



**17 May 2019**

## LOAN SHARKS IN HOT PURSUIT OF HAPLESS FISHERMEN IN STATE

EXPRESS NEWS SERVICE @ Kochi

FISHERMEN in Kerala are exploited by middlemen, auctioneers and private money lenders who provide loans at exorbitant rates and stake claim on the fishers' future catch, leaving a majority of the community impoverished, a survey by Central Marine Fisheries Research Institute (CMFRI) has found.

Fishermen prefer borrowing from informal sources as the procedure is simpler than institutional sources. However, the interest rates go as high as 160 per cent, making it difficult for the fishers to escape from the debt-trap, it said.

"Generally, fishermen take

loan from multiple sources, including auctioneer-middlemen, third-party shareholders and private money lenders. There are also formal sources such as Matsyafed societies, cooperative and commercial banks and non-banking financial entities," the survey said.

### Loan source

Auctioneer-middlemen are the most common loan source, with about 69 per cent of sample vessels having availed of market-linked loans from them.

The loans are provided on the condition the future catch from the vessels are marketed through the lender for a commission ranging between 5-10 per cent of the catch's value.



Fishermen separating fish from net at Kochuveli in T'Puram | VINCENT PULICKAL



**The government should curb exploitative lending practices and encourage financial institutions to consider fishing vessels as collateral security for loans**

Shinoj Parappurathu, CMFRI socio-economic division senior scientist

Matsyafed societies cater to financial needs of about 60 per cent of the sample vessels, while the coverage of other formal sources is below 20 per cent, it said.

The survey report, published in leading international journal, Marine Policy, found despite the presence of prominent cooperative financial

institutions, market situation forces fishermen to borrow money from private financial players.

Third-party shareholders who invest in fishing business by purchasing ownership shares, covered 45 per cent of the sample vessels. The involvement of private money lenders was also found to be considerable with about 32 per cent sample vessels having sourced loans from them. Calculations based on full set of 'cost and earnings data' of sample vessels suggested imputed value of interest rate paid by fishermen, mostly in the form of commission on fish catch, ranged between 15 per cent to as high as 160 per cent per an-

num, it said. "The government should curb exploitative lending practices and encourage financial institutions to consider fishing vessels as collateral security for loans," said CMFRI socio-economic division senior scientist Shinoj Parappurathu.

Linking formal credit with insurance is a sensible option. The government should strengthen fisheries cooperative societies to improve the financial status of fishermen, he said.

A fisherman from Alappuzha district, Antony Xavier, was part of the team that surveyed the coastal areas. C Ramachandran and K K Baiju were the other contributors to the study.