



## A STUDY ON IMPACT OF MICROFINANCE INSTITUTIONS ON THE COASTAL INDEBTEDNESS IN MARINE FISHERIES SECTOR OF KARNATAKA

Vipinkumar.V.P\* & Swathi Lekshmi.P.S\*\*

\*Senior Scientist, Central Marine Fisheries Research Institute, Kochi

\*\*Scientist (SS), Mangalore Research Centre of Central Marine Fisheries Research Institute, Mangalore

### Abstract

Assessment of the extent of indebtedness among marine fisherfolk in mechanized, motorized and traditional sectors and the role of credit agencies in providing credit and the impact assessment of Microfinance Institutions (MFI) on coastal rural indebtedness in Karnataka state were focused. The credit utilization pattern and repayment behaviour in marine fisheries sector, the impact of selected MFIs on indebtedness, supply of credit and empowerment of marine fisherfolk, elucidating success cases of MFIs in entrepreneurial capacity building were the major objectives. Data were collected from the marine fisherfolk from the various strata such as mechanized, motorized and traditional sectors as representative samples. Study was made through personal interview of the fisherfolk to assess extent of indebtedness and other parameters with a pre-tested and standardized data collecting protocol. Identified MFIs mobilized in marine fisheries sector in the state and the members were personally interviewed to assess their impact on indebtedness level, supply of credit and empowerment. Success cases of MFIs on entrepreneurial capacity building were elucidated which significantly played the role in the debt redemption and poverty alleviation and were documented. The study undertaken in Karnataka state of South West zone, with 600 samples from the various sectors from Mangalore Fisheries harbour, Dakshina Kannada district showed the average indebtedness in the primary sector as Rs 4.25 lakhs, that in the secondary sector as Rs 3.42 lakhs and that in tertiary sector as Rs 0.32 lakhs. The case studies elucidated from Manjunatha SHG, Dakshina Kannada district, and the MFI 'Mathsya', Navodaya, Amrithavarshini and Bhramambika, by interviewing 30 women members each revealed that the MFIs scored high in all the attributes and all members expressed maximum satisfaction over the performance of MFI which brought about a socio-economic transformation, poising towards a higher standard of living in their livelihoods.

### Introduction

The extent of indebtedness in marine fisheries sector is quite notable throughout the coastal belts of the country. The microfinance institutions/Self Help Groups mobilised in marine fisheries sector do play a vital role in reducing the vicious circle of indebtedness among marine fisherfolk. An exact assessment on the indebtedness level has not so far been attempted among marine fisherfolk, except a couple of studies on credit distribution undertaken in CMFRI. Finance plays a crucial role in accelerating any business activity/economic development and fisheries sector is not an exception. An 'Expert Group' on Agricultural Indebtedness under the chairmanship of Shri. R. Radhakrishna was formed by Ministry of Finance (2007) and brought out a report on Agricultural indebtedness. Bhairav (2006) proclaimed in his study that there is incontrovertible evidence that rising agricultural debts are forcing farmers to commit suicide and severely affecting Indian Agriculture. Mohanty (2007) studied about rural indebtedness in India and estimated average debt per indebted households of agricultural labourers.

Regarding the Indebtedness in Fisheries sector, the extent of indebtedness and the average outstanding debt per indebted households are comparatively less among fishermen as per the figures of institutional sources, but the affairs of the fisher folk is really grim as they are virtually gripped in the hands of non-institutional agencies, namely the money lenders and traders for which legitimate data sources do not exist. Yunus (2009), the Nobel Laureate of Peace and the Pioneer of microfinance projects in Bangladesh and founder of Grameen Bank who as also the member of the 'National Debt Settlement Board' and Global Steering Committee for 'Fish for All Initiative', said the micro finance system enabled thousands of people by offering poor people loans, some fear it could lead to over-indebtedness, but microfinance has benefited the wider economy. As cheap credit is always essential for development of Indian marine fisheries sector with a coast line of 8129 km, micro finance institutions play a distinct role in this regard to offer low cost credit and thereby save the fisherfolk from permanent debt trap. As an exact assessment to quantify the role played by the micro finance institutions/Self Help Groups to save the fisherfolk from the vicious circle of indebtedness has not so far been undertaken in marine fisheries sector, no authentic data are available on credit utilization, repayment behaviour and level of rural indebtedness among marine fisherfolk. The importance of the study is in this regard is on the impact assessment of Microfinance on rural indebtedness in marine fisheries sector as well as to assess the extent of indebtedness among marine fisherfolk in mechanized, motorized and traditional sectors and the role of credit agencies in providing credit in Karnataka state of South West Zone of marine coastal belts. The major objectives of the study were to assess the extent of rural indebtedness and the role of various agencies in providing credit, the credit utilization pattern and repayment behaviour in marine

fisheries sector, to study the impact of selected Microfinance Institutions/Self Help Groups on rural indebtedness, supply of credit and empowerment of marine fisherfolk and to elucidate the success cases of Microfinance Institutions/Self Help Groups in entrepreneurial capacity building in marine fisheries sector.

Karnataka with a coastline of 300 km spread over three districts (Dakshina Kannada, Udupi and Uttara Kannada) is known for its diverse marine fishery resources, fishing entrepreneurship, innovative harvesting and post harvesting methods and willingness to accept and adapt to new ideas in the marine fishing field. Karnataka has, 44 per cent and 34 per cent of its fisherwomen engaged in beach work and small-scale fish trading respectively. (Khaderet *al*, 2006). In Karnataka, there are 30,713 fishermen families, with a total population of 1,67,429, the maximum number of families are in Uttar Kannada (16,236), the next highest in Udupi(9,907) followed by Dakshina Kannada (4,570). There are 144 marine fishing villages wherein fishermen reside. The total number of landing centres are 96. It was noticed that 93% belonged to traditional fishermen. The average numbers of families in a village are 213, with 1,163 persons per village. Women form 48% of the population with 916 females per 1000 males (CMFRI, 2010).

There are 23,624 (77%) of the families below poverty line. With regard to education, 64% of fisherfolk are educated with different levels of education. There are 40,756 active fishermen of whom 32,037 are fulltime fishermen, 6,657 part-time and the rest engaged in fish seed collection. Majority of the fishermen families are Hindus (87%), followed by Muslims (11%) and Christians (2%). There are 14,023 crafts in the fishery of which 3,643 are mechanized, 7,518 motorized and non-motorized forms the rest. Trawlers (78%), purse seiners (12%) and gillnetters (5%) are the main crafts of the mechanized sector. There are 6,800 craft owned by fisherfolk, of which 1,045 are mechanized, 1,211 motorized and 4,544 non motorized. In Karnataka, 88% of the fishermen houses are pucca houses. There are 721 primary schools, 188 secondary schools, 63 colleges and 97% of fishing villages are electrified.

Globally, women constitute the majority of microfinance clients, primarily because of their excellent loan repayment records and micro savings. They play an important role in fishing communities, encompassing social and economic responsibilities and duties, within and outside their households. Women are particularly involved in productive activities directly related to fisheries production, processing and marketing as well as in non-fisheries income-generating activities. Loan size requirements are frequent but small, which makes them appropriate clients of microfinance. There is a demand for savings and credit services among the fisher people that is rarely met because they rarely have access to institutional finance. Microfinance is needed by the households to increase their income from fisheries activities and other income-generating activities. It is also required for social needs related to their quality of life and for smoothening consumption patterns, particularly during lean and off-seasons when little or no income or food is generated. Microfinance also helps in managing risks and reducing economic and social vulnerability.

In respect of fisheries, the formal sector has been able to provide loans for mechanization of fishing boats. In India, during the early years of mechanization, the Government provided subsidies and the banks were directed to provide loans at concessional rates of interest. This, coupled with targets for lending to agriculture and allied activities, led to the rapid expansion of fisheries credit. Subsequently, banks financed smaller fishing boats under the Government-promoted integrated rural development projects. The performance of this sector in terms of recovery was far below expectations. This, together with the restructuring process resulting from mounting non-performing assets, resulted in the shift of focus by the banks to other sectors. However, banks continue to provide larger loans to the fisheries sector when backed by sufficient collateral. Efforts by the Government and donor-funded projects to inculcate the system, providing loans without collateral, although carefully thought out, have not succeeded.

Historically, solutions have been sought for financing the fisheries sector using systems of “controlled credit” or “directed credit”. This began when emphasis across the developing world was on technology and uptake of technology was fuelled by cheap credit. Over time, experience has demonstrated that formal financial institutions have become extremely conscious of the cost and risk factors associated with credit for technology uptake. Poor recovery performance has led to linking credit to collaterals. This has led to the exclusion of the vast majority of fishers from formal credit sources. At the same time, there was a paradigm shift in the thinking of development practitioners. “Resource-based” interventions that were mostly in the form of credit for technology uptake were out of favour. The evolution of a new people-centred approach to reach the majority of the poor led to the development of various group based credit delivery approaches. The evidence accumulated thus far points towards certain product-market pairs in the use of financial services for fisheries development. If the intention is to seek economic, export and sector/subsector growth, credit products will have to be appropriate to corporate or otherwise good-sized businesses. This means more traditional lending products such as capital equipment, working capital loans and business lines of credit. These will have to be collateral-oriented and will have to charge interest rates that cover the cost of funds, risk costs and transaction costs and generate a decent return on investment for the financial institution. In the fisheries sector, loans for procuring mechanized fishing boats, establishment of processing units for export and other large investments fall under this category.

However, some governments always argue that incentives are required to kick-start economic growth and often use a lower interest rate as a tool to achieve this. Incentives/subsidy should not be mixed with functioning of a financial institution. Policy reforms, liberalization and, if necessary, direct subsidy through budgetary allocations are more appropriate in such circumstances. Poverty alleviation has become the most pressing need in the current context of increasing income disparities. Today’s poverty and income disparities are the breeding ground for tomorrow’s terrorism. The inability of the vast majority of poor households to access credit only aggravates this situation. Most artisanal fishers using non mechanized fishing boats and other traditional methods, small fish traders and traditional fish processors are poor and unable to match the requirements of formal financial institutions. In addition, formal financial institutions do

not have the required outreach in terms of branch networks in the areas where artisanal fishers live. These fishing households, apart from business-related loans, also require consumption loans that are not provided by formal financial institutions. In most of these situations, the SHG methodology is very appropriate. First, it helps in developing a local-level financial infrastructure where the SHG itself will be able to mobilize savings and provide loans using its own savings. This microfinance methodology is most suitable in remote fishing villages that have difficulty in accessing formal financial institutions. Second, SHGs, once established, will be able to access wholesale loans from formal financial institutions and retail these loans themselves. In this method of microfinance delivery, credit delivery costs are very low since the SHG internalizes these costs and group members exercise control over loan disbursement to ensure prompt recovery.

## Methodology

Multistage sampling method was followed for the study. Dakshina Kannada district. The fishing villages having maximum number of fisherwomen enrolled in microfinance institutions were selected. These villages were Bengre, Ullal, Baikampady and Hoige Bazar. There are 58,254 fisherwomen in the 3 coastal districts of Karnataka and fisherwomen formed 48 % of the total population. In Dakshina Kannada district, a total of 1,812 fisherwomen are enrolled in Self help groups/microfinance institutions. These institutions provide the fisherwomen with credit facilities to carry out economically viable operations such as procurement of fresh fish, salting and processing of fish and drying and marketing them. The members of these microfinance institutions also availed loans for repairing of houses, purchase of gold, educational facilities of their children and for marriage purposes of their family members.

The fisherwomen in the study area preferred microfinance institutions to Institutional and non institutional sources of credit with respect to attributes such as easy approval process, diverse areas of funding, eligibility of recipients low interest rate, easy repayment schedule and provision of loan grace periods.

### Map of Dakshina Kannada district showing the study area (sample fishing villages) for documenting case studies on Microfinance (Fig 1)

The study done in Karnataka state of South West zone, with 190 samples from the various sectors from Mangalore Fisheries harbour, Dakshina Kannada district showed the average indebtedness in the primary sector as Rs 4.25 lakhs, that in the secondary sector as Rs 3.42 lakhs and that in tertiary sector as Rs0.32 lakhs. A case study elucidated from Manjunatha SHG, Dakshina Kannada district, and the MFI 'Mathsya' by interviewing 30 women member revealed that the MFIs scored high in all the attributes and all members expressed maximum satisfaction over the performance of MFI which brought about a socio-economic transformation, poising towards a higher standard of living in their livelihoods.

Under the project "Coastal Rural Indebtedness and Impact of Microfinance in Marine Fisheries Sector", a total of 600 respondents were randomly selected comprising respondents from the primary sector mechanised, motorised and traditional categories, secondary sector and tertiary sector, from Mangalore Fisheries harbour, Dakshina Kannada district. The main objective of the study was to document the coastal rural indebtedness and level of indebtedness, utilisation pattern and repayment among the stakeholders.

### Respondent Categories

The respondent categories in the mechanized sector included essentially Multi-day Trawler operating owners and Purse-seine single day operating owners. The motorized sector covered dhoni motorized labourers and traditional sector covered women fish vendors, Secondary sector took care of Whole Sale traders and the tertiary sector covered the Owners of petty shops and hotels. For all these respondents, the average monthly income, the average resale value, gears used by them, average mesh size range, ownership pattern, average resale value of these nets, average operational cost per trip, average investment in the present avocation, average daily take home income, average volume of goods handled per day, average duration of work/day, expenditure pattern /month, Membership in Microfinance Institutions.

The expenditure pattern of the above mentioned respondent categories highlighting the average amount spent / month on various items of expenditure are presented in Table 2.

The % level of indebtedness in Karnataka state is 85 % and Average indebtedness per household is 1.83 lakhs. The details of savings and level of indebtedness in Karnataka state by pooling all the data are presented in table 3.

Table 4 and figure 2 indicates that banks are the major sources for credit for majority of respondents (78.77 %) and the major purpose (figure 3) is 45.65 % is for the Purchase of craft/ gear and other fishing related equipments & repair aspects which clearly indicates that more than 50% of loans are being used for Non Performing Asset creation in Karnataka.

### Microfinance Institutions

#### *Case study of Manjunatha Swasahaya Sangha, Dakshina Kannada district, Karnataka.*

The Manjunatha Swasahaya Sangha is a microfinance institution which comes under the purview of ShriKshetraDhramasthala Rural Development Project (SKDRDP) a Dakshina Kannada based NGO which has been awarded the Microfinance India Award, 2010 by the Hong Kong based HSBC Bank and Access Development Services. Dr. L.H.Manjunath, Executive Director of SKDRDP attributes the success of this organisation to its low operational costs, efficient administration, rapid scaling up, social services and concern for poverty alleviation through micro credit.

Promoted by Dr D. VeerendraHeggade, Dharmadhikari of ShriKshethraDharmasthala, SKDRDP started microfinance operations in 1995.

At present, SKDRDP operates in nine districts of Karnataka with client outreach of 12 lakh families and a self-help group base of 1.17 lakh. The organisation had an outstanding portfolio of Rs 850 crore as on September 30, 2010. The fishing village of ThoteBhengre, Dakshina Kannada district was selected for the study. A total of 27 Self-help groups function under the SKDRDP in this village. Each group has an average membership of 10 members, with a total strength of 270 women members. One of the popular self-help groups called “Mathsya” was selected for the study.

“Mathsya” has a total membership of 12 women fish vendors. Smt.Devaki.V.Mendon aged 67 is the president of this group. The following are the salient features of the functioning of the group. The average weekly contribution by a member is Rs.20. The savings of the group is deposited in the Manjunathswasahaya bank. Each member has an individual savings book.

The Mathsya provides loans for the following multifaceted activities such as:

1. Dry fish making and marketing of fish.
2. Repair of boats and purchase of traditional boats such as dhonis.
3. Repair of dwellings/houses.
4. Educational activities of children in the households.
5. Purchase of assets like gold.

In a year a sum of Rs. 40,000 is available to every member as loan. The repayment time period is 4 years. The repayment mode is Rs.10, 000/year. The interest rate charged is 9 %+ (1%, surcharge). The surcharge amounts to Rs.100. The loan is availed by the member when there is a requirement.

The average savings in each members account has been observed to be Rs.90,000. Per year, Rs.1,500 is given as dividend to each group member. The group convenes a weekly meeting on Sunday at 5 pm when all the fisherwomen are available at home after the days fish vending activity. The group maintains registers such as attendance register, membership register, loan and repayment register, savings register, and insurance register. In the present study, the members of fisherwomen SHGs were found to have regularly contributed to the savings and had paid the installments towards repayment of loans taken from the group. The repayment records of the members in general was observed to be exemplary. The lending institutions such as banks and other financial- institutions have had also confirmed that the repayment record of the SHGs has been almost hundred percent. So, one can conclusively make the observation based on empirical findings that the first step to economic empowerment, ie. Propensity to save, has been well and truly established.

The organization has a self-help group for fishermen at Bokapatna village also. According to the members, this type of access to micro finance is easy since it does not demand any pledging of sureties by the member, and the loan disbursement and repayment procedures are convenient and hassle free. The president of SKDRDP, visits the groups in their villages to periodically monitor the functioning of the group and also for solving the problems.

### ***Social Empowerment and Institutional Interventions.***

As much as 30 women each of 5 microfinance institutions were interviewed and they were asked to rank the functioning of the MFI/Institutional/Non institutional credit agencies in order of merit. The frequencies of rank given for each attribute were taken and the average ranking from high to low in order of merit was given. Garrett’s Ranking Technique (Garrett and Woodworth, 1969) was used to identify and rank the attributes on the functioning of MFIs. Garret’s ranking technique provides the change of orders into numerical scores. The prime advantage of this technique over simple frequency distribution is that the reasons and factors are arranged based on their importance from the point of view of respondents. It was observed that the microfinance institutions scored high in all the attributes. (Table 6) Besides all the members expressed maximum satisfaction over the performance of the microfinance institutions which they believed had brought about a socio-economic transformation, poised towards a higher standard of living in their livelihoods.

Swarna Jayanthi Gram Swarozgar Yojana (SGSY) is a government sponsored scheme of providing microfinance to the rural poor and women groups. Some of the fisherwomen are members of this group also. Under this scheme a yearly loan amount of Rs.50,000 to 1 lakh is provided/member. However pledging of sureties is a must under this scheme. A system of weekly repayment is there and the members can avail of loan facilities as and when it required.

It was observed during the study that, the Navodaya microfinance institutions which came under the purview of Shri Kshetra Dhramasthala Rural Development Project (SKDRDP), a Dakshina Kannada based NGO, which has been awarded the Microfinance India Award, 2010 were having branches at Kateel, Baikampady, Hoige Bazar and Ullal fishing villages in Dakshina Kannada district. The repayment for the loan taken was collected from the members at the rate of Rs. 250/week. If payment was delayed in the following week the members had to pay a penalty of Rs.10/week. The full time membership fee for joining in this microfinance institution was Rs. 150. The savings of each member is Rs. 50/week. The insurance is collected at the rate of Rs. 50/month/member. The group conducts its weekly meeting regularly, maintains attendance registers, pass books, repayment registers and maintains its account at Vijaya Bank, Mangalore.

It was observed during the study that, the repayment for the loan taken was collected from the members at the rate of Rs. 250/week. If payment was delayed in the following week the members had to pay a penalty of Rs.10/week. The

full time membership fee for joining in this microfinance institution was Rs. 150. The savings of each member is Rs. 50/week. The insurance is collected at the rate of Rs. 50/month/member. The group conducts its weekly meeting regularly, maintains attendance registers, pass books, repayment registers and maintains its account at Vijaya Bank, Mangalore.

The basic details of selected 6 Microfinance Institutions including members, loan availed and purpose, rate of interest, rate of repayment etc. are presented in Table 7.

The repayment for the loan taken was collected from the members at the rate of Rs. 250/week. If payment was delayed in the following week the members had to pay a penalty of Rs.10/week. The full time membership fee for joining in this microfinance institution was Rs. 150. The savings of each member is Rs. 50/week. The insurance is collected at the rate of Rs. 50/month/member. The groups conducts its weekly meeting regularly, maintains attendance registers, pass books, repayment registers and maintains its account at Vijaya Bank, Mangalore.

AmrithaVarshini microfinance institution comes under the purview of Shri Kshetra Dhramasthala Rural Development Project (SKDRDP). The total no of members in this group was 10. The average repayment amount was Rs.250/week. The lapse in payment per week was given a penalty of Rs.10. The full time membership fees was Rs.150. This group utilized the loan amount mainly for dry fish making.

Bhramabika, comes under the purview of Shri Kshetra Dhramasthala Rural Development Project (SKDRDP). The total no of members in this group was 11. The average repayment amount was Rs.250/week. The lapse in payment per week was given a penalty of Rs.10. The full time membership fee was Rs.150. This group utilized the loan amount mainly for dry fish making.

## Conclusion

The major objective of the study focussed on documenting the coastal rural indebtedness and level of indebtedness, utilisation pattern and repayment among the stakeholders. The average Level of indebtedness of Karnataka state is 85 % and the Average indebtedness Per Household is Rs 1.83 lakhs. As much as 5 Case studies elucidated from Manjunatha, Navodaya, Amrithavarshini, Bhramambika Dakshina Kannada district, and the MFI 'Mathsya' brought out the advancements of MFIs in terms of level of indebtedness and repayment capacity in motorised and traditional sectors in Karnataka state. MFIs scored high in all the attributes and all members expressed maximum satisfaction over the performance of MFI.

## References

- African Development Fund. (2002). Appraisal Report of Artisanal Fisheries Development Project, Republic of Angola, Volume ii, African Development Fund. pp 1-58.
- Arciaga, Orlando, Fernando Gervacio, Robert Charles Capistraco and Cathrine Demesa. (2002). Envisioning Life: Community – created Sustainable Livelihood Analysis and Development. Philippines: Hribon Foundation & International Development Research Centre.p 62.
- Ashby Jacqui. (2003). Introduction: Uniting Science and Participation in the process of Innovation- Research for Development. In Managing Natural Resources for Sustainable Livelihoods, Uniting Science and Participation, IDRC, Ottawa, 252 p.
- BhairavAcharya. (2006). The Law Relating to Rural Indebtedness and Agricultural Credit in India, Preliminary note on the laws governing rural indebtedness and agricultural credit in India, pp 1-10.
- Britta Augsburg and Cyril Fouillet. (2010). Profit Empowerment: The Microfinance Institution's Mission Drift, B. Augsburg, C. Fouillet, PGDT 9: 327-355.
- CBCRM Resource Centre. (2003). Sustainable Livelihoods Issues in CBCRM. In Sustainable Livelihoods in Community Based Coastal Resource management, Vol 2, San Antonio, Zambales, Philippines.pp 32-34.
- CED. 2008. Agricultural Credit and its Effects on Small Farmer Indebtedness, Centre for Education and Documentation Mumbai, India, pp 1-4.
- CMFRI.2010.Marine Fisheries Census (2010), Part 1, India, Govt. of India, Ministry of Agriculture, Dept. of Animal Husbandry, Dairying & Fisheries and Central Marine Fisheries Research Institute, Indian Council of Agricultural Research, New Delhi.pp 1-4.
- CMFRI.2010.Marine Fisheries Census (2010), Part 7, Karnataka, Govt. of India, Ministry of Agriculture, Dept. of Animal Husbandry, Dairying & Fisheries and Central Marine Fisheries Research Institute, Indian Council of Agricultural Research, New Delhi.pp 1-4.
- Garret, H.E. and Woodworth, R.S. (1969). Statistics in Psychology and Education, Vakils, Feffer and Simons Pvt. Ltd., Bombay. p 329.
- Jayaraman.R.(2005). Performance analysis of fisherwomen self help groups, Department of Fisheries Resources & Economics, Fisheries College and Research Institute, Tamil Nadu Veterinary and Animal Sciences University, Thoothukkudi, Final Report submitted to National Bank for Agricultural and Rural Development. p 63.

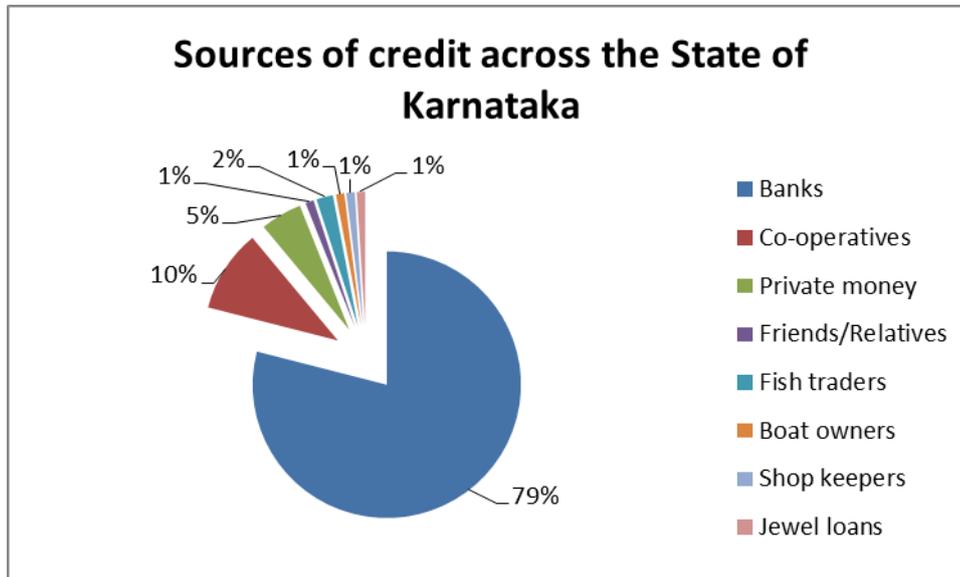
Khan Shaheen Rafi, Ali Fahd and TanveerAzka. (2005). Compliance with International Standards in the Marine Fisheries Sector: A Supply Chain Analysis from Pakistan, Sustainable Development Policy Institute (SDPI) and International Institute of Sustainable Development (IISD), p 59.

Mammoo.(2004). Income, Indebtedness and Savings among fisherfolk of Orissa, India, BOBP, Food and Agricultural Organization, United Nations& Swedish International Development Authority.

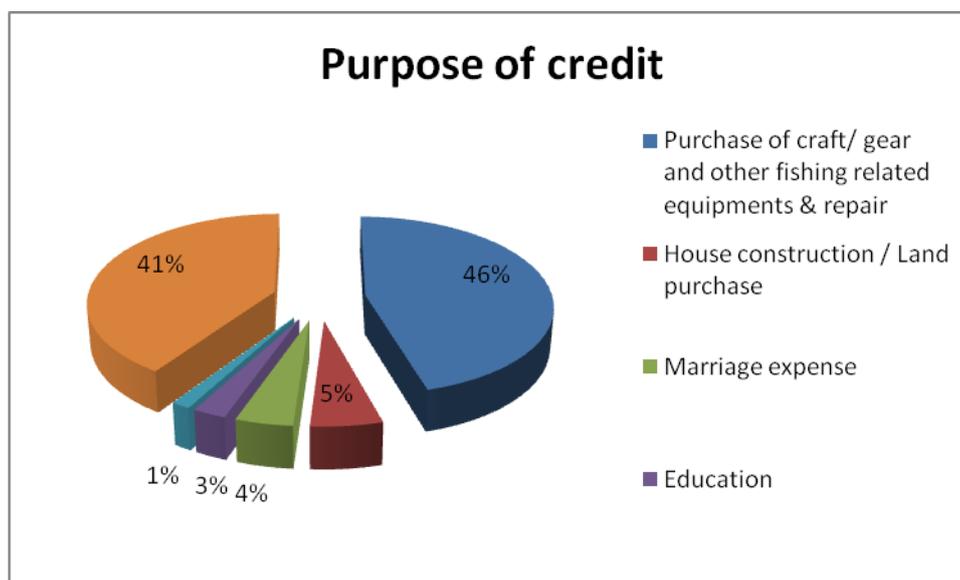
**Appendix**



**Figure 1: Map of Karnataka showing the study area**



**Figure: 2 Sources of credit for fisherfolk across the State of Karnataka**



**Figure: 3 Purpose of taking credit- A graphical representation**

**Table 1: South West Zone : Karnataka : Level of indebtedness & repayment capacity :Locations : Mangalore : Dashing Kannada**

Sector	Level of indebtedness		% of Repayment	
	Non members	MFI	Non members	MFI
Mechanised	3.95		26.75	
Motorised	2.65	1.54	2.26	40.52
Traditional	0.40	0.52	14.00	32.00
Secondary sector	3.42	1.80	28.19	24.00
Tertiary sector	0.32	0.30	33.52	28.50

**Table 2: Average amount spent /month on various items of expenditure (Rs.)**

SI No	Items	Mechanised: Primary sector Multi-day Trawler operating owner	Mechanised: Purse-seine single day operating owners	Motorized Labourers	Fish vendors (women)	Secondary sector	Tertiary sector
1	Food	1600.00	3564.28	1032.50	3815.00	5580.00	4526.00
2	Clothing	250.00	857.00	50.00	-	-	500.00
3	Social Expenditure	125.00	425.00	72.85	-	362.50	300.00
4	Medical Expenditure	100.00	141.00	200.00	137.00	-	216.67
5	Entertainment	200.00	285.00	160.00	-	469.35	381.58
6	Education	500.00	1642.85	100.00	185.00	500.00	417.90
7	Miscellaneous				-	-	958.33
	Total	9400.00	8114.28	1388.25	3931.57	6730.65	5580.26

**Table 3: Details of savings & Level of indebtedness in Karnataka state**

No	Frequency of respondents having Savings				Total	Level of Indebtedness (%)
	Nil	< 0.5 L	0.5 -1 L	>1 L		
1	510	60	24	6	600	85

**Table 4 : Sources of Credit in Karnataka the state**

No:	Sources	No. of respondents	%
1	Banks	386	78.77
2	Co-operatives	52	10.61
3	Private money lenders	26	5.30
4	Friends / Relatives	4	0.81
5	Fish traders	8	1.63
6	Boat owners	4	0.81
7	Shop keepers	4	0.81
8	Jewel loans	6	1.22

**Table 5: Purpose of taking credit in Karnataka state**

No:	Purpose	No. of respondents	%
1	Purchase of craft/gear and other fishing related equipments & repair	252	45.65
2	House construction / Land purchase	30	5.43
3	Marriage expense	24	4.34
4	Education	14	2.53
5	Health and Social Security	8	1.44
6	Any others (business, purchase of vehicles)	224	40.57

**Table 6: Appraisal on the functioning of the MFI/Institutional/Non institutional credit agencies.**

S.No	Attributes	Institutional		Non Institutional Credit		Micro Finance Institution	
		Score	Rank	Score	Rank	Score	Rank
1	Easy approval process	56.5	II	41	III	59.0	I
2	Diverse areas of funding	46.3	II	42.4	III	61.8	I
3	Eligibility of recipients	63.9	I	51.0	II	36.2	III
4	Maximum loan amount	44.5	II	57.0	I	42.9	III
5	Need for collateral security	52.3	II	55.9	I	42.1	III
6	Provision of longer loans	51.8	II	40.5	III	56.3	I
7	Provision of loan grace periods	52.9	II	41.4	III	57.5	I
8	Easy repayment schedule	51.9	II	39.7	III	54.6	I
9	Low interest rate	57.7	I	41.4	III	47.6	II
10	Stringent for default of payment	45.8	II	59.7	I	43.9	III
11	Hidden cost and concerns	51.5	II	59.0	I	41.4	III

**Table 7: Details of selected Microfinance Institutions**

Sl.No	Name of Microfinance institution	No of members	Av: amount of loan availed in 2010 (Rs)	Purpose of availing loan	Rate of interest	Av amount of repayment (Rs)/Yr
1.	Navodaya, Ullala, Dakshina Kannada	20	10,000	Purchase of fresh fish, salting and dry fish preparation	9 %	2833
2.	Doomavathi, UllalaDakshina.Kannada	12	11,000	Do	9 %	6,600
3.	Rajalaxmi, Dakshina.Kannada	11	10,000	Do	9 %	2,600
4.	Bhramambika, Dakshina.Kannada	11	10,000	Do	9 %	5000
5.	Amrithavarshini, SKDRDP, Dakshina Kannada	10	10,000	Do	9 %	5,000
6.	Mathsya, Manjunatha SHG, SKDRDP	12	10,000	Do	10 %	5,000