

Micro Finance

Adding to Fisher folks fortune

Context

The fisher folk remain in debt as for every operation they borrow money from the traders to whom they ultimately are bound by a contract (unwritten) to sell their catch. In this arrangement the price of the produce (catch) is fixed at the beginning of the season and remains as it is till the fisher folk repay the entire amount so borrowed. Not a single fisher folk at Tragadi bundar in that sense are out of debt. They have been deep into debt and remain so for years.

Intervention

CGPL had been keen to introduce a system wherein an amount is pledged to a group as seed capital. The fisher folk borrow money from the group and repay the amount back to the group as soon as they sell their produce. The price of the catch for the fisher folk in that sense is not fixed in advance and hence it is likely that they get a better deal from the traders. They can also hold back the dry catch and sell them at a later time when they get a better deal. They are also free to sell it to anyone who gives them a better deal.

In order to implement this idea a consultative meeting was carried out with the fisher folk on 9th November and then again on 17th November 2015. CGPL and Swadeep team also were present in the meeting. During the first meeting the idea was shared and the fisher folk and during the next three days the efforts were made to get the fisher folk get themselves organized into groups. These groups continued to be federated into one structure called the Ekata Machhimar Vikas Seva Samity. The groups selected their office bearers which included the President, Vice president and one Accountant. Groups

got formed on affinity basis. Each group had their own names for identification. Members of these groups latter attended training and exposure visits to understand and learn various group level operation related practices. They also got engaged in the process of savings some amounts and have also developed various rules for operating their group level saving and credit activities.

Outcome

CGPL pledged an amount with each of the four groups which was thereafter used by the members to borrow. During the previous year out of the 45 members belonging to these four groups, 42 members borrowed a sum of Rs 1037000. The members had used this amount for various purposes and many of them also were for unproductive purposes as well. However, this borrowing prevented them from approaching the traders and asking them to lend them money. This amount helped many in selling the catch at a slightly higher price as they were not supposed to sell the catch at a pre decided rate. Data obtained from the fisher folk provided us that the 34 fisher folk from three groups (aman, KGN and Garib Nawaz) who borrowed from the group fund had a net incremental earning of Rs 18753. They could get this as a result of higher negotiated price for the catch that they could strike with the traders dealing with catch of fresh fish. Though the amount looks small, the gains are calculated for a period of only three months (February to April) when the season is on the ebb. This would be earnings of 7.23 % per annum on the borrowed sum.

Table 1
Incremental earning accrued to the fisher folk

Group	Fisher folk	February 2016	March 2016	April 2016	Total
1	10	1051	1418.5	2409	4878.5
2	11	2103.14	2114.6	1294.96	5512.7
3	13	2401.95	4321	1639.5	8362.45
	34	5556.09	7854.1	5343.46	18753.65

The fisher folk having been able to return 53% of the borrowed capital within a period of two months from their borrowing is also an indication that they have gained from the process and would like to continue with borrowings from the group fund as and when they require to borrow. The fisher folk require borrowing for buying diesel, and paying for labour that they engage from villages when they go out for catching. They also need borrowing for investments in buying and repairing of consumable items which they require at sea. These investments get financed through the group and come very handy.

Conclusion

A small effort of financing the capital requirement for fisher folk provided to the fisher folk an additional income. The feeling of being indebted to a trader and getting the goods sold at a pre decided price itself is a block that the intervention has been able to remove. Freeing from a debt burden and able to sell products and negotiate a better deal will help augment the income and the sense of pride among the fisher folk. The foundation is laid and will help in laying other interventions latter.
