

Fisheries Development at Grass Root Level

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ABSTRACT : Finance is the life blood of any industry and organization. Without these, the industries become numb and its entire activities are suspended. Most of the industries and organization irrespective of their size face the problem of inadequate funds (capital rationing) to meet their financial requirements. Therefore financial institutions come to their rescue by providing loans and advances for productive and economic purposes. Credit is the basic requirement and fundamental ingredient to establish, and expand industries in all spheres of life. Fishing industry is also one of the capital intensive industries, which requires huge capital to buy mechanized equipments, gears, crafts etc. Fishermen, being the poorest and needy, fall into the trap of debt and the surplus of their hard work go in vain. Though fisher folk contribute to the economy of the nation by producing, marketing and exporting one of the nutritious food items, their financial status is reported to be very low. They are considered to be the poorest of the poor in the society. Since their nature of business is not regular and at times seasonal, the fisher folk go after credit agencies to get help from them in their business and for the survival of the family members. This paper brings to the attention of policy makers, the impact of finance on the socio-economic conditions of fisher folk in Kanyakumari. Can these fisher folk of Kanyakumari look forward to better conditions of living in the future?

Introduction

Fishing Industry is one of the capital intensive industries which bring forth revenue to its country both from domestic and foreign countries. The success and the growth of any nation solely depend upon the free flow of funds and resources without any financial constraints. Finance plays a crucial role in the economic development of any country. It becomes the life blood of any organization.

Most of the industries / organizations irrespective of its size face the problem of inadequate funds (capital rationing) to meet its financial requirements. Therefore the financial institutions come to their rescue by providing loans and advances for productive purposes. They also bridge the gap between the have's and have-not. Fishermen being the poorest, illiterate

and backward in the developing countries like India depend upon the financial institutions for their sustenance and livelihood in the form of credit. The credit facilities are available from both formal and informal sector. Since the formal sector requires and involves cumbersome procedure, bureaucratic influence and transaction cost, fishermen are forced to go to the doorsteps of moneylenders cum traders. They provide loans to the fisher folk at high rate of interest or demand the fisher folk to sell their produce at cheaper rates to the moneylenders cum traders. Thus, the fishermen become poorer and poorer day by day and their debts are increased year after year. Eugene (1990) revealed that interlinked credit labour and marketing relations especially in the case of informal credit system, swallows the surplus income of the fishermen to the benefit of money lenders of various kinds from whom fishermen borrow year after

year and are heavily indebted. As a consequence, they are unable to rise from the debts and are exploited by the informal agencies from one generation to the next.

Fishing is a source of livelihood for more than 16 lakhs of people and earning foreign exchange to the tune of Rs.6000 crores per annum. India is the 4th largest producer of fish in the world preceded by China, Peru, and Japan.(Arockiasamy, 1996).This data is brought to the notice of the policy makers in order to give due importance to the fisheries in the plan periods. Unfortunately, the Government of India has been allocating a meager amount in different plan periods. Therefore, this sector requires special attention from the policy makers, which in turn enhances the standard of living of the fishermen, in the days to come. The importance of developing fishery resources lies in the fact that they can act as substitute to land resources. The use of mechanized methods can help to raise the productivity, substantially. (Laxmi Devi1997)

Statement of the problem

Credit plays a pivotal role in the economic development of any developed and developing country. To strengthen the economy of a nation, many credit agencies come forward to finance the needy and assist them in procurement of fixed and current assets. Fishing industry is not exempted from this. Being capital-intensive in nature, the fishing industry requires heavy outlay for the purchasing of boats, nets, mechanization, etc. Though fisher folk

contribute to the economy of the nation by producing, marketing and exporting one of the nutritious food items, their financial status is reported to be very low. They are considered to be poorest of the poor in the society. Since their nature of the business is not regular and at times seasonal, the fisher folk go after credit agencies to get help from them in their business as well as for their survival.

Since the government does not allocate sufficient funds to this industry, the fishermen are forced to borrow loans from the credit agencies especially from the money lenders-cum- traders even though at an exorbitant rate of interest. The borrowing procedure is simple and convenient for the illiterate fisherman; but the consequence is disastrous as they have to pay a high rate of interest.

The researchers wish to make a study on the following; what are the sources of credit available to fishermen in the sample village? What are the socio-economic conditions of the sample respondents? How do they spend their earnings? Is there any savings? etc., therefore this study assumes importance for research.

Review of literature

1. Pazhani (2001) states that Blue Revolution has made the fishing industry more capital intensive in nature. It requires heavy outlays on production and marketing of fish and fish products. Fisher people, the weaker sections of the society suffer a lot to earn their daily basic requirements. They have to face high degree of risks and uncertainties while fishing in the turbulent sea. Timely and adequate financial support at liberal

rate of interest becomes absolutely essential to meet their financial requirements both during the peak and lean seasons.

2. Nayak and Mishra (2008) in their study state that India has witnessed a higher growth of fishery and ranks 7th among fish producing nations of the world. At present, fishery sector in India is providing gainful employment to 5.97 million of people of which 2.40 million are full time fisherman. Fishery plays an important role in Indian economy but the economic conditions of fishermen are very poor. Fishermen spend their whole life in poverty due to uncertain prospects of income.

3. Sehare *et.al.*, (1999) opine that the recent technological innovations in marine fishing have not shown much impact on the living conditions of fishermen and they are still remain socially and economically backward. Economic uplift of the fishermen mainly depends on growth and development of fisheries sector.

Objectives

The main objective of this paper is to know how far the fisher folk mobilize and channelise the finance obtained for different purposes. The specific objectives are

1. To study the socio-economic conditions of fisher folk in Kanyakumari;
2. To analyse the income and expenditure pattern of fishermen households;
3. To know the sources of finance available in the study area;

4. To find out the utilization and repayment behaviour of borrower fishermen; and

5. To study the problems while availing and making repayment of credit.

Materials and Methods

This study is based on both primary and secondary data. Primary data was collected from hundred sample respondents selected by using simple random sampling techniques. Data was collected using pre- tested interview schedule regarding the socio-economic conditions, sources of finance, its utilization, repayment and problem faced by them in availing and repaying the credit. Secondary data was collected from journals and Census of Kanyakumari District Fishing Fleets. Simple statistical tools were used.

Profile of the study area

TamilNadu has a coastal length of 1076 k.m which constitutes 15 per cent of India's coastal line and continent shelf of 41.412 sq.k.m. There are 591 fishing villages spread over 13 marine districts in the State engaged in fishing activities. Kanyakumari District is situated at the extreme south of the Indian subcontinent; the coastline is boarded by three seas namely the Arabian sea, the Indian Ocean and the Bay of Bengal. The fishermen population of this district is 1, 48,539 (18.79 per cent) to the total fishermen population of the State 7, 90,408. (Census 2005). The Kanyakumari is one among the 47 coastal villages in Kanyakumar District. The total population of the study area is 24021 of which fishermen population is

13562(Annual report of Kottar Diocese-2009.).

Discussions

Finance plays a crucial role in economic development of any country. Banks and Financial Institutions provide finance to industries, agriculture, education, trade and commerce for productive and economic purposes. This enhances and accelerates the economic development of any nation.

1. Demographic features

In this section the family size, age of the family members, education, housing pattern and earner dependent ratio which indicates the features of sample respondents and their families are summarized.

1.1 Sex Composition

Sex composition in the families is an important indicator, which determines the socio-economic conditions of sample respondents. Out of 470 members in the families of the respondents, 238 (50.5 per cent) are male and 232 (49.5 per cent) are female. It shows that the ratio of male and female in the sample village is more or less the same. The average size of the family is 4.7.

1.2. Age

Age-Wise distribution of sample population reveals the composition of the family. Out of the sample respondents children and aged who can not go for fishing or other related activities constitute 155 (33 per cent) and so they depend on the other 315(67 per cent) for their subsistence. Usually the fisher folk go for fishing from the age group of 18 to

60 years or till their health permits. The earner dependent ratio is 2:1

1.3. Educational status

Education enhances the quality and standard of living of people. Out of the total number of members (470) in the families of the respondents 179 (38 per cent) are illiterate, 150 (32 per cent) of the members have gone up to higher secondary level and 141(30 per cent) are graduates including technical and professionals. This shows the awareness of fisher folk on the importance of education. Though education is rightly regarded as an important factor of economic growth and development, with in education focus has been relatively more on primary education. Several studies have analysed the contribution of literacy and primary education to eradicate poverty, improve agricultural, and industrial productivity, health and nutrition, population control, human development indicators like infant mortality, life expectancy etc..

1.4. Ownership of houses

The nature of house shows the status of the fishermen families. Only 4 (8 per cent) of the sample respondents live in rented houses and all others 46 (92 per cent) do have their own houses. Because of the prevailing dowry system in the study area fishermen get dowry and construct houses.

1.5 Assets

Physical asset is one of the spectacular indicators of the economic and social well-being of the fishermen in any country. Assets are the properties in which people invest their hard earned income. Fishermen do invest their

savings and the amount borrowed from formal and informal credit agencies in assets like Catamaran, Vallam, Mechanised boats and nets. These assets are used in earning their livelihood. Before Tsunami (2004) 90 per cent of the assets of the fishermen are in the form of Catamaran and Vallam.

Table-1
Crafts Owned by Sample Respondents

S. no.	Assets	No. of respondents	Percentage
1.	Catamaran	10	10
2.	Vallam	12	12
3.	Mechanised boat	78	78
	Total	100	100

Source: Primary data

Table- 1 clearly shows that 78 per cent of sample respondents are having their mechanized boats. It is significant to know that mechanized boat enables them to go for deep sea fishing and augment their income. Fishing crafts possessed by the sample respondents reveals that most of the fishermen households are in a better position.

II. Income, Expenditure and Savings

The income, expenditure and savings are the economic indicators which determine the purchasing power of the people and their standard of living. The income, expenditure and savings of the sample respondents are summarized below.

Income

Income from fishing is only seasonal. The seasonal nature of employment, low catches and the unfair prices fixed by the fish traders cum money lenders leads to frequent fluctuation in the income of the

fishermen. Fish workers income is influenced by seasonal nature of the industry, occurrence of fish famines, type of fishing, number of fishing days, length of prawn season (busy season) source of borrowing, rate of interest, number of crew engaged in fishing and marketing facilities.(Pazhani et.al.,)

Table-2
Sources of Income

S.No	Income Per annum (in Rs)	Fishing	Non-fishing	Fishing related
1	Up to 50,000	10	12	20
2	50,001-1,50,000	56	-	
3	1,50001-2,50,000	30	-	
4	Above 2,50,000	4	-	
	Total	100	12	20

Source: Primary data

Table -2 indicates clearly that all the families are engaged in fishing and 56 per cent of the sample respondents are getting income of 50001 to 150,000. Only 4 per cent are getting income above 2, 50,000. 12 per cent of the families are engaged in non -fishing activities and only 20 per cent are getting income from fish related activities.

2.2 Consumption Pattern

The spending pattern of the fishermen families is also a cause for their poverty and deprivation in different aspects. They spent much on consumption when compared to their counterparts in the interior villages. They are not worried about the future. Fishermen also follow the traditional

customs and celebrate all religious and other festivals, spending their income and borrowed money. They spend a little amount for education.

Table-3
Consumption Expenditure

S.No	Expenses	Amount	Percentage
1	Food	24000	28.92
2	Clothes	15000	18.07
3	Conventional Necessities	8400	10.12
4	Fuel and lighting	5200	6.27
5	Education	9000	10.84
6	Health Care	8000	9.64
7	Recreation	7500	9.04
8	Miscellaneous	5900	7.10
	Total	83000	100

Source: Primary Data

The average Consumption expenditure of the fishermen families is Rs 83000 .per annum. A high share of their income Rs.24000/-(28.92 per cent), is spent on food and next to food they spent for clothing Rs.15000/-(18.07 per cent), for education they spent a nominal amount of Rs.9000/-(10.84 per cent) as only 30 per cent of the members of fishermen families go for technical and professional education. They prefer to go to higher education institutions which offer education at subsidized rates like government

Poly -techniques, Government Engineering colleges and Institutions of Jeppiar. The study signifies that sample respondents are mostly in joint family set up which increases their consumption expenditure. Generally their expenditure exceeds their income. Hence in order to meet the consumption as well as production expenses the sample respondents borrow money from the money lender cum traders.

2.3. Savings

Savings is the excess of income over expenditure. Normally fishermen

do not save for future. They used to spend as quickly as they earn income but now fishermen do save. The role of banks and self help groups in this regard is remarkable. They save through chit funds, self help groups, banks and insurance companies.

Table-4
Savings

S. no	Source of savings	Total savings (P.a)	No of families	Average savings
1	Chit fund	330000	20	16500
2	Self-Help Groups	255000	16	15938
3	Banks	195000	12	16250
4	Insurance	90000	6	15000
5	No Savings	-	46	
	Total	870000	100	63688

Source: Primary data

Table 4 clearly states that average savings per family comes to Rs.8700. Only 54 families are saving for the future. The highest average savings of Rs.16500/-is through the chit funds as it is a very convenient mode. 46 families do not save for future. The reason is that these families easily approach the informal agencies during emergencies at a higher rate of interest. Six families are saving through insurance companies which show the awareness among fishermen about insurance companies and their timely help.

III. Sources of finance

Finance is the life blood of any business. Realizing its importance, many financial institutions, banks and agencies cum traders come forward to offer credit with motto of earning their income in

the form of interest. Fishing is not exempted. The income of the respondents is seasonal, and therefore they are forced to borrow from different sources to meet their requirements. Hence they are in need of money for production and consumption purposes. The sources of finance for fishermen are given below.

Table- 5
Source of credit

S. no	Sources of credit	No. of respondents	Average Annual borrowings. (Rs)
1	Relatives /friends	10	56300 (42)
2		25	140750
3	Moneylenders	42	149100 (26)
4	Banks	42	145800 (26)
5	Government loans (Tsunami rehabilitation)	26	29700 (6)
	Others		
	Total		563000

Source: Primary data

*Figures in parentheses indicate the percentage to total

Table 5 reveals that out of the average annual borrowings of Rs.5,63,000, Rs. 2,38,400 (42 per cent) was borrowed from friends and relatives, Rs. 1,49,100 (26 per cent) on pledging, Rs.1,45,800(26 per cent) on Government loans for Tsunami rehabilitation and Rs. 29,700 (6 per cent) on other loans which includes amount borrowed from other NGOs. It indicates that the sample respondents mainly borrow from their relatives, friends and money lenders, since it does not require any legal formalities or even tangible security.

IV. Utilization and Repayment of loan

Fishermen borrow loan from various agencies, for their production, consumption and other needs. It was also noted that a major part of it used for non-productive purposes. They give more importance to their social status than their economic viability. They utilize the loan amount for unintended purposes. The study reveals that 71 per cent of the respondents are unable to repay the loans, since most of the times, the consumption and productive expenses exceed their income. They study also reveals that fishermen do not take efforts to repay the loans borrowed from Government. Out of loans borrowed from banks only 21.46 per cent is repaid which shows that they are expecting a loan waiver just like agriculture loan waiver and 46.98 per cent of loans borrowed from money lenders and friends were repaid as they charge high rate and they force them to repay.

V. Problems faced by the fishermen

- ❖ Fishermen can go for fishing from 5 a.m. to 9 p.m only due to the restrictions in the study area.
- ❖ Lenders cum traders fix very low prices for their catches
- ❖ Fishermen do not appreciate bank loans due to procedural complexities
- ❖ There is no proper landing center in the study area.
- ❖ Lack of interest among the fishermen households to save for future
- ❖ Indebtedness of parents and forefathers remains as life long burden.
- ❖ Inadequate infrastructure facilities in the study area.
- ❖ Problems in marketing their catches.

Suggestions

- The NGO's related to fishermen can create awareness among the fishermen with regard to savings which in turn do not push them to the door steps of money lenders at the time of lean season.
- The banks can simplify the procedure in giving loans, so that instead of going to the money lenders; the fishermen can approach the banks for their needs.
- The financial institutions may encourage the fishermen, for prompt repayment by giving additional discount or incentive.
- Alternative livelihood options must be developed
- Skills and capacities of the stakeholders may be enhanced.
- The Government could allocate sufficient funds to the fishing industry in different plan periods.
- NGO's may take efforts to cultivate repayment culture among fisherman and educate them on the

importance of circulation of money than stagnation.

Conclusion

Fishery sector in India is providing gainful employment to 5.97 million of people of which 2.40 millions are full time fishermen (Lakshman Nayak and Mishra).Therefore this sector draws a closer attention from the policy makers which in turn improves and enhances the socio-economic conditions of the fishermen community in and around India. Realizing the importance of gainful employment in the fishing sector, the banks and financial institutions should come forward to offer loans and advances to the fisher folk at subsidized rates with less cumbersome procedures. This will prevent the fisher folk, from going to money lenders cum traders. Consequently their surplus income will be used for productive and economic purposes which will also include enhancement and improvement of their standard of living in the years to come.

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