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EMPOWERMENT OF FISHERMEN THROUGH MICROCREDIT

Dr. N.RATNA KISHOR

Assistant Professor, Department of Commerce & Business Administration
Acharya Nagarjuna University, Nagarjuna nagar, A.P., India



ABSTRACT

Microcredit programmes created very important on the socio-economic development of the poor people in the recent years. Self help programmes, often in the form of savings and credit or microcredit schemes, had succeeded in changing the lives of poor, enhancing incomes and generating positive externalities such as increased self esteem. However, in the recent years, counter arguments had also been advanced, suggesting that there could be negative effects. This paper addresses the challenging issue of whether micro credit programs were tools for empowering poor traditional fishermen. The observations made and conclusions drawn were mainly on field missions in Guntur District, Andhra Pradesh undertaken.

“Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Microcredit is one such means. Development from below also serves to advance democracy and human rights.”

-The Norwegian Nobel Committee.

“If we stop thinking of the poor as victims or as a burden and start recognizing them as resilient and creative entrepreneurs and value conscious consumers, a whole new world of opportunity will open up.”

- Dr. C K Prahalad

“While growth is the best antidote for poverty, governments must now turn their attention to those who are at the bottom of the income pyramid. It is clear that wealth does not percolate down to society’s poor, in India some 250 million people. Over half of the Indian population have no access to banking products, let alone insurance products. Addressing these concerns is as important as focusing on growth,”

-Mr. Sri P. Chidambaram

INTRODUCTION

Fisheries sector contributes significantly to the national economy while providing livelihood to approximately 14.49 million people in the country. It has been recognized as a powerful income and employment generator as it stimulates growth of a number of subsidiary industries and is a source of cheap and nutritious food besides being a source of foreign exchange earner. Most importantly, it is the source of livelihood for a large section of economically backward population of the country. The main challenges facing fisheries development in the country include development of sustainable technologies for fin and shell fish culture, Fish Seed Certification, yield optimization, infrastructure for harvest and post-harvest operations, landing and berthing facilities for fishing vessels and uniform registration of fishing vessels.

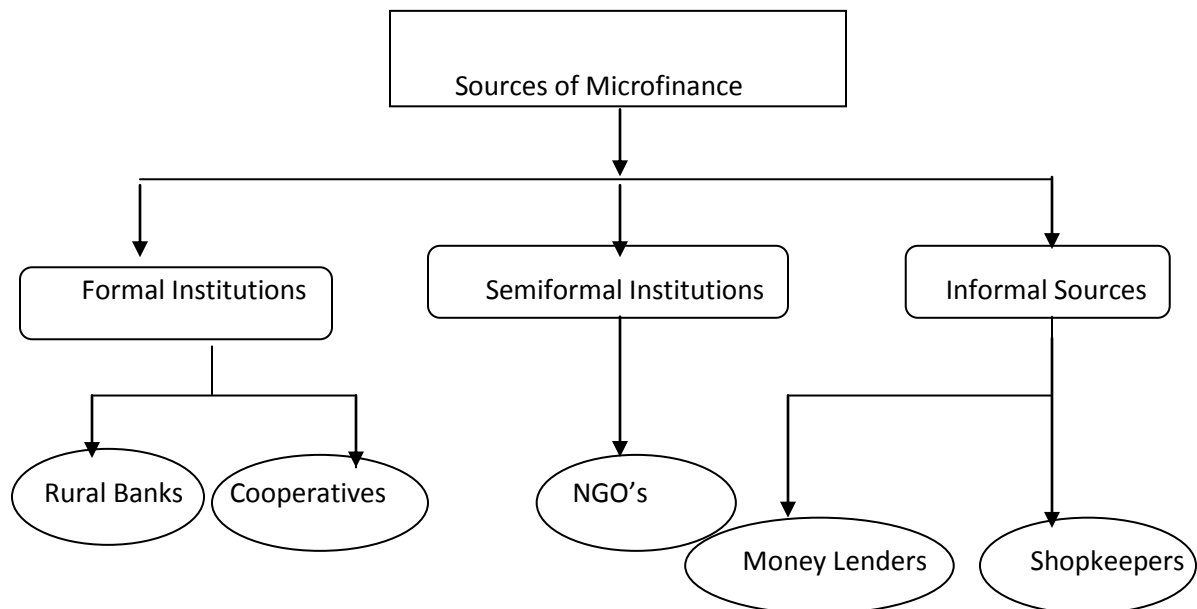
Microfinance aims to protect incomes and empower specific section of the population. In the Indian context, microfinance has been specifically defined as the “Provision of thrift, credit and other financial services and products of small amounts to the poor in rural, semi urban or urban areas, to enable them to raise their income levels and improve their standard of living”. In India and even in other countries women constitute majority of users and clients of micro credit and savings services. The fisheries sector occupies an important place in the economy of India, as it is a significant source of food and protein, a major avenue for employment and a major export industry. India is the third largest producer of fish in the world and is second in inland fish production after China. The sector has also been providing employment for about 5.96 million full-time or part-time fishers.

In most societies, as in India, small scale fishing and fish farming households are considered to be one of the most disadvantaged and vulnerable groups. Micro finance programmes are seen as a means for these households to gain access to much needed credit services that are appropriate for their needs. Usually, the development objective of

microfinance for poor, small scale fishing and fish farming communities is to enable them to increase their income, smoothen consumption, and develop micro enterprises, manage risk better and enhance their earning capacities, thereby reducing their economic and social vulnerabilities. Financial services refer to [services](#) provided by the finance industry. The financial services industry includes firms that are engaged in activities such as investing, lending, insurance, Banking, etc.

When one thinks about financial services, one focuses only on people who belong to the middle and upper sections of society, thus, ignoring the under privileged lower levels of society. It's easy to imagine poor people don't need financial services, but thinking about it they are using these services already, although they might look a little different. Poor people save all the time, although mostly in informal ways. They also invest in assets such as gold, jewelry, domestic animals, building materials, and things that can be easily exchanged for cash. They may set aside corn from their harvest to sell at a later date. They bury cash in the garden or hide it under the mattress. They also participate in informal savings groups where everyone contributes a small amount of cash each day, week, or month, and is successively awarded the pot on a rotating basis. Some of these groups allow members to borrow from the pot as well. The poor also give their money to neighbors to hold or pay local cash collectors to keep it safe.

There are three main sources of microfinance which can be best described with the help of a diagram as follows:



The poor rarely access services through the formal financial sector. They address their need for financial services through a variety of financial relationships, mostly informal. This is because; Formal financial institutions were not designed to help those who don't already have financial assets. This eventually, gave rise to a concept referred to as Microfinance. Popularly, known as "banking for the poor," "Microfinance" is often defined as financial services for poor and low-income clients. It refers to the provision of a broad range of financial services such as deposits, loans, payment services, money transfers and insurance to poor and low-income households and their microenterprises. Microfinance; in today's world is considered one of the most effective and flexible strategies in the fight against global poverty, as it empowers very poor people around the world to pull themselves out of poverty.

Fishing in India

The growth of fishing industry has been spectacular over the past few decades and in addition to its role in conservation of fish. It can be credited with creating employment and helping balance of payments through foreign exchange earnings on exports. According to the reports of the National Fisheries Development Board, Government of India, during 2009-10 India contributed about 4.4% of the global fish production. In India, fisheries sector contributed to 1.1% of the GDP and 5.30 % of the agricultural GDP. Per capita fish availability had been 9.0 kgs. In 2008-09, marine products exports topped 6.03 lakh metric tonnes valued at Rs 8,608 crore, with the volume and value being respectively higher at 11.29% and 12.95% from the previous year (The Economic Times, 2009). More than 50 different types of fish and shellfish products are exported to 75 countries around the world. 14 million employment opportunities have been generated by this sector till 2008-09. Major developments have been taking place in modernizing the sector, as the highly profitable fishing sector offers great scope for overall development and growth for the national economy. Our question is whether these developments in modernizing sector reflect same prosperity in the lives of traditional fishermen. FAO estimates that 5.8 million fishers can be considered poor earning less than 1 US\$ per day and 90 per cent of the fish farmers are traditional or small scale. In India 80 lakhs of fishermen are involving in traditional way of fishing. The traditional fishermen come mostly from the weaker section of the population. They are socially, economically and educationally backward. Lack of financial resources, organizational capacity and ability to adapt to the fast moving modern world's positive and negative factors push them to the clutches of social, cultural and economic backwardness. They borrowed from money lenders, merchants and middlemen. The agents demanded that the fishermen must sell their product only to them until the loan cleared off. The fishermen keenly aware of the malpractices of the agents, was however really helpless.

Though we have a large net work of banks and other financial institutions in the country, they are less inclined to give credit to fishermen due to the lack of collateral security and other reasons. Hence a significant number of fishermen remain outside the ambit of institutional finance. The non- institutional source consisting of money lenders, traders, merchants, commission agents, relatives and friends pursue multiple kinds of exploitative practices, like charging an exorbitant rate of interest, grabbing the assets of the clients etc. Micro credit or extension of small loans for income generating activities to the poor, particularly the fisher men in predominantly has become one of the most popular development strategies of the last few years. They are promoted as a strategy for poverty alleviation and traditional fishermen's empowerment.

Objectives of the study:

1. To discuss the micro credit loan extended to fishermen
2. To analyze the level of empowerment of fishermen
3. To discuss the problems of fisherwomen

Fisheries in Guntur District:

Table: 1.1 INLAND FISH PRODUCTION

S.No	Name of the Species	2009-10		2010-11	
		Quantity (tones)	Value Rs(in Lakhs)	Quantity (tones)	Value Rs(in Lakhs)
1	Barbus	55	8.25	98.06	19.612
2	Carps	3847	1538.8	7078.25	3185.2125
3	Cat Fishes	852	170.4	706.389	176.59725
4	Murrel	656	787.2	554.578	831.867
5	Mulletts	3	1.5	11	6.6
6	Prawns	867	780.3	816.875	980.250

Source: asst. Director of fisheries

Empowerment

Empowerment is a multi-dimensional social process that helps people gain control over their own lives. It is a process that fosters power in people for use in their own lives, their communities and in their society, by acting on issues they define as important. Empowerment is defined as the processes by which poor take control and ownership of their lives through

expansion of their choices. Thus, it is the process of acquiring the ability to make strategic life choices in a context where this ability has previously been denied. The core elements of empowerment have been defined as agency (the ability to define one's goals and act upon them), awareness of gendered power structures, self-esteem and self-confidence. Empowerment can take place at a hierarchy of different levels – individual, household, community and societal – and is facilitated by providing encouraging factors (e.g., exposure to new activities, which can build capacities) and removing inhibiting factors (e.g., lack of resources and skills).

These studies indicate that empowerment encompassed a wide variety of factors-economic, political and social. Hence it is pertinent to know whether the micro credit programme of SIFFS has enhanced the economic, social and political empowerment of women. Economic empowerment is analyzed by examining variables like reduction in the dependence on money lenders, change in income, and savings.

Reduced dependence on money Lenders

Fishermen borrow from merchants, moneylenders and pawn agents. Although no interest is charged on loans, it is covered by a commission recovered on the sale proceeds. The rate of commission however depends on the credit worthiness of the fishermen and his equations with the agents. The agents stipulate that the fishermen must sell their fish only to them until the loan is cleared off. They pay the fishermen the prevailing price per kg of fishes after making standard deduction. The fishermen keenly aware of the malpractices of the agents is however really helpless. Traditional fishing is more and more capital intensive. It obviously involves greater cash inputs which cannot be met fully from personal savings by most average fishermen without assured and regular flow of credit. In order to solve this problem SIFFS made efforts to organize the fishermen as Sangam and started micro credit programme. Due to continuous efforts of SIFFS 2891 members had not given their products directly to merchants or middlemen but sold through their sangams for the rupees of 32, 58, 37, 449 in the year 2008-2009

The SIFFS had given loans to the poor fishermen who were the member of Sangams to help them take up and manage on their own productive activities which would enable them to earn income. Some of them have taken loans even three times. After repaying the loan fully a second or third loan is sanctioned. 81 persons out 100 had utilized the loan for productive purposes. 19 persons had not utilized the loan for the purpose for which it was allotted. Table.1.2 furnishes details about the loan availed by the respondents.

Table 1.2 Number of fishermen availed loans

Purpose	Number of persons benefitted
Purchase of fishing equipments	81
Others (house construction, Education, Marriage, Health)	19
Total	100

While 3% fishermen had accessed loans up to Rs.65000 to Rs. 85000, seventy four per cent have borrowed up to Rs.5000 to Rs.20000.



Figure 1.2 Amount of loans availed by fishermen (In Rupees)

The proper functioning of the group has reduced their dependence on money lenders, although they cannot claim complete freedom from the clutches of the money lenders.

Mode of Repayment

Usually SHGs have the fixed installment repayment systems for their members who are getting loan. But the income from fishing is seasonal and the bulk of the earnings is often realized during a few months in the year. The margin for savings or for even distribution of expenditures is small, and fishermen often get indebted to traders or moneylenders to survive during the off-season. So fixed installment repayment does not make much sense in fisheries credit and hence SIFFS has been following a formula i.e. 10% of value of daily fish catches, for repayment of credit.

Increase in savings

It is well known and much heard of fact that fishermen have a high propensity to spend any additional income accruing to them. Fishermen spend more when they earn more. Savings and credit are two important pillars for development. Positive savings of a group indicate its

economic well-being. Each month members are required to save money, which was entered in their pass book.

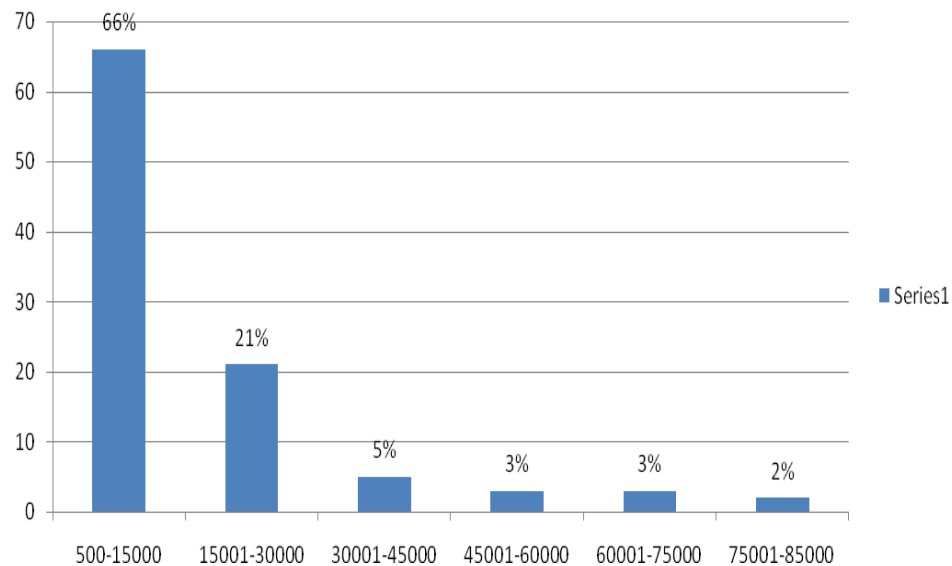


Figure 1.3 Savings of Fishermen

Figure.1.3 furnishes details about the savings of the fishermen. It showed that majority of them (66%) had savings up to Rs.15000, 27% had savings up to Rs.30000. Two per cent members had savings above Rs. 80000. 45% fishermen had savings in institutions like Life Insurance Corporation and Mutual Funds etc. Few NGOs helped 20 out of 100 fishermen who were affected by tsunami to get health and house insurance.

Valuable role in reducing vulnerability

They had played valuable roles in reducing the vulnerability of the poor, through asset creation, income and consumption smoothing, provision of emergency assistance, and empowering and emboldening fishermen by giving them control over assets and increased self-esteem and knowledge. Asset creation and income increase were the most significant results of micro credit schemes. The household's asset base had also been enhanced by the addition of jewels (a portable asset), improved housing and land purchase in some cases. 48% fishermen got loan up to Rs.1, 50,000 pledging on their jewels in commercial banks.

Empowerment through sangams

The fishermen had no political platform to voice their views. Due to lack of genuine leadership, their presence was never felt. But sangams had been instrumental in

empowerment by enabling fishermen to work together in collective agency. They combined savings with credit which enabled fishermen to benefit economically by monetizing their contributions and in the process had empowered them to become agents of change. A related aspect is that sangams had facilitated the formation of social capital, where people learn to work together for a common purpose in a group or organization. The ability to associate depended on the degree to which communities share norms and values and were able to subordinate individual interests to those of larger groups. Collective agency might be best protection for fishermen combating oppression.

The problems

Despite the increased support for micro-credit, there seem to be an ongoing debate in effectiveness of micro-credit in the empowerment of fishermen. The dilemma is whether access to micro-credit per se had an explicit ability to empower fishermen considering its size and procedures. Majority of the fishermen lacked control of the loans, but, had responsibility of repayments – interpreting this as wide spread loss of control hence disempowering Micro credit is no better than ‘nothing’. The tasks required from fishermen were often difficult to perform, their products had little market potential and the implementing agencies had no technical competence. Organizations dealing with micro-credit had not developed a method for tracking changes in levels of fishermen's empowerment as a result of their access to micro-credit. Fishermen were interested only financial schemes not in the planning or training programmes.

Promoting microfinance in fisheries communities

Recognition of the importance of microfinance as a crucial development tool for poverty reduction has increased during the last two decades. A general microfinance strategy involves the promotion of sustainable rural livelihoods and more equitable access to resources, particularly for vulnerable and disadvantaged groups, such as small-scale fishing and fish farming households. Microfinance programmes are seen as a means for such communities to gain access to much-needed and appropriate credit services.

The development objectives of microfinance for poor fishing communities are to enable fishing households to increase income, smoothen consumption, develop micro-enterprises, manage risks better and enhance earning capacities, thus reducing economic and social vulnerability. Because women constitute a significant proportion of poor fishing households, microfinance should also serve as an effective tool to assist and empower women in fishing communities.

Microfinance schemes help address the particular problems faced by fishing communities:

- Fishing communities undertake small-scale capital commitments and levels of production and have limited political power. This makes them vulnerable to external threats, especially the large-scale fishing sector.
- Fishing communities are dispersed along coastlines and, because they depend mainly on marine ecosystems that are close to home, they are particularly vulnerable to resource depletions.
- The nature of the ecosystems and the particular species that are exploited are important determinants of many cultural characteristics, including the social and economic organization and the fishing gear and technologies that are utilized.
- The various fishing occupations that community members pursue will be interwoven through the whole fabric of a community's culture.
- There is a systematic division of labour according to both gender and age, with corresponding role expectations regarding men, women, children, adults and the elderly.
- In most communities, the primary producers are men, while women are expected to play a dual role: as mainstays of their household and children, and as mainstays of fish processing, marketing and distribution systems.
- Access to credit and insurance is problematic in most small-scale fishing communities and constrains fishing effort and production.

Credit needs of women involved in the fisheries sector

Microfinance as an intervention for women in the fisheries sector as against agrarian societies (where poor women usually work as wage labourers) holds considerable promise as most women are already involved in micro enterprises and almost all have felt that there is a lack of adequate working capital resulting in dependence on non-institutional sources of credit. Their credit needs are similar to those of other self-employed women such as vegetable vendors, as described below.

- *Credit needs vary with the scale of operation.* Head loaders who service inland villages and local village markets require smaller amounts of credit when compared with middle-level fish vendors who are women accessing suburban and urban fish markets. Head loaders do not get paid on a daily basis (payment is by households on a weekly/monthly basis) while middle-level fish vendors receive a daily payment but spend a considerable amount on transport and ice. Women involved in dry fish processing require much higher amounts than the former two categories.
- *Credit requirements are seasonal.* Landings vary with seasons. It is only during glut landing seasons that women are actively involved in the business. Credit delivery mechanisms must cater for this need.

- *Repayment schedules need to be frequent.* Repayment schedules should enable women to repay in small amounts. Door to door collection of installments may help on a daily basis since women returning back in the evenings from their markets are immediately involved in cooking and other household activities.

Problems of women involved in the fish vending trade

The problems of women in fishing communities involved in selling fish are similar to those of most poor women.

- *Lack of assets.* While agrarian families can view land as an asset, fishing families can boast only of their craft and gear as primary assets. As these are associated with the production process, the access of women to their use is almost nil and control does not exist.
- *Non-availability of working capital.* The lack of assets manifests itself in the lack of capital for investment in the fishing trade. Most women are dependent on external sources of credit. This is a typical characteristic of small fish vendors, the majority of whom are dependent on non-institutional sources of credit.
- *Limited market access.* Most women involved in the fishing vending trade are limited by lack of adequate transportation facilities. Public transport is often the only means of transport available and is not easily accessible (because of the fish the women carry), meaning that they have to walk with a head load of fish or invest in hiring transport that in turn cuts into the cost of the trade.
- *Access to ice.* This is a vital component in the fish trade since it helps to ensure that women can sell at competitive prices and avoid distress sales. Access to ice is now easier with increasing number of ice plants along the coast, but for small players selling limited quantities of fish, it is an investment that is very carefully made.

It is significant to note that women do not have the assets involved in the production process and nor do they have control over assets related to post-harvest operations, such as transport and ice.

Suggestions

1. Micro credit should not be only a economic support. It should also have capacity building, training programme for economically deprived communities
2. Members of sangams should be well informed the objectives of groups

3. Infrastructure facilities should be maintained in their localities because regarding fishermen the success of micro credit depends on the state of infrastructures and amenities.

CONCLUSION

The impact of the programme on fishermen empowerment is great. Micro credit through Sangams or SHGs is now a vital weapon for the coastal poor to fight against poverty. Now both Government and Non-Governmental Organizations are working extensively in this field. Credit alone is useless unless packaged with training, awareness programme on depleting fishing resources, marketing, transportation facilities, technology, education etc. With appropriate market support strategies the members could effectively build enterprises as a source of their employment and income. Therefore, training to potential leaders must be imparted with focus on developing leadership skills, group dynamics and group conflicts. Then only can these programmes make a difference in the long run. Empowering of the traditional fishermen means not only lighting hope for future of the traditional fishermen but also for the world at large.

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