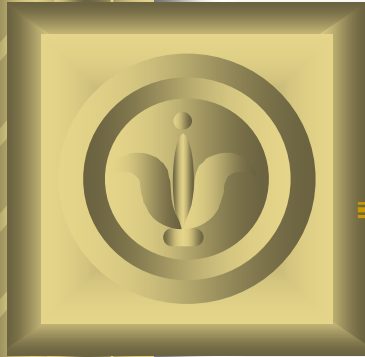


MICRO FINANCE IN FISHERIES SECTOR-

A case study of Dakshina Kannada district, Karnataka



**REENA. V
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Introduction

- **Successful promotion of grass roots will ultimately provide a productive foundation for economy of any nation.**
- **One objective of MDG is to halve the proportion of people living on less than \$1 a day by 2015. (United nations).**
- **Microfinance is a key strategy in reaching the MDGs and in building global financial systems that meet needs of poor people especially women.**
- **Prof Muhammed Yunus- Grameen Bank, Bangladesh, 1983.**
- **In India, NABARD launched SHG-Bank Linkage Programme in 1992.**

Today SHG banking is the primary mode of microfinance in India

Linkage models:

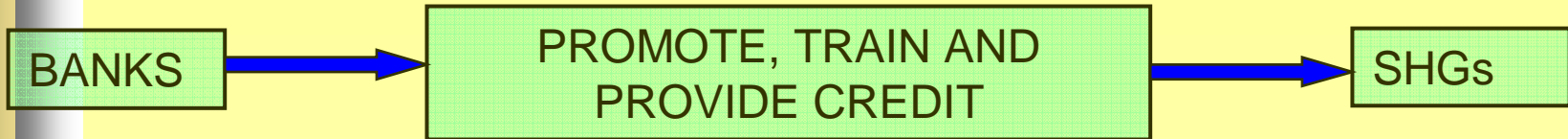
Three models of SHG-bank linkages have evolved over a period of time. (NABARD 2000)

Model I: Directly linked to SHG's without intervention of NGO's

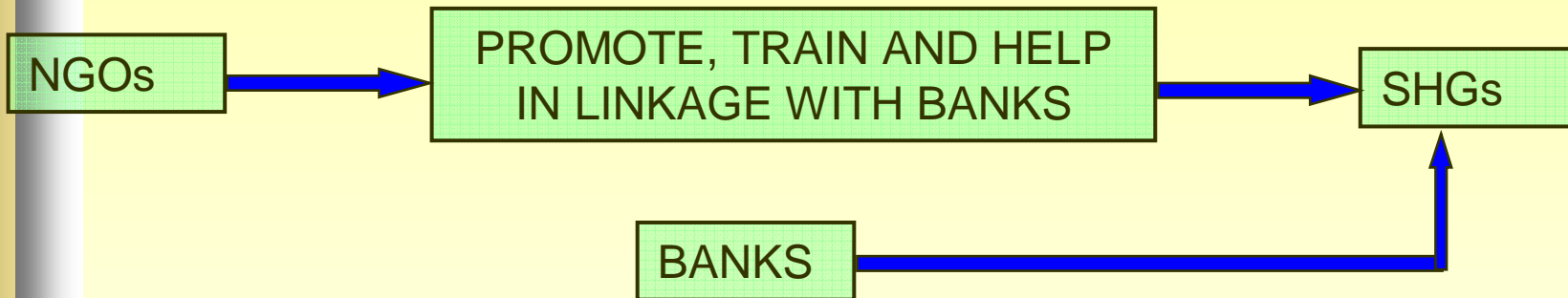
Model II: Directly linked to SHG's with NGO acting as facilitator.

Model III: Indirectly linked to SHG's through NGO's for on lending.

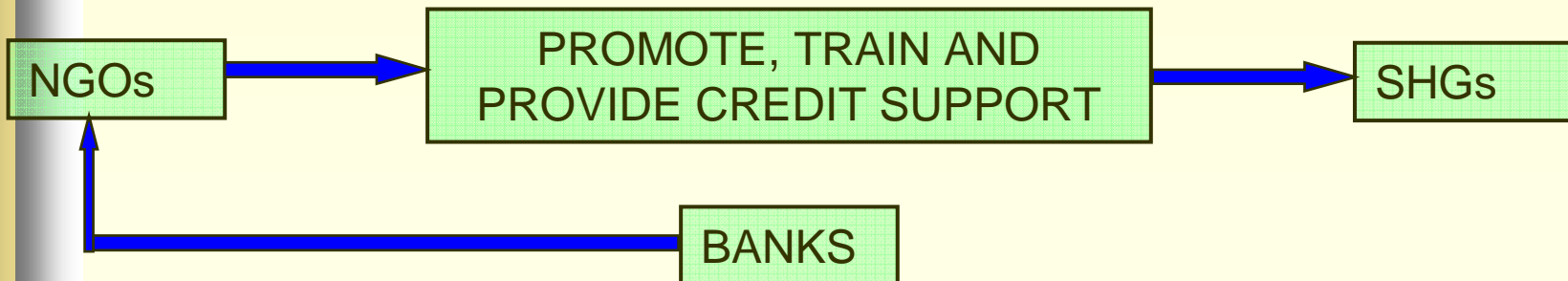
MODEL- I



MODEL- II



MODEL- III



Definitions of Microfinance

Asian Development Bank (ADB 2000), defined microfinance as provision of a broad range of services such as deposits, loans, money transfers, and insurance to poor and low income households and their micro enterprises.

Robinson (2001) defined that *“microfinance refers to small-scale financial services for both credits and deposits that are provided to people who farm or fish or herd; operate small or micro enterprises where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and local groups in developing countries, in both rural and urban areas”*.

Microfinance for women in fisheries sector:

- **Fisher households are vulnerable and disadvantaged groups so will benefit extensively through microfinance.**
- **Poverty has a gender bias.**
- **Women constitute a significant proportion of poor fishing households - microfinance can serve as an effective tool to assist and empower women in fishing communities.**
- **Considerable number of fisherwomen are already involved in micro enterprise activity.**
- **Demand for financial services in fisheries sector is diverse and requires differential financial products and services.**

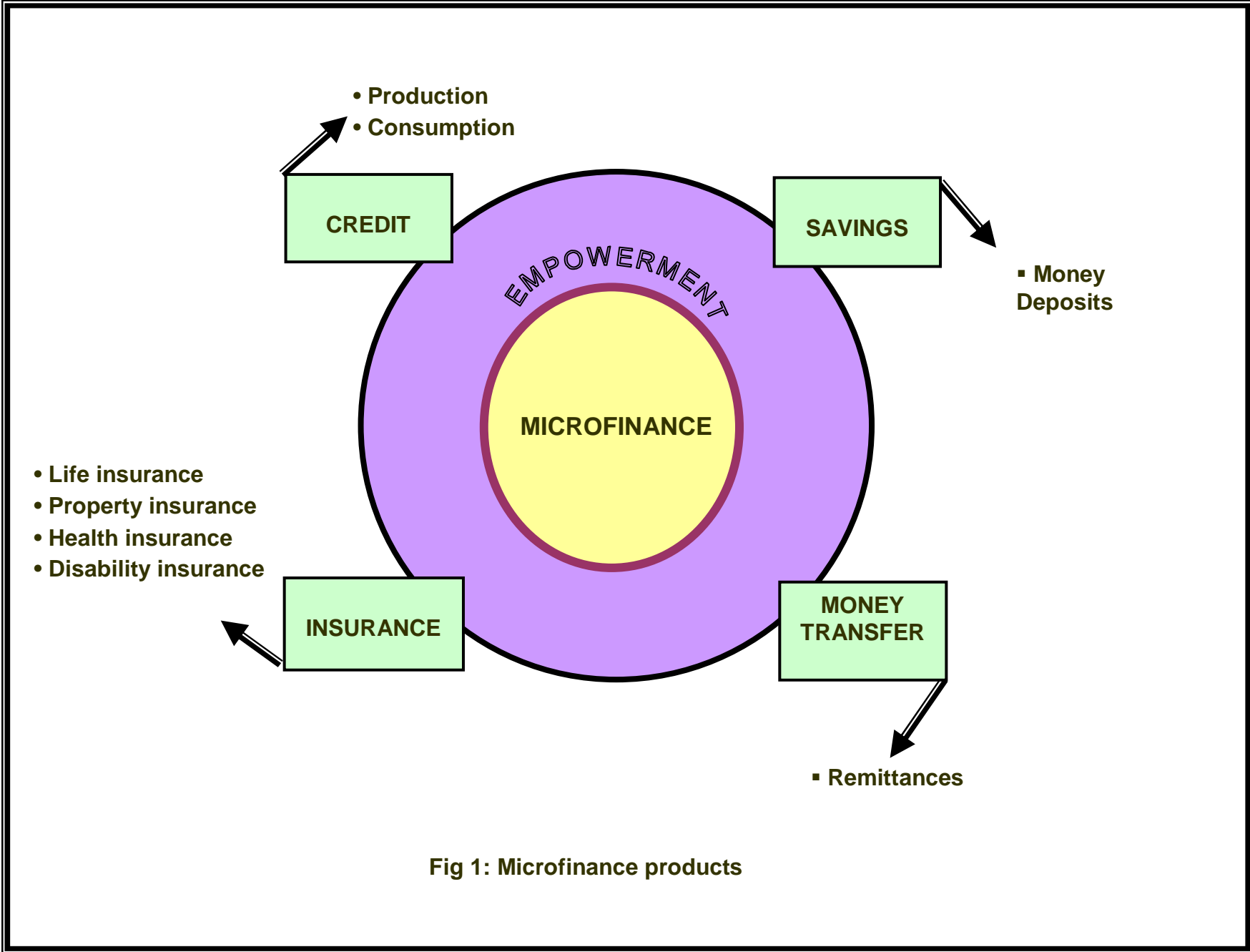


Fig 1: Microfinance products

OBJECTIVES OF THE STUDY

- 1. To assess the profile of fisherwomen in Dakshina Kannada district.**
- 2. To assess the potential for microfinance among fisherwomen in Dakshina Kannada District of Karnataka.**

MATERIALS AND METHODS

- **Locale of the study**
- **Respondents**
- **Sampling procedure**
- **Tools and methods of data collection**

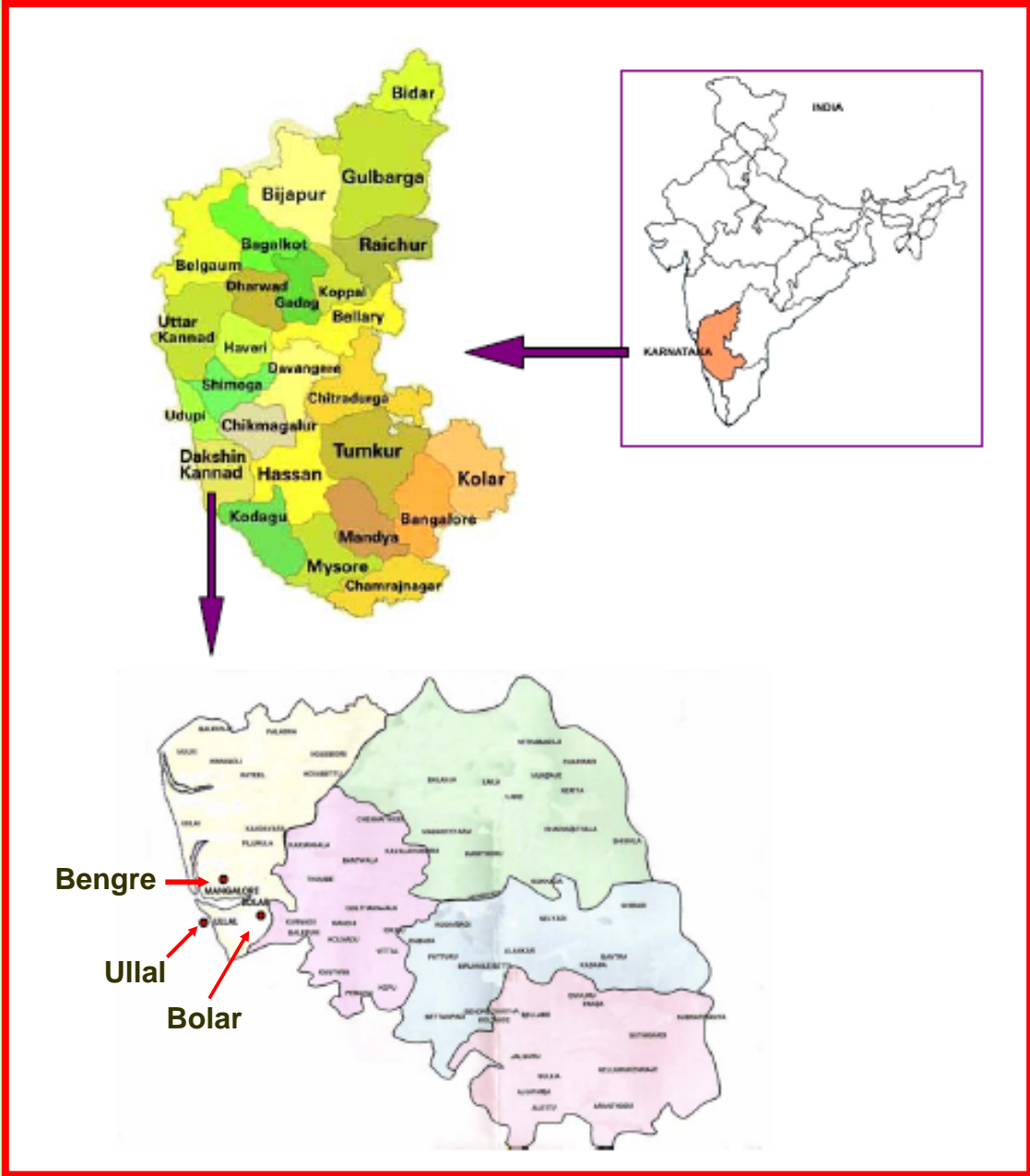


Fig 2: Study Area

Respondents

- **Fresh fish retailers** - Marketing of fresh fish
- **Dry fish retailers** - Marketing of dry fish
- **Fresh fish labourers** - Loading and unloading fish from boat, sorting, peeling, degutting and cleaning fish at landing centre
- **Dry fish labourers** - Involved in the entire process of curing fish. (Cutting, brining and drying)

STATE: KARNATAKA

DISTRICT: DAKSHINA KANNADA

VILLAGES

1. BENGRE

[40 Fisherwomen]

2. ULLAL

[40 Fisherwomen]

3. BOLAR

[40 Fisherwomen]

FRESH FISH RETAILERS - 10
DRYFISH RETAILERS - 10
FRESH FISH LABOURERS - 10
DRY FISH LABOURERS - 10

Table: Respondents

Sr. No.	Category	Fishing Villages			
		Bengre	Ullal	Bolar	Total
1.	Fresh Fish Retailers	10	10	10	30
2.	Dry Fish Retailers	10	10	10	30
3.	Fresh Fish Laborers	10	10	10	30
4.	Dry Fish Laborers	10	10	10	30
Total = 120					

FRESH FISH RETAILER



DRY FISH RETAILERS



FRESH FISH LABOURERS



FRESH FISH LABOURERS - Sorting



DEGUTTING AND CLEANING OF FISH



DRY FISH LABOURERS



DRYING FISH



Tools and methods of data collection and analysis:

- **Semi- structured interview schedule.**
- **Direct observation.**
- **Enquiry method - heads of financial institutions like NABARD, LDB, KUDCEMP, SKDRDP, Co-operative Bank.**
- **Secondary data - Department of Fisheries, Govt of Karnataka, NABARD and District Statistical Office**

Statistical Tools:

- **Frequency Distribution and Percentage analysis**
- **ANOVA- One way analysis of variance:** SPSS 10.1 was used for analyzing suitable data by one way ANOVA, and Duncan's Multiple Range Test (DMRT) was used to see the significant difference between the means.
- **Garrett Ranking**

RESULTS AND DISCUSSION

Objective I:

To assess the profile of fisherwomen in Dakshina Kannada district:

Parameters:

- **Activity - time schedule**
- **Role in decision making**
- **Expenditure on food and medical**
- **Income**

Table: Profile of Respondents

Sl. No.	Profile characteristic	Categories	Respondents			
			Retailers		Labourers	
			Frequency	Percentage	Frequency	Percentage
1.	Age	Young (up to 35 yrs)	14	23	35	58
		Middle aged(36-55)	36	60	18	30
		Old (> 55)	10	17	7	12
2.	Marital Status	Unmarried	0	0	7	12
		Married	53	88	48	80
		Widowed	7	12	5	8
3.	Education	Illiterate	7	12	27	45
		Primary School	9	15	12	20
		Middle School	35	58	13	22
		High School	9	15	8	13
4.	Family size	Small (< 5)	18	30	12	20
		Large (> 5)	42	70	48	80
5.	Type of house	RCC	9	15	2	3
		Tiled	49	82	35	58
		Thatched house	2	3	23	39

Activity- time schedule of fisherwomen:

- **Household activity**
- **Personal activity**
- **Economic activity**
- **Social activity**

Table: Time spent on different activities (mean ± SE) by the fisherwomen (in hrs)

Groups	Household Activity	Personal Activity	Economic Activity	Social activity	Other Activity
	M ± SE	M ± SE	M ± SE	M ± SE	M ± SE
Fresh Fish Retailers	2.33^b±0.12	7.01±0.07	10.48^a±0.24	0.73^{ab}±0.08	3.50^{bc}±0.30
Dry Fish Retailers	2.23^{ab}± .08	7.03±0.06	11.00^b±0.12	0.80^b±0.06	3.60^c±0.60
Fresh Fish Laborers	2.01^a± 0.08	7.00±0.04	12.00^c±0.10	0.63^{ab}±0.04	2.48^b±0.13
Dry Fish Laborers	3.00^c±0.08	7.01±0.15	12.70^d±0.10	0.63^{ab}±0.04	0.70^a±0.10
ANOVA	0.000	0.944	0.000	0.068	0.000
	S	NS	S	NS	S

Note: Mean values bearing different superscripts under each column indicates significant difference (p<0.05).

Unit: Hours (hrs)

DECISION MAKING CAPABILITIES

- **Women's ability to influence or make decisions that affect their lives and their future is considered to be one of the principal components of empowerment by most scholars (Cheston and Kuhn 2002).**
- **Bhatta and Rao (2003) reported that higher education levels are correlated with higher levels of decision making in the case of decision making capabilities of fisherwomen**

Table: Decision making (in %) by women

Details	Decision maker	Fresh fish Retailers	Dry fish Retailers	Fresh fish laborers	Dry fish laborers
Employment	Self Non Self	24(80) 6(20)	26(86) 4(14)	20(67) 10(33)	18(60) 12(40)
Education of Children	Self Non Self	14(47) 16(53)	15(49) 15(51)	9(30) 21(70)	8(27) 22(73)
Buying assets	Self Non Self	17(57) 13(43)	18(60) 12(40)	13(43) 17(57)	12(40) 18(60)
Savings and credit	Self Non Self	22(73) 8(27)	21(69) 9(31)	16(53) 14(47)	14(47) 16(53)
Expenditure	Self Non Self	20(67) 10(33)	19(63) 11(37)	16(53) 14(47)	15(50) 15(50)

Note: Figures in parenthesis is percentage

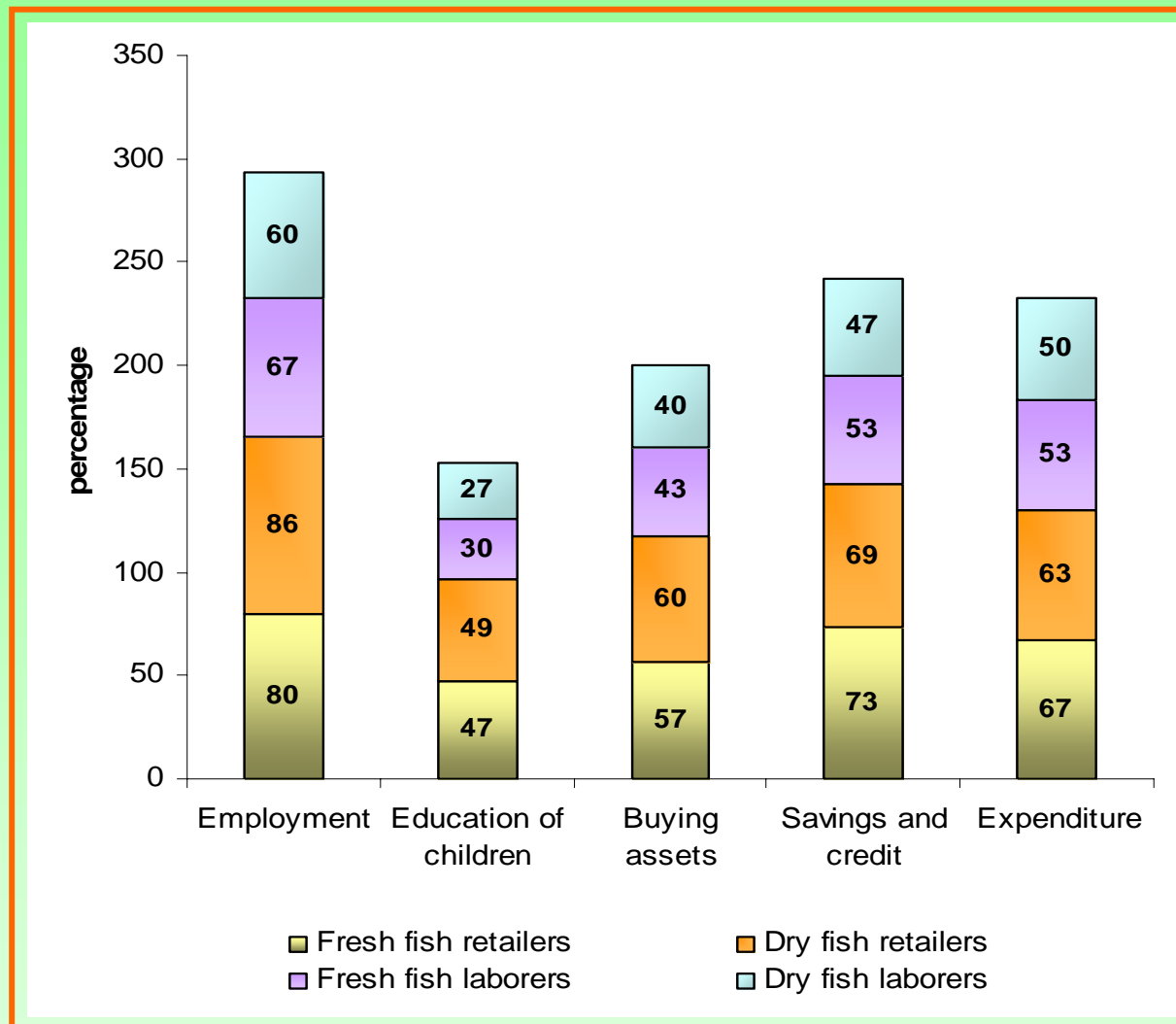


Fig: Decision making by fisherwomen

Table: Medical expenditure (Rs.) and woman days lost due to sickness per year

Particulars	Fresh Fish Retailers	Dry Fish Retailers	Fresh Fish Labourers	Dry Fish Labourers	ANOV A
Medical expenditure	2410.34 ^a ± 439.6	2270.96 ^a ± 474.27	2540.00 ^{a±} 485.51	2083.33 ^{a±} 121.91	NS
Days lost due to sickness	19.10 ^{ab±} 3.84	29.45 ^{b±} 5.60	25.68 ^{b±} 4.61	8.20 ^{a±} 1.68	S

Note: Mean values bearing different superscripts in each row indicates significant difference ($p < 0.05$). Units: Rupees

Food and Nutrition

- **Nutritional status is a very good indicator of health and quality of life. Diet is a vital determinant of health and nutritional status of people.**
- **Fish and rice is the staple diet of fisherwomen.**
- **Consumption of vegetables, milk and milk products, pulses is not regular.**

Table: Food expenditure of fisherwomen (Per day)

Group	Fish	Vegetables	Milk/Milk products	Pulses	Cereals (rice)	Eating Outside
Fresh Fish Retailers	3.6 ^b ±0.24	1.72 ^a ±0.32	0.82 ^{ab} ±0.22	1.24 ^a ±0.30	3.7 ^a ±0.14	10.75 ^b ±1.28
Dry Fish Retailers	3.12 ^b ±0.23	1.54 ^a ±0.26	1.16 ^b ±0.27	0.87 ^a ±0.21	3.78 ^a ±0.13	9.30 ^b ±1.30
Fresh Fish Labourer	2.90 ^a ±0.16	1.70 ^b ±0.22	1.25 ^{ab} ±0.25	1.25 ^a ±0.25	3.70 ^a ±0.14	18.66 ^c ±1.12
Dry Fish Labourer	2.67 ^a ±0.01	1.03 ^a ±0.21	0.43 ^a ±0.18	2.16 ^b ±0.30	3.80 ^a ±0.14	0 ^a
ANOVA	0.000	0.314	0.159	0.006	0.963	0.000
	S	NS	NS	NS	NS	S

Note: Mean values bearing different superscripts in each column indicates significant difference (p<0.05). Units: Rupees

Possession of assets

- **Possession of T.V. and radio**
- **Ownership of fishing craft by household**
- **Fuel and electricity facilities**

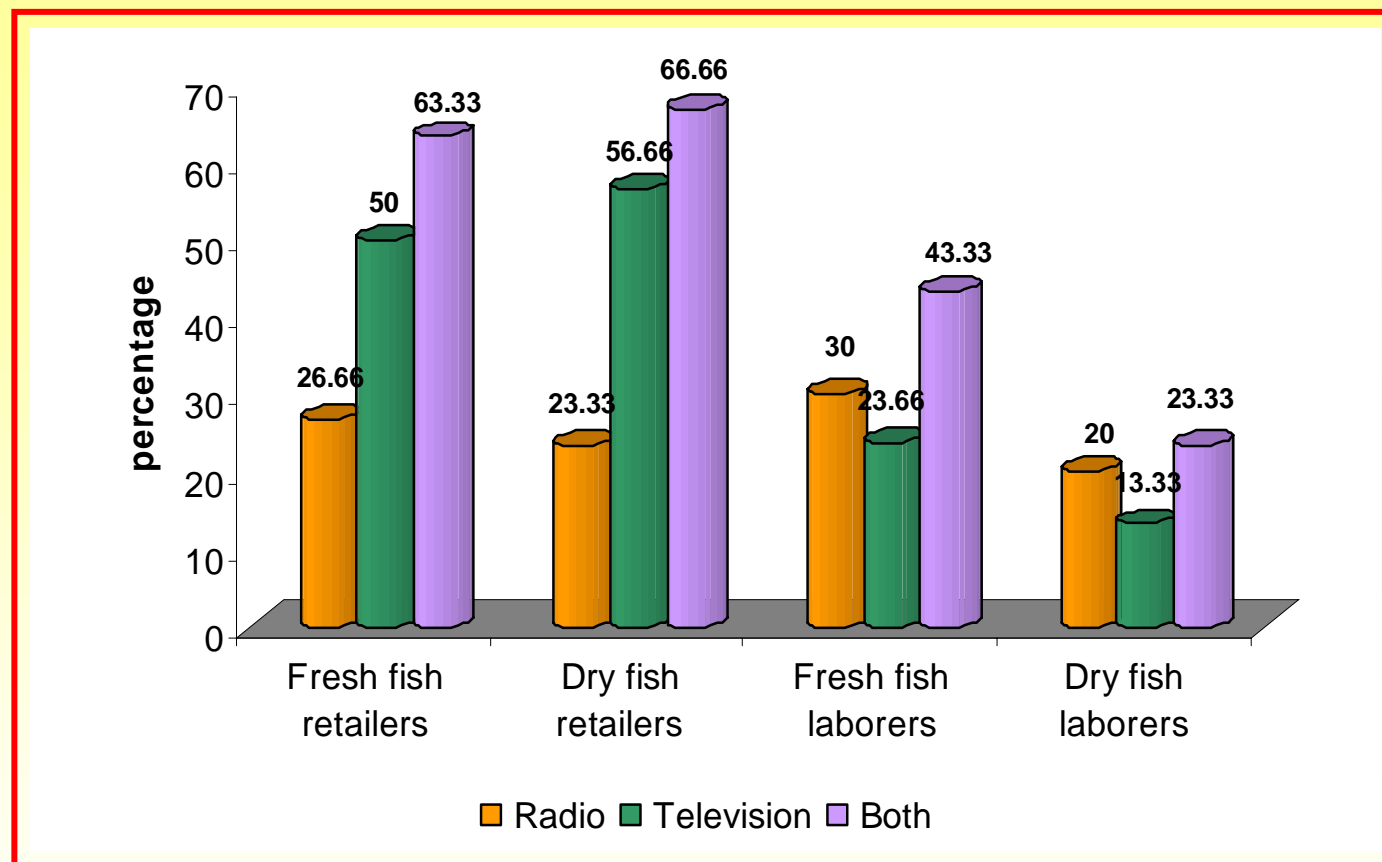


Fig: Possession of T.V and radio

Table: Possession of T.V and radio

Category	Radio	Television	Both
Fresh fish retailers	8 (26.66)	15 (50)	19 (63.33)
Dry fish retailers	7 (23.33)	17 (56.66)	20 (66.66)
Fresh fish laborers	9 (30.00)	7 (23.66)	13 (43.33)
Dry fish laborers	6 (20)	4 (13.33)	7 (23.33)
Total	30 (25)	46 (35.83)	59 (49.16)

Table: Ownership of fishing craft

Category	Type		
	Purse seine	Gill netter	Traditional craft
Fresh fish retailers	0	1(3.33)	2(6.66)
Dry fish retailers	0	0	2(6.66)
Fresh fish laborers	0	0	0
Dry fish laborers	0	0	0

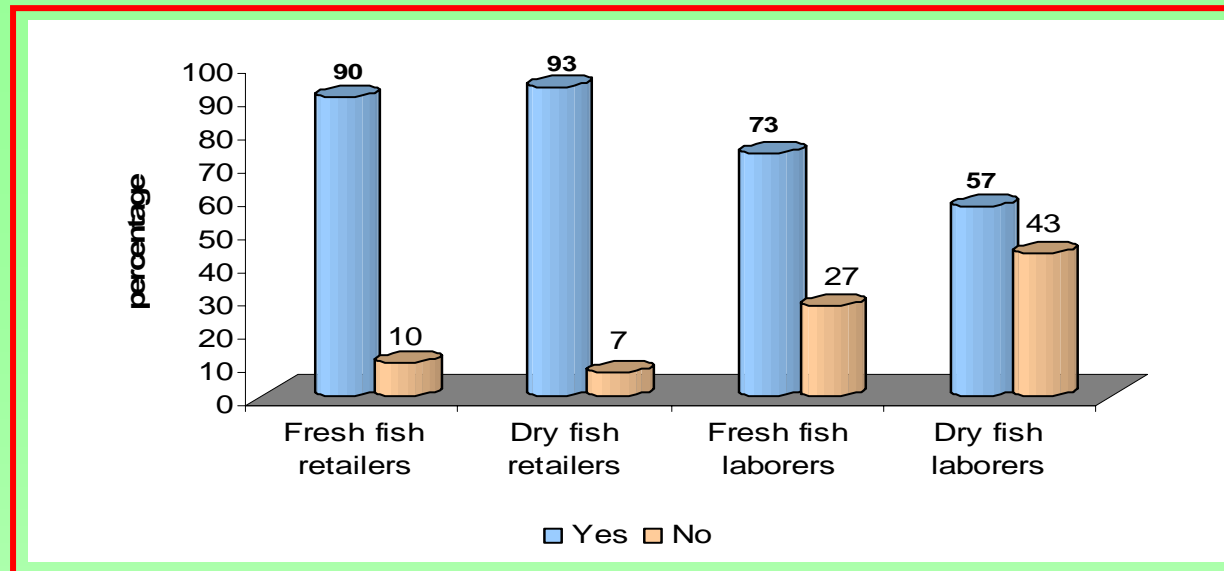


Fig: Electricity facility in the household

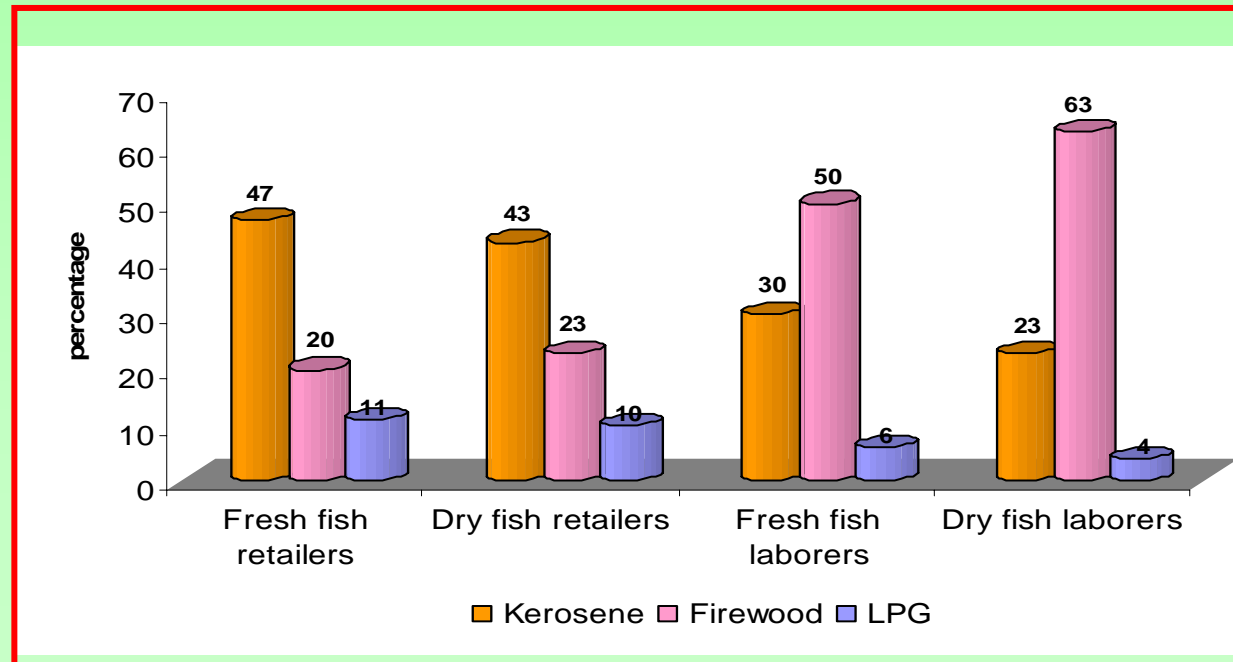


Fig: Fuel used by households

Table: Average working hours per day and average income

Groups	Daily Working Hours	Avg. Daily Income (Rs.)	Avg. monthly Income (Rs.)
Fresh Fish Retailers	10.50	72.00	2160.00
Dry Fish Retailers	11.00	60.00	1800.00
Fresh Fish Labourers	12.00	35.00	1050.00
Dry Fish Labourers	13.00	40.00	1200.00

Objective2:

To assess the potential for microfinance among fisherwomen in Dakshina Kannada District of Karnataka:

Parameters

- **Membership of fisherwomen in SHGs.**
- **Credit requirement**
- **Indebtedness based on source of credit and rate of interest.**
- **Customer centric study by ranking relevant parameters.**

Table: Distribution of women based on Member/Nonmember in Self Help Groups

Category	Member	Non-Member	Total
Fresh fish retailers	13 (43.33)	17 (56.66)	30 (100.00)
Dry fish retailers	11 (36.6)	19 (63.33)	30 (100.00)
Fresh fish laborers	8 (26.66)	22 (73.33)	30 (100.00)
Dry fish laborers	11 (36.66)	19 (63.33)	30 (100.00)
Total	43 (35.83)	77 (64.16)	30 (100.00)

Note: Figure in parenthesis is percentage

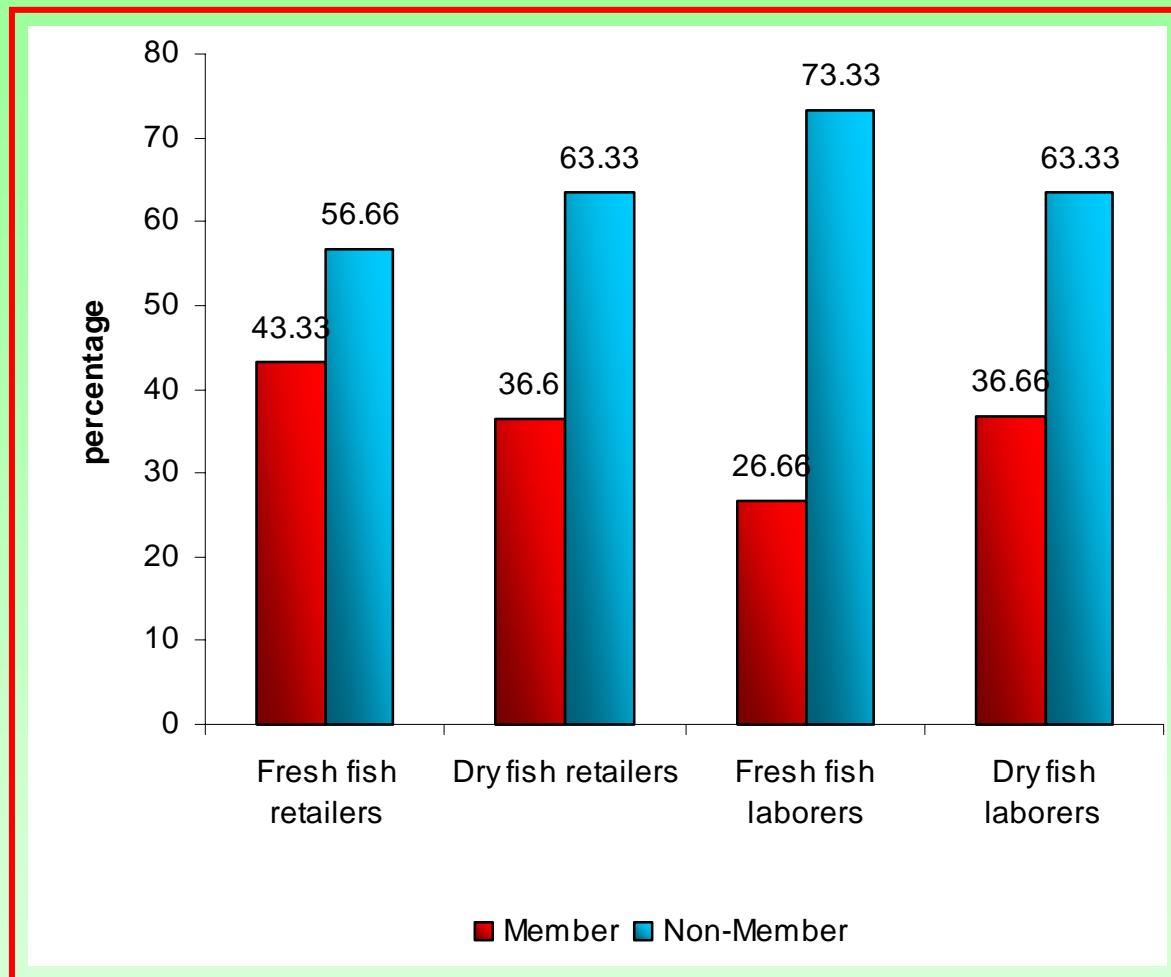


Fig: Membership in Self Help Groups

Table: Distribution of fisherwomen on the basis of working capital requirement

Working capital (Rs.)	Fresh fish retailer (n=30)	Dry fish retailer (n=30)	Total
<500	4 (13.33)	1 (3.33)	5 (8.33)
500-1000	9 (30)	5 (16.66)	14 (23.33)
1000-2000	10 (33.33)	11 (36.66)	21 (35)
2000-3000	6 (20)	10 (33.33)	16 (26.66)
3000-4000	1 (3.33)	0 (0)	1 (1.66)
4000-5000	0	2 (6.66)	2 (3.33)
>5000	0	1 (3.33)	1 (1.66)

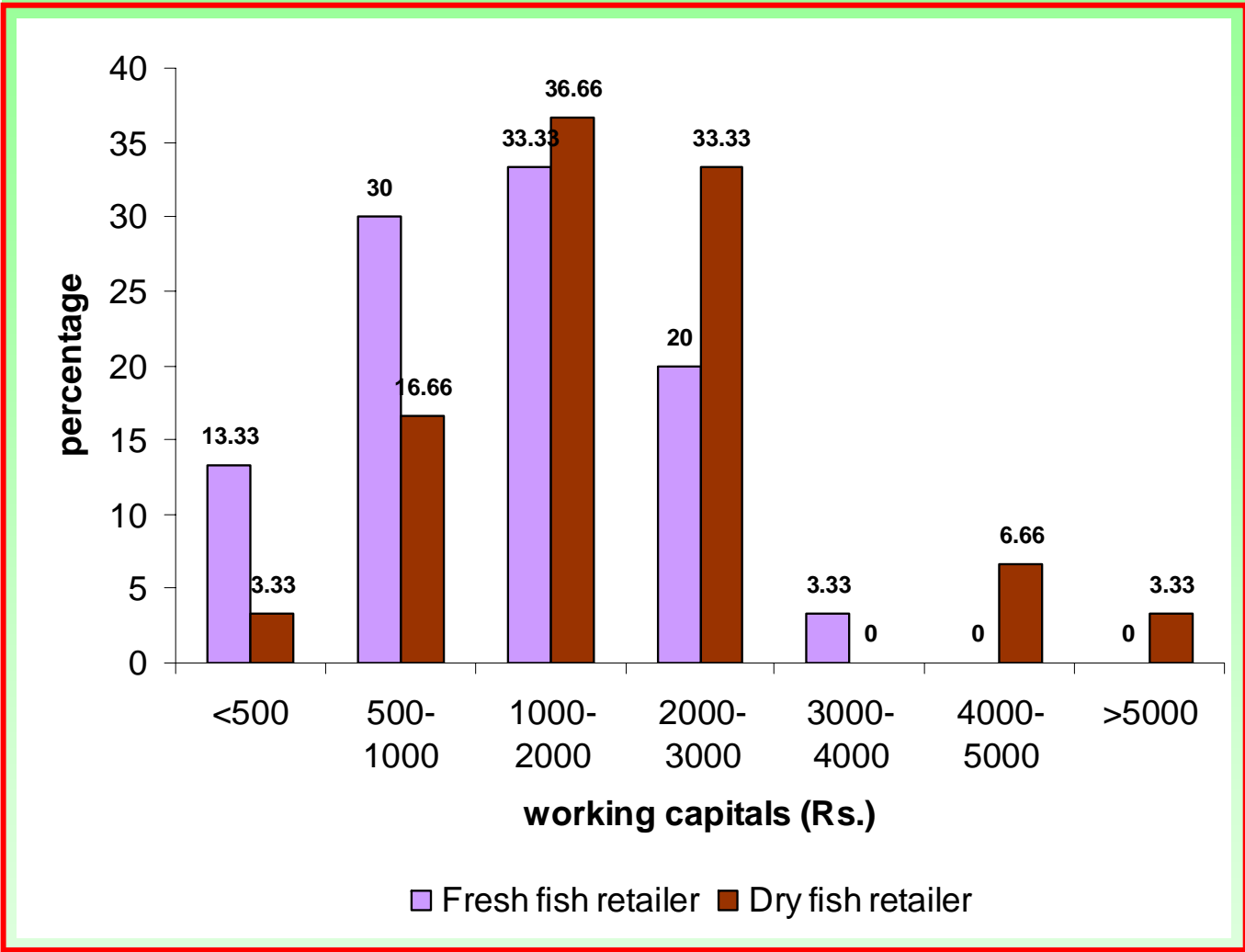


Fig: Percentage of women on the basis of working capital requirement

Credit requirement

- **Fisherwomen through their fish vending business form a part of the self-employed sector are already involved in micro enterprise activity. Therefore credit is is very crucial.**
- **Do not own any assets (e.g. craft and gear), the lack of assets manifests itself in the lack of capital for investment.**
- **Most women are dependent on external sources of credit and moreover from non-institutional sources.**
- **Share of institutional credit was found to be positively related to the economic status of the household. (Singh, 2001)**

Table: Distribution of women based on the credit source they borrow

Credit sources	Fresh fish retailers	Dry fish retailers	Fresh fish laborers	Dry fish laborers
Commercial Banks	4 (13.33)	3 (10)	0	0
Co-operative Bank	10 (33.33)	12 (40)	3 (10)	4 (13.33)
Co-operative society	9 (30)	7 (23.33)	2 (6.66)	0
Self Help groups	11 (36.66)	11 (36.66)	7 (23.33)	8 (26.66)
Money Lenders	19 (63.33)	17 (56.66)	11 (36.66)	10 (33.33)
Fish traders	6 (20)	5 (16.66)	1 (3)	5 (16.66)
Friends and relatives	3 (10)	4 (13.33)	5 (16.66)	2 (6.66)
Total	59	55	26	27

Note: Totals do not tally as some women have borrowed from more than one source. Figure in parenthesis is percentage

Rate of Interest

Source	Rate of Interest(%)
Commercial Bank	7.5-11.75
Co-operative bank	14-15.65
Co-operative society	17.5-18.5
SHG's	12-12.5
Money lender	33-36
Fish traders	Varies
Friends and relatives	Usually nil



Customer centric study by ranking relevant parameters.

- Respondents were asked to rank the various parameters and the order of merit was converted into Garrett's mean score, whereby all the parameters are ranked by arranging in descending order

Table: Garrett's ranking for Fresh Fish Retailers

	Parameters	Garrett's mean score	Rank
Reason for joining SHG	Motivated by other members	42.31	IV
	Motivated by promoters	47.69	III
	Credit facility for running business.	71.54	I
	Savings	63.46	II
	Social empowerment	25.00	V
Reason for not joining SHG	Does not provide sufficient credit	27.00	IV
	No time to attend meetings	69.00	I
	No significant benefits	55.47	II
	Penalty to be paid for not attending meetings	48.53	III
Services expected from SHG's to run business more efficiently	Working capital for business	73.27	I
	Adequate inputs (raw materials etc.)	64.93	II
	Insurance facility	48.17	IV
	Alternative market linkages	48.90	III

Table: Garrett's ranking for Dry Fish Retailers

	Parameters	Garrett's mean score	Rank
Reason for joining SHG	Motivated by other members	36.00	IV
	Motivated by promoters	47.27	III
	Credit facility for running business.	72.27	I
	Savings	62.73	II
	Social empowerment	30.73	V
Reason for not joining SHG	Does not provide sufficient credit	61.32	II
	No time to attend meetings	72.63	I
	No significant benefits	47.89	III
	Penalty to be paid for not attending meetings	43.33	IV
Services expected from SHG's to run business more efficiently	Working capital for business	65.20	II
	Adequate inputs (raw materials etc.)	43.10	III
	Insurance facility	47.90	IV
	Productivity enhancing skills and trainings	30.40	v
	Alternative market linkages	75.60	I

Table: Garrett's Ranking for Fresh Fish Labourer

	Parameters	Garrett's mean score	Rank
Reason for joining SHG	Motivated by other members	38.12	IV
	Motivated by promoters	50.21	III
	Credit facility for running consumption	73.12	I
	Savings	61.87	II
	Social empowerment	26.23	V
Reason for not joining SHG	Does not provide sufficient credit	32.09	IV
	No time to attend meetings	67.59	I
	No significant benefits	37.91	III
	Penalty to be paid for not attending meetings	61.41	II

Table: Garrett's Ranking for Dry Fish Labourer

	Parameters	Garrett's mean score	Rank
Reason for joining SHG	Motivated by other members	42.50	IV
	Motivated by promoters	47.50	III
	Credit facility for running consumption	70.19	I
	Savings	65.22	II
	Social empowerment	25.62	V
Reason for not joining SHG	Does not provide sufficient credit	31.97	IV
	No time to attend meetings	68.53	I
	No significant benefits	60.47	II
	Penalty to be paid for not attending meetings	44.21	III

Potential for Microfinance

Product	Target group
Insurance (health insurance, life insurance and disability insurance)	Fresh fish retailers, dry fish retailers, fresh fish labourers, dry fish labourers.
Credit (working capital requirement)	Fresh fish retailers and dry fish retailers
Credit (consumption)	fresh fish labourers, dry fish labourers
Savings	fresh fish labourers, dry fish labourers, fresh fish retailers, dry fish retailers
Micro enterprise development	fresh fish labourers, dry fish labourers, fresh fish retailers, dry fish retailers
Money transfer services (remittances)	Dry fish labourers (migrant workers from Tamil Nadu)
Microfinance for Housing and shelter	Dry fish labourers and fresh fish labourers


Potential for microfinance

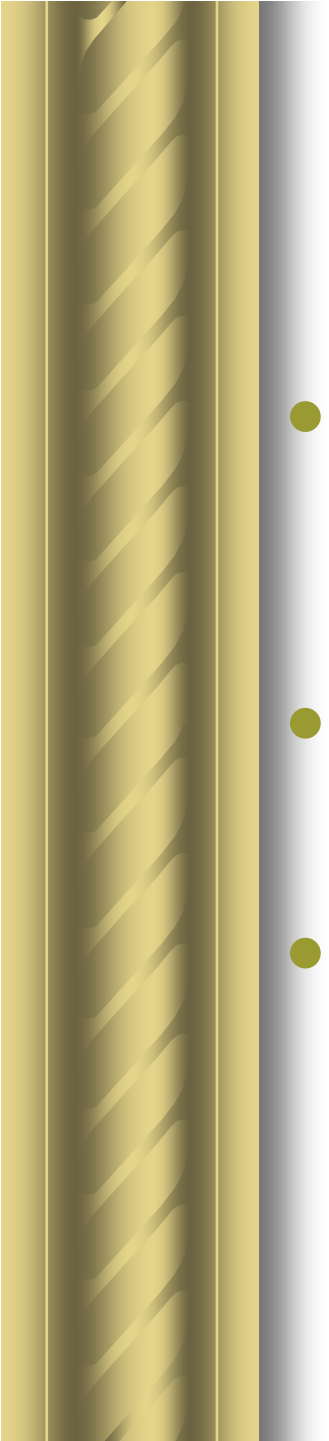
- **Working capital requirement : Fresh fish retailers and dry fish retailers.**
- **Range of working capital requirement: Rs. 500 to 3000.**
- **Consumption: Labourers.**
- **Savings, insurance and micro enterprise development: For all.**
- **Money transfer services (remittances): Dry fish labourers**
- **Housing: Dry fish labourers.**



Findings

- Fresh fish retailers and dry fish retailers have better living standards compared to fresh fish labourers and dry fish labourers. (income, household facilities, decision making, working hours).
- Income range: **Rs. 1200 -2200/month.**
- Working Hours: **10.5 to 13 hours.**
- Participation in decision making in case of retailers is more. Overall role of women in decision making is good.
- Women still dependent on firewood for cooking in many household.

- 
- About **60%** of the retailers groups have T.V, radio at their homes and is less in the case of labourers group.
 - Health of all the four groups are not satisfactory. About Rs. **2,000 per year** on medical expenditure. No significant difference between groups regarding medical expenditure
 - About **20 days** lost due to illness.
 - Basic awareness on health and nutrition lacking.
 - There is a potential for health insurance.

- 
- **More than 60% of the women are not members of SHGs. So there is potential for forming SHGs.**
 - **Reasons for joining SHGs: Mainly credit and Savings.**
 - **Micro enterprise development, insurance, remittances, and MFs for inputs, housing and shelter can be added products.**

- **Reasons for not joining and dropouts: Time constraints, No significant benefit, Strict rules like penalties**

Money lenders are the major source of credit still to all the four groups. Interest rate: 33%.

- **Interest range for others : 7.5% to 18.5%**

Findings

- Existing SHG's are focusing only on savings and credit.
- Group activity/ micro enterprise not being undertaken (important for group sustainability)
- Groups are occupationally heterogeneous.
- No NGO exclusively for fisherwomen. E.g. FWWB, MSSRF, Aparijita.
- Model III discussed is being followed in study area but there is a need for NGO exclusively for fisherwomen
- Rigidity in group membership norms.
- Lending procedures not very suitable to fisherwomen-more simplified and flexible procedures to enhance accessibility and outreach. Multiple loan system does not exist.

Suggestions

- **Flexibility**
- **Homogeneity**
- **Reorganization of SHG members**
- **MF products designed as per the needs**

Thanks to all fisherwomen for facilitating this study.

