

F-19: Technology credit and indebtedness in marine fishing communities in the south of Sri Lanka

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This paper describes the relations among type of fish-catching technology adopted by fishermen, their actual credit needs and degree of indebtedness.

The analysis is based on information obtained by administering a structured pre-tested questionnaire to a stratified random sample of craft owners in 2 fishing villages in the South of Sri Lanka: Dondra and Mirissa. Data was analysed using graphical, tabular and statistical methods.

Results revealed that demand for credit was high among fishermen engaged in mechanised fishing. While the terms and conditions of loans offered by formal sources were attractive, the collateral requirements and administrative delays were high. Collaterals demanded by lenders in the informal market were relatively easy to offer, but the terms and conditions were too rigid and the loan amounts were smaller. In this context, credit offered by fish merchants assumed greater importance because large loan amounts can be borrowed against the borrower's promise to hand over all his future catches. Degree of indebtedness was related to the capital intensity of the technology.

Thus fisheries credit performed both credit and insurance functions. Reformulation of the state sponsored credit schemes, giving greater concern to the actual credit needs of the fishermen and channeling credit through properly organised fisheries cooperatives to resolve the collateral dilemma, are suggested.