

## DEVELOPMENT

### FISHERIES

#### BANKS

With the diversification of the People's Bank activities the need to develop specialised services to meet particular requirements of significant customer groups has been increasingly felt. In the case of the rural farmer and the artisan the Bank's strategy has been largely to promote Co-operative Rural Banks. Through such agencies a full range of loan and deposit facilities have been made available to meet the needs of these two groups. As a further step in this direction the Bank decided early this year on a scheme for the establishment of specialised Fisheries Banks with a view to popularising the banking habit and raising the socio-economic standards of the poorer segments of the fishing community. These Banks are a corollary to the Rural Banks inaugurated in 1964 which provide a comprehensive credit scheme to the agricultural and artisan sector. They aim at servicing the less privileged fishermen more effectively than the existing Fisheries Co-operatives.

On the whole most Fisheries Co-operatives have not been able to cope adequately with the demands and requirements of their members.

These Fisheries Co-operatives were expected to develop into financially strong and viable organisations and play the vital role expected of them. Unfortunately most of them failed to live up to expectations.

The failure of these Fisheries Co-operatives to provide a comprehensive credit structure for those engaged in the fisheries industry made it necessary for the People's Bank to evolve a scheme which would be beneficial to the fisherman and at the same time maintain the essential characteristics of the Co-operatives.

The proposed Banks would be housed as far as possible in the buildings presently used by the Fisheries Co-operative Society and the Banks would maintain a close liaison with the Co-operative Society. The staff will consist of personnel who are expected to maintain a close dialogue with the

fishermen, provide them the broad financial, social and psychological support that they had from the traditional mudalali. It is expected that the Banks would be able to perform at least some of these functions. For instance, the Bank's Development Assistant is expected to spend most of his time maintaining close contact with the fishermen literally on the beach and in the market. He will look into not only the pure credit requirements of the fishermen but also seek ways to provide facilities to cover the total package of problems facing the fishermen including their problems on catches, storage and marketing.

A first step towards this programme was launched in February when the Chairman, General Manager and other officials of the Bank visited a fishing hamlet at Dharmapala Road, Mt. Lavinia. The Bank's Chairman discussed with the fishermen their problems and the solutions which the Bank could offer. Within half an hour names were proposed and seconded for the formation of a Co-operative. One person even offered his compound to put up the building and the fishermen agreed to share the expenses of the building which will consist of only one room. Names of the fishermen and the boat owners were listed and it was found that of the nearly 150 only five owned boats and none of them were mechanised. One of the main complaints of the fishermen was that they do not have the means to live during the monsoon seasons. The usual practice for the fisherfolk in certain areas was on the advent of the monsoon on one coast to migrate to another coast. However, this involved capital and organisation beyond the capacity of individual fishermen and this function is usually undertaken by the mudalali (middleman). The mudalali visits the fishing village and signs up individuals to whom he pays an advance which is an interest free payment to consolidate the commercial relationship. The fishermen agree to migrate leaving their families provided for from the advance payment and they give over their catches to mudalalis at pre-fixed prices. Rough accommodation and advances for provisions and

drinks are provided by the mudalalis and accounts are settled at the end of the season.

This contract system is generally viewed with alarm, as sheer exploitation by the mudalali who takes advantage of the poverty of fishermen to extract all surplus value for himself. This factor has been attributed to the chronic indebtedness of the fishermen. However, due to the lack of support financially they are not able to organise themselves to carry out this type of operation. In this particular hamlet at Mt. Lavinia they have not migrated to other areas. One purpose of the proposed "Fisheries Bank" here was to evolve schemes which could provide credit facilities for these fishermen to tide over the monsoon season.

Another aspect which the Fisheries Banks would look into is providing technical know-how to fishermen for repairing their mechanised boats.

The Bank has also realised that a network of "Fisherman's Banks" would no doubt help the fishermen not only in their day to day operations but also in the long run by providing them with incentives to save.

As a general rule fishermen are not used to the savings habit, and the opening up of these Banks is a first step towards providing institutional arrangements for disbursement of credit to a sector of the community that has been long neglected. This scheme basically attempts to improve the small boat sections of the fishing industry in teaching and handling of fish.

In siting Fisheries Banks preference is being given to areas where fisheries harbours are functioning, or where there are heavy concentrations of resident fishermen, or where fisheries co-operatives are situated. Hours at these banks will be adjusted as far as possible to suit the convenience of the fishermen in the particular area.

Among the facilities to be provided are:

- (a) Maintenance of savings, investment savings accounts and fixed deposits accounts.
- (b) Pawn-broking.
- (c) Loans for production, purchase of small boats and fishing gear, housing, redemption of debts, emergencies and essential consumer needs.

(d) Facilities under the Bank's "Athamaru Loans" Scheme.

(e) Facilities for diversification into other fields of gainful employment during off-seasons.

Under this scheme, a fisherman could obtain a loan up to Rs. 7,500/- for the purchase of small boats, traditional crafts, nets, fishing equipment, outboard engines etc. He could also obtain loans for house construction up to Rs. 5,000/-, redemption of debts up to Rs. 5,000/- and for emergencies to assist a member of the immediate family in case of illness, marriage or death.

Repayments of these loans will be in easy instalments, according to the income pattern of the borrower. Thus a fisherman could opt to pay his loan instalment, either weekly, monthly, quarterly or half-yearly, and the period for repayment could be extended up to five years, depending on the security provided. Consumer loans and loans for emergencies have to be repaid in one year, while loans for house construction could extend up to a maximum period of 15 years.

The Fisheries Bank has also relaxed the rules regarding security for loans to fishermen. Two fellow fishermen could guarantee a loan up to Rs. 1,000/- and in certain situations up to Rs. 2,000/-.

So as to encourage fishermen in the savings habit, a condition precedent for the grant of a loan is that such fishermen should maintain a Savings or Investment Savings Account. Presently, the People's Bank is conducting a detailed survey of the progress made by the Fisheries Banks, its impact on the fishing community, and the response of the fishermen to the Bank. It is still too early to assess the impact of this experiment on the fishing community; but one thing that emerges clearly is that in course of time the fisherman could reduce, or break off altogether from his heavy dependence on the mudalali.

For a start a net work of Fisheries Banks are being opened on the Southern Coast, and the five Banks opened so far are located at Moratuwa, Panadura, Welligama, Ambalangoda and Tangalle. These Banks are functioning as separate units attached in the Peoples Bank and more such Banks are due to be opened in coastal areas to serve specific needs of the fishermen.