

Microfinance for livelihood improvement

Utkarsh Ghate

Microfinance can be profitable and viable if used as a capital to promote micro enterprise. Samudram fishermen federation in Orissa used micro finance as an investment tool to achieve biodiversity conservation, income generation and women's empowerment.

Photo: S Jayaraj



Climate Change has hit the coastal ecosystem, the worst, with unprecedented decline in coral reefs and loss of fish yield, shift in their occurrence zone and migration routes. This has endangered not only many species like the Olive Ridley Turtle but also the livelihoods of fishermen who are poor, illiterate and lack assets, dependent entirely on coastal biodiversity. Moreover, the recent Coastal Management Zone (CMZ) regulation has impoverished them further by giving freeway to the industrial occupations of the coast. Industrial and urban effluents have reduced fish catch. Also, aquaculture ponds along the coast owned by private parties exclude communities and pollute the coast further. Addressing the issue of pollution calls for shift to organic methods of cultivation and also huge capital investments. With the land ownership resting with the rich, the poor have no option to improve their incomes but to add value for better markets. Samudram fisherwomen federation in Orissa used microfinance as an investment tool to achieve this.

The Initiative

Fishermen in the coastal regions of Orissa face problems common to many other coastal sites such as reducing fish catch and quality, exploitation and cheating by the traders, apathy of the government etc. Their fishing rights have been further constrained owing to the conservation initiative taken up on this coast to protect Olive Ridley Turtle (ORT), an endangered species.

With fishing rights severely constrained around three ORT nesting sites, many fisher families were prevented from fishing and had to take up other occupations or migrate. Few even committed suicide due to indebtedness, hunger and loss of dignity after harassment by wildlife sanctuary officials who confiscated their boats and nets, the only means of their livelihood. This triggered the formation of Samudram Fisherwomen Federation.

Orissa Marine Resource Conservation Consortium (OMRCC) emerged out of protest against this exploitation. OMRCC is coordinated by the NGO United Artists Association (UAA) and aided by larger NGOs like Greenpeace. They decided to protect fishing rights of fisherwomen and enhance their income by value addition.

Samudram activities include–

- a) Collective fish purchase.
- b) Hygienic drying/ processing.
- c) Collective sales to bulk buyers and retailers.
- d) Obtain bank loan to groups/ women members for doing business.
- e) Conservation campaign, against pollution and over fishing, through CBO, NGO's and media.
- f) Conservation efforts like artificial reef, ORT watch & ward, rescue, beach cleaning (of plastic/garbage).
- g) Alternative income generation programs (crab tattering, poultry, duckers).

UAA assists Samudram in getting technology inputs for value addition, conservation, credit linkages and access to distant markets. Both the artificial reef and value addition technology are provided by OMRCC partners. Artificial reef technology is provided by CMFRI (Coastal Marine Fisheries Research Institute) of Govt. of India. It was funded by Ford Foundation through a project of CCD, an OMRCC partner. Technologies were first tried and tested at Pulicat lake coastal ecosystem near Chennai by NGO PLANT, a CCD partner, in 2006-08. Since it was found successful, Samudram replicated it in 2009.

Other partners in OMRCC like Greenpeace and ATREE (Ashoka Trust for Research in Ecology and Environment, an NGO from Bangalore), Dakshin Foundation etc., assist Samudram in campaigns against upcoming port at Dhamra Special Economic Zones (for industries that may pollute the coast), foreign shipping vessels coastal intrusion etc.

The management of Samudram federation rests with the women leaders of the group, elected to the federation body. They review progress periodically and decide action. Each group is assigned specific responsibilities. The women groups purchase fish in coastal auctions from fishermen union (who are spouses sometimes) and dry them in a hygienic manner. Income from collective sales goes to the federation which is then distributed among the members. Financial documentation is well maintained at the federation level.

Sustainability

Samudram is partly self sustainable. It can do local collective marketing of dry fish besides fresh fish on its own. But to seek distant market access in India and abroad for dry fish and other value added products, it needs external support from UAA. It also needs venture capital or donor grants to start these ventures that may incur initial losses in the first 2-3 years. Then, bank loan can fuel its growth and sustenance.

So far, Samudram financed its activities by itself (30%), through grants from UAA (30%) and loans (30%). However, due to their growing business character, bank loans will be sought. Grant will be availed only for the welfare of the disabled, old, malnourished etc. However, Samudram may still need to finance about 15% of its budget by grants for another 2-3 years on training groups, providing documentation material, business development tools and services, exposure visits and building linkage with banks and government schemes.

Impacts

Hygienic drying methods have enhanced product price by about 15%, increased fisher women income by 5-10% and has enhanced consumer satisfaction. Other technologies like picking appears to be promising to raise incomes through high product price. But, full benefits are yet to be realized by the majority of the community due to limited productivity and market access achieved so far.

About 1,000 women earned about 15% extra income i.e. Rs. 500 (five hundred) extra in their total fish sales of Rs. 3,000 each last year. This implies Rs. 0.5 million of total benefits. Another 5,000 had marginal benefit of 5% extra income by aggregation, totalling Rs. 0.75 million. The total benefit is around Rs. 1.25 million for 2,500 women who are not yet Samudram members. Thus, there is also a multiplier effect. About 2,500 women also got bank credit of Rs. 15 to 20 thousand each totalling, Rs. 5 million. About 60% repayment is on schedule.

Environmental protection has ensured decent fish breeding and catch. This is evident from sustained income despite declining catch. Rising number of turtle nests and eggs each year indicates this. Conservation campaign has succeeded in reducing industrial pollution in all the 3 sites. The fight against polluting industries

along the coast and protest against increased trawling has kept the coast safe and clean despite mounting pressures. Reconsideration by the government on its SEZ policy is a huge achievement for clean environment.

Disaster Risk Reduction (DRR) is another area where Samudram and OMRCC had some success. The government of Orissa started providing compensation (livelihood) allowance to the fishermen's cooperatives in monsoon which is declared as no fishing period, to ensure breeding. Similarly, cheap credit, basic amenities like drinking water, sanitation, housing, electricity are gradually being availed by the fishermen families.

Women leadership has been nurtured. Ms. Chittama, Samudram Chairperson, an illiterate woman, became a role model. National magazines published features on her dynamism in addressing the issues of poverty and vulnerability of her community. She also received the UN Equator award for biodiversity conservation and poverty alleviation. Other women leaders like Ms. Devaki have participated actively in many state and national level campaigns and workshops.

Miles to go

Even after five years since Samudram's inception and a decade of struggle by OMRCC, the problematic situation continues to persist. Some problems are solved while new ones have emerged. Market access problem is solved partly by the value addition. But industrial encroachment on the coast is growing, now aided by the government policy such as SEZ.

Samudram has been able to benefit only one thousand fisherwomen so far, through enterprise development. Samudram has to reach about ten thousand families at the 3 ORT nesting sites who need this type of help. Thus, much more needs to be done.

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