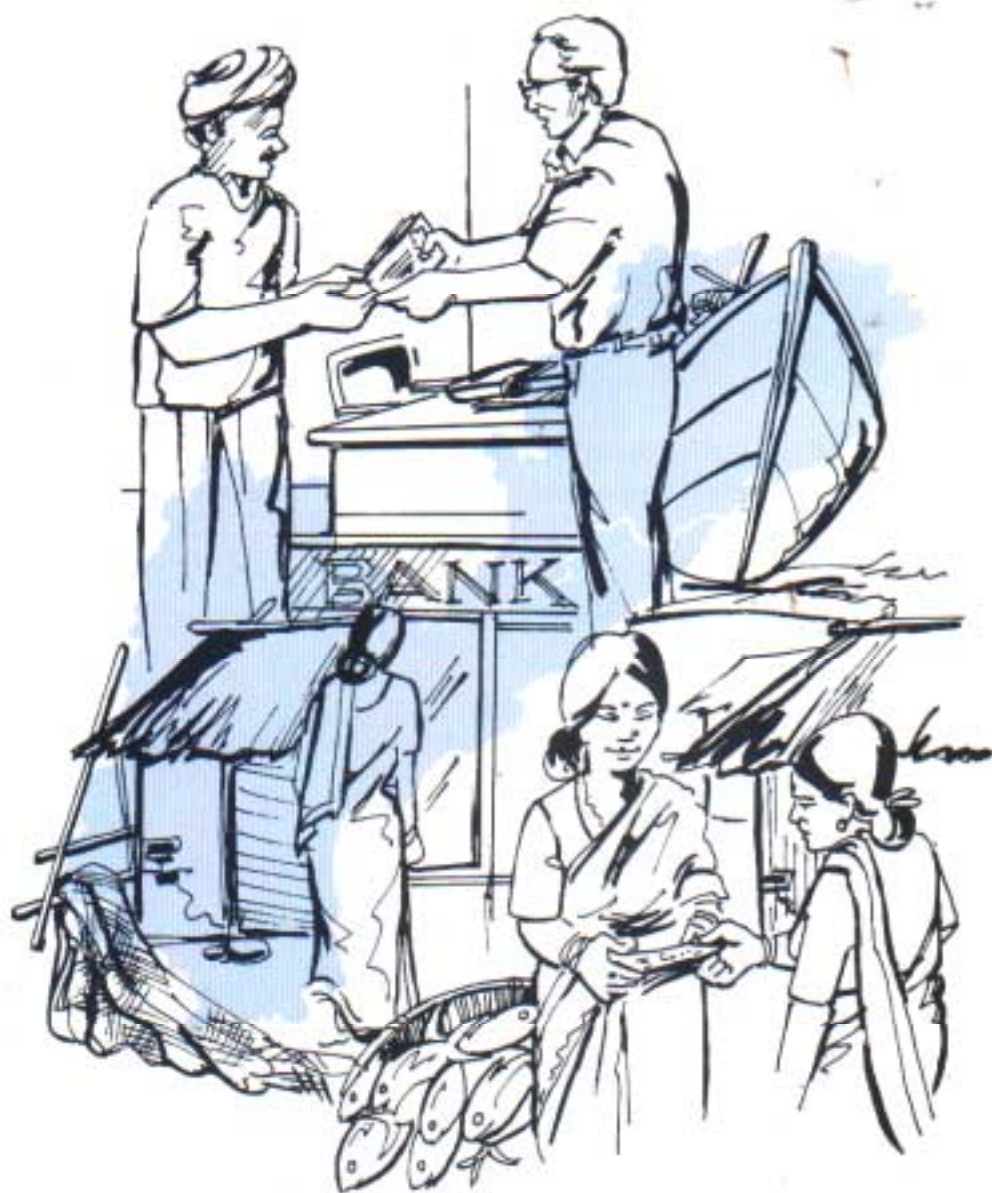


ODA
B/BP

OVERSEAS DEVELOPMENT ADMINISTRATION
POST-HARVEST FISHERIES PROJECT

**CREDIT AVAILABILITY FOR
MARINE ARTISANAL FISHERFOLK**

ANDHRA PRADESH AND ORISSA



INFORMATION BULLETIN – 6

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**OVERSEAS DEVELOPMENT ADMINISTRATION
POST-HARVEST FISHERIES PROJECT**

This information bulletin was produced by the Overseas Development Administration Bay of Bengal Post-Harvest Fisheries Project (ODA-PHFP) and prepared by Intervention (India) Pvt. Ltd.

The bulletin assesses the current demand for credit by the fisherfolk of Andhra Pradesh and Orissa, identifies the sources of credit and their utilisation and the institutional mechanisms, that are in operation. The bulletin highlights the strengths and weaknesses of the various credit delivery systems and suggests alternative, that may improve the opportunities for the better livelihood of fisherfolk.

The ODA-PHFP is working with small-scale artisanal fishing communities in reducing post-harvest losses of fish; developing low cost improvements in handling, processing and marketing and providing technical support. advice and training to government and non-government organizations, fisherfolk associations and women's groups. The ODA-PHFP is founded by the Government of the United Kingdom and covers three countries within the Bay of Bengal region, namely India, Bangladesh and Sri Lanka.

This bulletin has not been cleared by the Government concerned or the ODA.

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Abbreviations

a/c	account
Agri.	Agriculture
amt	amount
AP	Andhra Pradesh
APSFC	Andhra Pradesh State Financial Corporation
APSFCF	Andhra Pradesh State Fishermen Cooperative Federation
BFDA	Brackishwater Fishfarmers' Development Agency
BOBP	Bay of Bengal Programme
CB	Commercial Banks
Co.	Company
Coop.	Cooperatives
DCCB	District Central Cooperative Bank
dev.	development
dt	District
FFDA	Fishfarmers' Development Agency
Govt.	Government
HH	Household
IMFDP	Integrated Marine Fisheries Development Programme
incl.	including
IRD	Integrated Rural Development Programme
Km	Kilometer
Kms	Kilometers
MT	Metric Tonnes
NABARD	National Bank for Agriculture and Rural Development
NGO	Non Governmental Organisations
Prodn.	production
Pvt.	Private
Rs	Rupees
SBI	State Bank of India
SC-ST	Scheduled Castes and Scheduled Tribes
SHG	Self Help Groups
SLBC	State Level Bankers' Committee
Km ²	square kilometer
Tot,	total
Trg.	training
Vil	village
Vill	village

Glossary

agnikula, vadbalija, matshyakarulu	fishermen castes in Andhra
catamaran, teppa, nava	types of traditional fishing crafts
crore	10 million
dadani, meli	labour contract
Dhibar, Kaibarta	Fisherman castes
hilsa, paniakhia	species of fish
Kumti	a trading community of Orissa
meli	fisherman group
Nolia	marine fisherman
patia, dinghy, nay	traditional fishing crafts

Units Used

Rs.	Indian Rupee, 1\$ = Rs31
Lakh	0.1 million
Crore	10 million

Part I

**INTRODUCTION,
OBJECTIVES AND METHODOLOGY**

1. INTRODUCTION

1.1 Marine Sector in India

India occupies the seventh position in fish production and tops the list in shrimp production in the world. Marine production in India is estimated at about 4.5 million tonnes. There are about 170,000 non-motorised traditional crafts, 15,500 motorised traditional crafts and 23,000 mechanised boats operating in India.

As per the Hand Book On Fisheries Statistics, 1991 the total fishermen population in India was 53.6 lakhs, comprising 17.4 lakhs full-time, 13.3 lakhs part-time and 22.9 lakhs occasional. Although the break up of inland and marine fishermen population was not given, given that nearly 60 per cent of the total production of fish came from the marine sector, it would not be an exaggeration to assume that at least half of the fishermen population are engaged in marine fishery. In the same year the total fishermen population in Andhra was 7.8 lakhs (1.2 lakhs full time) and in Orissa was 1.9 lakhs (1.1 lakh full time).

During 1990-91 the total production of fish was 38.3 lakh tonnes of which 23 lakh tonnes was contributed by the marine sector. Among the various states, Kerala with a production of 5.1 lakh tonnes of marine fish was the largest producer, followed by Gujarat, Maharashtra and Tamilnadu. Andhra with 1.3 lakh tonnes was sixth and Orissa with 0.8 lakh tonnes eighth in the rank of production.

As per the Eighth Five-Year Plan (1992-97) document, the development strategy for the marine fisheries in the country was to be as follows:

- > Motorisation of traditional crafts
- > Introduction of intermediate craft of size 12-16 meter for exploiting the off-shore resources.
- > Introduction of savings-cum-relief scheme towards the welfare of fishermen

Thus, the Eighth Five Year Plan also lays emphasis on motorisation and mechanisation of marine fishery. However, the real cause for concern is the decline in the fish catch of artisanal fishermen using traditional craft.

U.K.Srivastava et.al,(1991) report that Out-board Motors (OBM) have contributed to increase in production and in improving the income and living standard of the poor section of fishermen. They also report that research studies have shown a higher rate of return of traditional craft with OBM and also that the annual fluctuations in catch and income of the fishermen of these boats are much smaller than those operating larger mechanised boats.

Studies have also shown that at all-India level between 1981 and 1984-85, the landings from the non-mechanised crafts have declined whereas the landings from mechanised crafts have increased. This has implications for the demand for credit for motorisation of traditional crafts and for purchase of mechanised crafts.

1.2 ODA Bay of Bengal Post Harvest Fisheries Project (ODA-PHFP) and the Present Study

The ODA-PHFP is funded by the Overseas Development Administration of the British Government. It covers artisanal fishermen in India, Bangladesh and Sri Lanka. The overall objective of the project is "to enhance the incomes of artisanal fishing communities and petty fish traders". It aims to achieve this by "diversifying the fish products marketed by these communities". It also aims to "strengthen the ability of NGOs and fisherfolk associations to replicate and secure sustainable benefits from project activities".

Credit is an important input required for fisherfolk for consumption and production purposes and it plays an important role in their livelihood. Fisherfolk have problems in accessing formal sources of credit due to various factors related to bureaucratic procedures and transaction costs. Fisherfolk depend more on informal

sources of credit, from traders, moneylenders and others. A need was felt to assess the current demand for credit by the fisherfolk for various purposes, current sources of credit and their utilisation, and institutional mechanisms that are in operation. Such a study would identify strengths and weaknesses of various credit delivery systems that are in operation and would indicate alternative credit delivery mechanisms that could improve opportunities for better livelihoods of fisherfolk, It was with this background that the present study was commissioned by the ODA-PHFP office in Madras.

1.3 Objectives of the Study

This study aims to:

- I. i) develop case studies on acquisition and utilisation of different types of credit by the fisherfolk for consumption, production and trading.
2. Investigate the existing sources of different types of credit available to fisheries sector (formal and informal sources) in general and fisherwomen in particular and assess the role of credit to their livelihoods.
3. Comment on the strengths and weaknesses of the credit systems available through informal and formal sources namely NGOs, private and government channels.
4. Comment on the current policies and programmes of state and central government and financial institutions with regard to credit provisions to fishing communities.
5. Make recommendations based on findings for enhancing access and sustainability of credit provisions to fisherfolk communities by the formal and informal sector.

1.4 Methodology

In Andhra Pradesh for the study purpose, one location was selected from the Southern Coast, Central Coast and Northern Coast. In two locations there was at least one NGO active with the fisherfolk while in the third location there was no NGO working with the fisherfolk. Various NGOs assisted in the collection of primary data regarding sources and uses of credit by the fisherfolks, their attitude towards formal and informal channels of credit, market structure and the linkages to credit. The primary data was collected using pre-tested structured questionnaires and personal interviews with key informants. Separate questionnaires were used for fisherfolk, formal institutions and informal institutions. Secondary data was gathered from credit and fishery sector support institutions in each of these locations and through desk research.

In Orissa, one location was selected from the Southern Coast, Central Coast and Northern Coast. In each location there was at least one NGO active with the fisherfolk. In each location two villages were selected. Various NGOs assisted in the interviews fisherfolk regarding sources and uses of credit, their attitude towards formal and informal channels of credit, market structure and the linkage of credit. A few banks, cooperatives and private financial institutions in each of these locations were also visited to gather secondary data from various sources.

Data from interviews was analysed to generate a profile of credit usage, purposes and sources, repayment period and terms, interest rates and transaction costs. Based on this and also on secondary data about the population of various types of fishing crafts, the demand for credit in the sector has been projected. By juxtaposing the demand projections with the picture from the supply side, particularly by the formal institutions, the gaps in the quantity and attributes of credit services were identified. Recommendations were then evolved for policy, institutional and product level reforms and innovations.

Table 1. Description of **Locations Selected for the Study in Andhra Pradesh and Orissa**

ANDHRA PRADESH

Locations-> Dist : Description	ViiI Mandal :	Adarshnagar Bapatla Guiiiur	Vemuladivi Narasapura W.Godavari	Uppada Kakinada EGodavari
Coast Location		South	Central	North
2. Fishermen Population		185 families in One village	500 families in two villages	1200 families in three villages
3 a. Formal Credit		5 commercial banks. 1 co-operative at Bapatla	1 service area bank. 1 cooperative bank	1 commercial bank
3 ft Informal		mainly from fishermen, friends & relatives, money lenders from outside the village	mainly from larger fishermen, friends & relatives, money lenders from outside the village	1 main money lender in the village and the rest are from outside the village

ORISSA

locations Description	Vii: Buxipalli Disi: (Janjarn	Vii: Sandhakud Dist: Cuttack	Vil: Bahabalpur Dist: Balasore
Coast Location	South	Central	North
2. Fisherman Population	at 2 villages, Gopalpur. Buxipalli, about 1200 families, 5300 persons	at 2 villages, Sandhakud, Kharinasi, 1250 families, 10,000 persons	at 22 villages, 2 sample village (Bahabalpur, Chhanua), 17160 persons
3 a. Formal Credit	2 banks. 5 Cooperatives	15 banks, 2 cooperatives	1 bank, 5 cooperatives
3 b. Informal	about 5 Moneylenders, 5 traders, 40 boat owners NGO-PREM, UAA, DARD	about 10 money lenders, 15 traders, 20 boat owners NGO-Project Swarajya	about 10 money lenders, 50 traders, 15-20 boat owners, NGO-Lokshakti

Part II

**ANDHRA PRADESH
STATE REPORT**

CREDIT FOR FISHERFOLK IN ANDHRA PRADESH

1. INTRODUCTION

Andhra Pradesh has a long coastal belt of 974 kms. spanning nine districts and is one of the important maritime state in the east coast of India. The state has a continental shelf area of 33227 Sq.Kms. Fishing is an important economic activity in the state which constituted 1.5 per cent of the total net domestic product (NSDP) as of 1990-91.

1.1 Importance of Marine Fisheries

Employment. As per Census of India 1981, there were about 93,000 persons engaged in fishing activity in AP. As per Central Marine Fisheries Research Institute (CMFRI), there were 453 marine fishing villages in the state with a total population of 330,167. Out of these, 74,031 were involved in actual fishing full-time, 4924 part-time and 549() occasional. The details of districtwise fishermen population based on Livestock Census, 1993 are presented in Tables 1.1a, 1.1h and 1.1e.

Table i.1a Fishermen population of Andhra Pradesh

Sl.No.	District	Males	Females	Children	Total
1.	Srikakulam	21,822	21,705	30,934	74,461
2.	Vizianagaram	10,553	9,690	9,084	29,327
3.	Visakhapatnam	41,241	39,972	36,404	117,617
4.	East Godavari	39,943	38,165	50,568	128,676
5.	West Godavari	17,562	16,011	19,012	52,585
6.	Krishna	16,522	15,248	22,180	53,950
7.	Guntur	11,505	10,900	11,221	33,626
8.	Prakasam	7,596	7,128	10,546	25,270
9.	Nellore	14,990	14,828	23,695	53,513
	Coastal :	181,734	173,647	213,634	569,025
	Rayalaseema :	7,320	5,851	7,578	20,749
	Telangana :	95,105	88,220	113,323	296,648
	Total	284,159	267,718	334,545	886,422

Source: : Handbook on Fisheries Statistics (1993-94), based on Livestock Census of 1993 (Provisional)

Table 1.1b Persons engaged in actual operation of fishing

<i>Si. No.</i>	<i>District</i>	<i>Full time</i>	<i>Parttime</i>	<i>Total</i>
1.	Srikakulam	12,465	6,161	18,626
2.	Vizianagaram	4,606	4,162	8,768
3.	Visakhapatnam	56,259	7,028	63,287
4.	East Godavari	26,253	16,183	42,436
5.	West Godavari	9,940	8,649	18,589
6.	Krishna	10,258	8,928	19,186
7.	Guntur	6,617	4,099	10,716
8.	Prakasam	2,926	4,170	7,056
9.	Nellore	8,629	7,233	15,862
	Coastal Andhra	137,953	66,613	204,526
	Rayalseema	2,060	3,433	5,493
	Telangana	11,412	62,274	73,286
	State Total	151,425	132,320	283,305

Source : Handbook on Fisheries Statistics of A.P (1993-94) based on Livestock Census of 1993 (Provisional)

Table 1.1c Persons engaged in other allied fishery activities in A.P.

<i>SI. No.</i>	<i>District</i>	<i>Marketing of Fish</i>	<i>Repairing of Nets</i>	<i>Pmcessing of Fish</i>	<i>Others</i>	<i>Total</i>
1.	Srikakulam	9,789	6,365	3,126	1,233	20,513
2.	Vizianagaram	3,289	1,212	727	715	5,943
3.	Visakhapatnam	28,052	12,600	13,070	0	53,722
4.	East Godavari	14,105	5,946	1,601	8,208	29,860
5.	West Godavari	7,767	3,829	1,346	2,508	15,450
6.	Krishna	7,486	2,943	1,440	1,428	13,297
7.	Guntur	3,244	999	291	1,708	6,242
8.	Prakasarn	3,222	2,126	737	1,347	7,432
9.	Nellore	5,004	1,875	388	2,765	10,032
	Coastal Andhra	81,958	37,895	22,726	19,912	162,491
	Rayalseema	1,909	898	121	490	3,418
	Telangana	29,107	12,162	1,224	4,584	47,077
	Total:	112,974	50,955	24,071	24,986	212,986

Source: Handbook on Fisheries Statistics of A.P. (1993-94), based on Livestock Census of 1993 (Provisional)

As per Livestock Census 1993 (provisional figures) the fishermen population in the 9 coastal districts of the state is 569,025 out of which 137,953 are 'actively involved in fishing full-time' and 66,613 are involved 'part-time'. The livestock census has taken into account marine and inland fishing activities. Thus, leaving the part-time fisherfolk who can be assumed to be involved in inland fisheries, **the marine fisherfolk 'actively involved in fishing full-time' would number 137,953 in the 9 coastal districts during 1993.** The districtwise details are presented in Table 1.1b. Another 162,491 persons were engaged in activities allied to fisheries i.e., marketing of fish (81,958), repairing of nets (37,895), processing of fish (22,726) and others (19,912). The details are presented in Table 1.1c.

current production: The total fish production during 1991-94 was 154,320 tonnes; 33,567 tons from the mechanised sector and 120,753 from the non-mechanised sector. The inland fish production during the same year was 61,270 tons in the nine coastal districts and 167,045 tons in the state as a whole. Thus inland fishing has been making large contribution to the total fish production in the state. The details are presented in Table 1.1d.

Potential production: The CMFRI is of the view that although the resources of the inshore area (0 to 50 m depth) are already under a high level of exploitation, there is still scope for the introduction of mechanised and motorized boats on a selective basis which can go deep into the sea for fishing.

Table 1.1d. Districtwise Marine and Inland Fish Production in AP During 1993 - 94 In Tons

Sl. No.	District	Mechanised	MARINE Non. Mech.	Total	INLAND
1.	Srikakulam	0	5,970	5,970	1,245
2.	Vizianagaram	0	18,717	18,717	16,607
3.	Visakhapatnam	6,316	7,496	13,812	9,212
4.	East Godavari	7,912	8,785	16,697	1,859
5.	West Godavari	468	436	904	1,772
6.	Krishna	4,745	2,385	7,130	19,374
7.	Guntur	2,230	4,235	6,465	4,370
8.	Prakasam	0	61,750	61,750	1,993
9.	Nellore	11,896	10,979	22,875	4,838
	Total : Coastal	33,567	120,753	154,320	61,270
	Other districts	0	0	0	105,775
	G,Total: State	33,567	120,753	154,320	167,045

Source: Handbook of Fisheries Statistics, based on Livestock Census of 1993 (Provisional)

2. PRODUCTION AND MARKETING SYSTEM

2.1 Production System

Geographical spread : The coastal belt of 974 kms. in the state is spread over 9 districts. The length of coast line is highest in Srikakulam district followed by Nellore and East Godavari. The districtwise distribution of fisherman population indicate that highest concentration of fishermen involved in actual fishing is in Visakhapatnam district (56,259) followed by East Godavari (26,253) and Srikakulam (12,465). Persons involved in activities allied to fishing also follow similar distribution across districts. Refer to Tables 1.1 b and 1.1c for details.

Table 2.1 a Districtwise coast line & continental shelf area of Andhra Pradesh and full time fishermen

SI. No.	District	Length of coast Kms	Continental Shelf (Sq. Kms)	Full-time fishermen (No.)
1.	Srikakulam	200	8,770	12,465
2.	Vizianagaram	29	1,202	4,606
3.	Visakhapatnam	136	4,288	56,259
4.	East Godavari	161	7,571	26,253
5.	West Godavari	20	536	9,940
6.	Krishna	111	865	10,258
7.	Guntur	43	1,373	6,617
8.	Prakasam	105	3,859	2,926
9.	Nellore	169	4,763	8,629
	Total	974	33,227	137,953

Source Handbook on Fisheries statistics of A.P. (1993—94)

Caste : Marine fishing is a traditional occupation practised over centuries by the fisherfolk living on the coastal belt of Andhra Pradesh. Main castes are Agnikula Kshatriya, Vadabaliya, Matsyakarulu, Pallikarulu etc. Within these castes, Vadabalijas occupy a higher social status than other castes. Some of these fishermen also engage in riverine fishing and some of them in catching wild prawn seeds from the estuaries. In contrast inland fishing and brackish water prawn culture are being practised by people belonging to agricultural communities who are not fishermen by caste. They have ventured into these activities in expectation of higher returns from the investment of the surplus created out of agriculture and other enterprises.

Technology : Basically there are two broad types of technologies operating in this sector viz traditional and mechanised. The variations across three locations are presented in Table 2.1b.

Traditional : These consist of different versions of 'teppas' (catamarans) and 'navas' (plank built boats). The teppas are usually 18 feet long made of Albizzia wood brought from mainly Kerala. The 'navas' are plank built boats of sizes ranging from less than 18 feet to more than 30 feet. These boats are mostly found in central Andhra coast i.e., East and West Godavari districts.

Modernisation of traditional crafts : There has been efforts to modernise the existing traditional crafts in terms of using FRP material for constructing Teppas and motorisation of traditional crafts. Motorisation consists of fixing motors either out-board or in-board. Refer to Table 2.1c. for details.

Me hani sed: The mechanised sector consist of mainly beach landing crafts and trawlers. The mechanised crafts are fewer in number due to high capital cost involved. They also need better infrastructural facilities for landing.

The fishing in the continental shelf is beyond the range of traditional crafts. There are 47108 traditional crafts in the 9 coastal districts of the state out of which 3197 are motorised. There are 8911 mechanised craft in the marine districts consisting of 1866 trawlers, 47 gill-netters and 6988 Beach Landing Crafts (BLCs). The details are presented in Table 2.1d. A wide range of fishing tackle is used by the marine fishermen. Major types of lishing tackle are drag nets, gill nets and castnets, The details are furnished in Table 2. 1e. The traditional crafts accounted for 82 per cent of total number of crafts, 78 per cent of the catch and 68 per cent of the employment in the marine fishery sector. The motorised and mechanised crafts constituted 18 per cent of the crafts and accounted for 22 per cent of the catch and 33 per cent of employment.

Seasonality: Fishing has distinct seasons consisting of peak. normal and lean periods. The duration of the peak periods may range from 2-3 months, the lean period also range from 2-3 months and the nornial period ranges from 6-8 months, The main fishing season in the Kakinada coast is January to June with April and May as the peak season.

Distribution of catch : In the case of navas operated by Khalasis (wage workers) in the West Godavari district, the ow ncr of the boat gets 50 per cent share, the owner of the net gets 25 per cent and the rest 25 per cent is distributed among the crew members. All expenses on repairs to boat and net is borne by the ow ncr. In the Kakinada coast, the cost of the fuel is deducted first from the total catch 50 per cent of the amount net of fuel expenses is shared by the crew and the rest 50 per cent by the owner. The owner has to bear all the major expenses towards the repair of boat and net.

Table 2.1b Variations in production system across three coasts

Description	Bapatla	Narasapur	Kakinada
la. Fishing ('raft Traditional	Dinghy : Cost Rs. 10,000 Teppa Cost : 15-20,000 Capacity: 4 crew, 15kms, 3 tonnes	Teppa Cost : 15—20,000 Capacity : 4 crew, 15 kms, 3 tonnes	Teppa Cost : 15—20,000 Capacity: 4 crew, 15 Kms, 3 tonnes
lb. Fishing ('raft Modern Type	Motorised Nava Cost -Rs. 1.25,000	Motorised Nava Cost Rs. 150,000	a. Motorised Nava Cost: Rs. 1,75,000 b. FRP Teppas Cost: Rs.40,000 c. Trawlers Cost: Rs. 6-8 lakh

Table: 2.1c Districtwise Distribution of Traditional Crafts in A.P.

District	Canoes		C'atamarans		Plank built boats		Others		Total		Grand Total
	Motorised	Non motorised	Motorised	Non motorised	Motorised	Non motorised	Motorised	Non motorised	Motorised	Non motorised	
Srikakulam	2	1,394	8	6,850	15	1,203	0	75	25	9,522	9,547
Vizianagaram	0	168	0	1,031	0	1,102	0	5	0	2,306	2,306
Visakhapatnam	0	370	0	7,555	0	0	0	0	0	7,925	7,925
East Godavari	65	1,305	36	1,849	542	2,698	35	552	678	6,404	7,082
West Godavari	0	3,312	0	249	18	1,393	20	473	38	5,427	5,465
Krishna	3	1,786	2	187	253	2,017	15	497	273	4,487	4,760
Guntur	0	139	39	175	65	836	23	886	127	2,036	2,163
Prakasam	1	7	934	1,761	84	75	5	6	1,024	1,849	2,873
Nellore	21	129	974	2,444	9	1,294	28	88	1,032	3,955	4,987
Coastal Andhra	92	8,610	1,993	22,101	986	10,618	126	2,582	3,197	43,911	47,108
Rayalseema	0	9	0	511	0	41	0	454	0	1,015	1,015
Telangana	0	864	47	7,317	25	377	0	516	72	9,074	9,146
Total	92	9483	2,040	29,929	1,011	11,036	126	3,552	3,269	54,000	57,269

Source : Handbook on Fisheries Statistics (1993-94), Based on Livestock Census of 1993 (Provisional)

Table 2. id Districtwise Distribution of Mechanised Crafts in Andhra Pradesh

Si. No.	District	Trawlers	Gilinetter	Liners	Seiners	BLCs	Others	Total
1.	Srikakulam	0	0	0	0	612	0	612
2.	Vizianagaram	0	0	0	0	122	0	122
3.	Visakhapatnam	569	0	0	0	2,580	0	3,149
4.	East Godavari	876	2	0	0	2,728	0	3,606
5.	West Godavari	2	0	0	0	400	0	402
6.	Krishna	12	0	0	0	453	0	465
7.	Guntur	243	45	0	0	57	0	345
8.	Prakasam	126	0	0	0	0	0	126
9.	Nellore	38	0	0	0	46	0	84
	Total	1,866	47	0	0	6,998	0	8,911

Source. Handbook on Fisheries Statistics (1993-94), based on Livestock Census of 1993 (Provisional)

Table 2.1e Districtwise Distribution of Fishing Tackle in Andhra Pradesh

SI. No.	District	Dragnets	Gillnets	Trawinets	Cast nets	Others	Total
1.	Srikakulam	7,243	3,958	1,785	6,229	17,854	37,069
2.	Vizianagaram	1,655	45	304	2,513	1,875	6,392
3.	Visakhapatnam	5,370	19,578	2,235	4,521	4,281	35,985
4.	East Godavari	16,338	19,353	2,349	18,641	8,864	65,545
5.	West Godavari	3,918	2,920	0	8,148	30,058	45,044
6.	Krishna	6,446	3,345	5,889	16,776	33,991	66,447
7.	Guntur	3,061	14,513	621	4,704	8,031	30,930
8.	Prakasam	3,095	1,561	186	2,251	2,113	9,206
9.	Nellore	13,685	6,005	572	5,242	2,160	27,664
	Coasta/Andhra	60,811	71,278	13,941	69,025	109,227	324,282
	Rayalaseema	1,692	1,362	147	3,194	2,428	8,823
	Telangana	24,090	31,252	4,481	54,827	31,647	146,297
	Grand Total	86,593	103,892	18,569	127,046	143,302	479,402

Source : Handbook of Fishery Statistics based on Livestock Census of 1993 (Provisional)

2.2 Marketing Systems

Marine fish marketing has domestic and export components. Use flows at the state level indicate that during 1978-79 about 42 per cent of the marine fish was used for fresh fish consumption, 32 per cent for dry fish, 15 per cent for fish meal and about 11 per cent for export. The use flow differ across different coastal locations. In the Kakinada area, the local sales constitute 20 per cent of the catch. The mode of transportation is usually head loads and cycles. Another 20 percent of the catch goes outside the local area but within the district and the mode of transportation is bus or train. Another 20 per cent goes outside the state by means of mainly train. The rest 40 per cent gets converted to dryfish. Bicycle vendors carry fish upto a distance of 15 kms. Women traders take the catch upto 100 kms. distance by means of train or bus.

In the early stages of marketing cycle of fish, women belonging to fisherwomen community play an important role. This applies to both fresh fish and dry fish marketing, for domestic as well as export markets. Women are involved in the first point of sale, on the beach or at other landing centres. A study by BOBP in 1988 on marine fish marketing systems indicate that advancing money to fishermen is common practice at all landing centres in the state. The amount advanced vary depending on many factors.

Handling: Various parties involved in the marketing of fish are fishermen, trader, moneylender, auction agent, commission agent, wholesaler, retailer, vendors and those involved in drying/salting and other kinds of processing. There is a strong economic and social bonding and very intricate linkages between and among all these actors. The fishermen who have taken money for purchase of boat and nets have to sell their catch to the same trader. In such cases, the prices paid for the catch are usually 10-20 per cent lower than the prevailing market rates. However there are exceptions to this system whereby the fishermen is free to sell the catch anywhere but has to repay the loan in time. A commission agent operates between the wholesale trader and fishermen, According to the Assistant Director of Fisheries, Kakinada, there is considerably less exploitation by the various intermediaries operating between the fishermen and consumer as compared to some decades back. One reason for the change in the scenario is because of better access to market information.

3. CREDIT REQUIREMENTS, SOURCES AND USAGE

Credit is an important component of the production and marketing system of the marine fishery sector, Credit is obtained from various sources and for various purposes both by artisanal fishermen operating traditional crafts and by fishermen operating motorised crafts and mechanised crafts. To get an idea about the sources and uses of credit, the study team administered structured questionnaires to fisherfolk in the three locations, Apart from this, informal discussions were carried out with the communities and few key informants.

Sample profile: The total number of fisherfolk interviewed individually was 36. Of these, 47 per cent of the respondents were male and 53 per cent were female. 41 per cent belonged to Vadahalija community, 25 per cent to Agnikula Kshatriya, 19 per cent Matsyakarulu and the rest to other communities. The average family size was 6.8, In terms of occupation 92 per cent of the heads of families were engaged in marine fishing, 5 per cent in fish trading and 3 per cent in fish processing and trading. Occupation of other adult members indicated that 36 per cent were engaged in dry fish vending, 14 per cent in fresh fish vending and 25 per cent were idle. Interestingly 14 per cent were engaged in agricultural labour. This was observed only in Adarshanagar in Bapatla mandal of Guntur district, mainly during the lean season, Only one of the respondent was salaried. The average household income was Rs. 16,661.

Table 3.1 Demographic profile of the respondents

<i>Demo graphics</i>	<i>Particulars</i>	<i>Percentage</i>
Sex	Male	47.2
	Female	52.3 (100)
Caste	Matsyakarulu	19.4
	Vadabalija	41.7
	Agnikula Kshatriya	25.0
	Fishermen	13.9 (100)
Family size	<4 members	27.8
	5-9 members	52.8
	10-14 members	16.7
	15 members +	
	Average	2.7 (100)
Occupation - Head	Fishing	91.7
	Fish Trading	8.3 (100)
Occupation Adults	Dry fish vending	36.2
	Raw fish vending	13.9
	Agri Labourers	13.9
	Salaried	2.7
	Others	8.3
	None	25.0 (100)

3.1 Credit requirements

There are two types of credit requirements by the marine fisherfolk, namely, production and consumption. Production credit is of three types. First is for investment in fixed assets like purchase of boats and nets, motorisation of traditional crafts etc. The loan repayment is usually over a longer period of time (5-7 years or more). Second is working capital required for storage of fish as raw material for drying or salting. Third is for working capital required for financing fish trade. Consumption credit is for household needs, children's education, housing etc.

Thirty five of the 36 respondents indicated that they require credit for one purpose or the other and in most cases they need credit for more than purpose. Only one respondent, a cripple indicated that he cannot afford to avail credit. However, he does go for fishing. 78 per cent of the respondents indicated that they need credit for household expenses, 67 per cent indicated credit need for wedding and social functions, 64 per cent for working capital requirements, 36 per cent for repairs of boat and nets and 22 per cent for purchase of boat and nets. The above credit need profile indicate the low income levels of the respondents. Their immediate requirement is towards meeting household consumption. Many of them do not have the ability to avail larger credit needed for purchase of boat and nets.

Table 3.1.1: Purposewise Credit Requirements

<i>Purpose for which Credit is Needed</i>	<i>% of all households needing credit for this</i>
Consumption	
1. Daily household expense when income is low	77.8
2. Medicine, etc during illness	36.1
3. Wedding, social functions	66.7
4. Repairs of House	19.4
5. Construction of house	2.8
6. Children's education	0.0
7. Others	2.8
Production	
8. Repairs of fishing boats and nets	36.1
9. Purchase of machines for other business	2.8
10. Working Capital for other enterprise/business	63.9
1. Purchase of fishing boats and nets	22.2

3.2 Credit sources

Credit institutions can be categorised as follows:

Mainstream financial institutions including commercial banks (CBs) e.g., Andhra bank, regional rural banks (RRBs) e.g., Godavari Gramineen bank and co-operative banks e.g., District Central Co-operative Banks (DCCBs). There is also the AP State Financial Corporation which provides finance to agricultural allied activities including fisheries.

Second are the various kinds of promotional institutions such as AP Scheduled Caste Financial Corporation. Among other activities, provision of credit is also one of their major function. The above two categories are also termed as formal institutions.

The third and the most important category are the private channels of finance which is also called the informal channel, such as traders, financiers, money-lenders and chit funds.

3.3 Credit Usage

Purpose and Sourcewise whole sample : The details of sources of credit usage by the respondents is presented in Table 3.3a. The loans for purchase of boat and nets has been annualised by dividing the total loan taken for that purpose by 3, assuming this loan is for 3 years.

- > Credit usage for production purposes constitute 70 per cent of the total.
- > Entire credit usage for consumption purposes is contributed by informal sources.
- > 90 per cent of the credit usage of the respondents was being met by informal sources and
- > Only 10 per cent of the credit usage was from the formal sources.

Table 3.3a Credit Usage: whole sample

<i>Source—> UseI</i>	<i>Informal</i>	<i>Formal</i>	<i>Total</i>
Consumption	27.9	0.0	27.9
Production	62.1	9.9	72.1
Total	90.1	9.9	100.0

Credit usage Purpose and Sourcewise: Loans below Rs.10000: In order to get a picture of small credit usage, all loans of Rs.10,000 and above were excluded.

- > Credit usage for production purposes constitute 62 per cent of the total credit usage and 38 per cent for consumption purposes. i.e., in the case of small loans, usage for consumption was higher when compared to overall credit usage pattern.
- > 87 per cent of the credit usage of the respondents was being met by informal sources and
- > Only 13 per cent of the credit usage was from the formal sources.

Table 3.3b Credit usage: loans below Rs.10000

<i>Source—> UseI,</i>	<i>Infbrinal</i>	<i>Formal</i>	<i>Total</i>
Consumption	37.8	0.0	37.8
Production	49.6	12.7	62.2
lotal	87.3	12.7	100.0

Table 3.3c Purposewise Credit Use

<i>Purpose or which Credit is Needed</i>	<i>% of total credit taken for this purpose</i>
1. Daily HH Expense when income is low	1.4
2. Medicine, etc during illness	9.2
3. Wedding, social functions	16.7
4. Repairs of House	0.0
5. Construction of house	0.0
6. Children's education	0.7
7. Others	0.0
Total Credit for Consumption Purposes	27.9
8. Repairs of fishing boats and nets	9.6
9. Working Capital fro other enterprise/business	17.2
10. Purchase of fishing boats and nets	44.9
11. Purchase of machines for other business	0.4
lotal Credit for Production Purposes	72,1
Total	100.0

Table 3.3d Boat ownership pattern of the respondents

<i>Ownership Pattern</i>	<i>No. of Respondents</i>	<i>%</i>
Own (Jointly / Individually)	31	86
Do not own	5	14
Total	36	100

Table 3.3e Type of crafts owned by the respondents

<i>Type of Craft owned (Jointly/Individually)</i>	<i>No. of Respondents</i>	<i>%</i>
Dinghy	1	3
Teppa	8	26
Nava	22	71
Total	31	100

Table 3.3f Use of Different Credit Sources by Fisherfolk

<i>Source</i>	<i>Per cent of Households using this source</i>	<i>Per cent of Total Credit from this source</i>
Informal		
Fish Trader	44.4	57.0
Labour Contract'	00.0	0.0
Shop Keeper	00.0	0.0
Relatives	16.3	26.7
Pvt. Finance Co.2/NGOs and SHGs	29.5	6.3
Formal		
Cooperatives	1.6	0.4
Banks	8.2	9.5
Total	Not applicable	100.0

In a Labour Contract System the boat owner arranges a group of 4-5 fishermen who do not have their own boat or net to come as a group and use his boat for fishing, for this he advances Rs. 1500 to 3500 to each fisherman. Then they work as wage labourers in his boat 8-10 months in a year. In the end of the year if they wish to discontinue with the group, they pay back the amount. Since this amount is advanced in a lean season, it takes care of the contingencies and expenses when the income of the fisherman is low. It is an "interest free" advance to ensure regular supply of skilled labour. We did not come across this during our field study.

Private Finance: These include Non-Banking Finance Companies and NGOs on-lending to the Self Help Groups and Self-Help Groups in turn on-lending to the members, The above figures refer only to NGOs and SHGs.

4. FORMAL CHANNELS OF CREDIT

4.1 Commercial Banks

4.1.1 State Level

“Since 1990, there has been a drastic reduction in the credit flow under this sub-sector. It is therefore suggested that an All India review of the sub-sector may be made in consultation with Government of India and other coastal states”. This statement of NABARD in the State Credit Plan 1995-96 sums up the status of institutional finance relating to marine fisheries. This is the situation despite the fact that the state has huge commercial branch network and overall advances by the formal sector has increased over the years.

Table 4.1a Institutional Finance for priority sector

Sl. No.	Annual Credit Plan: 1994-95 Activity	(Rupees in lakhs)	
		Amount	per cent
	Agricultural-short Term	172884	56.6%
2.	Agricultural.& Allied: Term loans	63204	20.7%
2.1.	Minor Irrigation, land development etc.	55533	18.2%
2.2.	Fisheries	7671	2.5%
3.	Non-Farm Sector	41344	13.5%
	Others	28137	9.2%
	Total	305569	100.0%

Source : Annual Credit Plan : 1994-95, Andhra Bank - SLBC Cell

The total priority sector credit for the year 1994-95 was Rs.3055.7 crores out of which 56.6 per cent was towards short term crop loans, 22.7 per cent towards non—agricultural loans and 20.7 per cent towards term loans under agriculture and allied activities. The last category includes fisheries. Out of Rs. 632 crores under this category fisheries constitute 12.1 per cent or Rs,76.7 crores. Fisheries include inland, brackish water and marine sectors.

The preference of financial institutions to finance aquaculture is reflected in the refinance flow from NABARD. Out of total refinance of Rs. 26.6 crores under the fisheries sector during 1994-95 (as of October). Rs. 24.88 crores was to aquaculture. Within the marine sector, the major chunk of the flow is towards mechanised boats and nets. Very little flow is towards artisanal crafts. Rs.180 lakhs is towards mechanised boats, Rs. 45 lakhs is towards non-mechanised boats and Rs.450 lakhs is towards nets and other items mostly for mechanised boats. The institutional finance to marine fisheries works out to just 0.2 per cent of the total PLP estimates for the state which is Rs.3390 crores. This should be compared with the fact that fisheries constitute 1.5 per cent of the state's NSDP, of which at least two third, or 1.0 per cent is marine. Thus the credit flow proportion is one fifth of the level that it should be, if credit were to flow in equal proportion to the sector's share of NSDP.

The Potential Linked Credit Plan (PLP) prepared by NABARD for 1995-96 for the fisheries sector is much lower at Rs.47.7 crores. Disaggregated data within fisheries sector at the state level under Annual Credit Plan for 1994-95 is not available but it is available under PLP. The financial flow under PLP for the state indicate that, for the year 1995-96. the allocation for marine fisheries is Rs.6.8 crores, Rs.13.2 crores for inland fisheries and Rs. 27.7 crores for brackishwater fisheries. The details are furnished in Table 4.1b.

4.1.2 District Level

the protections of fishery loans under the Potential Linked Plan (PLP) of NABARD for Andhra Pradesh indicates that in the 9 coastal districts, the loans under marine fisheries constitute just 0.4 per cent (Rs. 6.8 crores) of total credit plan (Rs. 1780 crores). The share of marine fisheries to total fisheries is just 14.4 per cent with aquaculture taking the huge share. The credit plan for aquaculture in the 9 coastal district is Rs. 27.7 crores while the total fishery advances in the 9 districts is Rs. 45 crores.

Table 4.1b Potential Linked Credit Plan 1995-96 in A.P. for Fisheries sector (Rs. in Lakhs)

District	Inland		Marine fisheries			Brackish Fisheries		P.L.P		
			Mech Boat	Non-mech	Misc	Total	Prawn	G. Total	Marine to Fisheries Total	Marine to Total PLP
East Godavari	178	90	12	9	111	590	879	27625	12.6%	0.4%
West Godavari	119	38	3	7	48	608	774	35136	6.2%	0.1%
Guntur	166	0	0	156	156	160	482	21589	32.4%	0.7%
Coastal	1146	184	46	450	680	2762	4588	177988	14.8%	0.4%
Rayalaseema	50	0	1	0	1	0	51	50228	0.0%	0.0%
Telangana	74	0	5	0	5	0	128	110765	3.8%	0.0%
Total	1270	184	51	450	686	2762	4767	338981	14.4%	0.2%

Source: Potential Linked Credit Plan (P.L.P) for Andhra Pradesh (1995-96), NABARD, Hyderabad

4.1.3 Branch Level

A detailed profile of 5 commercial bank branches and 1 DCCB that were covered during the study is presented in Table 4.1.3, All these bank branches were located close to the coast and had at least one marine village under its service area. Some of the observations are as follows:

- > The credit: deposit ratio ranged from 29 per cent to 67 per cent.
- > Advances to fisheries sector (inland, marine and brackishwater combined) ranged from 0.4 per cent to 16.4 per cent even though the branches were located near the coast indicating the low level of credit flow to fishery sector.
- > Advances to marine fisheries as percentage of total advances ranged from 0.4 per cent to 15.4 per cent.
- > Advances of marine fisheries to total fishery advances ranged from 4 per cent to 100 per cent.
- > The recovery rate of marine fishery advances was dismal. In two branches the entire balance outstanding was overdue. In two branches the recovery rate was 11 per cent and 23 per cent respectively.

Table 4.1.3 Profile of the Bank branches surveyed during the study

<i>Indicators</i>	<i>SBI, Bapatla</i>	<i>SBI, N'pur</i>	<i>And/ira Bank, N'pur</i>	<i>DCCB, N'pur</i>	<i>Andhra Bank, Kakinada</i>
1. Total Deposits (in lacs)	850	1400	60	128	250
2. Total Advances (in lacs)	450	400	40	890	130
3. Advance to Fisheries (in lacs)	1.9		6.6	281.3	20.0
Proportion of Fisheries Advances to Total Advances (per cent)	0.4	2.7	16.4	1.4	14.4
4. Advances to Marine Fishery	1.9	2.7	(16	11.2	20.0
Marine Fishery to Total Fishery (per cent)	100.0	100.0	9.3	3.9	100.0
Marine Fishery to total advances (percent)	0.4	0.7	1.5	1.3	15.4
5. Demand (D) - Collection (C) & Balance (B) for Marine Fishery segment (in lacs)	D 1.94 C 0.00 B 1.94	D 3.49 C 0.80 B 2.69	D 0.61 C 0.00 B 0.61	Not available	D 20.00 C 2.00 B 18.00
6. Recovery (per cent)	0.0	22.9	0.0	Not available	11.1

4.1.4 Borrower Level

Sources of credit usage: formal channels (Whole sample, annualised)

- > The formal credit was only for productive purposes and not for consumption needs.
- > 96 per cent of the formal credit is provided by commercial banks and only 4 per cent by co-operatives.

Out of 36 respondents covered, only three had availed bank credit during the last three years. All the three happened to be in only 1 village. All these loans were part of the schematic lending under government sponsored IRDP scheme towards the purchase of boat and nets. The scheme consisted of a subsidy of Rs. 4000, loan component of Rs. 6000 and margin money of Rs. 2000. The total project cost was Rs. 12000. The interest rate is 12.5 per cent.

- > The time taken for the sanction of the loan and purchase of the asset was nearly four months in all the cases.
- > The expenditure (transaction cost) incurred by the beneficiaries was about Rs.1000 which works out to nearly 9 per cent of the total project cost or 16 per cent of the loan amount.
- > None of the respondents knew the exact loan amount that was availed and the current balance outstanding.

Though questionnaire was very elaborate and included questions on various aspects of credit appraisal and follow-up measures of the commercial banks, the transaction costs, attitudes of borrowers etc., in view of few respondents having availed bank loan, detailed analysis and interpretation has not been attempted.

4.2 A.P.S.F.C.

APSFC provides term loans and composite loans for small and medium scale industries, small road transport operators and other non-farm activities. APSFC provided loans for fisheries., mainly for mechanised boats and trawlers during 1980s, However, since last three years there has been no fresh loan to the fishery sector. Low recovery rate is one of the reason for discontinuing advances to fishery. The loans outstanding as on March 31, 1993 was Rs.8.6 lakhs.

4.3 Co-operatives

however. except in Maharashtra, Gujarat, Tamil Nadu and Orissa, the fishermen co-operatives in other states do not play any significant role in the development of fisheries". This statement made in Eighth Five Year Plan 1992-97 document while reviewing the progress of fisheries sector indicates the status of fishery co-operatives in Andhra Pradesh.

On record, however, there is elaborate co-operative structure in the fishery sector. As of 31.3.1994, there were 3646 primary societies with a membership of about 359,000. This comprises of both inland and marine societies. Out of 3646, about 700 are estimated to be marine societies. Even the federation is not clear about the exact figures. The estimated membership in the primary co-operatives using an average membership of 100 per primary society would be 70,000 which works that nearly 50 per cent of total number of fishermen are members in co-operative societies.

The numbers represented above do not reflect the realities on the ground. In none of the villages visited, was there any semblance of activity though co-operatives were supposed to have been established some years back. There is no office premises in any of the village where the co-operative is supposed to be functioning. The books are kept in somebody's house. No meetings or elections have been conducted for years. The main reason for the establishment of co-operatives was that all the government programmes were to be routed only through the co-operatives. Once the loan and subsidy was distributed, the co-operative have stopped activities.

Table 4.3 Primary Fisheries Co-operative Societies in A.P.

Si. No.	District	No of Soc.	Membership	Share capital (Rs. 000s)
1.	Srikakulam	133	18399	344
2.	Vizianagaram	46	6754	93
3.	Visakhapatnani	98	11046	852
4.	East Godavari	298	32177	751
5.	West Godavari & Kolleru lake	257	22055	262
6.	Krishna	185	18451	317
7.	Guntur	130	15844	252
8.	Prakasam	75	10378	46
9.	Nellore	127	20288	169
	Coastal Andhra	1349	155392	3080
	Rayalaseema	164	11490	132
	Telangana	2133	192139	1878
	Total	3646	359021	5090

Source: Handbook on Fisheries Statistics of A.P. (1993-94) based on Livestock Census of 1993 (Provisional)

4.3.1 National Co-operative Development Corporation (NCDC)

NCDC is an institution financing development projects through co-operatives. It provides long term, soft loans for investment and infrastructural development projects. NCDC funded the Integrated Marine Fisheries Project during 1986 to 1994, The second phase of the above project is currently being implemented. Cumulative disbursement by NCDC since its inception in the state is Rs. 177 crores upto 1993-94 for various projects. Out of this the share of fisheries is only Rs. 9 crores, most of this amount is towards marine sector. As the Table 4.3.1 indicates, the scheme is well designed. The main drawback is in implementation because of weaknesses in the co-operative system and NCDC funds have to be routed only through co-operatives.

Table 4.3.1 Integrated Marine Fisheries Development Project

Sponsored by NCDC : II Phase 1995-2000 (Rs in Lakhs)

<i>Component</i>	<i>Loan</i>	<i>Subsidy</i>	<i>Share Cap</i>	<i>Total</i>
Fishing Inputs				
Catamaran	18.0	9.0	9.0	36.0
Catamaran with OBM	260.0	130.0	130.0	520.0
Motorised Navas	450.0	225.0	225.0	900.0
Masula boats	68.8	34.4	34.4	137.6
Total	796.8	398.4	398.4	1593.6
2. Infrastructure				
Auction halls	18.8	9.4	9.4	37.6
Transport	18.5	9.3	9.8	37.6
Service facility	2.8	1.4	1.4	5.6
Ice plant	70.0	35.0	35.0	140.0
Total	110.1	55.1	55.6	220.8
3. Project Management	0.0	0.0	30.4	30.4
4. Other(trainingetc.)	203.4	145.8	1.7	350.9
G.Total	1110.3	599.3	486.1	2195.7
<i>UNIT COSTS</i>		<i>Component cost</i>		
<i>Type</i>	<i>Boat</i>	<i>Engine</i>	<i>Net</i>	<i>Total</i>
1. Catamaran	70(X)	0	5000	1200()
2. Catamaran with OBM	15000	17000	8000	40000
3. Motorised Navas	60000	30000	60000	150000
Districtwise Distribution :	Vizag.	Krishna	Guntur	Total Units
1. Catamaran	0	0	300	300
2. Catamaran with OBM	1300	0	0	1300
3. Motorised Navas	0	350	250	600
4. Masula boats	250	0	0	250
Total	1550	350	550	2450

4.4 Other Government agencies

Department of Fisheries (DoF): DoF is responsible for the development of fisheries and fisherfolk in the state. All the government programmes are conceived and implemented by them. The central and state subsidies for various programmes are routed through DoE. The DoF also participates in the formulation of Annual Credit Plan which determines the flow of institutional finance to the fisheries sector. Fish Farmers' Development Agency and Brackishwater Fish Farmers' Development Agency have been set up on the lines of District Rural Development Agency towards the development of inland and brackish water fisheries respectively. There are 22 FFDAs and 5 BFDA's present in the state,

VARIOUS SCHEMES IN OPERATION IN THE MARINE FISHERIES SECTOR:

1. Integrated Rural Development Programme

Sponsorship	Central government	
Beneficiaries	Individuals below the poverty line	
Purpose	Providing country crafts, nets	
Unit cost	Upto Rs.12,000	
<i>Subsidy</i>	<i>Category</i>	<i>Subsidy</i> (per cent of project cost)
	SC & ST	50 per cent
	Marginal farmer	33 per cent
	Small farmer	25 per cent

Status: In operation but the coverage of marine fishermen is very poor. The estimated automatic refinance for marine fisheries under IRDP is about Rs. 35 lakhs per year implying that about 600 loans are refinanced

2. Modernisation of Traditional Crafts

Sponsorship	Central and State government
Beneficiaries	Individuals below the poverty line
Purpose	Providing motors to country crafts
Unit cost	Rs.20000
Subsidy	50 per cent shared equally by central and state govts. 50 per cent loan from commercial banks 1995-96 target - 500 units in the state, State outlay - Rs.50lakhs

3. Introduction of Beach Landing Crafts (BLC)

Sponsorship	Central government
Beneficiaries	Individuals or groups through co-operatives
Purpose	Purchase of BLC
Unit cost	Rs. 1.40 Lakhs
Subsidy	25 per cent by central govt. 70 per cent loan from NCDC 5 per cent margin money from beneficiaries
Status	Project implemented between 1986-1994 44 units, each covering 5 fishermen

4. **integrated Marine Fisheries Development Project sponsored by NCDC (refer table 4.3.1)**

5. **Savings cum relief scheme**

Sponsorship	Central government and state government
Beneficiaries	Individual members of co-operatives
Purpose	Meeting the consumption needs during lean season
Scheme	Rs. 45 to be saved by fishermen for 8 months Matching grant of Rs. 36() each by state and central govts. will be added to get Rs. 1080 which is given in 4 instalments of Rs. 270 each during the lean season
Status	Project still in operation. 1995-96 target is to cover 2000 fishermen

6. **Housing**

Sponsorship	Central government and state government
Beneficiaries	Individual members of co-operatives
Purpose	Meeting the housing needs of fisherfolk
Scheme	Subsidy Rs. 13000 shared by central & state govt. Loan Rs. 5000, loan from HUDCO Margin Rs. 1000 by beneficiaries
Status	Project still in operation. 7000 families covered 1995-96 target is to cover 5000 families

5. INFORMAL CHANNELS OF CREDIT

Informal channels play a major role in providing credit for fisherfolk. In the present study as much as 90 per cent of credit needs of the respondents was met by informal channels. This channel includes traders, money-lenders, agents, friends and relatives, NGOs and self-help groups (SHGs).

- > Of the total credit usage of the respondent 57 per cent was contributed by traders/money-lenders.
- > Friends and relatives contributed 27 per cent and private sources including SHGs and NGOs contributed nearly 6 per cent.
- > Of the 90 per cent contribution by the informal channels, 62 per cent was towards production purposes and the rest 28 per cent towards consumption purposes.

Table S. Sources of Credit Usage : Informal Channels

Source Use.I	Trader/ Money-lender	Labour contract and Shopkeeper	Friends/ Relatives'	Private finance (incl.SHG/NGO)	Total
Consumption	3.8	0.0	24.1	0.0	27.9
Production	53.2	0.0	2.6	6.3	62.1
Total	57.0	0.0	26.7	6.3	90.0

5.1 Interest rates

- > The interest rates varied from 2 per cent to 5 per cent per month depending on the credit worthiness of the fisherfolk and credit history of the borrower with the lender.
- > In the case of traders having buy back arrangement. the interest rate was not charged but the catch is purchased at a price lower (usually 10 per cent) than the prevailing market rates

Table 5.1 Informal Channels of Credit - Interest Rates

<i>Source</i>	<i>Interest rate per annum</i>
Trader/Money-lender	a. 24-60 per cent b. Fish Catch
Labour Contract	Covered in wage rates
Friends/Relatives	Interest charged at market rates for larger loans only
NGO/SHG	10-12percent

5.2 Trader Loans

Trader deals with fish marketing, either directly or indirectly. He normally operates from a rural town or district headquarters or where the fish market is situated, owns a godown and a shop and may own a trawler, boats etc. He also advances money to fisherfolk for purchase of boat and net and also for other contingencies.

Terms and conditions The trader may advance money either to individuals or a group of persons. The agreement is to sell the catch at a price lower than the prevailing market price which is usually about 10 per cent. In some cases the fisherman is free to sell his catch to anybody but pay an interest ranging from 3-4 per cent per month on the loan amount. The settlements and payments are usually done once a week (on the market day).

Transaction cost: The transaction cost is near zero for these loans because the credit is available at the market site or at the landing centre. The credit is provided without any delay.

Extent of coverage : The discussion with the fisherfolk indicate that there is no difficulty to get loan from a trader provided the trader is convinced about the repayment capacity and willingness of the borrower to repay. Traders have an internal understanding among themselves not to overlap their territory to avoid multiple financing.

5.3 Money-lenders

Money-lenders met during the study consisted of those with substantial land holdings or those in business other than fisheries. They also lend money to fisherfolk out of the surpluses generated in other enterprises as a supplementary source of income.

Terms and conditions: They usually provide loans against security for varied purposes including investment and consumption purposes. Normally fisherfolk do not approach money-lenders for working capital purposes. If the borrower is well-known and has previous borrowal history, the security criteria is waived. In such cases even the interest rates are lower. The interest rates vary from 2-5 per cent per month depending on the loan amount, collateral and borrowal history etc.

The transaction cost : The transaction costs vary depending upon the personal relationship, collateral and distance between the place of the borrower and the money-lender. Money-lender may not operate from the fish market centre or at the landing centres. However they are easily accessible by the fishermen in case of need. These money-lenders keep a very low profile and their operations are kept very secret.

Extent of coverage: All the fisherfolk have access to one moneylender or the other. A person borrowing for the first time from a particular money-lender may get introduced through a friend or a relative.

5.4 Friends and relatives

Amongst the friends and relatives **there are** two kinds of money transactions. They give and take small amounts of money for various purposes, generally for daily household needs wherein the amounts involved are small, the transactions are frequent and usually do not carry any interest. The amounts are repaid within a short duration of time. These transactions are generally not considered as loans. There are other money transactions in which amounts involved are larger and for regular trade or for purchase of boats and nets. In such cases, the transaction carries interest,

Transaction cost: Since the transactions are carried within the same or neighbouring village or at the landing centre or at the marketing centre, the transaction cost is almost nil.

Extent of coverage The smaller transactions take place almost everyday. However the transactions involving larger amounts of money might take place only when the surplus funds are available. In the present study, 27 per cent of the respondents had availed loans from friends and relatives.

5.5 SHGs/NGOs

Out of the three locations where the study was conducted, NODs were operating in two. In both these locations, the NGOs had promoted Self-Help Groups among fisherwomen. Apart from that they have provided loan and other assistance for purchase of boat and nets and are also implementing health and awareness programme among fisherfolk.

The profile of the NGOs is presented below

<i>Particulars</i>	<i>Vil: Adarshnagar Manda!: Bapatla Dist: Guntur</i>	<i>Vil: Vemuladevi & S.Al. Lanka Mandal: Narasapur Dist: W Godavari</i>	<i>VU: Soradapeta Mavapatnam (Uppada) Mandal: Pinapurain Dist: E. Godavari (Kakinada)</i>
1. NOD	Gramasiri	No NGO. Mahila Mandal in operation	VJNNS
2. Year of Establishment & growth	Established during 1980s. Now operating in 36 villages covering 4664 families including 1 marine village.	Established in 1993. Operating at a very low key level.	Established in 1993. Operating in 3 villages.
3. Mission	integrated Community Development	Mutual help	<ul style="list-style-type: none"> ■ Literacy ■ Women & Child development ■ Health care ■ Economic development
4. Programme with Fisherfolk	Programme initiated in Adarshnagar in 1991. 504 loans given totalling Rs.3.09 lacs.	Loan taken under DWACRA at Rs. 1000 each by 15 members.	Programme initiated in 1993 in 3 villages. Planning to get funds from RMK.
5. Self Help Group linkage	167 members planning to get funds from RMK.	Savings and Credit amongst the members.	Savings and Credit amongst the members,

Summary Profile of the locations visited for the study on Credit for the Fisherfolk

<i>Description</i>	<i>Vil: Adarshnagar Mandal: Bapatla Dist: Guntur</i>	<i>Vil: Vemuladevi & S.M.Lanka Mandal: Narasapur Dist: W.Godavari</i>	<i>Vil: Soradapeta Mayapatnam (Uppada) Mandal: Pittapuram Dist: E.Godavari (Kakinada)</i>
<p>1. Formal Credit</p> <p>1a. Cooperatives</p> <p>1b. Banks</p> <p>2. Informal Credit</p> <p>2a. Money-lenders IFish Traders</p> <p>2b. Labour Contract</p> <p>2c. Friends/Relatives</p> <p>2d. Private Finance (NGO/SHG)</p>	<p>Mainly schematic finance. IRDP. modernisation of traditional crafts & NCDC IMFDP under operation.</p> <p>NCDC project implemented through cooperatives.</p> <p>Service area under SBI. Due to overdoes lending is discontinued since 1993.</p> <p>Main Source: Money-lenders. Net-Boat Owners Main purpose: Boat, net, fish trading. consumption when the income is low, System: Catch contract. Int rate: 3-4 per cent p.m.</p> <p>No money lender in the village. Lending by Money-lenders and Traders from outside the village,</p> <p>NIL</p> <p>For small credit needs at no interest. Bigger loans carry interest,</p> <p>GRAMASIRI has promoted SHG. under RMK with 167 members. 124 have availed loan at an average of Rs.1000 per member. Also 158 persons have been provided loan of 1.6 lacs.</p>	<p>Mainly schematic finance. IRDP. modernisation of traditional crafts under operation.</p> <p>Cooperatives mostly defunct. No lending activities.</p> <p>Service area under Andhra Bank. Earlier Finance from SBI. Lending discontinued due to overdues.</p> <p>Main source: Money-lenders. Net-Boat owners. Main purpose: Boat, net, fish trading, consumption when income is low, System: Catch contract. Int. rate: 3-5 per cent p.m.</p> <p>Lending by large fishermen within the village and by Money-lenders and Traders from outside the village.</p> <p>Few fishermen involved in Labour Contract (Khalasi)</p> <p>For small needs at no interest. Bigger loans carry interest.</p> <p>No NGO in operation. There is a Mahila Mandal under DWACRA. 15 women have availed loan of Rs.1000 each.</p>	<p>Mainly schematic finance. IRDP, modernisation of traditional crafts under operation.</p> <p>Cooperatives mostly defunct. No lending activities.</p> <p>Service area under Andhra Bank. Lending discontinued due to overdoes.</p> <p>Main source: Money-lenders, Net-Boat owners & Traders. Main Purpose: Boat, net, fish trading. consumption when income is low. System: Catch contract. Int. rate: 3-4 per cent p.m.</p> <p>One Money-lender and large fishermen within the village. Also by Traders and Money-lenders from outside the village.</p> <p>NIL</p> <p>For small needs at no interest.</p> <p>VJNNS has 9 SUGs operating in three villages recently established having a membership of 394. It is promoting savings amongst the members. Credit programme just initiated with Rs.2000 given to some of the members.</p>

6. KEY FINDINGS

Magnitude and Geographical Distribution:

1. At least 3 lakhs persons, 1.38 lakhs engaged directly in fishing and another 1.62 lakhs in related activities, depend on marine fisheries for their livelihood in Andhra Pradesh. The marine fisherfolk are spread over 9 coastal districts of Andhra Pradesh, The largest number of fishermen are in Visakhapatnam, East Godavari and Srikakulam districts, in that order.

Technology, Employment and Production:

2. There are three main types of marine fishing crafts - traditional, motorised, and mechanised. Out of the total 66,000 odd fishing crafts in Andhra, 82 per cent were traditional, accounting for 78 per cent of the production and 68 per cent of the employment. Thus, for a large percentage of fishermen who use traditional boats and nets, the catch is low, the quality is poor and the income tends to be low. The uncertainty in the availability of catch results in further deterioration of their income.
3. The remaining 18 per cent of the fishing craft were motorised (5 per cent) or mechanised. These together accounted for 22 per cent of the catch and 33 per cent of the fishermen employed.
4. The total marine fish production in Andhra was 1.31 lakh tonnes in 1990-91. This included squid and cuttle fish, ray fish, seer fish, cat fish, croakers, butter fish, sardines and Indian salmon as the main varieties.

Credit Usage: Production and Consumption

5. Credit plays an important role in the livelihoods of fishermen. Credit is required for a wide range of household consumption needs and for productive purposes such as purchase of boat and nets. As per the survey, the annual credit usage of a fisherman household was Rs 6,423, which was 38.6 per cent of the average household income.
6. In the sample survey, 28 per cent of the credit usage was for consumption purposes and 72 per cent for productive purposes. In the case of small loans less than Rs.10,000 38 per cent of the credit usage was for consumption purposes and 62 per cent for productive purposes.
7. The highest credit usage was for purchase of boat and nets (45 per cent) followed by working capital needs (17 per cent). In the consumption category, highest usage was for marriage (17 per cent) followed by illness (9 per cent).

Credit Sources: Formal and Informal

8. The sources of credit to fisherfolk can be categorised as (i) formal and (ii) informal. Formal sources consisting of banks, development institutions and co-operatives contributed less than 10 per cent of credit usage of the respondents. This is in spite of the fact that there is huge network of financial institutions in the state. Though the interest rates were nominal, in the range of 12 per cent per annum, the transaction costs averaged 16 per cent of the loan amount.
9. The institutional finance is mainly provided by commercial banks under schematic lending including IRiP, other central and state schemes. The institutional finance is almost stopped for marine fisheries since 1993 except those given under IRDP and NCDC sponsored scheme.
10. Under the Potential Linked Credit Plan for 1995-96, the loans to marine fisheries sector constitute about 0.2 per cent to the total PLP. The institutional finance to marine sector constituted 14.4 per cent of the loans to total fisheries sector (which includes inland fisheries and aquaculture). Main reasons for poor lending to marine fisheries sector are high overdues of previous loans and inability of marine fisherfolk to provide adequate collateral security. In contrast, both inland and aquaculture involves land which is taken as collateral security.

11. The state seemingly has a vast co-operative structure for the marine fisheries sector. Nearly 51 per cent of the fishermen are members in a primary co-operative society. However, most of the primary fishery co-operatives are defunct. They seem to be active only during the time of schematic lending to facilitate in the selection of beneficiaries. In the survey area, only 0.4 per cent of the total credit usage came from cooperatives.
12. The informal sources consisting of traders/money-lenders, relatives and friends, SHGs and NODs accounted for 90 per cent of the credit usage. Within the informal sources, traders/money-lenders accounted for 62 per cent of the total credit usage and relatives and friends accounted for 30 per cent. SHGs and NODs less than 8 per cent. The interest rates ranged from 36 to 60 per cent per annum, going up to 100 per cent in case of small loans to petty fish trader women.
13. The formal sources did not contribute anything towards consumption credit needs which was met entirely by informal sources, This increases the dependency of the fisherfolk on the traders for credit for both consumption and production purposes.. Since their income is low, they continue to be in the debt trap.

Relative Strengths and Weaknesses

14. The strengths of the financial institutions are that they have wide branch network, the interests are relatively low and have clearly laid out systems and procedures. The weaknesses are that the outreach is poor due to apathy towards small borrowers, the transactions costs are high and they are highly rigid in lending policies. Insistence on collateral security leads to exclusion of most fisherfolk from formal credit.
15. The strengths of the informal sources are that they have very flexible lending policies, the outreach is good and they provide timely and adequate credit. Depends more on credit history and social pressure and less on collateral security. The weaknesses are, though apparent rate of interest is low and sometimes absent, the cost of lending is recovered through low prices paid on fish catch.
16. The **efforts** of the government agencies have been focused more towards aquaculture and inland fisheries. Within the marine fisheries the focus is on mechanisation of traditional crafts. This has resulted in over exploitation of the fishing area due to the limitation of the craft to go beyond a particular distance into the sea.
17. The role of NODs is also very limited in the credit programme, due to the lack of resources to take up credit programme in a big way. Therefore, they mainly rely on mobilisation of savings. But the amounts being very small, the credit out of the deposits of the community fails to meet the requirement of the community.

Part III

ORISSA STATE REPORT

CREDIT FOR FISHERFOLK IN ORISSA

1. INTRODUCTION

Orissa has 480 Km. coastline spread over seven coastal districts Balasore, Bhadrak, Kendrapara, Jagatsingpur, Ptiri, Khurdha and Ganlam. In all these districts marine fishing is done. Marine fishery sector in Orissa shows diverse patterns. On the one hand the production is done in an unorganised individualistic way with one or two fishermen operating through a *patia* or *dinghy*, on the other hand there are huge navas operated by a fisherman group (usually 9-10) or *meli*. Trading ranges from unorganised headload vending to highly organised export network. As the marine fishery segment is highly unorganised and complex, the lot of the marine fishermen or *noïias* has remained unchanged. It has not made much headway even after the introduction of many developmental schemes, projects and programmes through various agencies. The marine fisherman continues to enjoy very low share of the total value added.

1.1 importance of Marine Fisheries

Employment: A survey conducted by the Department of Fisheries states that there are 6.5 lakh fishermen in Orissa of which 1.3 lakh are marine fishermen. These marine fishermen inhabit in 329 marine fishing villages. Out of 6.5 lakh fisherman only 28 per cent are active (those are engaged in fishing at least 2-3 months in last two years). In case of marine fishery the percentage of active fishermen is 38.7 and thus higher than that of freshwater fishery. The marine fishermen on an average fish for 8-9 months in a year while the fishing time for freshwater fishermen is much lower and discontinuous than the marine fishermen. Thus marine fishery is a substantial contributor to rural employment.

Caste: Traditionally the fisherman communities are called Kaibarta, which is a generic term for all those who have fishery as an ancestral occupation. The term varies from place to place. In the Chilka area they are called Dhibar, Keuta and Karatia, In Pun those doing marine fishery are called Nolias. There is certain amount of social stratification within the community. Keutas are in the upper strata followed by Pana, Kandra anti Gokha. However, all of them are Scheduled Castes. In Balasore, Rajbanshi, Bengali migrants, local tribals and general caste people comprise the marine fishermen population. In Gopalpur mostly local Telegu speaking population comprise marine fishermen.

This traditional classification however, has become redundant now. This is because of the entry of many other castes into the profession. Net making is being done today by Muslims and other upper castes. The trading in Paradeep and Chandipur is confined to the Bengalis and local upper castes, whereas in Ganjam it is confined to the local trader community called Kumtis. In rest of the state the rearing and trading activities are evenly distributed amongst the various castes. Only marine fishery is still confined to the Nolias and migrant Andhra fishermen.

Production: Orissa occupies seventh position in India for marine fish production after Kerala, Gujarat, Maharashtra, Tamilnadu, Karnataka and Andhra Pradesh. Total fish production in 1992-93 was 2.1 lakh tonnes of which 70,829 tonnes (33 per cent) are fresh water; 22,933 tonnes (11 per cent) are brackishwater and 1,19,376 tonnes (56 per cent) are marine fish. The trends of fish production can be seen from the following table,

Table 1.1 Fish production of Orissa
(Figures in Tonnes)

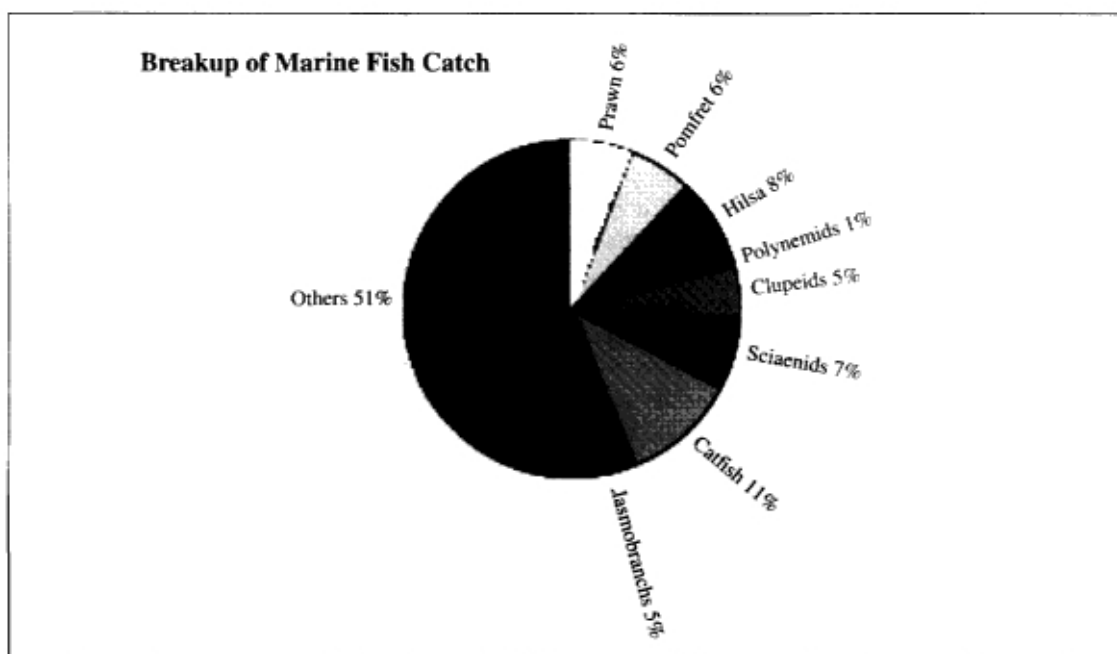
YEAR	85-86	86-87	87-88	88-89	89-90	90-91	92-93
Marine.	53,581	55,324	59,960	60,120	77,895	78,192	93,762
Inland	55,127	57,000	64,500	69,865	75870	80,758	119,376
Total	108,708	112,324	124,460	129,985	153,765	158,950	213,138

Source: Handbook on Fishery Statistics (1994)

Table 1.2 Important Marine Fish Catch in Orissa (1991)

<i>Important Marine Fish Catch (1991)</i>	
<i>Species</i>	<i>Quantity in Tonnes</i>
Prawn	4479
Pomfret	4857
Hilsa	6229
Clupeids	3552
Sciaenids	5690
Catfish	8873
Elasmobranchs	3795
Others	39637
Total	78192

Annual compound growth of marine fish production in the state was 7.2 per cent by the end of 1993 which was higher than the national average of 4.6 per cent per annum for the same period. Thus marine fishery is an important economic activity of Orissa.



Demand: Fish is culturally preferred diet in Orissa. About 80 per cent of the state population are fish eaters. The Government of Orissa estimates annual per capita consumption of fish at 4.89 Kg in 1992-93. The annual per capita consumption is growing at a rate of 7.8 per cent per annum. During 1992-93 total fish consumption in the state was 122,976 mt of which 40 per cent was marine fish.

Technology: There are two different technologies operating in this sector.

Traditional: Small fishermen do not possess mechanised boat. They depend mostly on large fisherman, traders for their financial need. They either operate their own traditional fishing gear or participate in the production process of the traders. They loose the bargaining power and thus the pricing is entirely according to the trader's wish, The quantity and quality of their catch are also lower.

Modern: Modern segment consists of mechanised crafts such as traditional fishing boats fitted with outboard and inboard motors; Beach Landing Crafts, trawlers and motor launches. These are owned and managed by large fishermen, traders and the small fishermen participate in the form of a labour contract. Here the owner takes advantage of seasonality and also the quality and quantity of catch is higher. He is in a better bargaining position because of better quality and thus his dependence on large traders is lower. His access to institutional credit is also higher. Understanding this comparative advantage the Government of Orissa has made attempts to introduce the modern technology. However, the main bottleneck to adopt and manage the improved technology lies in timely and adequate credit which has not been properly addressed so far and this important economic sector has not realised its true potential yet.

Table 1.3 Types of Crafts operating in Orissa

Name of the Districts—> Type of Craft.	Balasore	Cuttack	Puri	Ganjam	Total
Traditional					
Catamaran		552	2258	2968	5778
Barboat		25	52	214	291
Nava		350	189	40	579
Salti	487	190	0	0	677
Dingi	2066	2928	0	0	4994
Patia	889	0	0	0	889
Choat	280	0	0	0	280
Total	3722	4045	2499	3222	13488
Mechanised					
Wooden Trawler	422	258	52	0	732
Gill Netter	210	40	0	0	250
MCC	231	335	141	35	742
BLC	0	5	55	17	77
Total	4865	4683	2747	3274	15569

Note: MCC Motorised Country Crafts, that include inboard and outboard engines. Bt.C: Beach Landing Craft, all disbursed through the co-operatives. Figures are for 1990-91. Latest figures were not available.

2. IMPORTANCE OF CREDIT FOR FISHERFOLK

Fishery is one of the high potential sectors. It provides substantial employment. It has got high export demand. The fishermen communities are close knit and well organised. Therefore, this sector has always received special attention and the Government has successively increased the financial outlays for this sector. The outlay is mainly utilised for providing credit for mechanisation of traditional boats, development of infrastructure such as landing centres, fishing harbours, iceplants and godown facilities. Table 2a gives the details of financial outlay for the fishery sector as a whole.

Table 2a Financial Outlay for Fisheries Sector over Plan Periods

Plan Period	Rs. in Lakhs
1980-81 to 1984-85	1015.00
1985-86 to 1989-90	1624.21
1990-91 to 1994-95	5384.00
1992-97 (revised)	10,464.00

Table 2b Detailed Breakup of Fisheries Budget of the State

<i>Programme/Project</i>	<i>Rs in Lakhs</i>	
	<i>1992-97</i>	<i>1992-93</i>
I. Direction and Administration	475.00	105.40
2. Inland Fisheries	1556.00	230.70
3. Estuarine and Brackishwater Fisheries	6034.00	484.00
4. Marine Fisheries	1089.00	250.00
5. Processing, Preservation and Marketing	95.00	21.00
6. Extension and Training	55.00	16.00
7. Fisheries Cooperatives	280.00	40.60
8. Assistance to Public Sector and Other Undertakings	680.00	250.00
9. Other Expenditure	200.00	40.00
Total	10464.00	1443.00

Source: Status Paper on Fisheries, Department of Fisheries, Govt. of Orissa

Credit is interlinked with production, marketing and technology used. Therefore, we have attempted to study the linkage of credit in production, technology and marketing of fish in the state. The fisherfolk in the state are at the lowest rung of the value addition chain. The reach of credit to the bottom rung thus becomes extremely difficult. Therefore, the role of credit is crucial to ensure better return to this underprivileged group.

2.1 Production and Marketing Systems

The marine fisher sector is very complex in nature and involves many actors in the process. The production technology, marketing varies according to the locations. General activity flow starts as follows:

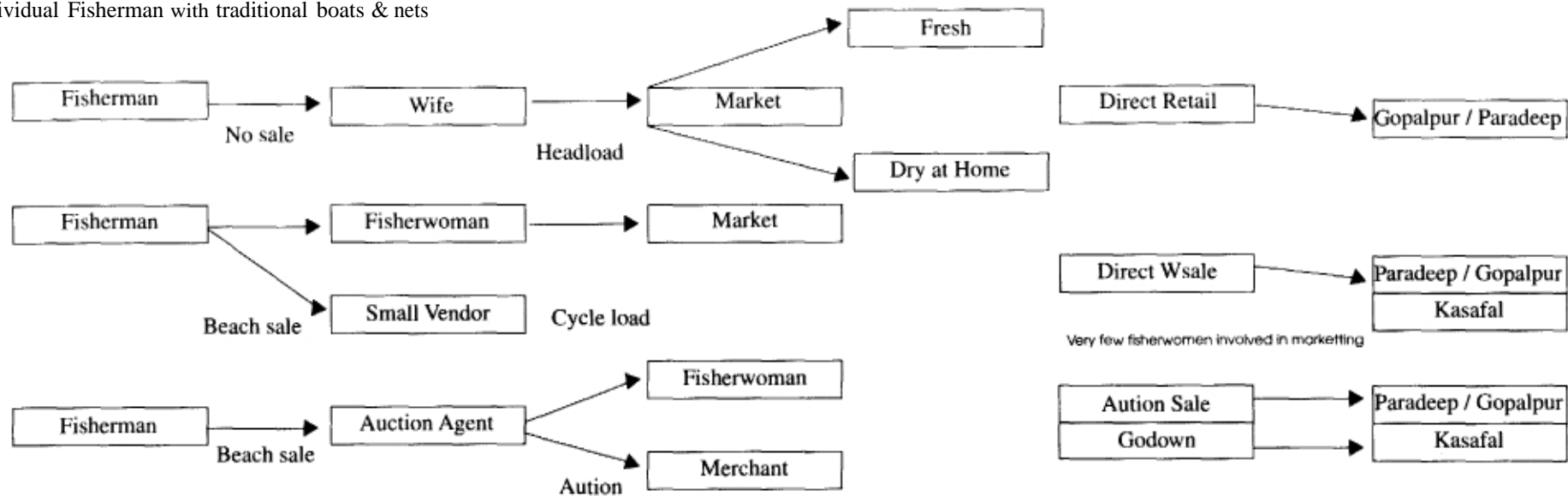
Table 2.1a Actors and Activities in Fisheries Sector in Orissa

<i>A ctor</i>	<i>Activity</i>
1. Fisherman	Does not have boat, goes as wage labour for fishing, under labour contract, in a group called meli
2. Fisherman, boat and net share owner	Arranges a meli, goes with the meli, gets share for his boat and net and also his own wage share
3. Auction agents	From fisherman community or from godown owners' side, ascertains the value of catch, ensures that the catch goes to the specified godown who has advanced money to a fisherman meli.
4. (lodown owner / Trawler owner	Arranges a few melis, operates his own mechanised boat and/or trawler, has his own storage and transport arrangement. He sends fish to wholesale markets at Calcutta, Vizag, etc.
5. Headloaclers /Cycle Vendors	They purchase fish directly from auction, though first priority goes to the godown owner. They cater to nearby retail markets.
6. Commission / Collection Agents	They operate for ordinary and special category of fish, collect fish at landing centre or at deep sea from individual boats by motor launch and supply to specified godowns or exporters.
7. Graders / Sorters	They are professional fishermen present in every godown who grade, sort and process fish
8. Exporters	There are a few exporters who have their own processing unit and they process, pack and sell directly abroad or through their clearing and forwarding agents.

The chart in the following page gives the linkages between various actors in the sector.

MARKETING SYSTEMS OF MARINE FISHERY PRODUCTS IN ORISSA

Individual Fisherman with traditional boats & nets



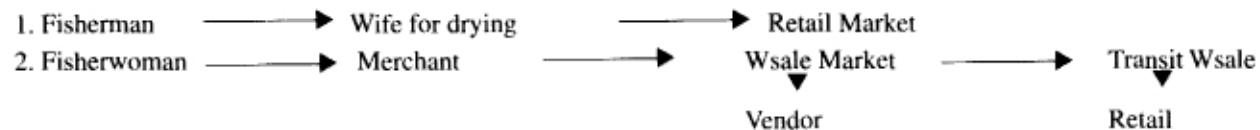
FRESH FISH

individual and Group of Fishermen



DRY FISH

Individual or Meli



Production and Distribution a/Catch: There are different types of fishing crafts and gears used for catching different types of fish, They have different names in different locations. Fishing is mainly a teamwork and involves 2-15 people in a group. They often share boats or nets or both. They take advance as a group from the trader/godown owner for meeting their consumption and contingency needs, in Northern coast sharing of net is very common. In Southern and Central Coasts the net is owned by an individual. The sharing of the fish catch goes as follows. If there are four members in a boat of which boat owner is one, there will be six shares, four crew will get one share each, there will be two shares for boat and net, If the net is on share then it will be equally distributed among the four, if the boat owner has provided the net he will get three shares, one for boat, one for net and one for his own labour. This system is followed for the traditional crafts.

In case of mechanised crafts expense of fuel and maintenance is equally shared among the group members. In case of Beach Landing Crafts (BLC) 50 per cent of the catch is allocated for fuel and maintenance which goes to the owner. Balance 50 per cent is shared among the crew, In case of the trawlers the trawler owners bear all the maintenance and repair cost and employ fishermen on wage basis at Rs 25 per day and food. The driver gets Rs 2000 and the navigator Rs 1000 per month. The entire catch goes to the owner.

Auction System: In all the locations open auction system is followed. As soon as the fish arrives at the landing centre, the auction takes place at the beach except the northern coast where it is taken to the godowns. In godowns the species are sorted and accurately weighed, whereas in southern coast it is roughly estimated. Auctioning is done by local fishermen whose number varies from 1 to 5. The auctioneer or his group deposits an annual amount of Rs 6000 as auction fee with the village committee of the fishermen. This is utilised during festivals celebrated among the fishermen. Auctioneer gets the first right to purchase and often he is financed by the traders. The auctioneer collects 2-3 Kgs of fish from each auction lot and sells at the end of the day and the amount is kept with him. He is the key person who acts as a representative of the local people and also sometimes acts at the behest of traders.

Handling of Fish : The fish is sold to the wholesalers and local retailers. Then the commission agent supplies the fish to outstation wholesalers and the transit or terminal markets. His commission varies from 8 per cent to 15 per cent and he spends 1.5 to 2 per cent on auction fee, a further 2 to 3 per cent on packing and preservation. Then these are sold to retail market by the large wholesalers in the terminal markets. The main destinations of Orissa fish are Calcutta, Madras and Delhi.

Price and Seasonality: Pricing is very crucial in marine fishery as the fish is highly perishable. Apart from that there is high degree of uncertainty that affects pricing and other business decisions. The sector also has a peculiar price variation, in all the three locations during peak season when the catch is high the price remains high for quality fishes which are consumed outside Orissa. In the off season, though the catch is low and demand is high, the prices do not rise further. This peculiarity can be explained as follows: The traders in the peak season transport the whole of the catch to terminal markets by trucks and trains. While in the off season due to the small volume of catch the transportation becomes uneconomical. However, this does not apply for smaller locally consumed fishes where the prices fall in the peak season and rise in the lean season. During the off season fisherman's income suffers drastically.

Table 2.1b Variations in Production and Distribution System across three coasts

<i>Description</i>	<i>Gopalpur</i>	<i>Paradeep</i>	<i>Balasore</i>
1 a. Fishing ('raft Traditional (Non- mechanised Type)	Catamaran(Teppa) also bar boat Cost: 10-20,000 Life: 4-5 years Capacity: 4 Crew, 15 Kms, 3 tonnes	Nava/Patia Cost: 10-15,000 Life: 10years Capacity: 6-8 Crew, 20 Kms, 3 tonnes	Dinghy Cost: 10-12, 000 Life: 10-15 years Capacity: 5 Crew, 10 Kms, 3 tonnes
1b. Fishing Gear Traditional Mechanised Type	Motorised Boats Cost: 15-25,000 Life: 4-5 years, engine 1-2 years Capacity: 3-7 tonnes	all locations	all locations
1c. Modern Type	Beach Landing Crafts: Cost: Rs 1.35 lakh Life: 10 years Capacity: 4-5 crew, 1.5 tonnes Trawlers Cost: 5-15 lakhs Life: 10-15 years Capacity: 6-7 Crews, 3 tonnes		Motor Launch Cost: Rs 5-7 lakh Collects fish from 15 to 20 boats and dinghies
2. Production Pattern	Total production in the distdct(92-93) 5658 MT. non-mechanised sector 97%.	Total Production in Cuttack district 42,946MT, 36% non-mechanised, 64% mechanised	Total Production in Balasore district 53,793MT, 38% non-mechanised, 62% mechanised
3. Fishing Season	3 main fishing peaks July-Sept, Oct-Feb, Mar-June	2 main fishing peaks, Aug-October, Nov-Feb	2 main fishing peaks, Aug-October, Nov-Feb
4. Women's Participation	Women participate in fish marketing	Less woman participation as compared to Gopalpur	Mostly housewife, a small section dry fish, no trading
5. Fish Disposal System, Channel	Fresh 2/3rd, Dry 1/3rd, Beach Auction	Fresh 60 % and Dry 40%, Beach Auction	Fresh 75% . Dry about 25% Godown Auction

3. LINKAGES TO CREDIT

Credit is an important and inherent component of the production and distribution system of the marine fishery sector. In the production process the fishermen community plays the crucial role in the primary production. They are low income groups and from backward castes. Their scattered nature, high mobility and lack of awareness restricts the availability of institutional finance. Institutional finance is largely extended for mechanisation of traditional crafts, purchase of boats and nets. But the politically biased selection process, complex documentation, long waiting time have not made the system popular.

The scattered nature of landing centres and the seasonality of production favour the reach of informal finance to fisherman through trader and godown network and boat and trawler owners. The fishermen mostly need consumption loans in the lean season when their income is low and when there are contingencies

such as marriage and death. These demand segments are well tapped by the traders and money lenders respectively. The fisherman prefers this loan because the arrangement is simple, transaction time and costs are less, involves no documentation and the credit is provided on time. The traders prefer this system as it ensures regular fish supply, provides cushion against peaktime labour shortage and its effect on supply.

The most prevalent informal credit arrangement is advance to the fishermen by the traders during the month of May and June when the income is low. The obligation is on the part of the fisherman to sell his catch to the person who has advanced him the credit, In Northern coast the catch is sold to the person at the prevailing market price while in Southern Coast the catch is sold Rs 10-15 below the market price. If the fisherman sells his catch elsewhere, then he pays back the money and also penalised by the village committee for doing so. This system is a form of forward sale and has been termed as catch hypothecation in this report. By and large though this loan appears to be "interest free", the interest is charged through a lower purchase price.

Fish is a perishable commodity, therefore the working capital requirement is a critical credit need. Since the fishermen do not have adequate working capital they lose the bargaining power and sell their catch at a price dictated by the traders at their advantage. Similarly, the traders also get their working capital requirement from large wholesalers and thus monopolistic pricing is checked, The details of credit linkage and the systems followed are given in following pages.

Credit Systems in Operation in Artisanal Marine Fisheries in Orissa

	<i>Credit</i>	<i>Main Purpose</i>	<i>Credit Term</i>
Large Trader	To local merchant	Working capital for boat purchase	Asset hypothecation Catch hypothecation Rs.10 below market price
IMcal Merchant Godown/Trawler owner	To boat-net owner	Working capital	Asset hypothecation Catch hypothecation
	Direct advance to Meli	Consumption	Purchase Rs. 10 below market price
Auction agent	By trader/money lender	Term loan	Collateral and 3% interest rate per month
	By bank	Term Loan	As per RBI guidelines
Fisherman Boat-Net owner	By godown owner	Labour contract Working capital for Meli	Asset hypothecation and collateral
	By banks	Purchase of boat & net or net share	-do-
Fisherman	By boat owner	Consumption, home repair	Contractual obligation, no interest
	By trader	Consumption contingency	Catch hypothecation
	By banks	Boat-net purchase, small business	As per RBI guidelines

Source : Data collected by Study team.

3.1 Credit Requirement and Usage

Overview: To get an idea about the sources and uses of credit three locations were identified, one each in southern, central and northern coasts, In each location two villages were selected, of which one is relatively bigger and closer to the mainland and the other is small and relatively remote. In each location a questionnaire

was administered among 10 fishermen. So on the whole the questionnaire was administered among 30 fishermen. Apart from that, informal unstructured interviews were conducted with a few money lenders, traders, officers of the Department of Fisheries, grassroot level workers of NGOs operating in the area. A structured questionnaire was also administered among the bankers in the area.

Sample Profile. Among the respondents 73 per cent were male and 27 per cent were female. 86 per cent of the sample were scheduled castes. 7 per cent scheduled tribes and 7 per cent general castes. Average family size was 8. it varied from a minimum of two to a maximum of 17 members per family. Average total asset per family was Rs 27, 655. Average annual income of a fisherman family was Rs 22,467 from all sources. Income from fisheries¹ accounted for Rs 20,867 per annum while income from other sources such as earthwork, agricultural labour, etc. accounted for Rs 1600 per annum.

3.1.1 Credit Requirements:

Out of the 30 respondents. 97 per cent said that they needed credit for various purposes from time to time, The purpose wise breakup has been given in Table 3.1.1 below.

Table 3.1.1 Purposewise Credit Requirements

Purpose for which Credit is Needed	% of all house holds needing credit for this
Consumption	
1. Daily HH Expense when income is low	50.0
2. Medicine, etc. during illness	33.3
3. Wedding, social functions	40.0
4. Repairs of house	30.0
5. Construction of house	6.7
6. Children;s education	3.3
7. Others	6.7
Production	
8. Repairs of fishing boats and nets	33.3
9. Purchase of machines for other business	3.3
10. Working Capital for other enterprise/business	30.0
11. Purchase of fishing boats and nets	50.0

3.1.2 Credit Usage: Source and Usewise

The estimated average annual credit usage for a fisherman family from all sources was Rs 4995. The loan portfolio comprised mostly term loans of 1-3 years duration. We considered only the most recent loans and average reference period of the sample was 3 years. For the whole sample 19 per cent of the loans were catered by the formal² sources and 81 per cent from the informal³ sources.. In terms of use 85 per cent of the

1 The income from fisheries include wage income from fisheries, direct sale of catch, income from net mending, fish trading, etc.

2 Formal Sources include commercial banks, cooperatives and non-banking financial companies (NBFC)

3 Informal Sources include fish traders, money-lenders, shopkeepers, friends and relatives,, NGOs, etc.

Table 3.1.1a Boat Ownership Pattern of the Respondents

<i>Owners/tip Pattern</i>	<i>No.ofRespondents</i>	<i>%</i>
Owned Jointly/individually	18	60
Do not own	12	40
Total	30	1(X)

Source Data collected by Study team

Table 3.1. 1b Type of Crafts Owned by the Respondents

<i>Type of Craft Owned (Jointly / Individually)</i>	<i>No. of Respondents</i>	<i>% to Grand Total</i>
Catamarans	8	40
2. Dinghy	3	15
3. Nava	3	15
<i>Sub total Traditional & Non-mechanised</i>	14	70
4. Motorised Nava	5	25
<i>Sub total Traditional Mechanised</i>	5	25
5. Trawler	1	5
<i>Sub total Mechanised</i>	1	5
Grand Total	20	100

Source : i)ata collected by Study team

loans were used for production⁴ purposes and 15 per cent of the loans were used for consumption⁵ purposes. No consumption loan was available from formal sources. Table 3.3.2a in the following page gives the detailed breakup source and usewise. For the loans below Rs 10,000 the formal sources catered 28 per cent and all of them went for production purposes. The informal sector catered 72 per cent of total credit, Of the total credit 56 per cent went for consumption and 44 per cent for production. The breakup is given in the table 3.1.2b below.

4 Production purposes include activities which generates income for the user such as purchase and/or repair of boats and nets, working capital for business, etc.

5 Consumption purposes include use of loan from which no additional income is generated. This included household expenses when income is low, contingencies such as marriage, death and ill health, house construction and repair, etc. The use of loans to finance the business loss has been treated here as a productive use assuming this as an investment to continue his business that would generate income for him latter,

Table 3.1.2a Credit Usage: Source and Use Wise for the Whole Sample

<i>Source—> Use</i>	<i>Informal</i>	<i>Formal</i>	<i>Total</i>
Consumption	15	0	15
Production	66	19	85
Total	81	19	100

Note: Production loans (excluding working capital loans) have been annutilised

Table 3.1.2b Credit Usage: Source and Use Wise for Loans less than Rs 10,000

<i>Source-> Use</i>	<i>Informal</i>	<i>Formal</i>	<i>Total</i>
Consumption	56	0	56
Production	16	28	44
Total	72	28	100

From the above two tables the following inferences can be drawn:

- Informal sector is the major source of credit for the fishermen,
- No consumption credit was available, to tishermen from formal sources.
- For the small loans use for consumption was higher.
- For the large. loans (more than Rs 10,000) the use for production purposes was higher.

Table 3.1.2c Purposewise Credit Use*

<i>Purposefor which Credit is' Needed</i>	<i>% of total credit taken for this purpose</i>
1. Daily HF! Expense when income is low	5.4
2. Medicine, etc. during illness	0.7
3. Wedding, social functions	1.7
4. Repairs of House	0.5
5. Construction of house	
6. Children's education	0.1
7. Others	
'total Credit for Consumption Purposes	8.4
8. Repairs of fishing boats and nets	5.0
9. Working Capital for other enterprise/business	24.2
10. Purchase of fishing boats and nets	63.2
Purchase of machines for other business	
Total Credit for Production Purposes	91.6
Total	100

Non': *Here production loans have not been annualised and the figures reflect the breakup of ertire credit demand for various purposes.

3.1.3 Credit Source

As described earlier the main sources of credit for the fisherfolks are from the informal sources and formal sources comprising banks and cooperatives catered to a very small percentage of the total credit. The sample survey data also shows that the fishermen in Orissa use multiple sources of credit and purpose wise source also varies. The data below highlights the use of different credit sources by the fishermen in Orissa.

Table 3.1.3a Use of Different Credit Sources by Fisherfolks in Orissa

<i>Source</i>	<i>Per cent of Households using this source</i>	<i>Per cent of Total Credit from this source</i>
Informal		
Fish Trader	55	55.2
Labour Contract ⁶	30	14.2
Shop Keeper		
Relatives	27	10.3
Pvt. Finance		
Co.7/NGOs and SHGs	10	1.5
Formal		
Cooperatives	3	2.9
Banks	33	16.0
Total	Not applicable	100.0

4. FORMAL CHANNELS OF CREDIT

The main sources of finance to the fishermen through the formal channels are: Commercial Banks, Cooperative Banks and Regional Rural Banks (Gramya Banks). All these banks participate in the implementation of the government programme or schemes. Apart from the grassroot level there are apex level development finance institutions such as National Bank for Agriculture and Rural Development (NABARD), National Cooperative Development Corporation (NCDC). NABARD refinances commercial banks who in turn finance the individuals. NCDC provides finance through the apex cooperatives to primary cooperatives, Scheduled caste and Scheduled Tribe Finance Corporations provide refinance to SC-ST beneficiaries through the commercial banks. So far most of these institutions have not been much active and mostly engage themselves in disbursement of some loan-cum-subsidy to fishermen.

In the section 4.1.1 and 4.1.2 we deal with the state as a whole and the coverage of the commercial banks through various schemes, In the section 4.1.3 we deal with the district level disbursement to marine fisheries.

In a Labour Contract System the boat owner arranges a group of 4-5 fishermen who do not have their own boat or net to come as a group and use his boat for fishing, for this he advances Rs 1500 to 3500 to each fisherman. Then they work as wage labourers in his boat for 8-10 months in a year. In the end of the year if they wish to discontinue with the group, they pay back the amount. Since this amount is advanced in a lean season, it takes care of the contingencies and expenses when the income of the fisherman is low. It is an "interest free" advance to ensure regular supply of skilled labour. The wage rate is not pre-determined and mostly market driven, and there is no discounting (below market rate of wage) for the advance made. Therefore, we assume it to be interest free. Where, the fisherman gets lower wage (or pre-determined) than the peaktime wage we can think that the interest is a function of expectation by the person who advanced the loan to fisherman.

Private Finance: Non-Banking Finance Companies such as Verona in Balasore and Ganjam, Jiban Bikash in Ganjam The Memorial Finance in Paradeep area mostly raise deposits. The private companies referred in this report are NGOs on-lending to the Self Help Group and Self-Help Groups in turn on-lending to the members.

In the section 4.1.4 we deal with the coverage of the sample bank branches surveyed and in section 4.1.5 we highlight the borrower profile of commercial banks. The section 4.1.6 will highlight the strengths and weaknesses of the commercial banks with regard to the fisheries sector,

Table 4 Profile of Formal Sector Banks in Orissa (1992)

<i>Location</i>	<i>Deposit in Rs Lakh</i>	<i>Advance in Rs Lakh</i>	<i>CD Ratio</i>
<i>Rural</i>	93193.58	87848.47	94.26
CBs	71619.13	52986.08	73.98
RRBs	18974.45	20382.39	108.27
Coop banks	2600.00	14480.00	556.92
<i>Semi-urban</i>	92180.29	55272.69	60.00
CBs	85525.60	50839.62	59.44
RRBs	3075.71	1532.82	49.84
Coop banks	3578.98	2900.25	81.03
<i>Urban</i>	148358.14	142955.85	96.35
CBs	139112.08	97297.19	69.94
RRBs	1446.06	604.76	41.82
Coop banks	7800.00	8363.84	107.22
Total	333732.01	286077.01	86.00

Source: SLBC Report, 1992

Note: There were 1292 Commercial Bank (CB) branches. 819 Regional Rural Bank (RRB) branches and 314 Cooperative Bank branches in the state,

4.1 Commercial Banks

4.1.1 NABARD's Refinance to Fisheries Sector:

At the state level the consolidated figure prepared by the convener of State Level Banker's Committee (SLBC) only gives figure for fisheries advance as a whole combining marine and inland fishery. We describe NABARD's refinance assistance to the marine fishery sector at the state level in the following table. There are various state government schemes, programme routed through the commercial banks to marine fishery sector, National Bank for Agriculture and Rural Development (NABARD) refines the banks for marine fishery segment along with the other activities. The target achievement of the fishery sector in the state is given as follows:

Table 4.1.1 NABARD's Refinance to Fisheries Sector in Orissa (1994-95)

<i>Activities</i>	<i>Target in Rs. Lakh</i>	<i>Achievement in Rs. Lakh</i>
Inland Fisheries	200	193.9
Marine	20	11.0
Brackish Water	35	123.0
Fisheries Sub Total	255	327.4
Of which		
IRDP Fisheries Total		136.0
IRDP Marine		8.6
All Activities	8000	8300

From the table it is clear that marine fishery sector only receives 3.4 per cent of the total refinance extended to the fishery sector as a whole. For IRDP the figure is higher at 6.4 per cent. On the whole the marine

fishery sector, **inspite** of being one of the important economic segment of the state receives very little credit support from the commercial banks.

4.1.2 Various State Government Schemes Routed through the Commercial Banks for Marine Fisherfoiks and the Extent of Coverage:

The State Government and the Central Government make joint efforts to improve the common facility such as infrastructure at the landing sites, marketing support, godown, iceplant and cold storage facility, provision for diesel supply. However, these are not routed through the commercial banks. In this section we would deal with the schemes mostly routed through the commercial banks.

1. Integrated Rural Development Programme (IRDP)

- Sponsorship : Jointly sponsored by the State government and the Central government.
- Beneliciaries: Individual beneficiaries identi fied under below poverty line (BPL) list at the block
Purpose: For providing country crafts, nets
- Unit Cost : Upto Rs 12,000
- | | | |
|---------|-------------------|----------------|
| Subsidy | : <i>Category</i> | <i>Subsidy</i> |
| | SC and ST | 50% |
| | Marginal farmer | 33% |
| | Small farmer | 25% |
- Status : Still in operation: Achievement figures were not available.

2. Economic Rehabilitation of Rural Poor (ERRP)

- Sponsorship : Jointly sponsored by the State government and the Central government.
- Beneficiaries: Individual beneficiaries who are identified under below poverty line (BPL) list at the block level. Assistance is provided to a group of 5-8 fishermen.
- Purpose : For purchase of net
- Unit Cost : Rs 26(X)
- Pattern : 50per cent subsidy, 50 per cent loan at prevailing bank rate of interest
- Status : Started in 1981-82, Still in operation, till 1990,6572 marine fishermen were covered.

3. Assistance to Marine Fishermen

- Sponsorship : Sponsored by the state government
- Beneficiaries: Individual beneficiaries identified by the State DoF
- Purpose : For providing country crafts, nets
- Unit Cost : For boat Rs 3700, for net Rs 2800, Maximum amount Rs 6500
- Pattern : 25 per cent subsidy, for the loan amount interest rate was 10.5 per cent
- Status : Started in 1980-81. discontinued after 1986-87, Achievement figures were not available.

4. Scheduled Tribe and Scheduled Caste Financial Corporation

- Sponsorship : Sponsored by the state government
- Beneficiaries: Individual SC & ST beneficiaries identified by the State DoF
- Purpose : For purchase of boats, nets
- Unit Cost : For boat Rs 3700, for net Rs 2800, Maximum amount Rs 6500
- Pattern : 15 per cent subsidy provided by the corporation.
25 per cent of the unit cost to be provided by the beneficiary as margin money, for the loan amount interest rate was 12.5 per cent
- Status : Started in 1982-83, still in operation. Achievement figures were not available.

5. Introduction of Improved Beach Landing Crafts

Sponsorship: Sponsored by the Central Government

Beneficiaries: Cooperative members, mainly to a group of four or five

Purpose : For purchase of the BLC

Unit Cost : For the BLC Rs 1.05 lakh

Pattern : 50 per cent subsidy provided by the Government of India

5 per cent of the unit cost is provided by the beneficiary/society as margin money. NCDC provides 45 per cent of the loan amount. Interest rate was 12.5 per cent

Status : Started in 1984-85, discontinued in 1991-92

Year	Numbers provided
1987-88	15
1988-89	15
1989-90	10
1990-91	10

6. Introduction of FRP Catamaran

Sponsorship : Sponsored by the state government

Beneficiaries : Individual beneficiaries identified by the State DoF

Purpose : For purchase of crafts, nets

Unit Cost : For crafts with engine and gear, Rs80,000

Pattern : 10 per cent subsidy provided by the state government
75 per cent bank loan

Status : Started in 1992-93, so far 26 catamaran worth Rs 2.08 lakh have been provided, still in operation

7. Motorisation

Sponsorship : Sponsored by the Central Government

Beneficiaries : Individual beneficiaries

Purpose : For purchase of engines to mechanise traditional crafts

Unit Cost : Rs 24,000 for inboard motor, Rs 20,000 for outboard motor

Pattern : 50 per cent subsidy shared equally by the Government of India and Govt. of Orissa,
50 per cent loan from the bank, Interest rate was 12.5 per cent.

Status : Started in 1986-87, still in operation

Year	Numbers provided	Subsidy
1991-92	569	5,690,000
1992-93	600	6,000,000
1993-94	800	8,000,000
1994-95	220 so far, has been disbursed.	

8. Savings-cum Relief Scheme

Sponsorship : Sponsored by the Government of Orissa

Beneficiaries: Individual beneficiaries who are the members of cooperatives

Purpose : Meeting the consumption needs of fisherfolk when the income is low

Pattern : Rs 20 is contributed by the fisherman for 9 months, Matching amount (Rs 180) is provided by the State Government. The total amount is paid to fisherman in 3 equal instalment @ Rs 120 per month during the lean season. (April-May-June)

Status: Started in 1984-85, still in operation, So far 22,563 fishermen have been benefitted with a financial achievement of Rs 20.2 lakh.

interest rate/or all bank loans are as follows

upto 25,000	12 per cent
above 25,000	14 per cent

4.1.3 District Level Credit Dispersal in Marine Fisheries:

Two districts were selected in which had sample respondents' village. The district level credit dispersal to the marine fishery sector in those districts are given in table 4.1.3.

Table 4.1.3 Marine Fisheries Advances at Selected Districts

<i>Indicators</i>	<i>Ganjain</i>	<i>Balasore</i>
	ACP 1995-96	ACP 1994-95
Total Advances	74526 a/c 77.1 RsCr	63536 a/c 35.9 RsCr
Marine Fisheries advances	282 a/c 0.17RsCr	895 a/c 1.18RsCr
Proportion of Marine Fisheries Advances to Total Advance (for amount)	0.2 per cent	3.3 per cent

Note: ACP: Annual Credit Plan, Due to reorganisation of Cuttack district the figures for the Jagatsinghpur District (earlier was a part of Cuttack) in which Paradeep is located **could** not be found out.

This table shows the low share of marine fishery credit to total credit even in coastal districts.

4.1.4 Sample Bank Branches Surveyed during the Study:

The survey covered **two** banks each in **Gopalpur and Paradeep**, and **one** in **Chhanua**, Balasore. The observations showed **that** in each of the cases, there were **no** separate accounts **for** marine fisheries. It is broadly included in the agriculture and allied activity category. **In** some cases **one** could **find** 'fishery' as a separate category **but** it combines **the** financing for marine and inland fisheries. Even in the branches located in the sea coasts this **trend** is visible.

Detailed observation with **respect to total advance and** fisheries advances are given below for the surveyed branches

Table 4.1.4 Profile of the Bank Branches Surveyed

<i>Indicators</i>	<i>Ind Bank, Gopaipur</i>	<i>Andhra Bank, Gopalpur</i>	<i>Bank of India, Paradeep</i>	<i>UCO Bank, Paradeep</i>	<i>BGB, Chhanua</i>
1. Total Deposits (31.3.95) in Rs Cr	2.7	8.2	5.59	9.5	0.82'
2. Total Advances in Rs Cr	5.8	1.0	3.38	3.5	0.28
3. Advance to Fisheries in Lakh	11	2	14	150	14
4. Proportion of Fisheries Advance to Total Advances	2%	2%	4%	43%	50%
5. Advances to Marine Fishery	0.4	2	7	50	6
Marine Fishery to Total Fishery	4%	100%	50%	33%	43%
Marine Fishery to Total Advance in Rs lakh	0.07%	2%	2%	14%	21%
6. Denial(D)-Collection(C) and Balance(B) for Marine Fishery Segment, in Rs Lakh	D 0.4 C 0.1 B 0.3	D 2.0 C 0.6 B 1.4	D 14 C 2 B 12	D 150 C 100* B 50	D 6.0 C 2.1 B 3.9
7. Recovery %	25	30	15	33	35
8. Fisherman Population in the h ink s service area t	1200 families 5300 persons	1200 families 5300 persons	1250 families 10,000 persons	1250 families 10,000 persons	1500 families 11,5(X) persons
9. No. of Banks in Operation in the Area	2 CR 1 DCCB	2 CB 1 DCCB	15 CB	15 CB	1 Rural Bank

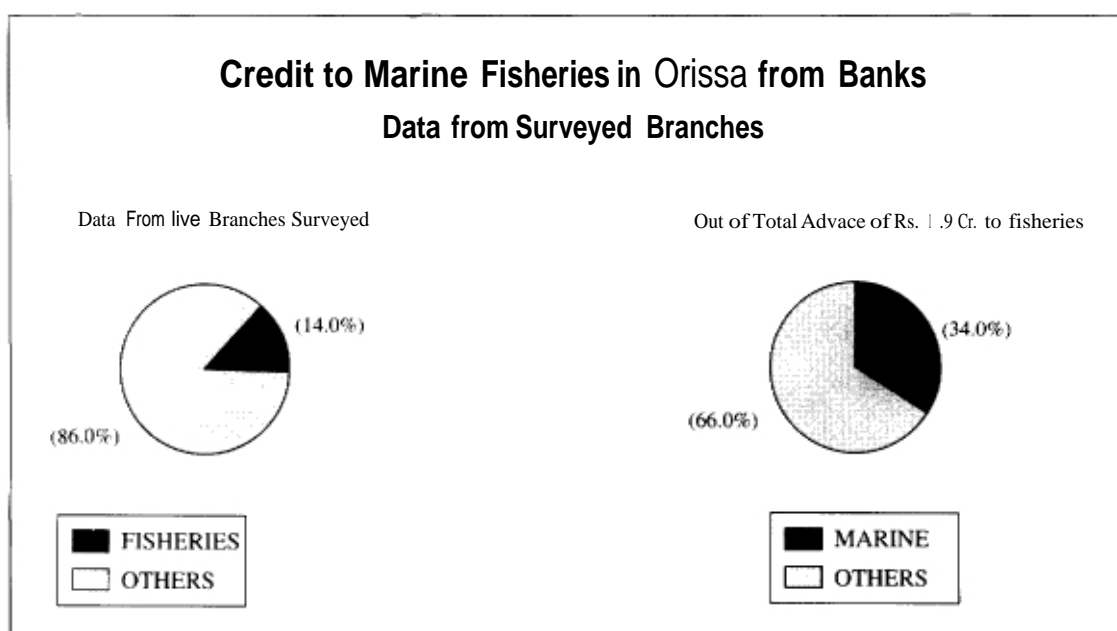
Note: CB: Commercial Banks, DC(B): District Central Cooperative Banks, BGB: Balasore Gramya Bank, Ind Bank: Indian Bank
Higher Collection is due to an exporters account of Rs 0.5 Cr which has been repaid, and deposits are mainly from port employees.
figures as Per 31 12.94

From the above table the following inferences can be drawn:

- Even in the branches located in the main landing centres such as Gopalpur, Paradeep and Balasore the proportion of advances to marine fishery to the total did not exceed 12 per cent. Further the proportion of marine fisheries advance to total fisheries advance was below 50 per cent. This shows the low coverage of marine fishery credit by the commercial banks.
- The recovery of marine fisheries advance was also poor and average recovery was just a little more than 25 per cent.
- More than 90 per cent of the advances in the marine fishery segment were schematic. Direct finance was given mostly to exporters, trawler owners or borrowers who had deposits (or good savings history).
- On an average each bank branch serviced about 500 families,
- Average staff per branch was 12.

Credit to Marine Fisheries in Orissa from Banks

Data from Surveyed Branches



4.1.5 Survey Results

In the survey area there were 2 commercial banks in Gopalpur, one gramya bank in Balasore and 15 commercial bank branches in Paradeep. Of these at least one branch has been covered from each location. The average distance of the bank branch from the respondent's village is 3.3 Kms,

Borrower Profile: One third of the total respondents had taken bank loan. Of all male borrowers 27 per cent availed bank loan, for female the figure was 7 per cent. The following key findings were obtained from the sample survey.

- 30 per cent of the respondent who availed the loan were not aware under which scheme they availed the credit.
- 31 per cent of the respondents were covered under Integrated Rural Development Programme (IRDP).
- 21 per cent of the bank borrowers received finance for the purchase of boats under mechanisation programme of the Department of Fisheries (DoF).
- Balance 20 per cent obtained direct finance from the bank as they had deposits with the bank.

Ninety per cent of the borrowers decided the business themselves for which they sought credit. Almost all of them expressed that they had prior experience in the line for which they sought credit.

Average size of a bank loan was Rs 9330. Minimum was Rs 2500 and maximum Rs 30,000. Average bank loan size was higher in Paradeep area as compared to Balasore and Ganjam.

Processing Time and Transaction Cost: Average time elapsed between the selection for a loan and disbursement was 3-4 months. The minimum time taken was one month and the maximum was 12 months.

- 80 per cent of the bank borrowers paid money to the middleman for availing the bank loan. The average amount paid was Rs 431, with a minimum of Rs 50 to a maximum of Rs 1000.
- 50 per cent of the respondents said that they paid for the cost of documentation. Average cost of documentation was Rs 130 with a minimum of Rs 26 to a maximum of Rs 500. However, those who said that they did not pay for documentation cost expressed that, the middle man might have arranged it for them. Average fare spent during the trips between village, block and bank was Rs 146, costs related to the purchase was Rs 153. The total out of pocket expense for a bank borrower was thus Rs 860 or 9.2 per cent of a loan amount.

Ninety per cent of the borrowers stated that they received the amount in hand what they sought. Most of them got the asset, but they did not know what was really the cost of the asset. This was prominent in molluscation loans where the hankers insist on purchase from a few certified companies. In other cases the fishermen tend to buy second hand boats from Andhra Pradesh either to match the loan they received from the bank, as the loan amount is not adequate or in some cases they also tend to purchase inferior boats, locally fabricated engines to save part of bank loans to divert for other purposes. For example a borrower

sought a loan for a pumpset and was sanctioned Rs.30,000, the person arranges a bill from the certified company and buys locally fabricated engine which is about Rs. 28,000. Therefore he saves Rs 2000 to use for other purposes. These bills are arranged by the middlemen. Therefore, it was difficult to estimate the price differential of a bank loan, However, almost all the respondents stated that they bought the asset for which they sought credit.

The third component of the transaction cost is the wage loss due to the pursuing of a bank loan. Average time spent in pursuing a loan was 37 hours. A fisherman is almost regularly employed and once he missed a particular fishing day for some purpose he loses the wage for that day. On an average a fisherman earns Rs 25 as wage per day and a catch worth Rs. 10-15, so he loses Rs 40 if he diverts his time for pursuing a loan. Average time he spent was (a fishing day is 10-12 hours) 3.5 days. Therefore, the imputed wage loss was Rs 140 and other direct costs included, the total loss was Rs. 439 or 4.7 per cent of the loan amount. The total transaction cost for the bank loans are summarised as follows:

<i>Lipense</i>	<i>Amount in Rs</i>	<i>As % of average bank loan</i>
Out of pocket expenser	860	9.2
Imputed wage loss ⁸	140	1.5
Total	1000	10.7

*Out of pocket expense = Middleman expense+Documentation Expense+Trip Fare-PurchaseCost.

Awareness Level of the Borrowers and Repayment Obligation: The awareness about the schemes, interest rates and outstanding was very poor among the borrowers.

- 20 per cent were not aware about the interest rate of their loan.
- 60 per cent of the borrowers were not aware about the number of instalments through which the loan was to be repaid.
- 50 per cent did not know what was the balance amount of loan to be repaid.

This poor awareness about the interest rate, instalments and outstandings has affected the repayment of bank loans among the fishermen. About 60 per cent of them have not repaid the loan though all of them responded that they would like to repay the loan. The onus for the poor performance of the bank loans should not be on the fishermen alone. The banks have failed in providing customer education for credit discipline. The above data corroborates these observations.

The poor customer relationship has resulted in not providing credit in time, nor for the purpose sought by the customer and also being inadequate for the purpose it was meant. However, the respondent's opinion was almost equally divided over the good and bad experience with the banks.

Their experiences with the banks stand as follows:

Good-ID per cent
 Satisfactory-40 per cent
 Bad-2() per cent
 Very Bad-20 per cent
 No response-10 per cent.

Follow up of bank loans

- **In 61 per cent** cases no officials from the bank visited to check the asset or to get the proof of the asset.
- in 70 per cent cases they did not enquire about how the business was running after receiving the bank loan.
- In 80 per cent cases there was no effort/visit by the bankers for the recovery of loans except for occasional chat when they met informally.
- None of the respondents received a demand note for their overdue loans from the bank.

Imputed wage loss is not always incurred upfront.

4.2 Cooperatives

Out of 1.3 lakh marine fishermen only 12,382 were covered under cooperative showing a coverage of less than 10 per cent. In two out of three locations surveyed it had at least one branch of the District Central Cooperative Banks. Most of these banks provide loans to the fishermen through the primary marine fishermen cooperative societies. Even to these, cooperative banks and their branches have stopped advancing loans after 1987-88. Therefore, only one out of the 30 respondents had a cooperative loan during the reference period of three making it very difficult to comment on the details of the cooperative loans. The only schematic finance for which the credit was extended, the introduction of BLC last disbursed in 1992. It was a group loan Rs 20000 per head for a group of five.

Profile of the Cooperative Societies and their Coverage

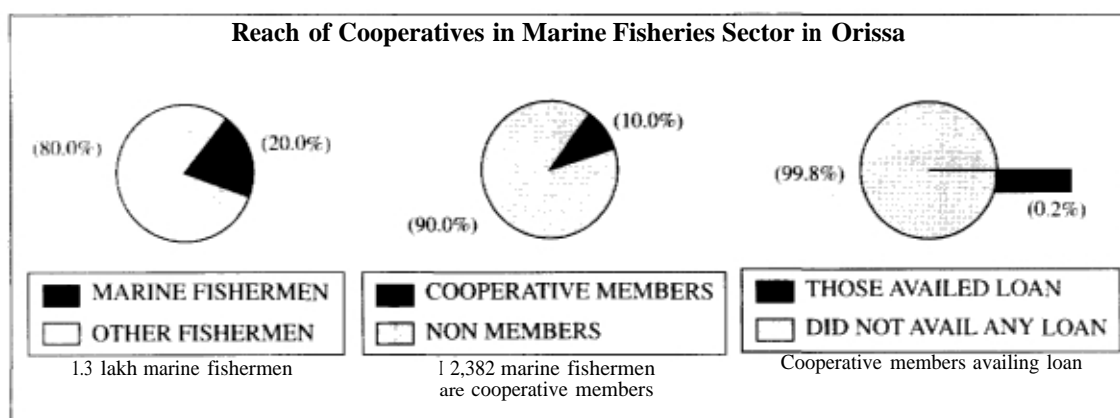
The following table gives the details of Cooperative Society and the loan advanced through them to the members.

Table 4.2a Credit Flow through Cooperative Societies in Orissa (1991)

Particulars	Inland	Marine	Chilka	Apex ⁹	Total
1. Number	493	42	64	6	605
2. Members	30,981	12,382	15,508		58,871
3. Government Loan					
Principal in Rs	2,98,625	95,232	7,50,236		1,144,093
Interest in Rs	1,80,456	1,21,259	12,42,977		1,544,692
4. Share Capital Contribution, Rs	1,300,400	1,612,600	44,100	2,70,000	3,227,100
5. Subsidy Released	7,987,786	5,493,593	7,764,817	2,06,000	21,452,196

Source: Directorate of Fisheries, Orissa

From the above table it is seen that out of the total fisheries cooperatives 7 per cent were marine, the marine fisheries societies accounted for 21 per cent of the membership. 8 per cent of the government fishery loans went to marine fishery sector. Main refinance assistance is provided by NCDC, which finances the term loan and working capital to apex society, which in turn finances the primary societies, NABARD also provides refinance assistance for certain activities.



There were two apex societies in 1991, Central Fisherman Cooperative Marketing and Processing Society (CFCMS) at Balugaon, Chilka and Fisherman Cooperative federation (FISHFED). At the latter stages CFCMS was amalgamated with FISHED to form a single apex society at the state level. Apart from that there are four district level Central district Fishery Cooperative Societies that form a three tier cooperative structure for the fishery sector in the state.

4.3 Other Government Agencies

The State and Central Government Agencies active in the Marine Fishery Sector are:

<i>Agencies</i>	<i>Main role in marine fisheries sector</i>
Department of Fisheries	1. Programme implementation 2. Schematic Assistance
2. Orissa Maritime and Chilka Area Development Corporation (OMCAD)	1. Provision of diesel outlet 2. Net manufacturing
3. Fishnet	1. Organisation and promotion of cooperative structure, financing, net trading
4. Marine Product Export Development Authority	1. Export Promotion

Department of Fisheries: 1) OF implements three categories of schemes for the marine fishery sector

1. Central Plan Schemes: e.g. Tribal Sub Plan, Scheduled Caste Component Plan, BLC, Landing Infrastructures
2. State Plan Schemes: e.g. Exploration of fishing ground, Savings-cum-relief programme. Introduction of FRP Catamaran, Motorisation, Promulgation of Orissa Maritime Fishing Regulation Acts and Rules, Accident Insurance Schemes for the fishermen
3. Non Plan Schemes: e.g. Provision of Cold Storages, Departmental Research for Offshore Fishing ground.

Most of the schemes have been discussed in Section 4.1.1 above. Here only some special schemes which have relevance to the credit would be dealt with.

- *Scheduled Caste Component Plan:* A significant chunk of the fishermen in Orissa are scheduled castes. For their benefit an amount of Rs 554.90 lakh which is 55.3 per cent of the divisible outlay of Rs 1003.80 lakh and 38.5 per cent of the total outlay has been provided during 1992-93. The eighth plan target envisages Rs 8969 lakh for mechanisation of 3000 country crafts, payment of subsidy to SC fisherman cooperative societies, providing housing and drinking water facilities to SC villages.
- *Accident Insurance Scheme:* Provides for the coverage of death and permanent disablement, The target for this is to cover 80,000 beneficiaries during 8th plan period.

OMCAD provides the facilities for subsidised diesel to mechanised boats which was earlier provided by the traders at a higher price to the boat owners.

FISHED has net trading unit one each at Gopalpur, Paradeep and Bahabalpur(Kasafal) to provide nets to the fishermen at a reasonable price.

4.4 Non-Banking Financial Companies (NBFC)

The majority of the NBFCs operating from the locations surveyed only raise deposits on a fortnightly and monthly basis. Though a few of them has promised to offer loans, so far no fishermen in each of the three locations studied has obtained any loan from them. However, there are a few vendors who have deposits with Sahara India's daily scheme. The attitude of the fishermen towards these companies are not very favourable, The main strategy adopted so far by the operating NBFCs is to raise deposits.. They appoint agents who are local, and have considerable influence among the community. Given below a sample profile of NBFCs in all the three locations.

<i>Particulars</i>	<i>Gopalpur</i>	<i>Paradeep</i>	<i>Baiasore</i>
1. Name	1. Sahara India 2. Jiban Bikash 3. Verona	1. Verona 2. The Memorial Finance	1. The Memorial Finance 2. Verona
2. Main Activity	Deposit Mobilisation All the three provide accident insurance benefit. Sahara has promised credit on the basis of savings history.	Same The Memorial Finance has promised lending	Same
3. Agent Profile	Jiban Bikash: A local municipal counsellor, secretary of a cooperative society and NGO animator Sahara India : a school teacher	The Memorial School Teacher	Verona A Lady Health Worker

The major weakness of the NBFCs are their image. Due to the misappropriation of money by a few NBFCs, genuine operators are viewed with suspicion among the fishermen. On the other hand the investment in NBFCs are not liquid. The loans are given only after one deposit for one year. Thereafter, he is allowed a credit limit of 70 per cent of his deposit excluding the first year. This is very small for small fishermen depositors, even though it is prudent on the part of the NBFCs it is not sufficient for the need of the fisherman.

5. INFORMAL CHANNELS OF CREDIT

The informal channels include traders, money lenders, money provided through labour contract, friends and relatives, NGOs and Self Help Groups (SHOs). In this section we will have a general overview of the informal credit channel. Informal channels are the major credit providers to the fisheries sector. 77 per cent of the fishermen borrowers use informal channels for their credit needs.

Usage

<i>Informal Source</i>	<i>Amount in Rs</i>	<i>as a percentage of informal credit</i>
Trader/Money Lender ^o	8146	48.8
Labour Contract	3542	21.2
Friends and Relatives	3510	21.0
Private Finance (NGO/SHG)	1500	9.0
Total	16,698	100.0

Traders provide mostly the track credit related to fishing activities and loans for immediate contingencies. Money-lenders provide loans mainly for consumption purposes and major contingencies such as marriage, death, etc. However, a lot of overlapping is seen in their operation and we have taken both as a single source.

interest Rates: Interest rates are higher in the informal sector. From the sample survey the interest rate for each source was as follows.

<i>Source</i>	<i>Interest rate per annum</i>
Trader	36 per cent
Money lender	60 per cent
Labour Contract	Interest free
Friends/relatives	Interest free
NGO/SHCJ	12-24 per cent

Transaction Costs: The transaction costs are negligible in the informal credit market due to close personal rapport, simple and flexible operation. In all cases the respondents preferred informal channels as it involved less running around. In each case the transaction cost was zero except in case of money lender in terms of imputed wage loss is Rs 400 which is about 2 per cent of the average loan amount.

Repayment: In all of these loans there was no fixed time limit. It continues till the borrower decides to repay the full amount with interest. For most of the fisherman borrower it is a continuous phenomenon where he takes an advance from the trader for purchase of assets and hypothecates the asset to ensure the recovery for him, in addition to that he hypothecates the catch. The same recovery pattern is followed in labour contract group. In case of friends and relatives and SHGs the borrower pays back the loan in fear of group pressure or social prejudice. Only in case of money lender collateral system is followed.

5.1 Trader

Trader is a person who is engaged in fish trade directly or indirectly. He either owns a godown, a trawler, a few boats, or all of these. He advances money to the fisherfolk during the time of their need mainly for boat and net purchase and some contingencies.

5.1.1 Terms and Conditions

The trader advances money for fishing **related assets** to individual fisherman, boat owner or a fisherman **meli**. The agreement is to sell all his catch at a price Rs 10 below the market rate. This is valid for some special category of fish such as hilsa, paniakhia, pomfret, etc. On other types of loan the interest rate varies from as low as 24 per cent to as high as 60 per cent per annum. If the person violates the contract he is penalised by the village committee of the fisherman. All settlements of loan related transactions are conducted on Thursday every week which is weekly fishing holiday. The auction agents also provide trade credit to the headload women. For e.g. if a woman pays Rs 100 to the auctioneer for fish she gets Rs 200 worth of **fish**, The very next day she returns Rs 100 with Rs 5-10 as interest.

5.1.2 Transaction Cost

The transaction cost is near zero for these loans because the credit is provided immediately at the time of need. The credit is provided near the workplace of the fisherman, the godown or beach.

5.1.3 Extent of Coverage

It is difficult to estimate exactly how many fishermen are covered under the credit programme of a trader. But the traders have informal understanding not to encroach each other's territory. Therefore, there is no significant competition among the traders and each trader continues his relationships with a particular group or groups for a long time. Given below is a rough estimate of the number of traders in each location surveyed study. They mainly operate from the beach and near allocate themselves a mala or a few 'mala' for the smooth functioning.

¹ Mala is fishing point in a beach informally belonging to a group of fishermen where they have the first fishing right. The system has been discontinued in most parts except Balasore.

Table 5.1.3 Credit by the Traders

<i>Particulars</i>	<i>Gopalpur</i>	<i>Paradeep</i>	<i>Balasare</i>
Number of Traders	8-10 local traders 3-4 exporters	50-60 traders 5-6 exporters	70 godown owners, 30 trawler owners
Number financed	300 families	500 families	700 families
Total fishermen families in the area	12(X) families	1250 families	1500 families
Coverage	25 per cent	40 per cent	47 per cent

5.1.4 Strength and Weakness

Strength and weakness of the informal channels versus the formal ones have been discussed in detail in the concluding chapter of this report. Here only we highlight the significant observation from the survey.

The trade credit system is timely and often takes care of the immediate need of the fisherman unlike the formal channels of credit where either the credit extended is not adequate to buy the asset or there is no flexibility or choice on the part of the borrower to buy the asset of his wish. The trade credit system is **quick**, efficient and designed so efficiently that the recovery is high. It is completely ingrained with the local trade practices. The transaction cost is low,

On the weakness side often there are lots of imperfections to cheat illiterate fishermen. There is a continuous debt trap for the fishermen from which the traders gain. Therefore, they ensure that the indebtedness of the fisherfolk to be continued so that their interest is safeguarded. Thus the conditions of the fishermen remain unchanged.

5.2 Money-lenders

Money-lender is a person whose primary source of income is usually from money lending. However, the persons met during the study either had substantial landed property, or were in government service or engaged in some trade other than fish. They provide secured loans against the collateral for contingencies such as marriage, death and house construction and repair. The credit is advanced after the person satisfies the collateral requirements. Since most of the fishermen do not have land rights, they provide gold, house, boats and household belongings such as brass utensils as mortgage. The rate of interest varies according to the value of the collateral. The interest rate varies from 3 to 5 per cent per month. For a secured loan with gold as collateral the rate of interest would be 3 per cent per month whereas for others it would be around 5-6 per cent per month.

The transaction cost for the loan from money lenders vary with the following factors: personal relation and faith, adequacy of collateral, purpose for which the loan is extended. On average the transaction cost varies from 1-2 per cent of the loan amount. On an average each fishing village has 10-20 money-lenders and each money lender covers 15-20 families per year for different purposes. The main advantage is again the flexibility of operation and timely credit. The single most disadvantage is the lack of transparency in the system and use of force if necessary for the recovery.

5.3 Labour Contract

This is a system in which a boat owner contacts a few fishermen who do not have a craft or gear of their own. He provides them a lumpsum amount in April or May to work for him for the whole year on wage basis. The fisherman uses the money to save against contingencies, use when income is low, for consumption and buying of some assets or house repair. The amount varies from Rs 1000 to 5000 per head. The daily wage is determined on catch basis and roughly Rs 30-40 per day. The person is under obligation to stick to the fishing group. He can decide to discontinue his service, for which he has to repay the entire amount and in some locations there is requirement to find a substitute. This is an interest free loan. In each fishing village on an average 30-50 fishing melis (Boat owners) could be found and they cover around 150-200 fishermen.

5.4 NGO/SHGs and Other Donor Agencies

The Non-Governmental Organisations are active in each of the locations surveyed. Their activities can be divided into two broad categories: a. Social Welfare Programme and Community Organisations: e.g. Non Formal Education, Deaddiction, Health, Family and Child Welfare, Formation of community organisations, self help groups for savings and youth and women forums Income Generation: Marketing of Fish, Preservation of Fish for marketing, Provision of credit through the self help groups. NGOs promote self help groups to first mobilise the savings from the community on an average each member deposits Rs 10-15 per week, The money is deposited in a bank in a joint account managed by a secretary and president of the group. The interest rate varies from 24 per cent per annum to 36 percent. The recovery is high due to social pressure. The weakness is the savings is small and always the credit needs of the members remain unmet.

Table 5.4
Profile of NGOs involved with Fishing Communities in the Surveyed Locations

<i>Particulars</i>	<i>Gopalpur</i>	<i>Parwleep</i>	<i>Balasore</i>
1. NGO	1. PREM 2. United Artists Association	Project Swarajya	Lok Shakti
2. Year of Starting and growth	1. PREM started in 1984 with 40 villages in One block of Ganjam: Now in 1995 area of operation extend to all over the state and covers 1800 villages 2. UAA started in 1967 with one block five villages now 15 villages	Started in 1988 with one location at Cuttack, Now extends to two districts Cuttack and Puri. 10 target villages	Started in 1986 with five villages, Now operating in 45 fishing villages in Balasore and Mayurbhanj district.
3. Mission	1. PREM: Social Justice and Secularism 2. UAA: Social and Economic Empowerment	Drug Deaddiction, Human Rights and Preservation of Coastal Ecology	Social and Economic Upliftment
4. Programme with Fisherfolk	1. PREM: revamp of the two fisheries cooperatives, headload women benefit programme, 54 non-formal schools 2. UAA: Women sanghas for savings, credit and income generation	Installation of Fish Aggregating Devices, Small Capital Assistance for net making, fish aggregating devices, pearl culture and net making, savings programme	Savings Programme and Non-Formal Education
5. Self-Help Group Linkage	PREM: 1 registered, 5 in the process, approximately 100 members. Each one deposits Rs 10-15 per week, Credit provided Rs 1500 to 2000 per head through UMSV12 Recovery: 80-90% LJAA: 2000 families, Total Savings Rs 83,715 in 15 groups, 911 members, recovery 70-80%	5 Unregistered self-help groups, no credit programme only savings	40-45 unregistered self help groups., both credit and savings programme, independently done by the groups, NGO only guides, recovery 90 per cent

UMSV: t tkal Mahila Sanchaya Vikas O Sajoaj Mangal Sangaihan is a society supported by PREM to provide credit to individuals and SHGs active in 815 villages in five districts (see case in appendix-2 for details).

Summary Profile of the Locations Visited for the Study on Credit for the Fisherfolk

<i>Description</i>	<i>Gopalpur</i>	<i>Paradeep</i>	<i>Balasore</i>
Formal Credit	Mainly schematic finance, In operation boat and net (IRDP), motorisation (Central Assistance), BOBP discontinued, BLC (Do F) . Coop finance for BLCs last finance in 1986	Mainly schematic finance, In operation boat and net (IRDP). motorisation (Central Assistance), BOBP discontinued, BLC (Do F) . Coop finance for BLCs last finance in 1986	Mainly schematic finance, In operation boat and net (IRDP), motorisation (Central Assistance), BOBP discontinued, BLC (Do F) . Coop finance for BLCs last finance in 1988, Trawler finance direct by banks,
1a. Cooperatives	5 cooperatives, 1600 members, 50 per cent subsidy, loans upto 20,000 per head for 4 people for BLC, IRDP boat and net, motorisation. Int rate for loans below Rs 7500-12% for loans 7500 to 25,000 -14%, for 25 000 to 2 lakh- 17.5%	2 cooperatives about 1200 members, loans upto20,000perheadfor a group of four for BLC	3 cooperatives, 50() members, 50 per cent subsidy, loans upto 20,000 per head for 4 people for BLC, IRDP boat and net, m o t o r i s a t i o n motorisation to individual Rs 5000-10,000, about 50 persons (no data available from DCCB, Balasore) Int rate for loans below Rs 7500-1 2%,for loans 7500 to 25,000 -14%, for 25,000 to 2 lakh-17.5%
1b. Banks	2 banks, Andhra Bank and Ind bank, Int rate for loans below Rs 7500-12%,for loans 7500 to 25,000-14%,for25,000 to2lakh- 17.5%,BOBP loans upto 10,000, Int rate 10%	15 banks, Interest rate structure same	1 bank, Balasore Gramya Bank, Int rate for loans below Rs. 25000-12%,for loans upto 2 lakh -14%, for BOBP loans upto 10,000, Int rate 10%
2. Informal Credit	Main source: Money Lenders, Traders, Net-Boat Owners Main Purpose: Boat, Net, Consumption when income low, House repair System: Collateral, Asset Hypothecation and Catch Contract, Meli Int rate: 3-6% per month flat	Main source: Money lenders, Trawler owners Main Purpose: Consumption, boat and net System: Catch contract Int rate: 4 -5% per month flat	Main source: Godown owner, trawler owners, labour contract or dadan Main Purpose: Consumption and contingencies, net share System: Asset hypothecation and catch contract, collateral Int rate: 2-5 % per month
2a. Fish Traders	8-10 traders, financed 200 odd families	50-60 traders financing 600 to 700 families	70 godown owners, 100 if trawler owner and others included (related to fish trade), finance 3000 persons
2b. Money-lenders	around 10 in number, finance 50-60 families	around 10 in number financing 100 odd families	around 20 in number finance 200 odd families
2c. NGOs	PREM has 3 SHGs, 10% mt rate, Rs 2500/head, 100 women	Project Swarajya is in the process of organising 3 SHGs	Lokshaktihas3SHGs, 50 women, 10 men, boat, 12% mt to SHG

6. KEY FINDINGS

Following are the key findings of the study:

Magnitude and Geographical Spread:

About 130,000 (1.3 lakh) persons depend on marine fisheries for their livelihood in the seven coastal districts of Orissa. The largest concentration is in the Balasore, Ganjam and Puri districts, in that order.

Technology, Employment and Production:

2. Traditional crafts are the most numerous in the marine fishery sector, accounting for nearly 88 per cent of the crafts. A large percentage of small fishermen use traditional boats and nets, the catch is low and the quality is poor. Thus the income tends to be low and less than Rs 2000 per month from all sources. The uncertainty in the availability of catch results in further deterioration of their income.
3. Motorised country crafts - fitted with inboard or outboard motors - account for about 6 per cent of the total crafts, and about 8 per cent of the catch. Such boats are mostly owned by large fishermen or traders. The limitation of the crafts to go beyond a particular distance into the sea has resulted in over exploitation of the fishing area.
4. Mechanised fishing vessels - trawlers, gill-netters, liners and seiners are relatively few in Orissa. These account for 6 per cent of the crafts and 41 per cent of the catch.
5. The annual Production of fish in Orissa was about 94,000 tonnes in 1993-94. High value export quality marine fishes such as Hilsa, Pomfret and Prawns account for one fifth of the total marine fish landing.

Credit Usage: Production and Consumption

6. Credit plays an important role in the livelihoods of fishermen. Credit is required for a wide range of household consumption needs and for productive purposes such as purchase of boat and nets. As per the survey, the annual credit usage of a fisherman household was Rs 4995, which was 22 per cent of the average household income.
7. As per the sample survey 50 per cent of the fishermen needed credit for household consumption during the lean season, one third needed credit during illness, 40 per cent needed it for social contingencies such as marriage and death, 30 per cent needed credit for repair of house and 7 per cent for construction of house and only 3 per cent required credit for the education of their children.
8. Credit need for the productive purposes was also high, 50 per cent needed credit for purchase of boat and net, one third needed credit for repair of boats and nets and 30 per cent for working capital.

Credit Sources: Formal and Informal

9. The sources of credit to fisherfolk can be categorised as (i) formal and (ii) informal. Formal sources consisting of banks, financial institutions and co-operatives contributed only 19 per cent of credit usage of the respondents. This is in spite of the fact that there is a huge network of such institutions in the state, including in the coastal areas.
10. Formal credit is mainly provided by commercial banks under schematic lending including IRDP, other central and state schemes, NABARD refinance to marine fisheries sector constitutes only about 3 per cent of the total refinance to fisheries sector. Main reasons for poor lending to marine fisheries sector are high overdues of previous loans and inability of marine fisherfolk to provide adequate collateral security. In contrast, both inland and aquaculture involves land which is taken as collateral security.
11. The co-operative sector has very little impact on the marine fisheries sector. Marine fishery cooperatives covered only 10 per cent of the marine fishermen as their members. Out of these cooperative members only 0.2 per cent received any credit. The primary cooperatives are capital

starved and most of them are defunct. They seem to be active only during the time of schematic lending to facilitate the selection of beneficiaries.

12. Informal sources provide 81 per cent of the credit, of which 66 per cent was for consumption and 15 per cent for production purposes. Within the informal sources, traders/moneylenders accounted for 68 per cent of the total credit usage, 17 per cent from labour contractors and relatives and friends accounted for 12 per cent. SHGs and NGOs accounted for less than 3 per cent.

Credit Sources.' Interest Rates and Transaction costs

13. The strengths of the financial institutions are that they have wide branch network, the interests are relatively low and have clearly laid out systems and procedures. The weaknesses are that the outreach is poor due to apathy towards small borrowers, the transactions costs are high and are highly rigid in lending policies, such as insistence on collateral security
14. The informal sources have a very good outreach and provide timely and adequate credit, including for consumption, contingencies and social functions. The credit amount depends more on the familiarity relationship between the lender and borrower and the interest rate on collateral security. The rate of interest is lower - 36 per cent per annum - when some valuable is pawned as security, and 60 per cent per annum otherwise.
15. Traders charge interest on loans indirectly by buying fish at a lower price than that prevailing in the market. The survey indicated the effective rates of interest charged by traders ranged between 36 to 100 per cent per annum.
16. There are a few NGOs who have started savings and credit programme among marine fisherfolk, through self-help groups. For lending, they mainly rely on mobilisation of savings. But the amounts being very small, credit based solely on the savings of the community is not adequate to meet the requirements, particularly for assets.

Part IV

CONCLUSIONS

CONCLUSIONS

Before going on to discuss the recommendations for improving the supply of credit and related financial services to the marine fisherfolk, some rough estimates of credit demand are presented and also the relative strengths and weaknesses of different credit providing channels, both formal and informal.

Estimated Demand for Credit

In the tables on the following two pages, the credit demand for marine fisheries in Andhra Pradesh and Orissa is estimated. The methodology used for estimation is as follows: first the population of different types of fishing crafts has been enumerated, then the replacement demand estimated on the basis of the average age of each type of craft. In addition some assumptions have been made regarding the addition of new crafts in each category. Then by applying the unit cost for each type of craft, the demand for funds has been worked out. A similar method has been used for the credit requirements for replacement and purchase of nets.

As can be seen from the tables on the following two pages, the estimated credit demand for Andhra Pradesh is Rs 135.4 crores per annum, as against an availability of Rs 10 crores from banks and cooperatives. Thus the formal sector in Andhra Pradesh provided only 7.4 per cent of the estimated credit demand. Incidentally, this tallies to some extent with data from our field survey which showed that the respondents had received a little less than 10 per cent of their credit requirements from the formal sector. In Orissa the estimate of credit demand from the marine fisheries sector is Rs 27.6 crores, as against an availability of Rs 2.9 crores, which amounts to only 10.5 per cent of the demand. The field survey had shown that respondents had received 19 per cent of their credit requirements from the formal sector.

Another manner in which the credit demand can be estimated is by multiplying the average annual credit usage per household based on our survey, with the number of fisherfolk households. On this basis the demand for credit would be in the range of Rs 85 crores per annum in Andhra Pradesh and Rs 13 crores in Orissa. These figures are considerably lower than the above estimate because the survey focussed only on artisanal fisherfolk and therefore did not generate any estimates of the credit needs of mechanised boat owners, whose requirements are in lakhs. Since Andhra Pradesh has a substantially large share of mechanised fishing craft, the second estimate for Andhra Pradesh is therefore wider off the first, as compared to Orissa. At the same time, the need for consumption credit is included in the second estimate but excluded from the first.

While the demand estimates can be improved by using a better methodology and a larger sample, the key point from both the estimates is that the formal sector institutions are not even meeting 5 per cent of the estimated credit needs. This is a matter of great concern and therefore we now turn our attention to looking at the relative strengths and weaknesses of commercial banks and informal channels of credit. We are not looking at cooperatives which theoretically are the most suitable channel for providing credit, because as the report shows, marine fishermen's cooperatives are in an advanced state of ill health in both Orissa and Andhra Pradesh,

**Projection of Credit Demand for the Marine Fisheries
Sector in Andhra Pradesh**

Crafts	Existing Population of Crafts (Nos)	Replacement Demand Nos/Year	New Crafts Demand Nos./Year	Total Demand Nos./Year	Unit cost (Boat+ Net) Rs.	Working Capital Rs.
Traditional	54000	54000	5400	59400	12000	3000
Motorised	3269	1635	163	1798	40000	10000
Mechanised	8911	2970	446	3416	150000	37500
Total	66180	58605	6009	64614	NA	NA

Crafts	Total Demand for Crafts (Nos)	Funds Reqd Per Craft Rs.	Total Funds Required Rs. Crores	Own Funds as % of Demand	Own Fund in Rs. Crores	Total Credit Required Rs. Crores
Traditional	59400	15000	89.1	10	8.9	80.2
Motorised	1798	50000	9.0	20	1.8	7.2
Mechanised	3416	187500	64.0	25	16.0	48.0
Total	64614	NA	162.1	NA	26.7	135.4

Assumptions.

1. Traditional craft are replaced once every year.
2. Motorised craft are replaced once every two years.
3. Mechanised craft are replaced once every three years.
4. The unit costs for boat and net are based on NCDC figures.
5. Working capital is 25 per cent of the fixed investment in boat and net.
6. Own funds (margin money) as per cent of total requirement are as shown.

Present availability of credit from banks and cooperatives : Rs. 10.0 Crores

Percentage of credit demand being met by the formal sector : 7.4%

Projection of Credit Demand for the Marine Fisheries Sector in Orissa

<i>Crafts</i>	<i>Exisring Population of Crafts (Nos)</i>	<i>Replacement Demand Nos/Year</i>	<i>New Crafts Demand NosiYear</i>	<i>Total Demand Nos/Year</i>	<i>Unit Cost (Boat+Net) Rs.</i>	<i>Working Capital Rs.</i>
Traditional	13488	13488	1349	14837	12000	3000
Motorised	842	421	42	463	40000	10000
Mechanised	1060	353	53	406	150000	37500
Total	15390	14262	1444	15706	NA	NA

<i>Crafts</i>	<i>Total Demandfor Crafts (Nos)</i>	<i>Funds Req. Per Craft Rs.</i>	<i>Total Funds Required Rs. Crores</i>	<i>Own Funds as % of Demand</i>	<i>Own Funds in Rs. Crores</i>	<i>Total Credit Required Rs. Crores</i>
Traditional	14837	15000	22.3	10	2.2	20.0
Motorised	463	50000	2.3	20	0.5	1.9
Mechanised	406	187500	7.6	25	1.9	5.7
Total	15706	NA	32.2	NA	4.6	27.6

Assumptions:

1. Traditional craft are replaced once every year.
2. Motorised craft are replaced once every two years.
3. Mechanised craft are replaced once every three years.
4. The unit costs for boat and net are based on NCDC figures.
5. Working capital is 25 per cent of the fixed investment in boat and net
6. Own funds (margin money) as per cent of total requirement are as shown.

Present availability of credit from banks and cooperatives : Rs. 2.9 Crores

Percentage of credit demand being met by the formal sector 10.5 %

Strengths and Weaknesses of the Formal Channels: Commercial Banks

	Strength	Weakness
Strategy	To save the fisherman from the clutches of the money-lender/trader. Implementing schemes that generate income for the fisherman.	Has served as an avenue of political patronage. The rent seeking and delay by the officials has resulted in higher transaction costs. The unit cost remains unchanged for a long time. These together lead to deterioration of the margin of the beneficiary and acts as a disincentive to repay the loan.
Structure	l-lasextensivebranchnetworkincludingin rural and other remote areas.	The problem is in the general apathy towards smaller loans and loans to weaker sections
Systems	Has well defined rules, procedures and guidelines to reflect transparency of operation in principle,	Lack of adequate computerisation has lead to ineffective use of executive time which is spent more on unproductive tasks. Excessive dependence on collateral security rather than on credit history.
Recovery Mechanism	Banks have a legal hacking to enforce their claims. They also have well documented loan flies,	The banks have tortuous system of recovery, they send demand notice, registered notice, legal notice and proceed for filing the suit, which takes a lot of tinie, money and effort. The money-lenders invest in social relationship, initiate group pressure or exercise muscle power to get the loan back which is not possible Ofi the part of the commercial banks.
Products and Services	Some of the loan products are well designed and well intentioned. Linkage of self-help groups and women neighbourhood committees of the fisherfolk with the commercial banks have improved the recovery position of the banks to some extent	The commercial banks do not match with the traders. The trader provides consumption credit to fisherman in lean season when he needs it. he provides the asset or adequate money to buy the asset unlike banks where unit cost concept is obsolete and inadequate. The informal sector outsmarts CBs with timeliness, adequacy and reach,
Autonomy	As compared to the cooperatives, commercial banks have a lot of autonomy.	Commercial banks do not have adequate operational autonomy in IRDP type of loans.

Strength and Weaknesses of the Formal Channels: Cooperatives

	<i>Strength</i>	<i>Weakness</i>
Strategy	Cooperatives intend to promote co-operation among members	Cooperatives are mostly defunct
Structure	Has extensive network including in rural and other remote areas with regional and apex federations	The network is mostly unused and ineffective
Systems	Has well defined rules, procedures and guidelines to reflect transparency of operation in principle.	Guidelines are largely ignored
Recovery Mechanism	Cooperatives have good access to borrowers being located very close to the community	Vested interests and apathy have led to high overdues of existing loans
Products and Services		Cooperatives are used only to route government programmes. Have meagre resources of their own
Autonomy		Highly bureaucratized and high interference from the government

Strength and Weaknesses of the Informal Channels: Traders/Moneylenders

	<i>Strength</i>	<i>Weakness</i>
Strategy	To earn income by financing the fisherman for his various credit needs at market determined costs,	Has earned the reputation of exploitation of borrowers,
Systems	Has few rules, procedures and guidelines which are highly flexible. Depends more on credit history rather than on collateral security.	
Recovery Mechanism	High access to borrowers and has linkages with their cash flows. Depend more on social pressure to recover loans.	They may exercise muscle power to get the loan back.
Products and Services	The loan products are well designed and suit the requirements of the borrowers. The repayments are designed based on the cash flows of the borrower. They have better outreach, loan adequacy and reach.	Generally operates independently. Linkages with NGOs, SHGs is not possible.
Autonomy	They have high degree of autonomy in operation and can change the strategies, systems and procedures at will.	In case of monopolistic situations or cartelisation, can dictate terms to the borrower.

Strength and Weaknesses of the Informal Channels: NGOs/ISHGs

	<i>Strength</i>	<i>Weakness</i>
Strategy	Innovative in approach and have close rapport with the community	Depend largely on outside grants for resources.. Thus the impact and coverage is limited
Structure		Coverage is limited
Systems	Have in-house monitoring systems	When the programmes grow bigger, the present systems will not be effective
Recovery Mechanism	Use social pressure and group cohesiveness effectively	May not resort to legal measures to ensure recovery when there is wilful default
Products and Services		Limited products and services due to paucity of funds
Autonomy	Highly flexible and greater autonomy of operations when compared to formal channels	

Based on the survey some suggestions and recommendations for policy, institution and product/channel level action are presented

Need for Greater Policy Attention and Monitoring

The marine fishery sector does not seem to have received adequate policy attention. Though the sector employs 3 lakh persons in Andhra Pradesh and about 2 lakh persons in Orissa, on a full-time basis, it has neither received high level attention from policy makers nor the resources necessary for the full development of its potential. Though there are many apparently well conceived programmes and schemes for marine fishermen, both by the Centre and by the states of Andhra Pradesh and Orissa, as we have shown in the report, the reach of government programmes is very low among the fishermen. As a result of this neglect, employment in this sector is gradually declining. The occupational shift to other trades and business shows that the sector is not very attractive for small fishermen.

It is suggested that the state governments of Andhra Pradesh and Orissa carry out a high level review of the health of marine fishery sector in their states, increase the resource flow to it in terms of budgetary and credit support, and take steps to more actively monitor the progress of different programmes and schemes formulated for this sector.

institutional Reforms

The marine fishery sector, theoretically, is well-endowed with grassroots and support institutions, There is supposed to be network of primary fishermen's cooperatives, federated regionally and then at the state level. But as our field work showed, fishermen's cooperatives in most locations are as good as defunct. It appears they were established for the purpose of distributing some funds under fishery schemes, Many cooperatives thus registered do not have any sustained activities in terms of input supply, common marketing or common ownership of assets such as boats, nets, iceplants or warehouses.

It is recommended that the fishermen's cooperative structures in both states be taken up for institutional strengthening. This will require, on the one hand, reduction of political and bureaucratic interference in the cooperatives, and on the other, sustained educational work with the members about the benefits of cooperation. That kind of awareness-raising can best be done by NOOs. In Andhra Pradesh, the Cooperative Development Foundation is eminently suited for this purpose. Although no similar agency exists in Orissa, there are many experienced NGOs which can be involved in this work in Orissa, including Gram Vikas, PREM, Lok Shakti, Project Swarajya and Chandrabhaga.

In addition to cooperative institutions, the other important support institutions for the fishery sector are banks. The attitude of bankers towards the fishery sector is lukewarm or negative, which is reflected in the low share of fisheries sector credit going to the marine sub-sector. **Bank** branches in coastal areas do not show any special inclination or distinctive competence in lending to the marine fisheries sector.

Also it is recommended that the banking institutions in the coastal districts be given a special target for lending to the marine fishermen and also special exposure to the credit needs of the marine fisheries sector. NABARD and Fisheries Departments may have to jointly take the initiative,

Designing and Delivering New Financial Products for the Marine Fisherfolk

Some concrete actions for the improvement of delivery of credit and related financial services — savings and insurance — among the fisherfolk are suggested. Credit itself is needed for different purposes and products have to be designed with different attributes. The recommendations are based on an analysis of their needs, the realistic possibilities for improvement in formal credit delivery agencies, and using the strengths of the informal sector.

Savings:

Saving is an important economic need which should be addressed before starting any credit programme. Creating a reserve of savings helps the fisherfolk to meet their lean season consumption and contingency needs. This reduces their dependence on traders/money-lenders and by reducing the interest pay-out, increases the effective income. In case the savings can be pooled, these can also be used to make small loans to each other for consumption as well as small trading needs. So far effort has been made in this regard by a few NGOs, who have invested substantial time in mobilising savings through thrift groups among fisherfolk. Therefore, they have substantial starting out advantage.

- It is recommended that NGOs should be given financial resources to strengthen their savings and credit programmes among the fisherfolk. In addition, NGOs should also be given technical assistance to improve the quality of their programmes.

Some NBFCs offer attractive interest rate as compared to the banks and also provide insurance coverage to the depositors. Their reach and network is wider than that of NGOs. Therefore, NBFCs can become important channels for organising a savings network among the fisherfolk. We recommend promoting such a network in the fishing areas to provide savings services to the fisherfolk.

Consumption Credit:

- Small consumption loans are needed during the lean season or when the fisherman goes to deep sea for fishing. The loan amount is small and usually below Rs 1000. This loan is currently provided on a lumpsum basis by the traders or boat owners in April or May each year in lieu of a labour contract. The boat owners/ godown owners also provide daily credit to the fisherman family for their small consumption needs.
- It is recommended catering to this need through fisherfolk self help groups promoted by NGOs. In a self help group (SHG) the members know each other and also the needs and priorities, they also exert social pressure for recovery. Thus it is an effective channel for distribution of small loans with little transaction cost. The interest rate is to be decided by the SHG and would be in the range of 24 to 36 per cent pa with weekly repayment.

The second category of consumption loans are for medium term, these include children's education, and social contingencies. The loan amount is usually a few thousand. These loans are partially paid back when the fisherman has enough surplus after one or two seasons, and the balance rolled over, putting the fisherman in a debt trap.

- It is recommended catering to this need through NGOs, with the recommendation coming from **SHGs. The repayment period for these loans could be 24 months and the interest rate 24 per cent per annum.**

The long-term consumption loans include house construction and marriage. For this the loan amount varies from Rs 1000 to 10,000. Currently, these loans are provided by money-lenders and they charge an interest rate varying from 48 per cent to 60 per cent per annum.

It is recommended that concessional programmes of HUDCO and housing finance companies such as HDFC may be used by NGOs for channeling housing loans to fishermen.

Production Credit:

Small credit needs in this category are mainly for petty trade, usually below Rs 1000 and used for fish trading by the fisherwomen. Usually these loans are for a day and for working capital and repaid next day. At present these are provided by auction agents at an effective interest rate of 100 per cent and above per annum.

It is recommended to form self-help groups of fisherwomen by NGOs active in the areas. In the long run, the well established SHGs can be linked with branches of local commercial banks.

Production loans required for the medium term include repair of boats and nets and investment in fish processing and trading. The loan amount varies from Rs 5000 to 10,000 and is currently available through fish traders.

It is recommended to use traders to provide such loans since they are in day to day touch with the fishermen and can easily collect the loan. However, the traders will require to be motivated to play this role. For this, they have to see some profits for themselves, without bearing undue risk. For the former, a commission can be given to traders, while for the latter, they can be extended a third party guarantee. The loans could be given by an NGO or an innovative bank willing to lend through traders, to be paid back after a season and interest could vary from 18-21 per cent per annum, plus a 3 per cent commission for the trader.

Long-term production loans, exceeding Rs 10,000 are needed for purchasing boats and nets, and for motorising of country boats.

It is recommended to use banks and NBFCs, on the basis of savings history. The loan amount could be four to six times the amount of saving with the commercial bank or NBFC. The loans should be provided for a period of five years and they should charge interest rate of 18 per cent per annum. NBFCs particularly can be encouraged to lease the boat and net, rather than give a loan. This way they have the option of quick repossession in the event of non-repayment. Also there is the possibility of higher post-tax profitability for the same rate of interest, since the depreciation on the leased assets can be charged off against their other profits.

Insurance:

There are two insurance needs among fisherfolk: one for life insurance, particularly loss of life on sea while fishing; and the other for assets, particularly boat and net, against natural calamities and theft.

- It is recommended that the existing insurance companies, LIC and GIC should be motivated to devise appropriate schemes for fishermen to meet these insurance needs. Already a few NBFCs offer life insurance cover to their depositors as an incentive, and this can be adopted by NGOs also for their SHG members.

Role of outside agencies:

We have made some suggestions above— at the policy, institutional and product/channel levels, respectively. Given the nature of the problems related to credit for marine fisherfolk, and the difficulties faced by the respective institutions responsible for them, Thus it becomes necessary for “outside agencies” to take a more pro-active stance in ensuring that they are acted upon and understood by the relevant institutions. While the outside agencies may not be in a position from which it can directly influence the concerned institutions, they can play the role of a convener, facilitator, analyst and even educator of policy makers and credit providers in the marine fishery sector.

Appendix - I

CASE STUDIES – ANDHRA PRADESH

Case 1: Profile of a commercial bank branch

Case 2: Story of Mr Venkateswarulu

1. PROFILE OF ANDHRA BANK, DARBHAREVU BRANCH NARSAPUR MANDAL, W. GODAVARI DISTRICT

The Darbharevu branch of Andhra Bank (a public sector bank) is located very close to the coastal area in the Narsapur mandal of W. Godavari district. Biyyutippa, Vemuladivi, SM. Lanka, P.M. Lanka are some of the fisherfolk villages which are located within 6-8 kms. radius from the branch. Narsapur is the mandal headquarters which is about 11 kms. from the village and is connected by metal road. The area is very rich in agriculture with paddy and coconut as the main crops. Marine fishing is undertaken mainly by those belonging to fishermen communities like *Agnikula Kshatras* and *Vadabalijas*. Aquaculture was introduced during early 1980s which has expanded substantially over the years with paddy lands being converted to ponds. Even the marine fishermen undertake collection of prawn seeds from the sea and estuaries for about 3 months in the year.

The marine fishing is undertaken for about 9 months in a year. Each coastal village has landing centres. Antarvedi is one of the bigger landing centres which is located quite close to the above mentioned coastal villages. Many mechanised navas, non-mechanised navas and teppas operate here.

The Darbharevu branch of Andhra Bank was opened during 1985. It has a service area covering five villages including Vemuladivi which was selected for the study. As of end 1994, the branch had total deposits of about Rs. 60 lakhs and advances of Rs. 40 lakhs with a Credit : Deposit ratio of 66%. The branch has one manager who is assisted by 2 clerks and one office assistant.

The branch had advanced loans to marine fisheries during late 1980s for purposes like country boats, nets etc. mainly under IRDP scheme. The IRDP scheme consists of Rs. 8000 as loan, Rs. 4000 as subsidy and Rs. 3000 as margin money from BC corporation for the purchase of teppas. The recovery has been good. Out of the total advances of Rs. 12 lakhs given to 15 persons @Rs. 8000 each during 1989, the balance outstanding was Rs. 61,000 which is entirely overdue. The branch has not financed any fresh loan to marine fisheries since 1993. Lack of collateral security is one of the reasons given for non-dispersal of loans. However, the branch is financing for prawn cultivation. The loan outstanding for prawn cultivation (short-term **production** loans) was Rs. 2,95,000 in 32 accounts and Rs.5 lakhs as term loans. The branch manager admits that there are fishermen coming to his bank asking for loans for purchase of FRP boats and navas but he is not inclined to provide any fresh advances to marine fishermen. The fresh advances to marine fishermen are being provided mainly against the security of gold (jewellery). The balance outstanding in gold loan account to fishermen was Rs. 1,50,000 in 10 accounts as on end 1994,

The Branch Profile:

Total deposits	Rs. 60 lakhs
Total advances	Rs. 40 lakhs
C : D ratio	66%

Advances to Marine fisheries (balance outstanding)

Activity	<i>Balance Outstanding</i>		
	<i>No. of A/cs</i>	<i>Amount</i>	<i>Remarks</i>
i. Teppas and nets	10	61,000	Fully overdue
ii. Gold loans	20	150,000	Regular

Though, the bank is physically closer to the fishing **community**, the banking services are not accessible by them.

2. CASE STUDY OF Mr. KOKKILIGUDDA VENKATESWARULU

Venkateswarulu belongs to a village called Adarshnagar in Bapatla mandal of Guntur district. Adarshnagar is a new village which came up as a result of rehabilitation of fishermen from the nearby coastal area affected in the 1977 cyclone. This was one of the worst cyclone disasters in the recent times. The village is situated half-way between Bapatla, the mandal headquarters and the coast. Both are 6 kms. away from the village in opposite directions.

Venkateswarulu belongs to a fishermen caste called *Matsyakarulu*. His family consists of 4 persons including his wife and 2 children. His main occupation is fishing which he undertakes for about 9-10 months in the year. Wife also generates income. She takes up fish drying and vending during the fishing season. She also works as an agricultural labourer during the peak agricultural season lasting for about 2 months in the year. Venkateswarulu does not have a good idea about his family income. However, he knows that he needs about Rs. 1200 to Rs. 1400 per month for household expenses. They live in a pucca house provided to them under the rehabilitation scheme. He is a joint owner of a *Nova* and a sole owner of nets worth Rs. 20,000. The *Nave* and *Ad/i net* was provided by 'Gramasiri', which is a local NGO. The *Nave* and the net is worth Rs. 20,000 and is shared by 30 beneficiaries. 50% of Rs. 120,000 was provided as grant by the NGO and the rest was contributed by each beneficiary. However, the *Nave* and the net is now operated by about 3 people who have paid back the amounts invested by other 27 fishermen including Venkateswarulu. The reason quoted was that it is difficult for 30 people to jointly own, operate and share the proceeds from the boat and net,

Venkateswarulu's credit needs are for both consumption and production purposes. The consumption needs include household expenses, wedding and health. For these purposes, he avails short-term loans from the traders, friends and relatives. The production needs include repairs of boat and nets and for working capital. He has availed loan of Rs. 6000 from the bank for the purchase of a boat and another Rs. 2000 from Gramasiri (a local NGO) for the purchase of *Nave* and *Avili net* owned jointly with 30 others as already indicated.

According to Venkateswarulu, every fisherman will have a credit account with the local fish trader. The fish traders finance their working capital needs. The credit balance changes every week. The trader takes the catch at a lower rate from the fishermen. The difference between the market price and the actual price paid is the service cost of the trader. Venkateswarulu has no complaints against this system.

Venkateswarulu was identified by the Department of Fisheries as one of the beneficiary under IRDP during 1992. Under this scheme he was provided with a *Teppa*. The process of identification to purchase a boat took more than 6 months. All the beneficiaries were taken to Pondicherry for the purchase of the boat. The project cost was Rs. 6000 as loan, Rs. 4000 as subsidy and Rs. 2000 as contribution by the beneficiary. However, the cost of transport of boat, travel, boarding and lodging of the beneficiaries was also covered under the above project cost. Venkateswarulu does not know the exact loan amount at the time of purchase of boat or the present balance outstanding. He is also not aware of the loan scheme or the interest rate charged. He has not paid any instalment towards the loan. According to him, the loan may get waived as it happened during 1987. The bank officials visited the village during January 1995 to enquire about repayments but there was not much improvement in the recovery position.

APPENDICES

Appendix -II

CASE STUDIES – ORISSA

1. Utkal Mahila Sanchaya Vikas Sangathan (UMSV)
2. Story of Jogendra Das – An IRDP Borrower
3. Story of Laxmi – A Fisherwoman Trader
4. Story of a Money-lender

1. UTKAL MAHILA SANCHAYA VIKAS O SAMAJ MANGAL SANGATHAN

1. ORIGIN

Utkal Mahila Sanchay Vikas O Samaj Mangal Sangathan (UMSV) is a society which provides credit to the needy people. It is supported by an NGC, People's Rural Education Movement (PREM.). PREM has been working in Ganjam for over 10 years covering wide ranging issues from literacy campaign to, socio-economic upliftment of fishermen community. They realised that most of their programmes are not getting the desired impact due to the lack of credit support. Therefore, they thought of organising a credit programme for their adopted villages. They already had their thrift groups in several villages and some savings were informally collated and used for cultural functions and in case of contingencies.

UMSV was registered as a society in 1992 under Society Registration Act of 1860. The original mandate was to create a habit of thrift among the villagers. They started in the villages where PREM had been working for last 10 years. Their target group was tribals, fisherfolks and the Scheduled Castes and Scheduled Tribes.

UMSV initially started in the Ganjam district. Now they have expanded their activities to five districts of Orissa, 815 villages in 15 developmental blocks. They have 17,6(X) members who have savings with UMSV till January 31, 1995. The credit programme started only in May 1994. They have given credit to 5000 members. In two districts Ganjam and Puri they extensively cover marine fisherfolk. They are planning to expand to three more districts, Kalahandi, Koraput and Sambalpur.

2. OPERATIONS

UMSV now reaches about 18,000 members. They have 16 branches in five districts. The branches are there in the following locations:

<i>Districts</i>	<i>Locations of branch</i>
1. Ganjam	Gopalpur, Khemundikhop, Sorada
2. Gajapati	Mohana, R Udaygiri, Raigarh, Nuagarh
3. Phulbani	Daningbadi, Raikia, Mandasur, Bamunigaon
4. Raygada	Gunupur, Padmapur
5. Puri	Konark, Brahmagiri, Krushnaprasad

Credit for fisherfolk: In Puri and Ganjam UMSV exclusively deals with marine fisherfolk. They have covered 3291 fisherfolk members in three branches: Konark, Brahmagiri and Gopalpur. In Konark area they have about 800 members, in Gopalpur, they are dealing with 954 fishermen of which 6(X) are female.

In Mandiapalli area of Gopalpur they have given a loan of Rs 26,000 to a self help group (SHG). The group has 13 members, Each member deposits Rs 5 per month and at the end of two years, they have a balance of Rs 120 against which they provide loans up to Rs 2000. The SHG mentioned above is engaged in dry fish making and marketing.

Apart from the SHG route, an individual can get loans against his deposits. In every village, field organisers of PREM organise a village **committee**. This committee initially, educates the villagers about the habit of thrift. Particularly, in fisherman villages people often spend the money, whatever they earn on liquor or satta (gambling), this education lays the foundation. The villagers often move to the traders to get loan to

meet the contingencies. Village money-lenders and traders do not ask for collateral. They only ensure that the person regularly sells his fish catch to them at Rs 10 below the market price of the fish. If one works out the interest rate works out to be about 45-60 per cent per annum, which is rather unseen. Therefore, PREM organisers have persuaded people to be members of UMSV and start saving.

A person gets membership form free from the organisers. The person gives the specimen signature on the card in the presence of organiser. This is treated as an application.

This is forwarded to a village committee. The village committee recommends it to the central office at Berhampur through the organiser who in turn takes the person to the branch to open a pass book, With a minimum of Rs 5 deposit the member is issued a pass book by the branch manager. The branch manager has receipts with a multiple of Rs 5 i.e. Rs 5, 25, 50 and Rs 100.

The receipts are sent to the head office at Berhampur in the month end. The daily collection report is prepared at the branch. These reports are consolidated at the central office.

After the member has savings of Rs 120 at least in two years, he is eligible for a loan from the bank to the extent of Rs 500. The member also saves in a contingency fund with the village committee at the rate of Rs 10 or 15 per month. However, this is locally managed and not controlled by the UMSV.

Deposits : The UMSV has a total deposit of Rs 17.45 lakh so far from about 18,000 members. Average deposit appears to be a little low at Rs 4000 per month per block. However, it was stated by the branch managers that the deposit is higher in fisherman areas of Gopalpur and Konark where the average deposit per month is Rs 6000.

Loans : The average loan size varies from Rs 500-2000. However, most of the loans are of about Rs 500. The total disbursement was Rs 20.2 lakh by December 1994. Loan decision are taken by the village committee and sanctioned by UMSV.

Recovery : Total recovery by January, 1995 has been Rs 2 lakh from a total outstanding of Rs 20 lakh. The repayment pattern varies with the fish-catch. In July, the repayment is higher while it is lower in September-January. For other areas during harvest time January-March the repayment is higher.

Linkage with National Bank for Agriculture and Rural Development (NABARD) and Canara Bank: The UMSV functions as a savings mobilisation and credit delivery wing of PREM. NABARD under its Pilot Project of linking NGOs/SHG with bank channelised Rs. 18.86 lakh through Canara Bank to UMSV. Canara Bank acted as a sponsor bank. NABARD extended refinance at the rate of 6 per cent to Canara Bank. Canara Bank lent to UMSV at the rate of 9.5 per cent per annum. UMSV lent to its beneficiaries at the same 9.5 per cent per annum. However, they are allowed to charge higher interest rate. They have so far not charged higher interest rate, not even the bank rate. The administrative expense of UMSV are borne by PREM. UMSV has disbursed Rs 20.2 lakh by the end of December, 1994, out of which NABARD's refinance was 18.9 lakh. Balance 1.3 lakh was contributed by PREM.

The person approaches the money-lender for a loan of Rs. 1000. He promptly gives the money with an understanding often with recommendation of village Mukhia that the borrower would exclusively sell him the catch at a price Rs 10 below the market rate. So he gets Rs 10 per day and approximately Rs 50 per week and about Rs 1500 per year. That takes into account periods when he does not get enough catch or no catch or does no work, Thus he pays the Rs 1000 towards the principal and Rs 500 as interest and this works out to be around 50 per cent. However, it varies between 45-60 per cent per annum.

The pass book has two sides one for loan and other for deposits. The format is also fairly simple and in local language (Oriya).

3. STAFF AND MANAGEMENT

Each branch is managed by a branch-in-charge. Both deposits and loan recovery money are collected by field organisers of PREM who deposit them in the bank branch. At the central office, Berhampur there are two persons to oversee depositors and borrowers accounts. The staff are young and committed.

The governing board comprises one member each from 15 blocks where UMSV currently has presence. The block level member is elected from among the various village committees operating in the block. The governing body members elect President, Vice President, Secretary, Assistant Secretary and Treasurer from among them. The election is held in every three years.

The governing body is responsible for the planning and implementation as well as the monitoring of the credit programme. They are the apex decision making body. However, as the sponsor of the programme PREM also has significant role in overseeing the various operations of the bank. PREM in turn liaises with NABARD and Canara bank.

4. CRITIQUE

- A. *Clarity of Purpose:* The UMSV so far has not achieved the image of a full fledged credit delivery institution. It is simultaneously engaged in creating awareness about social issues of which credit is one. Though it is true that credit issue cannot be dealt in isolation, but focus should be clear. It is seen that the main role in the field is played by the field organisers who collect deposit and even identify borrowers. But for these organisers, credit promotion is not the only agenda. They cover a wide range of issues such as formation of village committees, non-formal education, environment protection, de-addiction. etc.
- B. *Sustainability of the Programme:* As far as the programme goes the programme is independently not sustainable. Even if UMSV can charge higher interest rate, they are just charging 9.5 per cent per annum. This is the rate which Canara bank charges them. Therefore, all the administrative expenses, processing costs, loan losses are borne by PREM. The question is how long can it continue this? UMSV explains the reason is the credit programme is in the development phase and they are not willing to go commercial which may affect the needy people. The reality on the ground tells a different story. People indicated that they are ready to pay 36 per cent interest per month as they are currently paying 45-60 per cent to money-lenders/traders.
- C. *Role of SHGs as on-lenders:* Performance of the lone SHG financed so far is good. The recovery is good because of the group pressure. However, the loan amount is only Rs 2000/head which the people said was inadequate.
- D. *Reach and Flexibility for borrowers and depositors:* The operation is flexible and transaction cost is low. However, the reach still continues to be low because of lack of sufficient lendable resources. Only 5000 people have been covered whereas still 12,000 people need loan.

5. CONCLUSION

UMSV will take some time to grow. It has got all the potential to become an alternate credit delivery institution. Already people have shown inclination to borrow from UMSV. This is a good sign for UMSV and a signal for mainstream financial institutions to be borrower sensitive and make their credit programme to be need based.

2. STORY OF JOGENDRA DAS

S'ri Jogendra Das is a resident of Chhanua village of Balasore Sadar Block. He is Kaibarta by caste and traditionally engaged in fishing since his childhood in the sea at Kasafal. He goes to sea for fishing for about ten months in a year. During rainy season when the sea becomes turbulent due to cyclone, then only he does not go for fishing. During April and May he does not get enough catch. He has a five member family with his mother, wife and two school going children. He earns around Rs 600 per month as wages from fishery. He does not have a boat or net of his own and he joins fisherman meli each year. The deal is usually finalised during the month of April. When he does not go for fishing he goes to work in the paddy field for around 2 months in a year at a daily wage of Rs 15 to 25. His wife does cooking and attends to domestic duty. She also makes some dry fish, but she does not go to auction centre or does not sell fish. Jogendra goes fishing very early in the morning and returns around late afternoon completing a ten hour fishing stint.

During 1994, he was told by Sarpanch, that he can avail bank loans under IRDP and he should approach block office for that. Jogendra became very happy. He was fed up with the routine fishing activity and was looking forward to start some business. He made about 10 trips between village and block finally his name was cleared for the loan and he was told that now he should approach the bank. For this he had to pay Rs 500 to officials and sarpanch. He was pretending to be ill during these days to avoid fishing in meli.

In the bank he first met the second officer. He asked whether he had any due in any other branches and got all the documents including the patta, a no due certificate and so many other things. He understood a few of them. He went to sarpanch and sarpanch assured him that everything will be taken care of. Next time when he went to the bank he was told that he will get his loan. Then he asked whether he can get the full Rs 6000 for starting a business. He was told by sarpanch that this is an IRDP loan. The bank manager laughed and said that this loan is for net and he can not use it for business. He was very unhappy. He tried to plead with the manager that he did not want the loan for net. He was paid only a sum of Rs.500. Then subsequently he received some amount. Jogendra said that he probably received something around Rs 5000. Then he used some of his own savings and credit from meli and a trader to buy a net. The manager also gave him the name of the company from whom he should buy the net. He bought the net. In the meantime he was penalised by the meli leader for his discontinuity of work. He also took the net to the meli and got a share for his net in the catch.

One morning he found his net was stolen. He did not know whether the net was insured or not. He met the bank manager to help him. The manager said he cannot help. He had to repay the loan to the bank from his own income. Jogendra blames the bank for shoving the net loan on him even he did not want it. He said "if you have made a sin in your last birth, you should go to a bank for a loan".

3. STORY OF LAXMI

Laxmi is a resident of village New Buxipalli of Rangeilunda Block of Ganjam district. Her husband G. Ramulu is a rayat (member of a fisherman mcli). He earns a wage of Rs 20 from fishing. Laxmi goes to beach auction every day to get some fish. She has good rapport with the auction agent Danaya. So she manages around 30 Kgs of fish every day. She goes to sell fish to Berhampur fish market which is 20 Kms from her villages. She takes a headload of 40 kgs. She takes 30 Kgs of fish and 10 Kgs of ice in a basket. The cost of fish to Laxmi is Rs 600-800, She pays Rs 400 at auction centre as cash payment and gets the balance as credit. She returns the credit amount the next day adding Rs 10 to it as interest. She sells the fish for about Rs 900 and thus earns a net profit of Rs 50-60 every day after taking into account, ice, bus fare and interest.

Recently she is also engaged in dry fish trading. They have organised a group of 8 women. They had started some deposits. They were approached by PREM's field organisers Mr Jagannath Rao and Indra Devi. They said that they should deposit Rs 10 every week. Then their group had around Rs 3500 savings. They deposited the money in UMSV. They were provided a loan of Rs 1000 per head from PREM through UMSV with an interest rate of 9.5 percent per annum. Now they are running a business worth Rs 25,000 and their individual income has increased substantially. They are supplying dry fish in bulk and earning around Rs 1(X) per day including the normal fish trade. Apart from that they are also using the unsold fish to dry and pack and use it in their trade. They are also now being trained to maintain their own account.

Laxmi says that looking at their success some other women of the village are also forming groups and has started savings.

4. STORY OF A MONEY-LENDER

He refused to be identified. For this case we will use a name Shri Rao for him. Shri Rao had a trawler business in late seventies. Now he owns a fish godown and also he has a dealership of some consumer items in Berhampur. He has two sons one helps him in the business and the other one is studying engineering at Madras.

Money-lending is his traditional business, though it is not their main source of income. His father used to lend money (called Kalantari) and he is also doing it. But he does not know, whether his Sons will prefer to do it.

He said that on an average five to ten persons come to him for loans. Mainly for daughter's marriage. He only lends to persons whom he knows personally or recommended by a friend. He collects detailed information from him in an informal chat and assesses his repayment capacity. Then he asks him for the collateral, previously he used to take the land as collateral but now he only deals with gold security. He himself knows to determine the purity of the gold and therefore, there is no chance for cheating. He charges an interest rate of Rs 3 per month on the principal amount. After he is satisfied with the collateral he advances loan immediately. Usually, the loan is for one year. He insists on total payment (principal and interest) and usually does not prefer part payment of either principal or interest. He does not follow the principle of declining balance for his loan.

He gets his lendable fund from his other business and also reinvestment of earnings from money-lending. His main clients are poor fishermen. He has very high opinion about them. He says that in his forty year career less than four loans have gone bad. He does not fear competitions from banks or any private finance institutions and says that "if you have good relation and intention people will come to you". He however, fears the officials from revenue department, as he is not a registered money-lender. The Orissa Money-lender's Act allows for only 9 per cent interest for secured loans and 12 per cent for unsecured loans. Mr. Rao questions, "No body in Orissa can afford to lend at such a low rate. Why can't I simply put money in the bank and sit quietly and still get 12 per cent interest. Here, I have to chase after the borrower for my money. I can't even take him into court. I can't get my money back by attaching his property as it has to be valued by a court person that will take ages. So ultimately I will have to sink my money. On the other hand even I am caught once in a year, I can get away with Rs 1000 to 2000 by paying to the officer. In the business one has to plan in advance and we people take all these costs into account to survive. So why register and put myself into trouble. I am helping people in distress but officials think we are all thieves, after all we are offering the same service as that of a bank. Can any fisherman ever get a loan for his daughter's marriage from a bank?" he questioned.

QUESTIONNAIRES

QUESTIONNAIRE 4

SURVEY OF CREDIT FOR THE FISHERFOLK

On behalf of the Bay of Bengal Program ODA Post Harvest Fisheries Project, we are carrying out a study to determine the requirement and availability of credit in coastal villages and ways and means to improve them.

On the basis of this study we will make recommendations to banks and the Government for improving such services.

- A. 1 Date : A. 2 Village
A. 3 Surveyor : A. 4 Block
-

1. FAMILY PROFILE

- A. 1 (a) Name of the person interviewed M/F
(b) Name of the head of the family MIF
- A. 2 Community/Caste
- A. 3 Total number of members in family
(a) Male adults
(b) Female adults
(c) Children
- A. 7 Occupation of Head of family
- A. 8 Means of livelihood of other adult members of family
(i) (ii)
(iii) (iv)
- A. 12 Estimated annual income of family
(a) From Fisheries
(b) From Wage Labour
(i) How many days/year
(ii) Wage rate
(c) From craft work/Cottage industry
(d) From salary of the regularly employed
(e) Any other business/enterprise
- A. 20 Gross assets of family
(a) Land (irrigated/unirrigated)
(b) Pump set/Thresher/Fodder Crusher
(c) Tractor, Motorcycle
(d) House (Pucca/Kutchha)
(e) Fishing boats, nets etc.
(f) Others

A. 2| If you have talked to a group please put down the personal details of all present.

	Name	Occupation	Availed Bank Loan (Y/N)	Have Savings Bank A/c (Y/N)
(a)				
(b)				
(c)				
(d)				

2. NEED ASSESSMENT

Do you require to borrow from time to time to meet your financial needs ? (Y/N)

(a) If Yes, for what purpose

- (i) Daily household expenses when income is low
- (ii) Medicines, etc. during illness
- (iii) Wedding, other social functions
- (iv) Repairs of fishing boats, nets, etc.
- (v) Working capital for other enterprise/business
- (vi) Purchase of fishing boats, nets, etc.
- (vii) Purchase of machines for other business
- (viii) Build/repair house
- (ix) Children's education
- (x) Others

(h) If No, you do not require loans because

- (i) You are well-off
- (ii) You believe in living within your means
- (iii) Your relatives help in times of need
- (iv) "One should not borrow"

3. CREDIT FACILITIES

If you have ever borrowed from money. please provide the following details:

3.1. Credit from Fish Trader/Money-lender

Have you taken a loan from the local landlord/money—lender? (Y/N)

If Yes.

(a) How much have you borrowed in the last three years and for what purpose ?

- (h) Please give the following information about the last loan you took from the landlord! money-lender
- (i) How much
 - (ii) When
 - (iii) Purpose
 - (iv) Interest rate
 - (v) Did you have to pledge/mortgage any asset to get the loan ? If Yes, what was the value of the asset pledged/mortgaged?
 - (vi) For how long?
 - (vii) How long did it take to get the money?
 - (viii) How many times did you have to go to him?
 - (ix) How much time did each trip take?
 - (x) How much have you returned till date?
 - 1. If full amount is repaid, when did you finally pay off the loan?
 - 2. If no amount has been repaid, have you paid any interest?
 - (xi) How much is left ?

3.2. Loans/Advances Against Labour Contract/Partnership in Fishing “MeW”

Have you ever borrowed any sum of money from a rich fisherman to be repaid through you/your children’s labour? (Y/N)

If Yes,

- (a) How much have you borrowed in the last three years and for what purpose?
- (h) Please give the following information about your last loan:
 - (i) Loan Amount
 - (ii) When
 - (iii) Purpose
 - (iv) For what period were you/your children supposed to work for him?
 - (v) In addition to the loan amount, how much will you get paid for your own/your children’s labour?
 - (i) How much of the loan is left ?
 - (ii) How many more months/days do you have to work to repay the loan fully?

3.3 Credit from Trade/Shopkeeper/Agent

What was purchased on credit	When	How Much	What rate did he charge? How much is to be repaid	How much would it have cost if you had bought in cash	Repayment period	Any other expenses	Is prior acquaintance/ security necessary
Fishing Net	1992 summer	200kg	Rs. 3.60/kg	Rs, 3/kg	3 months	2 trips (2 hrs + Rs.3 each)	Regular relationship

- (b) Have you been able to return the loan?
- (c) How much have you returned till date?
 - (i) If full amount is repaid, when did you pay off the loan?
- (d) How much of the loan is left?

3.4 Loans from Relatives/Friends

Have you ever taken a loan from your relatives/friends (Y/N).

If Yes,

- (a) How much have you borrowed in the last three years and for what purpose?
- (h) Please give the following information about the last loan you took from your relative/friend.
 - (i) How much
 - (ii) When
 - (iii) Purpose
 - (iv) Interest rate
 - (v) Period
 - (i) How much have you returned till date?
 - . If full amount is repaid, when did you finally pay off the loan?
 - (ii) How much is left?

3.5. Loans from Private Savings/Finance Co.

Do you know of any Private Savings/Finance Co. ? (Y/N)

If Yes,

(a) Have you ever taken a loan from them ? (Y/N)

If Yes,

- (if How much have you borrowed from them in the last three years and for what purpose ?
- (ii) Please give the following information about the last loan you took from them.
 - 1. Loan amount
 - 2. When
 - 3. Purpose
 - 4. Interest rate
 - 5. How much have you returned till date?
 - a. If full amount is paid, when did you finally pay off the loan?
 - 6. How much is left?
 - 7. Any other relevant details

3.6. Loans from Co-operative Society

Are you a member of any co-operative society ? *Y/N*

If Yes,

- a. How often do you borrow from the society?
- b. Please provide the following information about the last loan you took from the society?
 - i. When did you take the loan?
 - ii. What was the loan amount?
 - 1. Cash
 - 2. Equipment
 - iii. Interest Rate
 - iv. Expenses incurred in taking the loan
 - 1. Paid to somebody
 - a. To Whom
 - b. How Much
 - 2. Document/Papers
 - 3. Expenses incurred in travelling to & from the society
 - a. Before receipt of cash and equipment
 - (i) No. of trips
 - (ii) Time per trip
 - (iii) Fare per trip
 - b. To take the equipment from the society
 - (i) No. of trips
 - (ii) Time per trip
 - (iii) Fare per trip
 - (iv) Freight charges
 - (v) How much of the loan is yet to be repaid

- (i) When did you repay the loan?
 - I. If the loan was not repaid in time, why not?
- (ii) What has been your experience in borrowing from the societies?
 - V. Good/Good/Satisfactory/Bad/V. Bad

3.7. Bank loan

Have you ever borrowed from a bank ? (Y/N)

If Yes,

- (a) In the last three years. how much have you borrowed from a bank and for what purpose ?
- (b) Please provide the following information about the last bank loan you took
 - (i) Bank name & branch
 - (ii) Purpose for which loan was taken
 - (iii) Year & month in which loan was taken
 - (iv) Under what scheme, if any, was the loan taken?
 - (v) How were you selected?
 - (vi) Who decided the business for which the loan was taken ?
 - (vii) Have you any prior experience in this line ?
 - (viii) What was the loan amount ?
 - (ix) What was the extent of government subsidy ?
 - (x)
 1. How was the loan disbursed? (Cash/Kind)
 2. If the loan was received in kind, what was the real worth of the asset/things received by you
 3. How much cash did you get in hand?
 4. If you bought the asset thing yourself, what price did you pay?
 5. If the price was more than the bank loan, how did you finance the balance?
 - (xi) What expenses did you incur prior/subsequent to the receipt of loan,
 1. Paid to somebody
 - (a) to whom ?
 - (b) how much?
 2. Cost of documents/photographs
 3. Expenses incurred on fare and freight
 - (a) trips between village and block
 - (i) no. of trips
 - (ii) time per trip
 - (iii) fare per trip
 - (b) trips between village and bank
 - (i) no. of trips
 - (ii) time per trip
 - (iii) fare per trip

- (c) trips for purchasing
 - (i) no. of trips
 - (ii) time per trip
 - (iii) fare per trip
 - (iv) freight charges for transporting the thing/asset purchased
- 4. Any other expense/effort
- (xii) Time elapsed between your selection for a loan and receipt of cash/assets against it
- (xiii) Do you still have the asset in a useful condition
 - 1. If Yes,
 - (a) What do you use it for
 - (b) Net monthly income
 - 2. If No, why do you not have the asset in a useful condition
 - (a) Did not buy it
 - (i) Then what did you do with the money?
 - (b) Had bought/received it, but sold it
 - (i) For how much?
 - (ii) Why?
 - (c) Lost/Died
 - (i) Insurance claim details
- (xiv) What was the rate of interest and amount of instalment for the loan?
 - 1. Interest Rate
 - 2. Instalment Amount
- (xv) How much have you repaid?
- (xvi) When did you make the last payment?
 - 1. If full amount then whether after receipt of notices/amin's visit?
- (xvii) According to you how much more do you have to pay?
- (xviii) Subsequent to receipt of loan
 - 1. Has any bank official visited you for purpose of checking the asset or have you gone to the bank to show proof of actual purchase ? Y/N
 - 2. How many times?
- (xix) 1. Have the bank officials enquired about the problems faced by you in running your business'?
 - 2. How many times ? Y/N
- (xx) 1. Have the bank officials visited you for the recovery of loans ? Y/N
 - 2. How many times?
 - 3. Any expense?

- (xxi) 1. Have you received demand notices from the **bank**?
- 2. How many times?
- 3. For what amount?

- (xxii) I. Has any Government official (amin) come to you for collections?
- 2. How many times?
- 3. For what amount?
- 4. Any expense?

- (xxiii) If there is still some amount outstanding
- I. Have you any intentions of repaying the loan ? YIN
- a. If No, why not?
- b. If not on time
- c. In part

- (xxiv) What is your experience of borrowing from the bank ? V. Good/Good/Satisfactory/Bad!
Very Bad

- (xxv) 1. If you get a loan without any subsidy and without going through middlemen, then would you borrow from the bank? (YIN)
- 2. In such a case, which do you consider the single greatest benefit?
- a. Will require less time to get a loan.
- b. There will be less running around
- c. There will be no middlemen to pay
- d. Will get the full loan amount in hand

- 3. At what monthly rate of interest, would you be willing to take such a loan?
- 1%, 2%, 3%, 4%, Any other

QUESTIONNAIRE-2

SURVEY OF CREDIT FOR THE FISHERFOLK BY FORMAL CHANNELS

We are carrying out a study to determine the requirement and availability of credit in coastal villages and ways and means to improve them.

We represent an organisation which carries out such studies and on the basis of this study we will make recommendations to banks and the Government for improving such services.

- A. 1 Date: _____ A. 2 Name of the agency _____
- A.3 Surveyor: _____ A. 4 Address _____
- A. 5 Distance from sample village _____

_____ the Branch

Total Deposits _____

Total Advances _____

No. of staff _____ : _____ Officers

Clerical & others _____

2. Credit services to fisheries

How many applications for loans in the fisheries sector did you receive in the last one year ?

How many did you reject?

Why?

Reason 1 _____

Reason 2 _____

How many did you accept and extend loans to?

What is the proportion of fisheries loans to total loans?

	Number of A/cs	Amount
Total Advances		
Fisheries Advances		
to total		

3. Various schemes under which advances for fisheries sector are provided

ii.

iii.

4. Activities financed ?

Activities	No. of A/cs	Amount
ii,		
iii.		
iv.		
Total		

5. Processing Time:

		Processing Time
Type of lending	Schematic lending	
	Direct lending	
Type of loans	Short term loans	
	Term loans	
	Consumption loans	
	Any other	

6. Recoveries of fisheries loans

ACTIVITIES	DEMAND A/c AMOUNT	COLLECTION A/c AMOUNT	BALANCE A/c AMOUNT
iii.			
TOTAL			

QUESTIONNAIRE-3

SURVEY OF CREDIT FOR THE FISHERFOLK BY INFORMAL CHANNELS

We are carrying out a study to determine the requirement and availability of credit in coastal villages and ways and means to improve them. We represent an organisation which carries out such studies and on the basis of this study we will make recommendations to banks and the Government for improving such services.

A. 1 Date A. 2 Name of the agency/person

A. 3 Surveyor: A. 4 Address:

A. 5 Distance from sample village

1. Since how long are you in this business?

2. Size of Operation

Total lending

No. of staff

3. Credit services to fisheries

How many people approached for loans in the fisheries sector in the last one year?

How many did you reject?

Why ?

Reason 1

Reason 2:

How many did you accept and extend loans to?

What is the proportion of fisheries loans to total loans?

	Number of A/cs	Amount
Total Advances		
Fisheries Advances		
% to total		

4. Activities financed?

1.

ii.

iii.

iv.

v.

5. Processing Time:

REPAYMENT PERIOD	PROCESSING TIME
Upto 1 year period	
Above 1 year period	

6. Recoveries of fisheries loans

ACTIVITIES	% RECOVERIES
i.	
ii.	
iv.	
TOTAL	

7. Interest rates charged?

ACTIVITIES	Interest rate
ii.	
iii.	
iv.	
TOTAL	

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