

## Chapter 6

# Banking Practices

### Introduction

An analysis on the socio-economic factors in the proceeding chapters showed that financial status of the fisher households is poor to claim full suite of financial products and services from commercial banks as a general customer, in particular credit products. Fisher households with seasonal and low-income, also lack alternate employment for the head of the households during the lean periods. Alternate source of income of households, income category of the households and the year of opening bank account have significant influence on the annual average income of fisher households. It reveals the fact that annual average income and the financial inclusion have close association. Those households who opened bank account before 2010 have more annual income compared to those households who opened bank account after 2010. With this background knowledge of the financial status of fisher households, the researcher attempts to grasp the financial requirement of this sector to carry on fishing activity as an occupation for livelihood. The research also would lead to the sources of finance depended by fisher households for meeting these requirements, in particular the contribution of the scheduled commercial banks in this regard.

Department of Fisheries, Government of Kerala and other specialised institutions set up for the fishermen, like Matsyafed and Matsyaboard are implementing promotional and developmental schemes to support marine fisher households. Quite a long time the financial dealings of fisher households were mostly between money lenders and these Govt. agencies. Now it is pertinent to look into the banking practice of fisher households in the context of measuring financial inclusion among the fisher households. This chapter has been organised into three main sections, namely **A. Banking Habit** **B. Financial Requirements** and **C. Financial Sources Resorted**.

## Section-A

### Introduction

The first section which deals with the banking habit of fisher households includes two specific objectives. Firstly *to determine the extent of banking practice prevailing among the fisher households*. For this purpose, a null hypothesis was formulated to make the analysis more focused as follows: *there is no significant difference among the fisher households in the purpose of visits to the bank by Types of Craft*. Chi-Square test was found most appropriate to analyse these variables.

### 6.1 Banking Habit

For identifying the extent of banking habit of fisher households, four major variables are analysed:

- Purpose of Opening Bank Account
- Purpose of visits to the Bank
- Frequency of visits to the Bank
- Financial Products & Services Availed

For assessing the second objective i.e., *to assess the financial inclusiveness of marine fisher households through scheduled commercial banks*, a null hypothesis was formulated as *'there is no significant difference among the fisher households in their usage of financial services availed from scheduled commercial banks by Types of Craft'*. The variable used for the analysis was:

- Number of financial products and services availed by fisher households

#### 6.1.1 Purpose of Opening Bank Account

Commendable initiatives have been rolled out in view of financial inclusion to bring the low-income and weaker sections of the society under the banner of formal banking institutions. Since 2005, RBI has requested the scheduled commercial banks to provide 'no-frill' accounts. As for now, fisher

households have been financially included in terms of ownership of accounts as the welfare schemes have been disbursed through bank account of the beneficiaries. An analysis has been done to find the purposes for which fisher households have opened a bank account by Types of Craft, such as Mechanised, Motorised and Non-Motorised and also on the basis of Year of Opening Bank Account, categorised as Before 2010 and After 2010.

**Table 6.1**  
**Purpose of Ownership of Bank Accounts by Fisher Households**

#Purpose of Opening Bank Account	Mechanised		Motorised		Non-Motorised		$\chi^2$	Sig.
	n	%	n	%	n	%		
To Avail Financial Subsidy/Welfare Fund under DBT Scheme	44	100	78	100	78	100	16.584	0.084
To Avail Subsidy from Govt.	11	25.00	29	37.18	35	44.87		
To Start Savings in a Bank	13	29.55	20	25.64	7	8.97		
Take a Loan from the Bank.	6	13.64	7	8.97	6	7.69		
Job Requirement & Others	6	13.64	8	10.26	7	8.97		

*Source: Field Survey*  
*#Multiple Response*

Table 6.1 reveals that every household under Mechanised, Motorised and Non-Motorised sectors have opened their bank account for receiving assistance from the Govt. under Direct Benefit Scheme as a financial inclusion initiative of the Department of Fisheries. Nearly 25 per cent of the Mechanised sector fisher households, 37.18 per cent of the fisher households under Motorised sector and 44.87 per cent of the fisher households stated to have opened their bank account for the purpose of availing subsidy from the Government while taking a loan from the Matsyafed. About 30 per cent of the fisher households under Mechanised sector, 25.64 per cent of the Motorised sector and only 8.97 per cent of the Non- Motorised Sector fisher households

opened their bank accounts solely for the purpose of saving in a formal bank. Around 14 per cent of the fisher households belonging to Mechanised sector and seven per cent of the fisher households from Motorised sector have opened their bank accounts for taking a loan from the bank. A meagre per cent of fisher households under all three categories have opened their bank accounts for taking education loans and job requirements of the family members. The result of Chi-Square analysis of the differences in the purpose of opening a bank account in a commercial bank by Mechanised, Motorised and Non-Motorised sector fisher households revealed a value of 16.58, which is found to be insignificant at 0.05 level, as the P-value (0.084) falls beyond the significant level.

This shows that Mechanised, Motorised and Non-Motorised sector fisher households have opened bank accounts for various purposes but statistically there is no significant difference in the purpose for which they opened bank accounts in a commercial bank. Majority of the fisher households opened the bank accounts as per the financial inclusion drive initiated by Department of Fisheries, Kerala.

**Table 6.2**  
**Purpose of Ownership of Bank Accounts by Fisher Households by Year of Opening Bank Account**

#Purpose of Opening Bank Account	Year of Opening Bank Account by HH					
	Before 2010 n=70	%	After 2010 n=130	%	$\chi^2$	Sig.
To Avail Financial Assistance From Govt.	70	100.00	130	100.00	13.37	.020*
To Avail Subsidy from the Govt	17	24.29	58	44.62		
To Start a Savings in a Bank	18	25.71	22	16.92		
Take a Loan from the Bank	7	10.00	12	9.23		
Job Requirement	11	15.71	10	7.69		

*Source: Field Survey*

*\*Significant at 0.05 level*

*#Multiple Response*

A comparison on purpose of opening bank accounts by the fisher households, based on the Year of Opening Bank Account shows that purpose of ownership of account differ significantly by the year in which head of the household opened a bank account as the *P*-value of the Chi-Square is below the significant level of 0.05.

### 6.1.2 Purpose of Visit to Bank

Ownership of accounts in commercial bank is considered to be the primary condition for the target of greater financial inclusion. The expert panel headed by former RBI Governor Rangarajan, has defined a New Poverty Line in 2014 stating that a household spending below ₹ 32 per day in rural areas and ₹ 47 in towns would be called BPL families. Out of the 200 fisher households under study, 62.5 per cent of the households fall into the BPL category and 37.5 per cent into APL category. Therefore, it is apt to identify the purpose for which these fisher households visit the commercial banks.

**Table 6.3**  
**Purposes of Visit to the Commercial Banks by Fisher Households**

#Purposes of Visit	Mechanised		Motorised		Non-Motorised		$\chi^2$	Sig.
	n	%	n	%	n	%		
To Avail DBT Scheme of the Govt	43	97.73	78	100	78	100	37.607	.000*
Deposit the Savings	17	38.64	16	20.51	9	11.54		
Take & To Repay the Loan	5	11.36	12	15.38	6	7.69		
Others	14	31.82	6	7.69	5	6.41		

Source: Field Survey

\* Significant at 0.05 level

#Multiple Response

As indicated by the table, 97.73 per cent of the households under Mechanised Sector, cent per cent each from the Motorised and Non-Motorised Sectors make visits to the bank for availing the DBT scheme specifically given to the fishermen during the off season under the name Saving Cum Relief Scheme. Around 39 per cent of the fisher households from Mechanised

category, 21 per cent from Motorised category and 12 per cent from Non-Motorised category visit the bank to deposit their savings. A small per cent (11.36) of fisher households under Mechanised sector, 15.38 per cent of Motorised sector and around eight per cent under Non-Motorised sector visit the bank to take or to repay the loan. 31.82 per cent of the fisher households under Mechanised sector visit the bank for other purposes too like remittance of money and financial counselling. But just a meagre per cent of the households under Motorised sector (7.69) and Non-Motorised sector (6.41) visit the bank to avail other financial services. The Chi-Square analysis carried out to assess the differences in the purpose of visiting the bank by the fisher households by Types of Craft revealed a Chi-Square value of 37.61; its *p*-value is found to be statistically significant at 0.05 level.

It can be concluded that purpose of visit to the bank vary by Types of Craft but Mechanised sector fisher households are visiting more for diverse purpose compared to Motorised and Non-Motorised sector fisher households.

**Table 6. 4**  
**Purpose of Visits to the Commercial Banks by Fisher Households by Year of Opening Bank Account**

#Purpose of Visit to Bank	Year of opening a/c(HH)				$\chi^2$	Sig.
	Before 2010 n=70	%	After 2010 n=130	%		
DBT Scheme of the Govt.	69	98.57	130	100.00	20.372	.000*
Deposit & Withdraw the Savings	25	35.71	17	13.08		
Avail & Repay of the Loan	10	14.29	13	10.00		
Others	13	18.57	12	9.23		

*Source: Field Survey*

*\*Significant at 0.05 level*

*#Multiple Response*

Table 6.4 reveals that a whopping majority of the fisher households visit the commercial bank branches for the purpose of availing the welfare fund

routed through DBT scheme. About 36.00 per cent of them visit the bank to deposit the savings and to withdraw the deposits. The table further revealed that the purpose of visit to the commercial banks by the fisher households differ significantly by Year of Opening Bank Account as the Chi-Square value is 20.37, and the significance value of Chi-Square is found to be significant at 0.05 level.

### 6.1.3 Frequency of Visits to the Bank

It is relevant to investigate into the frequency of the visits to the banks by the fisher household to get a clear picture of the extent of banking practice existing among them. The fisher households were asked to state the number of visits to the bank in a period of one year. An analysis was conducted on the frequency of visits to the bank by Types of Crafts and by Year of Opening Bank Account.

**Table 6.5**  
**Frequency of Visit to the Commercial Banks By Fisher Households**

Variables		Mean	SD	Statistics	Sig.
Types of Craft	Mechanised	7.45	9.08	F = 3.301	0.039*
	Motorised	5.13	5.14		
	Non- Motorised	4.59	4.64		
Year of Opening Bank A/c	Before 2010	6.29	7.08	t = 1.453	0.148
	After 2010	4.97	5.53		
Total		5.43	6.13		

*Source: Field Survey*

*\*Significant at 0.05 level*

As depicted by the Table 6.5, the average number of visits to the bank in a year by the fisher households on the basis of Types of Craft is 7.45 times by Mechanised sector, 5.13 times by Motorised sector and 4.59 times by Non-Motorised sector. Hence, it reveals that Mechanised sector households visit the bank more frequently than Motorised and Non-Motorised sector fisher households. The significance value of the F-statistics is found to be 0.039, which is less than the significant level of 0.05, indicating that there is

significant difference among the fisheries households by Types of Craft with respect to their frequency of visits to the bank.

The analysis made on the response of fisher households on the basis of the Year of Opening Bank Account, the frequency of visits of the fisher households to the bank by the Before 2010 category is 6.29 times in a year, indicating more frequent visits made by this category compared to After 2010 category fisher households i.e., 4.97 times in a year. The P-value of the t-statistic resulted is 0.148, which is greater than the significant level of 0.05 and it shows that there is no significant difference between the fisheries households who opened bank account Before 2010 and After 2010 in the frequency of their visits to the bank.

It can be inferred that Mechanised sector fisher households are the most frequent visitors of commercial banks compared to Motorised and Non-Motorised sectors.

#### **6.1.4 Financial Products & Services Availed**

Use of financial services and products could be one of the major benchmarks for assessing the banking practice existing among the fisher households. The households were asked to mark the financial services and products in the multiple choice question and to rank each choice as High Usage, Middle Usage and Low Usage. Chi-Square test was undertaken to identify the variance between various samples. Analysis on the usage penetration of financial products and services is done under Types of crafts and Year of Opening Bank Account.



**Table 6.6**  
**Usage of Financial Products and Service among the Fisher Households**

Financial Services Availed	Mechanised		Motorised		Non-Motorised		Before 2010		After 2010	
	n	%	n	%	n	%	n	%	n	%
Deposits	25	13.97	23	9.24	13	5.53	35	13.11	26	6.57
Withdrawals	44	24.58	78	31.33	78	33.19	70	26.22	130	32.83
Loans	11	6.15	15	6.02	11	4.68	19	7.12	18	4.55
Collection of Cheques	44	24.58	77	30.92	78	33.19	70	26.22	129	32.58
ATM services	29	16.20	44	17.67	43	18.30	48	17.98	68	17.17
Remittance NEFT	11	6.15	2	0.80	3	1.28	9	3.37	7	1.77
Cards	7	3.91	3	1.20	4	1.70	5	1.87	9	2.27
Other services	8	4.47	7	2.81	5	2.13	11	4.12	9	2.27
$\chi^2$	60.459						37.498			
Sig.	.000*						.000*			

Source: Field Survey

\*Significant at 0.05 level

Table 6.6 presents the Chi-Square test result by Types of Craft and Year of Opening Bank Accounts on the usage of financial products and services by fisher households. As per first basis, withdrawal of money and collection of cheques have been mostly used by fisher household under Mechanised, Motorised, and Non-Motorised sectors. Deposit facility has been used mostly by Mechanised sector households compared to other two sectors. In the case of ICT-based financial services, ATM service has been availed by majority of the households as the welfare schemes like ‘*Saving Cum Relief Scheme*’ and ‘*Thanal*’ has been disbursed through bank account. Other services like mobile banking, General Credit Card (GCC) and Kisan Credit Cards (KCC), insurance, and overdraft facilities have been availed only by a meagre per cent of the fisher households. The Chi-Square test result showed that there is significant difference in the usage of financial products and services by fisher households under Mechanised, Motorised and Non-Motorised sectors as the significance value of the Chi-Square is revealed to be 0.000 which is seen to be significant at 0.05 level.

Usage of financial services and products by fisher households analysed by Year of Opening Bank Account, indicates that almost all have availed withdrawal and collection of cheque facility. About 13.11 of the Before 2010 category and 6.57 of the After 2010 have used deposit facility offered by commercial banks. When analysing the usage of ATM facility, After 2010 category households are much ahead of the Before 2010 category. When taking the overall financial service usage penetration on the basis of Year of Opening Bank Account, it was revealed that there is significant difference in the penetration of formal financial products and services among the fisher households who opened bank account Before 2010 and After 2010, the significance value of the Chi-Square test obtained is 0.000, which is significant at the 0.05 level.

On analysis on the banking practice existing among fisher households, it can be concluded that there is no significant difference in the banking practice of fisher households under Mechanised, Motorised and Non-Motorised sectors. But an in-depth analysis shows that Mechanised sector has more banking practice compared to Motorised and Non-Motorised sector fisher households.

## **Section-B**

### **6.2 Financial Requirements**

It is essential to analyse the amount of finance required by fishermen to establish a fishing unit and to maintain the craft. The fishing industry has become capital intensive and competition has become uncontrollable. The availability of adequate finance to meet the daily operating expenses of fishing is a constant stress for the Owner cum Crew fishermen. This section deals with the financial requirements of Owner cum Crew fisher households to procure a fishing unit and to conduct the fishing unit for livelihood. Financial requirements of Mechanised sector, Motorised sector and Non-Motorised sector has been presented under two heads:

- Capital Investment Requirements
- Working Capital Requirements

### 6.2.1 Capital Investment at a Glance

Fish and fish products have become the unavoidable item in the menu of people in Kerala. But the struggles of fishermen who venture into fishing to maintain a fishing unit competing with the fleets are unfathomable. The researcher makes an attempt to understand the financial investment made by fisher households under study in setting up fishing units and this is depicted under two heads (i) Initial Capital Investment and (ii) Working Capital Investment. The most important thing to be kept in mind while learning about the average capital investment made to establish a fishing unit in three different sectors is that most of the fishermen under study have acquired the fishing inputs as second hand one spending only half or two-third of the money required to purchase a brand new fishing input. And there are cases where some of them acquired the fishing implements five to six years back. The present market price to acquire a fresh unit has been inserted in the theoretical framework in chapter four. Table 6.7 presents a view of the initial capital investment incurred in acquiring fishing units under study.

**Table 6.7**

#### **Required Capital Investment in Fishing Units by Types of Craft**

Initial Capital Investment in Fishing Units	Mechanised			Motorised			Non- Motorised		
	Unit	Sum ₹	N	Unit	Sum ₹	N	Unit	Sum ₹	N
Mother Vessels	22	4,85,50,000	22	39	1,40,00,000	39	39	1,97,950	39
Carrier Vessels	21	36,45,000	14	32	35,00,000	39	NA	NA	0
Outboard Engines	33	47,79,000	14	116	1,32,98,000	39	NA	NA	0
Fishing Gears (Nets)	120	2,52,27,500	22	57	2,48,28,500	39	93	1037475	39
Accessories		84,75,000	22		59,26,000	39		161622.5	39
<i>Total</i>		<i>9,06,76,500</i>			<i>6,15,52,500</i>			<i>1397048</i>	

*Source: Field Survey*

The huge capital investment is split into mother vessel, carrier vessels, out board engines, fishing gears and accessories. Again accessories required by

fishing units vary by types of craft. In the case of Mechanised sector, accessories consists of fishing boards, pullies, wireless, Gross Positioning System (GPS), Eco-Sounder, ropes, baskets, safety kits, floating balls and a vessel made out of Thermocole. Motorised sector accessories include winch, GPS, wireless, Eco sounder, steel rings, floating balls, weights. Non-Motorised sector accessories include floating balls and weights. The aggregate amount of investment in the Mechanised sector is ₹9,06,76,500/-, for Motorised sector is ₹6,15,52,500 /- and that of Non- Motorised sector is ₹2794,095/-.

#### **6.2.1.1 Mechanised sector**

The carrier vessels are used by in-board valloms (Leyland valloms, indicating the name of the inboard engine used in the vessel) but carrier vessels are not part of a fishing boat. All the Mechanised owner cum crew fishermen (22) under study own single mother vessel. Out of the 22 vessels, 14 are inboard vessels. These 14 inboard vessels together own 22 carrier vessels worth ₹36,45,000/- and 33 outboard engines costing ₹47,79,000/-. The twenty two fishing units jointly possess 120 fishing gears worth ₹2,52,27,500/-. Generally fishing boat units use 10-15 fishing gears, meant for different seasons and target fishing. But the use of fishing gears in inboard vessels is limited to two or three. Accessories worth ₹84,75,000/- are used by 22 fishing units.

#### **6.2.1.2 Motorised sector**

The Motorised sector consists of 39 fishing units costing ₹ 6,15,52,500/- in aggregate. The worth of mother vessels alone come up to ₹ 1,40,00,000/-, they jointly own 32 carrier vessels worth ₹35,00,000/- (some fishing units hire the carriers on daily basis) and 116 outboard engines valued for ₹1,32,98,000/-. Each Motorised fishing unit use two- three out board engines for fishing activities (generally, an out board engine with 40 HP and another with 9.9 HP will be used in the mother vessel and a third one will be fitted in the carrier vessel). Thirty nine fishing units under Motorised sector own 57 fishing gears, their aggregate cost comes to ₹2,48,28,500/- (Motorised

sector fishing units generally own one to two very large fishing gears). The accessories used in these thirty nine fishing units are worth ₹59,26,000/-.

### 6.2.1.3 Non-Motorised sector

Thirty nine owner cum fishermen household own fishing units worth ₹1,97,950/-. As each fishing unit use two or three fishing gears to exploit the season, the 39 fishing units collectively own 93 fishing gears worth ₹ 1037475/- and their accessories requirement is ₹161622.5/-.

### 6.2.2 Working Capital Requirements

The working capital expenses are further classified into daily operating expenses and the annual development expenses. Operating expenses and development expenses vary by types of craft.

**Table 6.8**  
**Working Capital Financial Requirements of Fishing Units by Types of Craft**

Working Capital Requirements	Mechanised		Motorised		Non-Motorised	
	Sum ₹	N	Sum ₹	N	Sum ₹	N
<b>a. Daily Expenses</b>						
Kerosene/Petrol/Diesel/Oil	7,36,925	22	4,43,160	39	NA	0
Expenses of Crew(Bata/Food)	90,650	22	77,850	39	NA	0
Transportation Expenses	50,500	14	60,200	30	NA	0
<i>Total</i>	<i>8,78,075</i>		<i>5,81,210</i>		<i>NA</i>	
<i>Mean</i>	<i>39,912.50</i>		<i>14,902.82</i>		<i>NA</i>	
<b>b. Development Expenses</b>						
Maintenance Of Canoe, Engines & Nets	1,11,40,000	22	1,07,14,000	39	3,85,593	39
Insurance Premium	67,650	21	14,411	38	5,625	37
Annual Contribution to Welfare Fund Board	2,12,450	22	21,630	39	3,900	39
<i>Total</i>	<i>1,14,20,100</i>		<i>1,07,50,041</i>		<i>3,95,118</i>	
<i>Mean</i>	<i>5,19,095.50</i>		<i>2,75,642.10</i>		<i>10131.22</i>	
Grand Total	10,29,74,675		7,28,83,751		1792166	
Grand Mean (Fixed & Working Capital)	46,80,667.05		18,68,814		45,952.95	

Source: Field Survey

### 6.2.2.1 Operating Expenses

A brief analysis of the daily operating expenses brings about the fact that each Mechanised vessel incurs an average amount of ₹33496.59/- for fuel irrespective of the uncertainty of getting good catch. Around ₹4120/- is spend on food and Bata. As the landing centres for in-board and boats are not close to the respective fisheries villages, an additional expense of ₹3607/- is also shouldered by the fishing unit for transportation of necessary crew fishermen to landing centres like Kochi, Thottappally or Sakthikulangara by a hired vehicle, which is an unnecessary expense, reducing their share of earnings.

The average operational expense of **Motorised crafts** is ₹14,902.82 per fishing day for 39 fishing vessels. It consists of ₹11363.08/- for fuel, ₹1996.15 for food and bata and ₹2006.67/- for transportation expenses for 30 vessels only, as the transportation expense is determined by the size of the vessel and the fishing field. Hence, small vessels use local open beach area for landing; similarly if the fishing field is closer to the fisheries village and the climate is conducive to land in the open beach area, the additional expenses for transportation can be avoided, which increase their share of earnings. But, most of the days, they have to hire the vehicle for the to and fro conveyance of the crew fishermen.

The operational expenses of **Non-Motorised sector** is absolutely nil, thus whatever they receive is a gain. Non-Motorised fishermen share a meagre portion of their earnings with those older fishermen who would be assisting them to land the vessel where there is sea wall and later to clean up/ take out the caught fish from the net. These fishermen also enjoy the benefit of direct selling by bringing the catch to the national highways and selling it without any intermediation. But, it is considered to be the dangerous of all types of fishing. In spite of the risk, some fishermen prefer to engage in this hassle-free fishing, avoiding unnecessary financial burden and stress in operating a fishing unit with large number of crew fishermen depending on the owner.

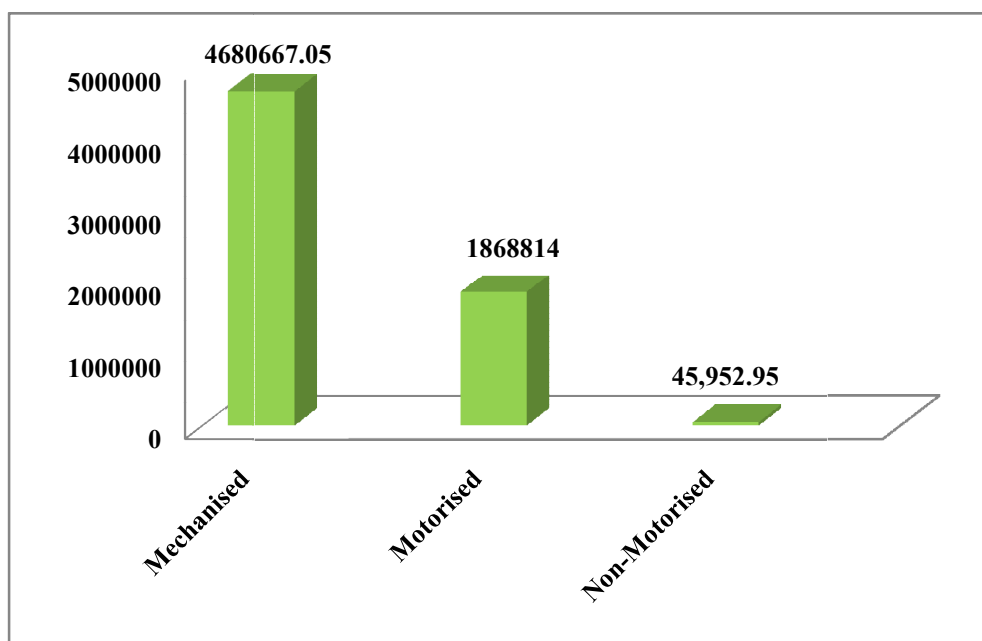
### 6.2.2.2 Development Expenses

Development expenses include unexpected repairs as well as the annual maintenance of vessels, gears and engines. A little more than ₹5,00,000/- is spent for maintenance of a fishing unit under **Mechanised sector**. An average amount of ₹3221.43/- per year is spent as insurance premium which include life insurance of fishermen and vessel insurance. The annual contribution to the Welfare Fund Board and the licence fee paid to the Department of Fisheries for renewing the license depends on the size and type of vessels. An average amount ₹9,656.81/- is mandatorily paid by the Mechanised sector Owner cum Crew fishermen.

In the case of **Motorised sector** average development expenses for a fishing vessel is ₹274717.90/-per year. The insurance premium and mandatory annual contribution to Fisheries Welfare Fund Board and Department Fisheries paid are ₹411.74/- and ₹554.61/- respectively.

**Non-Motorised sector** incurs least amount of developmental expenses. It would range from ₹8000/- to ₹15000/- per year depending upon the damage caused to the gears during the year. The Thermocole vessel could be used for three to five years if sufficient care is taken.

Figure 6.1 presents the mean financial investment made by owner cum fishermen under three different sectors to set up a fishing unit for their livelihood and the working capital expenses incurred in running fishing units.



**Figure 6.1**

**Grand Mean Investment made in Procuring a Fishing Unit by Types of Craft**

The analysis shows that the financial requirement of the fisheries sector is huge. This huge financial requirement cannot be financed by the fishermen alone. Therefore, it would be relevant to ascertain the sources depended, the interest paid by Owner cum Crew fishermen to meet the financial requirements of the fishing activities.

**Section-C**

**6.3 Financial Sources Depended**

Analysis on the financial requirements of the Owner cum Crew fisher households would not be complete without looking into the sources depended by them. The specific objective of the section is *‘to identify the sources of finance resorted by fishermen in setting up a fishing unit and the proportion of commercial banks in the venture’*. The hypothesis framed for this purpose is that *‘there is no significant difference in the amount of finance availed by the owner cum fishermen by Types of Craft from the scheduled commercial banks for setting up a fishing unit’*. Prominent variables used for the analysis are given below:



- Availability of Finance from Various sources
- Interest Paid for Finance
- Turnaround Period taken for Loans
- Number of source depended
- Availability of Credit from Scheduled Commercial banks
- Source Depended for Working Capital

### **6.3.1 Initial Capital Investment - Source Depended**

Availability of adequate finance for the sustainable fishery has been an unsolved issue since the motorisation of this industry. The financial requirement to set up a fishing unit is beyond the financial capacity of a fisherman. The financial assistance offered by Matsyafed is only a portion of the financial requirements. Most of the fishing units commence in debt, raising fund from money lenders who claim the right of the primary sale to reap the benefit of price mechanism. Gradually, there emerged a system of joint ownership of a fishing unit sharing the financial liability by a group of fishermen. But, as the months and years pass by the liability of running and maintaining a fishing unit is reduced to one or two fishermen in the group. Report of the Task Force on Livelihood Secure Fishing Communities in 1997, published by State Planning Board, Thiruvananthapuram, affirms the dismal situation of the Kerala fisheries that ‘fishermen are born in debt and dies leaving behind a greater debt’.

It is important to know the prominent source depended on by Owner cum Crew fishermen in setting up a fishing unit and the contribution of commercial banks in this respect. For this purpose, the calculated initial capital investment made in each sector and their sources have been analysed to see the contribution of resorted sources by fishermen.

**Table.6.9**  
**Financial Requirement vs. Sources Resorted to Set up a Fishing Unit by**  
**Types of Craft**

Particulars		Financial Requirements	Mechanised		Motorised		Non- Motorised	
			Mean	%	Mean	%	Mean	%
Financial requirements	Items of Expenses	Mother Vessels	22,06,818.18	53.54	3,58,974.36	22.74	5,075.64	14.17
		Carrier Vessels	1,65,681.82	4.02	89,743.59	5.69	0.00	0.00
		Outboard Engines	2,17,227.27	5.27	3,40,974.36	21.60	0.00	0.00
		Fishing Gears(Nets)	11,46,704.55	27.82	6,36,628.21	40.34	26,601.92	74.26
		Accessories	3,85,227.27	9.35	1,51,948.72	9.63	4,144.17	11.57
	<b>Mean Total</b>		<b>41,21,659.09</b>	100.00	<b>15,78,269.23</b>	100.00	<b>35,821.73</b>	100.00
Sources of Finance	<b>Scheduled Commercial Bank</b>		<b>2,64,454.55</b>	<b>6.42</b>	<b>56,410.26</b>	<b>3.57</b>	<b>384.62</b>	<b>1.07</b>
	Alternate Source of Finance	Cooperative Banks	25,000.00	0.61	21,794.87	1.38	1,551.28	4.33
		Own Contribution	14,77,340.91	35.84	4,66,179.49	29.54	14,612.76	40.79
		Friends and Relatives	7,84,090.91	19.02	1,79,897.44	11.40	4,810.90	13.43
		Private Money Lenders	2,22,727.27	5.40	1,84,474.36	11.69	5,891.03	16.45
		Commission Agents	12,51,909.09	30.37	6,54,256.41	41.45	1,737.18	4.85
		SHGs	0.00	0.00	2,435.90	0.15	2,243.59	6.26
		Matsyafed	96,136.36	2.33	10,256.41	0.65	0.00	0.00
		Micro Finance	0.00	0.00	2,564.10	0.16	4,590.38	12.81
<b>Mean Total</b>		<b>4121659.09</b>	100.00	<b>1578269.23</b>	100.00	<b>35,821.73</b>	100.00	

Source: Field Survey

Table 6.9 reveals a comparison between the financial requirements and the sources depended on by fishermen in setting up fishing units by Types of Craft. It is found that 35.84 per cent of investment in Mechanised sector comes from one's own source, but in fact it is contributed by joint owners. Second major portion of 30.37 per cent comes from commission agents (*Tharakans*) and around 19 per cent from friends and relatives who provide fund with or without interest. The important point to be highlighted is that Matsyafed contribution is limited to 2.33 per cent and that of the scheduled commercial bank is only 6.42 per cent. Mechanised sector does not seem to depend upon Micro finance and SHGs.

When analysing the case of Motorised sector, commission agents are the major contributors of finance with 41.45 per cent of the total initial investment made in the fishing unit, followed by own contribution. Private money lenders (11.69 per cent), and friends and neighbours (11.40 per cent) also play greater role in the financial requirement of fishermen. The contribution of commercial banks to this sector was further reduced to 3.57 per cent compared to the Mechanised sector. The financial sources like Co-operative societies, Micro finance institutions, SHGs and Matsyafed is also depended on by fishermen but their contribution is observed to be very meagre compared to the financial requirement. Non-Motorised sector's initial capital investment mostly come from Own contribution (40.79) per cent. It is revealed that fishermen of this sector also depended on private money lenders, friends and relatives and microfinance institutions to meet the capital requirements.

**Table 6.10**  
**Proportion of the Financial Requirement met by Commercial Banks**

Particulars		Financial Requirements	Mechanised		Motorised		Non- Motorised	
			Mean	%	Mean	%	Mean	%
Financial requirements	Items of Expenses	Mother Vessels	22,06,818.18	53.54	3,58,974.36	22.74	5,075.64	14.17
		Carrier Vessels	1,65,681.82	4.02	89,743.59	5.69	0.00	0.00
		Outboard Engines	2,17,227.27	5.27	3,40,974.36	21.60	0.00	0.00
		Fishing Gears(Nets)	11,46,704.55	27.82	6,36,628.21	40.34	26,601.92	74.26
		Accessories	3,85,227.27	9.35	1,51,948.72	9.63	4,144.17	11.57
	<b>Mean Total</b>		<b>41,21,659.09</b>	100.00	<b>15,78,269.23</b>	100.00	<b>35,821.73</b>	100.00
<b>Contribution of Scheduled Commercial Banks</b>		<b>2,64,454.55</b>	<b>6.42</b>	<b>56,410.26</b>	<b>3.57</b>	<b>384.62</b>	<b>1.07</b>	
<b>Types of Craft</b>		<b>Z-statistics</b>				<b>Sig.</b>		
Mechanised X Motorised		Z = 0.510				Sig. 0.610*		
Mechanised X Non-Motorised		Z = 1.176				Sig. 0.242*		
Motorised X Non-Motorised		Z =0.733				Sig. 0.465*		

Source: Field Survey

\*Significant at 0.05 level

Table 6.10 presents the variance in the proportion of the financial requirements met by commercial banks in procuring a fishing unit by Owner cum fishermen by Types of Craft. When comparing with the proportion of finance availed by Owner cum fishermen under Mechanised sector with that of Motorised sector fishermen, it was found that there is no significant variation in the proportion of the finance availed, to set up the fishing unit as the  $Z$ -statistics is (0.610,  $p > 0.05$ ). Similarly, the proportion of the finance availed by the Mechanised sector Owner cum fishermen and that of Non-Motorised sector Owner cum fishermen also revealed insignificant variance in the finance availed from commercial banks to procure a fishing unit. The variance in the proportion of the finance availed by Owner cum fishermen under Motorised sector and that of the Non-Motorised sector, revealed that  $p$ -value of  $Z$ -statistics is 0.465, which is not significant at significant level of 0.05.

#### **6.3.1.1 Availability of Finance from various Sources**

Availability of adequate finance is considered to be the first and foremost criteria followed by fishermen in procuring a fishing unit, which is an absolute necessity for livelihood of number of families. The researcher is intended to see the contribution of institutional credit to this sector for livelihood purpose. The availability and non-availability of finance from various sources are presented by Types of craft and Year of Opening Bank Account.

**Table 6.11**  
**Status of the Loans Availed from Alternative Sources of Finance**

Sources of Finance	Finance Availed	Total	Types of Craft			Year of Opening Bank Account	
			Mechanised %	Motorised %	Non-Motorised %	Before 2010 (%)	After 2010 (%)
<b>Commercial Bank</b>	<b>Not Availed</b>	<b>90</b>	<b>81.82</b>	<b>87.18</b>	<b>97.44</b>	<b>87.00</b>	<b>97.00</b>
	<b>Availed</b>	<b>10</b>	<b>18.18</b>	<b>12.82</b>	<b>2.56</b>	<b>13.00</b>	<b>3.00</b>
Cooperative Banks	Not Availed	87	90.91	87.18	84.62	87.00	85.00
	Availed	13	9.09	12.82	15.38	13.00	15.00
Own Contribution	Not Availed	1	0.00	2.56	0.00	3.00	0.00
	Availed	99	100.00	97.44	100.00	97.00	100.00
Friends and Relatives	Not Availed	25	9.09	12.82	46.15	13.00	46.00
	Availed	75	90.91	87.18	53.85	87.00	54.00
Money Lenders	Not Availed	57	63.64	46.15	64.10	46.00	64.00
	Availed	43	36.36	53.85	35.90	54.00	36.00
Commission Agents	Not Availed	40	13.64	5.13	89.74	5.00	90.00
	Availed	60	86.36	94.87	10.26	95.00	10.00
SHGs	Not Availed	87	100.00	89.74	76.92	90.00	77.00
	Availed	13	0.00	10.26	23.08	10.00	23.00
Matsyafed	Not Availed	95	86.36	94.87	100.00	95.00	100.00
	Availed	5	13.64	5.13	0.00	5.00	0.00
Micro Finance	Not Availed	90	100.00	97.44	76.92	97.00	77.00
	Availed	10	0.00	2.56	23.08	3.00	23.00

Source: Field Survey

Table 6.11 clearly depicts that only ten per cent of the fishermen received credit from scheduled commercial banks to meet the initial capital investment in procuring a fishing unit. A further analysis shows that 18.00 per

cent of the fishermen from Mechanised sector and 13.00 per cent fishermen under Motorised sector are privileged to get credit from commercial banks. Out of the 39 Non-Motorised owner cum crew fishermen, just three per cent of them received loan from commercial banks to begin a livelihood in the fishing sector.

A detailed analysis shows that almost all the fishermen under Mechanised Sector contributed from 'own source', secondly from 'friends and neighbours', followed by commission agents. When looked into the Motorised sector fishermen, mainly 'own source' followed by 'commission agents' and in the third position comes 'friends and neighbours'. For the Non-Motorised sector fishermen's major share of investment come from 'own source' followed by 'money lenders'. Non-Motorised fishermen generally do not raise fund from commission agents for the initial investment of a fishing unit.

#### **6.3.1.2 Interest paid for different Sources of Finance**

One of the objectives of financial inclusion is to ensure institutional credit to the low-income groups and weaker sections of the society at an affordable cost. The fisher household who depend solely on fishing for livelihood have to pay exorbitant interest to the local money lenders and commission agents in the absence of credit from the formal sources. The researcher strives to figure out the rate of interest paid by the fisher households in meeting the occupational financial requirements.

**Table 6.12**  
**Percentage of Interest Paid by Fishermen in Different Sources of Finance**

Rate of Interest Charged	Commercial Banks		Cooperative Bank		Friends & Relatives		Money Lenders		Commission Agents		SHGs		Matsyafed		Micro Finance Institutions	
	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%
Nil	0	0.00	0	0.00	51	54.84	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Less than 10%	3	30.00	6	40.00	3	3.23	1	1.59	3	4.55	5	23.81	4	80.00	1	4.55
10%-20%	7	70.00	9	60.00	24	25.81	11	17.46	3	4.55	14	66.67	1	20.00	12	54.55
20%-30%	0	0.00	0	0.00	9	9.68	12	19.05	0	0.00	2	9.52	0	0.00	8	36.36
30% -40%	0	0.00	0	0.00	3	3.23	27	42.86	0	0.00	0	0.00	0	0.00	1	4.55
40%-60%	0	0.00	0	0.00	3	3.23	12	19.05	2	3.03	0	0.00	0	0.00	0	0.00
10% of every catch	0	0.00	0	0.00	0	0.00	0	0.00	58	87.88	0	0.00	0	0.00	0	0.00
Total	10	100.00	15	100.00	93	100.00	63	100.00	66	100.00	21	100.00	5	100.00	22	100.00

Source: Field Survey



Table 6.12 indicates that formal source finance like commercial banks and cooperative banks charge less rate of interest ranging from 10 per cent to 20 per cent and the loans availed at this rate of interest by fisher households are very few. Out of the ten fisher households who raised finance from commercial banks, 70 per cent of the them have paid between 10-20 per cent of interest and out of the 15 fisher households that availed credit from cooperative banks also paid 10-20 per cent interest. Credit from friends and relatives have become costlier as the interest rate charged for the loan ranges from 10 per cent to 60 per cent. There are 93 fisher households who borrowed from friends and relatives and 54.84 per cent of them received the fund without any interest but 25.81 per cent of them were charged 10-20 per cent of interest and 9.68 per cent of them were charged 20-30 per cent of interest. And a small per cent (3.23) of the fisher households were charged 40-60 per cent of interest.

Fisher households who borrow from private money lenders also pay very high rate interest for the loans. The table showed that 42.86 per cent of the 63 fisher households paid interest ranging from 30-40 per cent and 19.05 per cent of households had to pay even 40-60 per cent of interest. In general SHGs charge interest from 10-20 per cent and out of the 21 fisher households that raised fund from SHGs, 66.67 per cent of them received credit at 10-20 per cent of interest. Fisher households who are members of Matsyafed could get loans at the rate 10-20 per cent of interest. The analysis shows that five fisher households alone are privileged to get loan at a cheaper rate of interest. Fisher household, who borrowed from Micro finance, had to pay interest ranging from 20-30 per cent. The commission agents provide sufficient fund for any financial requirement of the fisher household '*without charging*' any particular rate of interest but demand the right of primary sale of catch i.e., the 10-12 per cent of the daily catch would be compulsorily collected from the sales proceeds of the fishing unit till the sale of the fishing unit.

The analysis shows that though loans are available at cheaper rate of interest in formal banking institutions, fisher households' occupational

financial requirements both capital investment and working capital are met by the informal sources of finance.

### 6.3.1.3 Turnaround Period for Loan Disbursement

Turnaround time for a loan varies from source to source. In the case of formal sources, turn around period mainly depend upon the financial soundness of the customer, the quality and the valuation of the collateral offered and the purpose for which it is granted .It has been said that formal credits are tied to other conditions rather than mere rate of interest. The informal sources' turnaround time, mainly keep in mind the rate of interest but less importance is given to collateral and credit worthiness of the customer. The respondents were asked to express the span of time taken from the time of applying for a loan to the sanctioning of the loan.

**Table 6.13**

#### **Turn Around Period for Loan Disbursement from Various Sources of Finance**

Time Taken to Sanction the Loan	Less than a week	One Week	Two Weeks	One Month	2-3 Months	3-6 Months	More than 6 Months	Total number of loans
Commercial Banks	0	1	0	1	6	1	1	10
Cooperative Banks	9	0	2	2	2	0	0	6
Friends and Relatives	39	32	18	4	0	0	0	54
Money Lenders	35	25	2	1	0	0	0	28
Commission Agents	33	24	7	2	0	0	0	33
SHGs	0	20	1	0	0	0	0	21
Matsyafed	0	0	0	4	1	0	0	5
Microfinance	1	20	0	1	0	0	0	21

*Source: Field Survey*

Table 6.13 explicitly reveals that turnaround time of commercial banks in sanctioning loan to the owner cum crew fisher household to procure a fishing unit, ranged from one month to one year. Matsyafed as a specialised

institution set up for fisher folk, completed the loan application procedures generally within one month, but there are cases where it has taken 2-4 months for sanctioning a loan. As in the case of cooperative societies, majority of the loans were sanctioned within one month. Friends and Relatives, money lenders and commission agents follow least turnaround period of single day to one week. Hence, it can be inferred that fisher households who intended to purchase fishing implements to reap the benefit of the season take resort to the commission agents rather than the formal banking institutions.

#### 6.3.1.4 Number of Source Depended

Multiple loans in a household depict the financial weakness of that household. Owner cum crew fisher households with irregular income and seasonal income depend on various sources to meet the huge financial requirement of setting up fishing unit with the expectation of repaying them at least during the season. One of the reasons for depending on the multiple source is that single source does not meet the requirement of the fishermen. Hence, researcher was interested to know the number of parties from whom owner cum crew fishermen have borrowed to procure a fishing unit.

**Table 6.14**  
**No. of Sources Depended by Fisher Households in Procuring a Fishing Unit**

Number of Sources	Types of Craft			Year of Opening Bank Account	
	Mechanised (n=22)	Motorised (n=39)	Non-Motorised (n=39)	Before 2010 (n=45)	After 2010 (n=55)
1	0	0	4	0	4
2	1	1	10	7	5
3	9	11	19	19	22
4	11	23	6	20	20
5	1	4	0	2	3

*Source: Field Survey*

Table 6.14 reveals the analytical results of number of sources depended on by fisher households on the basis of Types of Craft and the Year of Opening Bank Account. It was found that eleven fishermen under Mechanised sector

who resorted to four sources of finance to acquire a fishing unit and nine fishermen who depended on three sources of finance. There was only one fisherman who could afford to procure a fishing unit depending upon just two sources. It is important to note that no one was able to own the fishing unit with a single source of finance. In the case of Motorised sector, there are 23 of the fishermen who depended on four sources of finance, eleven of them depended on three sources of finance and 26 of them resorted to two sources of finance. Like the Mechanised sector fishermen, Motorised sector fishermen were also unable to depend on single source of finance. But in the case of Non-Motorised sector, there are seven of them who could set up a fishing unit with single source of finance, at the same time 10 of the fishermen depended on four sources of finance and 35 of them, depended on three sources of finance.

#### **6.3.1.5 Availability of Credit from Scheduled Commercial Bank**

A logistic regression model is carried out with enter method to assess the dependence of fishermen on the commercial banks for financial assistance to set up fishing unit. Financial assistance is taken as dependent variable (availed/not availed) and the Types of craft and Year of Opening Bank Account, knowledge of financial procedures namely awareness of insurance, mobile banking and remittance facility were taken as independent variables. Year of Opening Bank Account and the alternate source of income were taken as dummy variable as they are categorical variable.

**Table 6.15**  
**Coefficients of Binary Logistic Model of Effect of Year of Opening Bank**  
**Account, Knowledge, Landholding, Alternate Source of Income,**  
**Awareness of various financial products on Approaching Commercial**  
**Banks for Loans**

Variables	B	S.E.	Wald	df	Sig.	Exp(B)
Y: 1 if before 2010, 0 After 2010	3.643	1.762	4.274	1	0.039*	38.194
Knowledge of Service Area Allotment	9.092	4.191	4.706	1	0.030*	8883.547
Landholding	0.198	0.094	4.384	1	0.036*	1.218
S: 1 if Have Alternate source, 0 otherwise	4.272	2.281	3.508	1	0.061	71.662
Awareness of Insurance	-28.262	2768.561	0.000	1	0.992	0.000
Awareness of Mobile Banking	-5.995	2.789	4.620	1	0.032*	0.002
Awareness of Remittance Facility NEFT	2.707	1.771	2.337	1	0.126	14.983
Constant	21.26	2768.56	0.000	1	0.994	17191.469

*Source: Field Survey*

*\* Significant at 0.05 level*

The table 6.15 reveals that those fisher households who opened bank account Before 2010 tend to approach commercial banks more freely compared to those opened After 2010, as the B value is positive and found to be 3.643. When analysing the effect of the knowledge of the Service Area Allocation (SAA) on approaching the commercial banks for loans showed that as the knowledge of the SAA increases among fisher households, there is increase in approaching in commercial banks for finance needs. It is also important to note that as the landholding and alternate source of income increase among the fisher households, the tendency to approach commercial banks for loans also increases. But the awareness of mobile banking and insurance increases among the fisher households, the possibility to approach commercial banks for loans

decreases as the B value is found to be negative. Out of the seven variables, variation in the four variables on the tendency to approach commercial banks for credit found to be significant as the significant values are less than 0.05 level.

**Table 6.16**  
**Model Summary**

-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
28.738	0.267	0.661

Table 6.16 presents the model summary of the model estimation fit with -2 log likelihood(-2LL). The minimum value for -2LL is 0, which corresponds to a perfect fit and the smaller the statistic the better the model. Here the -2log likelihood is 28.74 indicating good fit of the Binary regression model in the data. Pseudo R<sup>2</sup> namely Cox & Snell R Square and Nagelkerke R Square are developed to measure the model fit. Both these measures reflect the percentage of variation explained by the logistic model, with 1.0 indicating perfect fitting model. It is observed that Cox & Snell R Square is found to be 0.267, indicating that seven factors together explain 26.7 per cent of the variance in the logistic model i.e., dependence of fishermen by Types of craft on commercial banks for financial assistance and Nagelkerke R Square resulted to be 0.661, indicating that same factors together explains the variance in the dependence of fishermen on commercial banks for financial assistance in setting up fishing units.

### **6.3.2 Source Resorted for Working Capital Requirements**

Arranging the required finance for the daily operation of the fishing unit is one of the challenges faced by the owner cum crew fishermen. Fuel, food, transportation charges, port fee and bata for the crew fishermen are the expenses which cannot be postponed to another time. The choice before the fishermen to meet the working capital requirements are, to keep aside the required money from the previous days earnings, borrow from the commission agents and money lenders, selling a few share of profits and hypothecation of the engine permit to the person who provides kerosene. When the unexpected

occurrence of damage of Out Board Motors and loss of gear leave no option before the fishermen to raise fund from available sources irrespective of terms and conditions.

**Table 6.17**  
**Sources of Funds for Working Capital Requirements**

#Sources of Funds	Mechanised		Motorised		Non-Motorised		Before 2010		After 2010	
	n=22	%	n=39	%	n=39	%	n=45	%	n=55	%
Hypothecation of the Kerosene Permit	3	13.64	21	53.85	0	0	12	26.67	12	21.82
Pledging the Future Catch	16	72.73	34	87.18	0	0	23	51.11	27	49.09
Pledging the Panku (a Share of Earnings)	2	9.09	8	20.51	0	0	3	6.67	7	12.73
Commission Agents	21	95.45	39	100.00	3	7.69	30	66.67	33	60.00
Money lenders	19	86.36	27	69.23	2	5.13	26	57.78	22	40.00

*Source: Field Survey*  
*#Multiple Response*

The analysis in the table 6.17 reveals that commission agents and money lenders are the primarily resorted source of finance for meeting the working capital requirements. Ninety per cent of the fishermen under Mechanised sector, entire fishermen under Motorised sector and around eight per cent of fishermen belonging to the Non-Motorised sector depend on commission agents for the working capital requirements. The second major financial source preferred by fishermen are money lenders. Hypothecation of kerosene permit is also prominent among the Motorised sector fishermen, 53.85 per cent of them have hypothecated the engine permit to *tharakans* (private money lenders). An in-depth analysis of the financial requirements of Mechanised, Motorised and Non-Motorised sectors reveals the fact that fishermen without having much support from the formal institutions, especially from scheduled commercial banks, shoulder the burden of meeting the expenses of procuring the fishing input alone. The financial inclusion thrust of

providing institutional credit at the right cost, at the right time, at the right quality to the low-income groups and weaker sector of the society still remain an adage in the case of fisher households who struggle to set up a means for livelihood.

#### **6.4 Hypotheses Tested**

**Objective No.2:** To determine the extent of banking practices among the fisher households and secondly to assess the financial inclusiveness of fisher households through scheduled commercial banks.

**H<sub>0</sub>:** There is no significant difference among the fisher households in the purpose of visits to the bank by Types of Craft.

As the analysis presented in the Table 6.3, it was found that significance level of the Chi-Square value is 0.000, which is significant at the 0.05 level. Hence, hypothesis stands rejected, indicating significant difference in the purpose of visits to the bank by marine fisher households.

**Objective No.3:** To assess the financial inclusiveness of fisher households through scheduled commercial banks.

**H<sub>0</sub>:** There is no significant difference among the fisher households in their usage of financial services availed from scheduled commercial banks by Types of Craft'

The result of the analysis presented in the Table 6.6 shows that significance value of Chi-Square observed to be 0.000, which is significant at the 0.05 level, indicating significant difference in the usage of financial products and services by marine fisher households. Therefore the hypothesis stands rejected.

**Objective No.4 :** To identify the source of finance resorted by fishermen in setting up a fishing unit and the proportion of commercial banks in the venture.



**H<sub>0</sub>:** There is no significant difference in the proportion of finance availed by the owner cum fishermen by Types of Craft from the scheduled commercial banks for setting up a fishing unit.

Table 6.10 presents the results of Z-test to ascertain the proportion of finance availed by fisher households from commercial banks for procuring a fishing unit, revealed that there is no significant difference in the proportion of finance availed by fishermen under three sectors. Therefore, null hypothesis stands rejected.

## **Conclusion**

A question that arise at the close of this chapter is that Is financial inclusion limited to ownership of accounts or availing the DBT scheme or usage of remittance facilities?. The banking practice of the fisher households is found to be very low. Among the three sectors, Mechanised fisher households are better in banking practices. Financial requirement of fisher households is so huge and the contribution of special institutions catering to fisher households has become inadequate. Another important point to be mentioned at this juncture is that the target-based functioning of commercial banks has not addressed the financial needs of households with fragile socio-economic status. The study revealed that the financial reliance of fisher households on commercial banks is less than ten per cent. Fisher households with low-income and less banking practices are pushed to the money lenders to meet their credit needs. Money lenders get the finance from commercial banks for lower rate of interest and lend to the poor for an inflated rate of interest. Finance in the nature of 'public goods' have become too dear to the target groups. But easy access to affordable credit could be considered as true yardstick for assessing financial inclusion among fisher households.