

Price Movement of Seafood Export in Pre and Post Liberalisation Period of India-A Paired Sample T Test Approach

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Abstract

In the modern marketing era, price plays the vital role to determine the competitive pressure and trade in the market. Exporters can earn the higher profit from the export business whenever they are avail the higher price for their exported products. In the export business price of the seafood are highly fluctuated in the international market. It is mainly for the reason of availability of the seafood and changing the consumption pattern of customers towards the substituted processed food products and so on. This paper analysed the price movement of the seafood in pre and post liberalization period of India. From the t test, it is found that there is a significant difference existed in the price of seafood products in pre and post liberalization period of India. The researcher concludes that after the introduction of new economic policy 1991 the seafood prices have tremendously fluctuated in the international market, it is mainly for the reason of trade was liberalized and market is also open to all the country. But the fluctuation is useful to the exporter because the price movement is forwarded one after the new economic policy.

Keywords: Pricing, Seafood, International market, Paired sample t-test

Introduction

Price is the term mostly closed with the business. It is fixed by the seller by considering various factors for the purpose of sustainability of business and earning profit from the activity carried out by the business firms. In today domestic marketing environment, firms are competing with other firm through using the various pricing strategy for pulling the customer towards the product. Likewise in the international market the importers is made an order only with the low price offered exporters in among the competitive exporters existed in the market. In the seafood market, Indian exporters are availing the valuable prices for their product for the reason of slow down of foreign market and high extraction rate of foreign countries.

Parties Involved in Price Fixation of Seafood in International Trade

In the international trade, many parties are involved in between the exporter to importer for the purpose of makes it available of goods in the hands of importer. But in the price fixation of the seafood is mainly concerned with the hands of contract made by the exporter and

importer only. They are played the important role in the international trade.

Exporter

Exporter is the person or organization carried out the business activity in the international market for the purpose of maximizing the profit of company. Exporter can demand the higher price for his product when the situation was changed to monopolist in the trade and number of exporter existed in the market and so on.

Importer

Importer is the person or organization purchase the seafood from the exporter for the purpose of satisfying the consumption needs of the customers of importers country. The main function of importer is concerned with exported raw frozen seafood is adding the value addition and transformed to the consumption capability of the consumers.

Factors Influencing Seafood Price Movement

Price movement refers to changing the price of goods based on the fluctuations in the international market. The price fluctuations may be favorable and unfavorable to the exporters.

Demand in the international market

Demand refers to willingness and ability to buy a particular product by the consumers in the market for a particular time period. Seafood demand in the international market gradually increased day by day. The demand is higher than the supply leads to exporter dominated the market and avail the better prices for their exported fish.

Foreign exchange rate

Foreign exchange rate refers to the one currency is named in terms of another currency. The foreign exchange rate fluctuations determine the price of the fish prepared for the export. The exporter can quote the exchange rate in the form of floating and fixed exchange system. But the rational exporters are quote the fixed exchange rate system and prefer the relative strength of the currencies irrespective of the countries selected for the trade. The exchange rate determine the price of the seafood through compensate the fluctuation loss of the product.

Expenses for customs and tariff rate

Seafood export involved with the lot of expenses from the beginning of the production to consumption. But the frequent changes in the customs and tariff rate leads to fluctuation in the price of the seafood.

Availability of the seafood

Availability is the major factor determines the seafood

prices in international market. The availability of seafood mainly depends on favorable climate conditions and aquaculture system and sustainability in fisheries capture method.

Seafood production mechanism

Seafood production involved with the lot of activities. The activities are taken for the processing involved the lot of expenses the expenses are added with the seafood prices. Sometimes the value addition activities of the seafood are taken the higher cost in the prices of the seafood.

INCO terms

International commercial terms are plays the vital role in the price of the seafood. The INCO terms are fixing the responsibility of importer and exporter to reach the goods in importers place. The responsibility accepted by the importer, the exporter fixing the price of the goods. The INCO terms are EXW, CPT, CIP, FOB, CIF, and so on. But in majority of the seafood trade are happened the nature of FOB and CIF.

Objectives of the study

1. To study the factors influencing the fixation of price of the seafood exported from India
2. To analyse the fluctuation of seafood price movement in India
3. To analyse impact pre and post liberalization period towards the export price movement of the seafood in India

Hypotheses of the study

H₀ = There is no significance difference between the price movement of exported seafood in pre and post liberalization period of India

Methodology

The study is purely based on the secondary data for the period from 1967 to 2014. The data is divided into two parts namely pre-liberalization and post liberalization based on the new economic policy 1991. Pre-liberalization period covered 1967 to 1990 and post liberalization period covered 1991 to 2014. The secondary data is collected from the Marine Products Export Development Authority (MPEDA), Journals, and websites and so on. The collected data were processed through the SPSS.17. The Paired sample t test is applied for the analysis of the secondary data.

Result And Discussion

Results and discussion is the core part of the research paper. This part of the research paper presents the result of the price movement of the seafood analysed through Growth Rate and Paired sample t test.

Unit Value Realization of Price of Seafood in Pre-Liberalization Period of India

Unit value realization refers to the actual price received by the exporters from the trade of goods. In the international trade price of the goods are fixed in terms of number of unit contains in the box or per kilo grams of the seafood exported. In the pre liberalization period the international trade was

operated in the method of close market system, so countries are exported to familiar or known countries only. It is the impact competition power in the international market was low leads to unit value realization for the seafood also low. The following table explains the unit value realization of the seafood before the pre liberalization period.

Table 1
UNIT VALUE REALIZATION OF PRICE OF SEAFOOD IN PRE-LIBERALIZATION PERIOD OF INDIA

Year	Average unit value realization (Rs./kg)	Increase /decrease	GR (%)	Year	Average unit value realization (Rs./kg)	Increase /decrease	GR (%)
1967	8.23	-----	-----	1979	27.00	-4.62	-14.61
1968	9.00	0.77	9.35	1980	28.80	1.8	6.67
1969	9.21	0.21	2.33	1981	31.07	2.27	7.88
1970	10.56	1.35	14.6	1982	40.80	9.73	31.31
1971	9.77	-0.79	-7.48	1983	46.22	5.42	13.28
1972	12.54	2.77	28.35	1984	40.46	-5.76	-12.46
1973	15.35	2.81	22.4	1985	44.59	4.13	10.2
1974	17.12	1.77	11.53	1986	47.58	2.99	6.7
1975	15.17	-1.95	-11.39	1987	53.66	6.08	12.7
1976	22.87	7.7	50.75	1988	54.66	1	1.86
1977	28.33	5.46	23.87	1989	59.92	5.26	9.62
1978	31.62	3.29	11.61	1990	57.29	-2.63	-4.38

Source: Marine Products Export Development Authority, Cochin

Table 1 display the unit value realization of the seafood in the pre-liberalization period. During the period, the Average unit value realization of the seafood were maximum of 59.92 Rupees in the year 1989 and minimum of 8.23 Rupees in the year 1967. The growth rate of the average unit value realization shows lot of fluctuation during the study period.

Unit Value Realization of The Price of Seafood in Post Liberalization Period

Post liberalization period refers to after the introduction new economic policy 1991. The main objective of the policy contains the Liberalization, Privatization and Globalization of trade in world wide. After the introduction of the policy the seafood trade become competitive in the international market because of the market was open environment to all the countries. Due to the involvement of many countries in the international market, unit value realizations get increased.

TABLE 2
UNIT VALUE REALIZATION OF THE PRICE OF SEAFOOD IN POST LIBERALIZATION PERIOD

Year	Average unit value realization (Rs./kg)	Increase /decrease	GR (%)	Year	Average unit value realization (Rs./kg)	Increase /decrease	GR (%)
1991	64.08	-----	-----	2003	147.26	6.92	4.93
1992	80.08	16	24.97	2004	147.86	0.6	0.41
1993	84.61	4.53	5.65	2005	144.08	-3.78	-2.56
1994	102.62	18.01	21.2	2006	141.46	-2.62	-1.81
1995	116.33	13.71	13.35	2007	136.52	-4.94	-3.49
1996	118.17	1.84	1.58	2008	140.68	4.16	3.05
1997	108.97	-9.2	-7.78	2009	145.79	5.11	3.63
1998	121.75	12.78	11.72	2010	148.11	2.32	1.59
1999	152.74	30.99	25.45	2011	158.67	10.56	7.13
2000	149.16	-3.58	-2.34	2012	192.54	33.87	21.35
2001	146.29	-2.87	-1.92	2013	197.7	5.16	2.62
2002	140.34	-5.95	-4.06	2014	218.51	20.81	10.52

Source: Marine Products Export Development Authority, Cochin

Table 2 elucidates the unit value realization of the seafood in the post liberalization period. The unit value realization was shown upward trend from the year 2008 to 2014, the value was 140.68 rupees and 218.51 respectively. The growth rate of 25.45 unit value realization was higher in the year 1999.

Price Movement of The Seafood in Pre and Post Liberalisation Period-paired Sample T-test

Price of the seafood had the fluctuation in the market, but it is proved through the statistical analysis leads to the accuracy of results. Paired sample t test is used to find out the performance of before and after or pre and post activity of any business activity. In this study paired sample t test is used to find out the significant difference of the seafood price in the pre and post liberalization period of India.

Table.3
Paired sample statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Pre liberalization seafood price	30.0758	24	17.35342	3.54225
	Post Liberalization seafood price	137.6800	24	35.60428	7.26769

Paired samples t test

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	Pre liberalization seafood price and Post liberalization seafood price	-107.6	23.1992	4.7355	-117.4003	-97.80799	-22.72	23	.001**

Source: Secondary data **significant at one percent level

Table 3 explains the seafood price in the pre and post liberalization period of India. Based on the paired sample t test results shows that P value .001 was less than 0.05 that means null hypothesis rejected. Hence the result of the test proved that there is a significant difference in the seafood prices of pre and post liberalization period of India.

Based on the mean score results post liberalization seafood price have (137.68) higher price than pre liberalization seafood price of (30.0758).

Conclusion

Price had the significant impact on demand and supply of seafood in the international market. The price behavior of seafood is based on the fluctuation in day to day trading pattern and quantity of the seafood. The fluctuation of the seafood had the significant impact on the earnings of the business. Finally the researcher concludes that fluctuation in the prices of seafood had the up and down in the export of seafood and after the post liberalization period the export business had the greatest opportunity to trade the seafood in the world market.

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