AN ANALYTICAL STUDY OF FINANCING PATTERN IN MARINE FISHERY SECTOR IN KANYAKUMARI DISTRICT, TAMILNADU

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Abstract

Fisheries sector play an important role in the Indian economy. It contributes to the national income, exports, earn foreign exchange food and nutritional security and in employment generation. Finance becomes the life-blood of any organisation. It is a well known fact that financial institutions play a vital role in fisheries development. The fishermen in general do not have adequate finance to change the traditional fishing methods to modern growth orbits. As such their credit needs are increasing day by day for the mechanisation of crafts and gears. The term financing is used to denote in which the owners obtain capital for the purchase of fishing crafts, gears and other accessories. The performance of existing formal and informal institutions not studied so far either by the government or by any other agency.

Key words: Marine Sector, Finance, Capital, Mechanization, Fishing Methods.

INTRODUCTION

Fisheries are one of the fastest growing food sectors in the world. Fisheries sector plays an important role in the Indian economy. It contributes to the national income, exports, earn foreign exchange food and nutritional security and in employment generation. Marine fisheries sector provides employment to early 32 lakhs people in fishing and allied activities. The role of finance is an increased significance due to capital intensive technique of production in the motorized and mechanised sectors and commercialisation of fishing. The term financing is used to denote the way in which the owners obtain capital for the purchase of fishing crafts, gear and other accessories.

Fishermen require adequate and timely availability of capital for technical requirements and contingencies. Generally there is no pre-planning for raising capital. Despite facilities for raising capital from co-operatives and banks, the prescribed procedures formalities and economic conditions for the fishermen to go to money lenders. Both the private and nationalised banks have been financed to fishing sector of the study area. Eventhough fishing community is followed traditional fishing practice. The existing financing pattern is not helped to all fishermen. The modern technology in fishing is required more financial assistance. But this sector does not avail the required amount of finance from
various financial institutions. Therefore they approach the non financial institution to get financial assistance.

Fishing in Kanyakumari District:

Kanyakumari, one of the districts of Tamilnadu is located at the Southern corner of Indian peninsula. Kanyakumari district is formed by transferring four taluks namely Agasteeswaram, Thovalai, Kalkulam and Vilavancode. Kanyakumari is a tiny district without any diverse agro-climatic conditions. There are 46 fishing villages extending from Neerodi in the North West to Arockiaipuram in the South East. The sea coast at the West and South West of the district is flat and fairly ideal for fishing. Kanyakumari district is approximately having 68 km of coastal area with nearly 1 lakh fishermen involved in fishing. Fish production depends mainly on monsoons. Kanyakumari district. There are two monsoons in Kanyakumari district, the south west monsoon and the north east monsoon. The south west monsoon is received between June and September and the north east monsoon season starts on September and ends in December.

Need for Finance:

Finance becomes the life-blood of any organisation. Everyone in the helm of affairs shows keen interest in raising and managing funds for the growth and development of an organisation. Unfortunately, limitation of funds is a concern for every size of the industries be it, national, multinational and domestic sectors. In order to meet this challenge every firm is forced to borrow from external agencies, which provide credit services. Credit is the prime input to start any activity in the modern orbits. Becoming aware of this dynamics, the borrowers are willing to Walt extra miles for the growth of their organising and accept the terms and conditions which are imposed by the credit supporters. Fishing industry is not exempted from this state of affairs.

The states of fishermen, who are the head of fishery sector remain unaltered even after six decades of planned development, due to inadequate credit facilities. Fishermen, in general, do not have adequate finance to change the traditional fishing methods to modern growth orbits. As such their credit needs are increasing day-by-day for the mechanisation of crafts and gears. The credit needs of fishermen are diverse and growing. It differs from fishermen to fishermen on the basis of crafts and gears they use.

REVIEW OF LITERATURE

Kenneth Ruddle (2011) have highlighted their study the Informal Credit systems in fishing communities: Issues and examples from Vietnam. Credit is pieced together generally from several formal and informal sources to finance fishing boats and operations. Credit demand and supply in capture fisheries communities still requires comprehensive examination, especially for countries like Vietnam, for which this is the first study. The role of informal credit systems is examined, the associated patron-client relationship revised and additional research needs suggested. Research on financial systems should be broad and integrated, focusing on the varied interlocking contexts of individuals and institutions and aimed at transcending misconceptions like the dichotomy between formal and informal his field research further demonstrated that for Vietnam the negative stereo typical image of the informal credit role of moneylenders is not always justified, particularly when seen within a patron-client framework.
Xiaojing Wang (2015) pointed out that the Microfinance in Fisheries in China Fishery microfinance providers includes formal financial institutions and many kinds of micro-financial institutions, among which China. There is still a long way towards commercial operation and financial sustainability. Most informal financial institutions have pricing power to a certain extent. Borrowers pay no interest or much lower interest and the interest gap is supported by public finance. Because of the controls on interest rate, interests received from micro-credit cannot match the cost of the loans. Most formal financial institutions cannot keep financial sustainable in micro-credit business. This is also the main reason why most financial institutions are reluctant to participate in rural micro-credit. According to the successful experiences of international micro-credit projects, interest rate on micro-credit loans should be higher than that on usual commercial loans. And it should reduce intervention on micro-credit as far as possible. It is clear that lifting controls on interest rate can improve profit on micro-credit loans and achieve its financial sustainable.

**METHODODOLOGY**

The researcher has collected data from both primary and secondary data. The primary data were collected from the respondents with the help of interview schedule. Secondary data were collected from journals, books and websites.

**Statement of the problem:**

The purpose of this study is to investigate An Analytical Study of Financing Pattern in Marine Fishery Sector in Kanyakumari District, Tamilnadu.

**Significance of the study:**

Geographically the study is confined to Kanyakumari district. The district is selected for investigation because of the existence of all types of crafts like the catamarans, canoes, catamarans without board motor, canoes with outboard and inbuilt mechanised boats. The existence of a significant number of fishing villages, high concentration of population engaged in fishing and above all the poor socio-economic conditions of the vast majority of fishermen give special significance to the study. Kanyakumari district has sixty kilometers of the west coast and eight kilometers of the Gulf of Mannar Coast. The small district is noted for its marine fishing with 46 fishing villages and high concentration of 1, 48,539 fishermen population forming 19 percent of the total fishermen population (7,90,408) in Tamilnadu. The total number of households engaged in marine fishing accounts for 24.5 percent of the state’s total. The study area possesses nearly 24,796 different types of gear and 21,022 different grafts. These facts and more significance to the study.

**Choice of the study area:**

Geographically the study is confined to Kanyakumari District. The District with the headquarters at Nagercoil. There are 46 fishing villages in the district. All the main types of crafts and gears throughout the state are found in the district. The district has 4 taluks among which one taluk (Thovalai) does not have any marine. So the Thovalai taluk is excluded from the study.

**Objectives of the study:**

The main objectives of the present study are to analyse the pattern of financing marine fishery sector:
1. To evaluate the performance of marine financing in the study area.
2. To investigate the operational efficiency of the mechanised and non-mechanised fishing.

Selection of samples:

The researcher has adopted two stages random sampling techniques for selecting the samples. At the first stage the researcher has selected 10 fishing villages have traditional, motorised and mechanised boats out of 46 fishing villages in the study area. At the second stage, 20 samples from each traditional craft sector, motorised craft sector and inbuilt engine boat sector of each selected villages. Thus a total of 600 samples respondents have been selected from 10 selected villages for the study. The investigator conducted a pilot study and on the basis of if the interview schedule has been finalised.

Statistical tools used:

The data collected with the help of questionnaire is analysed with the help of descriptive statistics like percentage and averages.

Limitation of the study:

1. The study is limited to marine fishery in Kanyakumari district only. Therefore the conclusion derived from this study cannot be generalised to their areas of the state.
2. There is lack of reliable figure. There are various problems in the collection of data.
3. Limited time is one of the constraints for the investigator to make a detailed study.
4. The secondary data was taken with great difficulty.

EVALUATION OF MARINE FINANCING:

Fishermen are fully aware of the various credit institutions, their preference is to get from professional money lenders, rather than other organized agencies for the two main simple reasons. One is credit can be obtained from money in no time, and credit can be had for any purpose.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Reasons</th>
<th>No. of fishermen</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>No delay in sanction</td>
<td>77</td>
<td>23.9</td>
</tr>
<tr>
<td>2.</td>
<td>Provision of door delivery</td>
<td>47</td>
<td>14.6</td>
</tr>
<tr>
<td>3.</td>
<td>No difficulty in repayment</td>
<td>60</td>
<td>18.6</td>
</tr>
<tr>
<td>4.</td>
<td>Minimum security</td>
<td>81</td>
<td>25.2</td>
</tr>
<tr>
<td>5.</td>
<td>Provision for sufficient credit</td>
<td>57</td>
<td>17.7</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>322</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey Data
(Figures in parenthesis are percentage)

Table 1 indicates that 25.2 percent fishermen prefer the informal credit due to minimum security to get sufficient credit, 23.9 percent prefer because there is no delay in sanctioning the credit, 18.6 percent prefer because no difficulty in the repayment of loans 17.7 percent prefer because they provide sufficient and adequate credit.
Reasons for the preference over formal credit:

In this section is going to evaluate the reasons for the preference over formal credit agencies which cater to the needs of marine fisheries in the study area. The institutional financial agencies are the government, commercial banks and co-operatives.

TABLE 2: PREFERENCE OVER FORMAL CREDIT

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Reasons</th>
<th>No. of fishermen</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Provisions of subsidy</td>
<td>71</td>
<td>26.7</td>
</tr>
<tr>
<td>2.</td>
<td>Provisions for long term credit</td>
<td>68</td>
<td>25.5</td>
</tr>
<tr>
<td>3.</td>
<td>Low rate of interest</td>
<td>64</td>
<td>24.1</td>
</tr>
<tr>
<td>4.</td>
<td>Instalment Repayment</td>
<td>58</td>
<td>21.8</td>
</tr>
<tr>
<td>5.</td>
<td>Possibility for written off</td>
<td>5</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>266</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data
(Figures in parenthesis are percentage)

The table shows that out of 266 samples 26.7 percent of the fishermen prefer the formal credit institution because of the provision of subsidy, 25.5 percent prefer due to the provision of long term credit, 24.1 percent due to the existence of low rate of interest, 21.8 percent prefer due to repay the loan amount in installments and only 1.6 percent prefer with the expectation of debt waiver.

Over all preference over credit:

In the marine sector the fishermen try to get credit from formal and informal sources. The formal sources are known as institutional credit agencies and the informal sources are known as Non-Institutional agencies. The institutional agencies are the commercial banks and co-operative banks. The non-institutional agencies are money lenders, pawn brokers, prawn agents and friends and relatives. The following table explains the fishermen preference over credit.

TABLE 3: OVER ALL PREFERENCE OVER CREDIT

<table>
<thead>
<tr>
<th>SLNo.</th>
<th>Sector</th>
<th>Formal</th>
<th>Informal</th>
<th>Both</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Traditional Craft(TC)</td>
<td>28</td>
<td>170</td>
<td>2</td>
<td>200</td>
</tr>
<tr>
<td>2.</td>
<td>Outboard MotorCraft(OBMC)</td>
<td>110</td>
<td>87</td>
<td>3</td>
<td>200</td>
</tr>
<tr>
<td>3.</td>
<td>InbuiltEngine Boat(IBEB)</td>
<td>128</td>
<td>65</td>
<td>7</td>
<td>200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>266</strong></td>
<td><strong>322</strong></td>
<td><strong>12</strong></td>
<td><strong>600</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data
(Figures in parenthesis are percentage)

The above table reveals that out of 600 sample fishermen 266 samples (44.3 percent) preferred institutional credit agencies, 322 Sample fishermen (53.7 percent) preferred non-institutional credit, 12 sample fishermen (2.0 percent) preferred both institutional and non-institutional credit.
FINDINGS

1. The analysis regarding preference over informal credit the study shows that 25.2 percent fishermen prefer the informal credit due to minimum security to get sufficient credit, 23.9 percent prefer because there is no delay in sanctioning the credit, 18.6 percent prefer because no difficulty in the repayment of loans 17.7 percent prefer because they provide sufficient and adequate credit.

2. As regards preference over formal credit indicates that out of 266 samples 26.7 percent of the fishermen prefer the formal credit institution because of the provision of subsidy, 25.5 percent prefer due to the provision of long term credit, 24.1 percent due to the existence of low rate of interest, 21.8 percent prefer due to repay the loan amount in installments and only 1.6 percent prefer with the expectation of debt waiver.

3. The study regarding over all preference reveals that out of 600 sample fishermen 266 samples (44.3 percent) preferred institutional credit agencies, 322 Sample fishermen (53.7 percent) preferred non-institutional credit, 12 sample fishermen (2.0 percent) preferred both institutional and non-institutional credit.

SUGGESTIONS

1. The quantum of credit supplied by the financial institutions is very limited and inadequate. Hence more number of loans should be granted or arranged for the purpose of purchasing advanced crafts and gears thus their dependency of the non-institutional credit agencies should be restricted.

2. The commercial banks are lending a meager percentage of the total loan in the survey villages. The percentage safe of the commercial bank has to be raised.

3. The government should strengthen ‘Fisheries co-operative Bank for Fishermen’ in the coastal villages like that of Agricultural Co-operatives Banks’ for farmer.

CONCLUSION

Finance plays a definite role in accelerating any business activity/economic development, and fisheries sector is not an exception. The fishermen always face cash deficit as the nature of the fishing sector is seasonal and unpredictable. The commercialised banks are not lending the required amount of credit to the fishermen. Therefore they switch over to find the other source of credit such as money lenders and money brokers. As a result the fishermen are forced to dispose their catches to the brokers, auction money lenders and agents.

References: