of development.

The Indian economy has transformed in the second half of the 20th century, from primarily agriculture economy to a diversified economy where industry and service sector contributes three-fourth of the Gross Domestic Product. The industrial face of India has changed with considerable advancement in the manufacturing and service sectors in terms of variety and quality. In the last three decades, we have seen a rapid growth of knowledge-based industries such as computer software and other technology-based industries (Nath 2010: 137-39) ^[7]. Various 'Industrial Policies' were introduced to achieve the prescribed goals of economic development such as increased per capita income, growth of international trade and investment, generation of employment and to meet the other socio-economic requirements of the masses.

The Industries (Development and Regulation) Act (IDRA) in 1951 laid the foundations for the administrative control on industrial capacity. Over time, the licensing requirements became increasingly stringent and were accompanied by a range of procedures that required clearance from a number of departments and ministries. Unlike many East Asian countries, which used state intervention to build strong private sector industries, India opted for state control over the key industries. To promote these industries (like banking, steel,

coal, chemical, etc) the government not only levied high tariffs and imposed import restrictions, but also subsidized the nationalized firms, directed investment funds to them (Hambrock and Hauptmann 1999: 3) ^[8].

From the mid-1970s onwards, neoliberal doctrines gained wide followings throughout the world. They inspired liberalization and privatization in many developed and developing countries. In the Indian context, the first short-lived attempt of hesitant liberalization begun in the mid-1960s which coincided with a substantial devaluation of the rupees. The second endeavour came in the late 1970s with the focus on trade liberalization in a comfortable balance of payment situation. The third step was the package of economic policies introduced in the mid-1980s when the liberalization of the trade regime gathered momentum and the process of industrial deregulation was set in motion (Nayyar, 2008). Gradually, the Indian economy moved towards market orientation from planned development. The economy was opened up to foreign competition and expected a proactive role of the private sector. The role of the public sector was narrowed and disinvestment in certain areas was encouraged. There was a full-flow of foreign capital and technology which meant relaxing the controls on foreign investment. In this regard, the New Industrial Policy of 1991 was important which laid the foundation of the liberalization of the economy. This was in tune with the ideas of World Bank that, the only way to promote growth for the global south was by encouraging private enterprise and reducing the protection for labour (Bhowmik 2012:160) ^[3].

1.2 Labour situation in the post-liberalization era: rising casualization and informalization

The last decade of the 20th century began to witness a rapid economic growth in India when markets welcomed economic reforms and foreign investments. India emerged as a strong economic power in Asia. However, fast growth could not reflect in terms of the massive reduction in poverty, malnutrition, and unemployment. It persists in a critical manner. An overwhelmingly large per centage of workers (more than 90 per cent) are engaged in informal employment in both the organized and unorganized sectors, and the majority of them have low earnings with limited or no social protection. The Global Hunger Index (GHI) 2019 indicates that India ranked 102 (out of 117 qualified nations), much lower than Sri Lanka (66), Bangladesh (88) Nepal (73), and Pakistan (94) (GHI, 2019). The existing situation validates the fact that there exists a huge gap between rich and poor in society, and the development we are seeing is highly uneven in nature. The liberalization has sharpened existing disparities within the population and failed to validate the popular neo-liberal assumption that 'rapid economic growth has (and will) automatically lead to social development.

The Indian labour market has seen massive Informalization and casualization in the post-1990s. Labour contracting, low wages, the feminization of jobs, subcontracting, and erratic employment have become a feature of the Indian labour market due to stiff competition in production and supply, and desire of profit maximization. The competitive cost reduction in production gave rise to the casualization of jobs. Increasing unemployment has also created a more energetic attempts to look for other opportunities of work, and informal employment is the most favourable opportunities for the reserve army of the labourers. Breman (2006) ^[11] emphasizes that,

“informalisation of labour can be understood in the context of cheap labour strategy. The conversion of large-scale in small-scale activity, loss of regular jobs and fixed-wage payment, a lengthening of work hours and years and withdrawal of all kinds of secondary labour rights (including social security benefits) which used to be guaranteed by government regulation are the features of informalisation which is happening in India during the reform period.”

Deshpande and Deshpande (1998) ^[12] argue that liberalization has created a gap among the male and female labour force where men were more economically active than women. The labour force is divided along gender lines, with the poorly paid ‘unskilled’ jobs typically going to women, while men secure the better-paid positions offering brighter future prospects. The casual and part-time jobs are offered more to women workers. They are confined to certain sectors of the economy or confined to certain types of works.

1.3 Fisheries and seafood processing sector of Gujarat

The fishery sector plays an important role in the nation’s socio-economic development by generating employment for a large number of coastal populations. Around 14 million fishermen draw their livelihood from fisheries and also contributing significantly in generating employment in the downstream industries as well as raising nutritional levels, augmenting food supply and being major foreign exchange earnings. It is important to mention that, India ranked second in global fisheries production, aquaculture production as well as in inland capture fisheries, which contribute around 1% to the national GDP and over 5% to the agriculture GDP. According to the Food and Agriculture Organisation, India ranked 6th among the global fisheries exporter nations in the year 2016 (Government of India, 2019) ^[13].

Gujarat is endowed with 1600 kilometers of coastline (out of 8118 km of Indian coast) from Lakhpat in the north to Umargaon in the south, which provides a significant opportunity for fisheries. Veraval, Porbandar, Mangrol and Jaferabad are the major fishing harbours in Gujarat, landing commercially significant varieties of fish like Pomfret, Jewfish, Bombay duck, Shrimp, Lobster, Squid, Cuttlefish, Silver bar, Hilsa, Shark, Catfish, Mulletts, etc. In addition, the Gulf of Kutch has congenial conditions for growth and sustenance of different types of Oysters, Shellfish, and Sea-Weeds.

During the year 2017-18, total fish production in Gujarat was 8.35 lakh tonnes, ranked third in overall fisheries production and first in marine fisheries production in India. In terms of export, Gujarat earned 3567.24 crore rupees by exporting 2,08,624 metric tonnes seafood in 2015-16. The income reached 5071.05 crores rupees in 2017-18 when Gujarat exported 3,12,568 metric tonnes of seafood to the other states and foreign countries (Government of Gujarat, 2018) ^[14].

Earlier, when modern processing technologies were lacking, a major portion of catches was either sold in local markets or preserved by salting and drying them out in the sun. The wet and dry fish products were only accessible to the local markets due to their perishable nature. The endless possibility in fisheries began to attract mechanized technology and huge capital investments in terms of fishing gears, processing technology, storage, and transportation facilities. The technology has influenced the attitude as well as the approach of the people involved in the fisheries and processing sector,

resulting in transformation of sector from the level of backward and low-income sector to a highly technological and mechanized industry. Today, India is exporting abundant quantity of fish and processed seafood to many parts of the world. Today, the industry is no longer involved in traditional modes of production.

The first seafood processing facility of Gujarat was established in Veraval in the year 1969 was Castle Rock Fisheries Private Ltd. Prior to that, the fish catches were exported to the Castle Rock’s Bombay facility for processing. Since the inception of the processing plant in Veraval, the state has seen consecutive development of the seafood processing industry. As of 03-12-2019, there are around 589 registered companies are involved in seafood processing across India. Among them, Gujarat has 129 (94 in Veraval region, 28 in Porbandar region, and 7 in south Gujarat) registered processing plants. Out of 129 registered processing plants of Gujarat, 52 are approved by the European Union for the export of marine products ^[1].

2. Materials and Methods

2.1 Research method

This paper is primarily based on qualitative methods of research, and involves analysis of primary data collected from the field, as well as secondary data accessed through various sources.

2.2 Universe of the study: The universe of the study is Veraval, a port town of Gir Somnath district, Gujarat. It is situated near the famous Hindu pilgrimage centre Somnath Temple, around 350 kilometres from the state capital city Gandhinagar.

2.3 Source of the data: There are two source of data for this study. First is the primary data which is collected through field-based survey and interviews. Second, the secondary data in forms of literature available in abundance at various government websites, research journals, media reports, unconventional data sources, Central Library of V.V. Giri National Labour Institute, Noida, and the Central Library of the Central University of Gujarat, Gandhinagar.

2.4 Methods of the data collection: The primary data collected at the seafood processing and pre-processing sites. Total 80 “unstructured interview” was conducted using “purposive sampling technique”. The respondents for interview include workers, labour contractors, managers and supervisors, local shop-vendors, social and political activists, government officials, and community leaders.

2.5 Data analysis: The primary and secondary data collected through different sources are analysed through political economy approach.

3. Result and Discussion: Workers situation in the seafood processing industry of Veraval

The seafood processing sector of Veraval employs a huge number of workers in its processing plants as well as numerous pre-processing sheds situated at landing centers near the coast. The demand for workers in processing and packaging work is so high, therefore, the required manpower is fulfilled by migrant workers from North-East, Central and

¹ http://e-mpeda.nic.in/registration/Rpt_Region_wise_Plants_With_Capacity.aspx

South India. As far as the nature of employment is a concern, most of the workers engaged in this sector on a casual and irregular basis, without any social benefits. Even, the workers are involved in the job without any formal contract between the employer and the workers.

The processing of seafood is done at two-level where two separate types of workers are engaged. The first level can be termed as Pre-Processing, which includes landing, grading, sorting, distributing, eviscerating, cutting, slicing, icing, weighing, and cleaning. This is the primary stage of processing which is done at fisheries harbours, and numerous other pre-processing sheds made from jute and plastic sacks situated at the coast. Both places lack decent working conditions, as well as, basic amenities like drinking water, electricity, toilet, table, chair, shed, etc. There is minimal use of safety clothes, tools, accessories, and first-aid kit as it lacks in these places.

The second level of Processing is done at the processing plants situated at the Gujarat Industrial Development Corporation (GIDC) estate of Veraval. This involves grading, slicing in cephalopods, peeling, packing in trays and cartons, loading, freezing, and cold storage operation. These processing factories are comparatively formal than the pre-processing sheds where certain facilities are available. It has better working conditions than the pre-processing sheds.

There exists a peculiar pattern of employment in the processing sector where women and migrant workers are preferred in the factories whereas, local workers are largely engaged in the pre-processing sheds. The factories employed a large number of local as well as migrant women workers. The cause for this kind of preference, as described by a labour contractor at GIDC,

“Women can delicately process and pack the seafood as they are experts in household tasks. The risk of damage to shrimps is less in the case of women processing workers. We also employ a significant number of male workers for processing, handling, and other heavy tasks at the plant.”

Therefore, a large number of women workers from northeast states were employed in the processing plants who probably replaced the earlier dominance of the south Indian women workers in the Veraval processing industries.

As mentioned earlier, the processing sector employs a different set of workers in the processing and pre-processing

job. While processing plants have a bulk requirement of skilled and semi-skilled workers with certain standards to be maintained by the factory management, the pre-processing is a highly casual job. It does not require any specialized skills and numbers of workers to get engaged in the primary stage of processing. Hence, the wages are much lower in pre-processing than the processing job. There is no proper schedule of work at the sheds as the jobs are highly dependent on the landing of fishing boats. Sometimes workers do not get adequate time for meals and have to compromise with their lunch hours to finish the given task. There is nothing called weekly offs in the pre-processing sheds. The most interesting (and, unfortunate) part of the worker's engagement in these sheds is- most of them are from the lower strata of the society with minimal engagement of women workers. It is found during a discussion that this job is considered menial among the host society. Therefore, most of the workers are from lower caste groups of Hindu and Muslim communities. Apart from the pre-processing jobs, all the cleaning and sweeping job at the factory premises are done by the lower caste workers. The people of 'Hadi' community from the Prabhas Patan locality are found doing cleaning and sweeping works at the GIDC estate and pre-processing sheds.

The interaction with the workers reveals that though there is a better working condition at the processing plants than the pre-processing sheds, however, their sufferance at both places are more or less equal. At both places, the workers have to follow target based tasks, minimal wages, occupational hazards, long duration of work, fewer breaks, lack of proper sanitation, and unhealthy working conditions. The perishable seafood products need low temperatures at the factories. The workers complained that working in a wet and humid condition (with low temperature) without proper facilities like ankle shoes and gloves creates severe skin problems for them. Working bare hands often costs them hurt and wounds on the skin. They need to stand-and-work all the time as it is needed to move here and there most frequently. They often complain about the cough and cold and joint pain on their legs. Lack of proper sanitation facilities and clean drinking water increases the risk of urine infection among the workers. The situation becomes worst for women workers during the periods to maintain menstrual hygiene. As described by a women worker from Assam, hardly any women worker receives full salary due to the absenteeism caused by frequent health-related problems in wet and low-temperature conditions.

Table 1: The seafood processing at a glance

	At Pre-Processing Shed	At Processing Factory
Type of Works	landing, grading, sorting, distributing, eviscerating, cutting, slicing, icing, weighing, cleaning	grading, slicing in cephalopods, peeling, packing in trays and cartons, loading, freezing, chilling, cold storage operation
Workers	mostly male from surrounding villages, lower caste groups	local and migrant male and female workers from all caste groups
Nature of Job	highly casual and informal, no fixed duration of the job, no fixed schedule	casual and informal with fixed schedule
Risks	health-related problem found	health-related problem found
Employer	Ship-owner, trader, supplier	factory, employment controlled by labour agents/contractors

Source: Compiled by researcher

Like the trawlers fishing, seafood processing sector of Veraval has significant space for the migrant workers. From the beginning of the industry at Veraval, migrant women workers were welcomed by the industries, perhaps due to several industries were owned by the south Indian corporates and inadequate availability of the skilled workforce in Veraval. Later, this has become a trend to employ south Indian female workers in the processing plants, particularly

from Kerala and Karnataka. However, the trend begins to change in the 2000s when a large influx of migrant workers started from central Indian states, Northeast, West Bengal, and Orissa. The availability of abundant and cheap labour in these states paved the way for the replacement of south Indian workers from the Veraval seafood processing sector. These workers were available at competitive rates and ready to work at minimal wages.

As narrated by some local stakeholders, the industry has successfully utilized the south Indian workers in establishing the sector at Veraval. Their skill and efficiency in fish processing due to traditional knowledge of fish and its preservation helped in the proper establishment of the industry. Later the gates were made open for workers from central and north Indian states. Today, the sector is dominated by the workers of these states.

The engagement of workers in the processing plants is largely regulated by the labour contractors and agents. Earlier, the employers used to employ workers directly from the labour market, where the responsibility of the workers like attendance, leaves, payments, advances, follow-ups during holidays, etc had to be managed by the employers. This was a lengthy and time-consuming affair for the employers. According to some agents, many workers used to leave the job once they take advances (cash) from employers. The workers were also irregular and their chance to leave the job after the holidays (from June to August) was high. Convincing them to return on time and retain in the same processing plant was a tough task for the employers because finding a connection to the workers way back to their villages was difficult. Loyalty towards employers was less among the workers because of better opportunities in different places.

Owing to such circumstances, a culture of labour agents and contractors developed in the processing factories. They are usually some old and loyal workers in the sector who find workers from their surrounding villages. They manage all the affairs of the workers in the plants and mobilize workers during the beginning of the season. They have a good connection with the workers. They also put some social pressure in case of deviation of workers from the job. In such cases, contractors call their parents or family of the worker or their kin and inform the activities of the worker so that their family members can put pressure. The disbursement of salary and yearly bonus are done through these agents only. If any worker leaves the job, it is the responsibility of the agent to clarify in front of the employers. For this, agents receive a commission amount from each worker every month, and from the employers while recruiting the worker in the plant.

It is found during the discussion that workers are not aware of any laws or provision which ensures their right at the workplace. Their lack of awareness prevents them from demanding their rights through the legal process. Hardly any employer in the sector ensures rights and protection to the workers. Additionally, there is a lack of unity among the workers towards their labour right. There were no functional trade unions or any other kind of workers' association available in the area. The labour class of Veraval barely attracts any political parties or political activists as most of the workers are non-voters (migrants). Also, the workers have a feeling of job insecurity, therefore they prefer not to engage in any protest or demand for their right which makes them vulnerable day by day.

4. Conclusion

The paper attempts to present the peculiarities of workers involved in the seafood processing sector of Veraval on the backdrop of trade liberalization in India. It has explored the position of workers in an industry that is expanding day by day and boosting the fisheries export of India. Despite being a lucrative sector, the workers find themselves vulnerable to health hazards, low income, poverty, joblessness, and several other factors. Their conditions are not improving despite

rigorous engagement in the job. Among the workers, womenfolk are the most marginalized as the opportunity of mobility is very less for the women workers. They are confined to the lower level of jobs at the factories. The massive informalization and casualization in recent decades have ignored the worker's welfare from the priorities of the employers, resulting in the marginalization of the workers and disappearance of a healthy work environment in India's one of the expanding sectors.

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