
**AN EMPIRICAL STUDY ON FINANCIAL LITERACY OF
FISHERMENS IN KERALA**

BENNY C

ASSISTANT PROFESSOR, DON BOSCO COLLEGE, KOTTIYAM, KERALA, INDIA

ABSTRACT

Financial literacy has become increasingly important over the past decades. There is a growing belief that the individual would need to become more self-reliant in the future compared to the previous generations, there is now a wide variety of ways individuals generate and dispose their income. The changes in work life of fishermen over the world are meant that the income stream of fishermen has become more. There are periods of high income followed by low level of income or no income at all. At the same time, people are living longer and they need to make a greater provision for basic needs, health care and insurances to cover unpredictable event utilities. Here we discuss how the financial literacy and education would influence the financial behaviour of fishermen in Kerala.

Keywords: Financial Literacy, Fishermen, Population, Knowledge, Education

INTRODUCTION

Financial literacy is the ability to make informed judgments and to take effective decisions regarding the use and management of money. A financially literate person must be proficient in the core competencies, having financial knowledge, ability, skill and experience supported by positive attitudes towards money. Financial literacy is understood by the link from knowledge to skills, to attitudes, to behaviour. This link is important, because financial knowledge influences attitudes, which then manifests into positive financial behaviour. In order to improve financial literacy, it needs to be measured and tracked using both knowledge and action metrics. Financial literacy enables participation in economic life by the fishermen and it helps them attain financial wellbeing which is the ultimate outcome of financial inclusion.

As per the population census 2011, the fisher folk population in Kerala is 10.02 lakh covering 7.71 lakh in coastal area and 2.31 lakh in inland sector. It is also estimated that about 74100 people are engaged in fishery and allied activities. These fishermen of the state contribute about 9 per cent of the GSDP from the agriculture sector which shows the significance of the sector to

the state economy. The total fishermen population in Alappuzha district is 1.68 lakh which is the highest fishermen populated district, followed by Thiruvananthapuram (1.65 lakh) and Ernakulam (1.33 lakh). The Gross Domestic Product of the State has increased by about 69 per cent during the period from 2005-06 to 2012-13 and the share of fisheries sector in the State Domestic Product has declined from 1.3 to 0.82 per cent during the same period. The share of Primary Sector in GSDP has also declined.

Financial literacy enables fishermen to have knowledge of concepts of money and how to manage it wisely. The aim is to facilitate them to become more informed financial decision making, to become aware of personal financial issues and choices, and learn basic skills related to earning, spending, budgeting, saving, borrowing, and investing money. Financial literacy can help fishermen to set financial goals and optimize their financial options.

In fishing sector, financial literacy is particularly relevant for people who are resource poor and who operate at the margin and are vulnerable to persistent downward financial pressures. Fisherman family's women, in particular, often assume responsibility for household cash management under difficult and unstable circumstances and with few resources to fall back on. They often lack the skills or knowledge to make well informed financial decisions. Financial literacy can increase their decision making power and prepare them to cope with the financial demands of daily life. It can help them prepare ahead of time for life cycle needs and deal with unexpected emergencies without assuming unnecessary debt. Financial planning can help people to take advantage of new financial opportunities. For microfinance clients, financial literacy can help them choose wisely among a growing number of financial options and use microfinance services to their best advantage. With better knowledge of the range of financial services available, their costs, and the risks associated with their use, clients can decide which ones best meet their needs. Improved financial management skills and behaviour can help reduce the risks of running a business and financing business activities with loans. For microfinance institutions, improved ability of clients to manage debt can help keep repayment rates up and delinquency rates down. Involvement of Micro Finance Institutions in assessing financial education needs of clients can help to understand financial management strategies of the poor, financial service gaps and to know how microfinance products and services could be improved and expanded.

OBJECTIVES OF FINANCIAL LITERACY AMONG FISHERMEN

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LITERATURE REVIEW

The fisheries sector in India is associated with the poor, illiterate and under-nourished population belonging to one of the economically weakest sections of the society. International conference on fish workers and their supports held at Rome in 1984 defined fish workers as "children, women and men engaged as crew member, small, fishers, processing workers and settlers" "the term exclude all those involve in the fish economy solely for income from profit or rent, by virtue of ownership of capital alone or involve in arbitrage or speculation. John ckurien (1985) made a macro analysis of marine fisheries sector in the Kerala. His studies helped a lot in understanding the fish economy of kerala, trend in production of fish, distribution, marketing, technological changes in fishing, its introduction and impact on marine fisherman. He also analyzed the lively hood standards like land holding, housing, health conditions, population growth rate and literacy levels in the marine fishermen. This analysis helped the government of Kerala for the assessment of the extant of problems faced by marine sector. The author has made an articulate how the livelihood security of living communities of Kerala can be under taken during the ninth five year plan period.

Subba Rao (1986) reviews and examines critically the process and progress of fisheries development in Andrapredesh and the problems encountered by the fishing industry. He also

attempt to provide better understanding of the parameters of the fisheries development history, potential fisheries resources, production trends, utilization pattern of fish, fishing technology, fisheries development during five year plans and the policies persuaded by the Government in this regard.

Giriappa (1994) evaluate the impact of fisheries sector in the development process of the country the contribution of marine and inland fisheries sector in regions like Karnataka, kerala, pondichery, U P and west Bengal for rural and economic development of the country. He also highlights the economics of different modes of production, conditions of fishing population, and resource management. The specific cases of fisherwomen and co operatives have also analyzed.

Jhingran (1991) explains the great advances in improving the productivity of food crops, vegetables, fruits, forests trees farm animals and fisheries. In the field of fisheries ,we have made some progress in exploiting the demersal and pelagic resources of the sea, but progress in harnessing the inland fisheries resources has been slow this is unfortunate since fish is the most efficient among farm animals in converting feed into nutrias food. He also states that the chief constraints in the further development of marine fisheries are lack of accurate knowledge of the distribution, occurrences and abundance of pelagic and demersal fishes that inhabit the sea around India. The principal constraints facing the inland fish culture fisheries in non utilization and under utilization of the existing and the readily available cultural waters, a problem which has no facets lack of culture techniques among fisherman class and dearth of finance for i investment.

RESEARCH METHODOLOGY

The study is mainly analytical ad partly descriptive. Both primary and secondary data are used in the study. The primary data is collected using the following techniques.

- Questionnaires
- Case studies
- Systematic observation based on regular visits and long discussions with participants
- Secondary data is collected from books, journals and websites

Population consist of costal fishermen's in fishermen colonies of Thiruvananthapuram, Kollam, Ernakulam and Malapuram districts. Fishermen's are selected randomly. Total number of samples collected is 232 .According to the nature of data and interpretations required, appropriate statistical tools have been applied. The following tools have been applied in the study: Cross Tabulation Frequency distribution along with percentage and Chi-Square Test.

ANALYSIS AND INTERPRETATION OF DATA

Education is one of the most important factors that might affect the person’s attitudes and the way of looking and understanding any particular social phenomena. In a way, the response of an individual is likely to be determined by his educational status and therefore it become imperative to know the educational background of the respondents. Hence the variable „Educational level“ was investigated by the researcher and the data pertaining to education is presented in Table:

	Frequency	Percent	Valid Percent	Cumulative Percent
No formal education	16	6.8	6.9	6.9
Class 1-5	138	59.0	59.5	66.4
Class 6-10	58	24.8	25.0	91.4
Class >10	20	8.5	8.6	100.0
Total	232	99.1	100.0	

Source: Primary Data

Among the fishermen 6.8 % have no formal education.59.5% of them have education between classes one to five.25% of them has education between class five to ten. Only 8.6% of them have education above class ten.

Indicators of financial literacy

	Response				Total
	Yes	%	No	%	
Bank account	212	91.37	20	8.62	232
Awareness about ATM cards	188	81.03	44	18.96	232
Awareness about Recurring Deposit	8	3.44	224	96.55	232
Idea about Fixed deposit	153	65.9	79	34.1	232
Awareness about Loans provided by banks	74	31.9	158	68.1	232
Awareness about Internet banking	42	18.10	190	81.89	232
Awareness about Life insurance schemes	18	7.75	214	92.24	232

Awareness about Institutions of Insurance	14	6.03	218	93.96	232
Awareness about Health insurance	134	62.06	96	37.93	232
Awareness about Financial welfare schemes for fishermen	64	27.58	168	72.41	232

Source: Primary Data

The above table gives brief idea about the financial literacy existing among the marine fisher men in south Kerala. From the sample data study 91.37 % of the fishermen have bank account. 81.03% of them have ATM cards. Only 3.44% of persons are aware about the recurring deposits. 64.65% of them have the idea about fixed deposits. 68.96% of them are not aware about the various kinds of loans provided by the banks. 81.89% of fishermen are not aware about the internet banking facilities. Only 7.755% knows about the various insurance schemes available in the market. 62.06% of fishermen are not aware of health insurance schemes. Only 27.58% of the fishermen are aware of the financial welfare schemes for fishermen.

Association between Educational qualification and bank account opened

			Educational Qualification				Total
			NO EDUCATION	1-5	6-10	>10	
Bank Account	yes	Count	14	125	54	19	212
		% within Educational Qualification	87.5%	90.6%	93.1%	95.0%	91.4%
	no	Count	2	13	4	1	20
		% within Educational Qualification	12.5%	9.4%	6.9%	5.0%	8.6%
Total		Count	16	138	58	20	232
		% within Educational Qualification	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Primary Data

From the analysis of data of bank account opened in relation to educational qualification, the following facts have been revealed. 87.55 % of fishermen having no formal education have bank account. As revealed by the table the percent of fishermen having bank account increases with the increase in educational level. It is to be specifically noted that 95% of the fishermen having education above class ten, have bank account.

Association between Educational qualification and bank account opened (Chi-Square Test)

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.969 ^a	3	.809
Likelihood Ratio	1.001	3	.801
Linear-by-Linear Association	.952	1	.329
N of Valid Cases	232		

Source: Primary data

The calculated value of chi-square is .969. The table value of Chi-Square at 3 degree of freedom has been given as .809. The calculated value is greater than the table value. There for the hypothesis is rejected and it is concluded that educational qualification has influence in bank accounts opened by the fishermen.

Association between Educational qualification and Awareness about ATM (Chi-Square Test)

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.330 ^a	3	.149
Likelihood Ratio	9.029	3	.029
Linear-by-Linear Association	2.955	1	.086
N of Valid Cases	232		

Source: Primary data

Thus the calculated value of chi-square is 5.330. The table value of Chi-Square at 3 degree of freedom has been given as .149. The calculated value is greater than the table value. There for

the hypothesis is rejected and concluded that educational qualification has influence in making aware about ATM.

Association between Educational Qualification and Awareness about Fixed Deposit (Chi-Square Test)

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.236 ^a	3	.525
Likelihood Ratio	2.395	3	.494
Linear-by-Linear Association	.303	1	.582
N of Valid Cases	232		

Source: Primary data

The calculated value of chi-square is 2.236. The table value of Chi-Square at 3 degree of freedom has been given as .525. The calculated value is greater than the table value. There for the hypothesis is rejected and concluded that there is an association between educational qualification and fixed deposit.

Association between Educational Qualification and Aware about various types of loans (Chi-Square Test)

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.746 ^a	3	.191
Likelihood Ratio	4.648	3	.199
Linear-by-Linear Association	4.312	1	.038
N of Valid Cases	232		

Source: Primary data

Thus the calculated value of chi-square is 4.746. The table value of Chi-Square at 3 degree of freedom has been given as .191 The calculated value is less than the table value. We reject the

null hypothesis and concluded that educational qualification has influence in making aware about various types of loans.

FINDINGS AND DISCUSSION

Financial literacy of the marine fishermen is associated to education and income. This means that upgrading of financial education and family income will result in enhanced financial literacy. Majority of the fishermen have opened the bank account through Matsyafed. Marine fishermen are not aware about the various kinds of innovative financial market instruments. Most of the fishermen prefer public sector banks for their saving and investment matters. Marine fishermen do save, though the purposes may vary. The most preferred saving avenues are Gold, Commercial Banks and Real estate. Education and income are positively associated to saving literacy. Educated people use more formal saving avenues. The fishermen have less knowledge about 'Recurring deposit' which is an important facility offered by commercial banks. They have slim knowledge about credit card, capital market terms, inflation or economic depression. There is a wide saving gap among the fishermen; they have some savings to meet their emergency needs but they are not able put aside enough funds to meet future financial needs. Establish 'Financial Literacy centers' with the support of all stakeholders in the area especially by financial institutions to impart structured training programme on financial literacy on a need basis, on imparting borrowing literacy-efficient ways of raising funds, availability of avenues, living within means etc. Arrange 'Finance Behaviour Modification Programmes' to the fishermen with the support of Kudumbashree and similar projects. Financial literacy programs should start at school, as students and parents to be educated as early as possible. Commercial Banks and Co Operative banks should not mix the financial dealings of the fishermen with that of high profile customers. A separate department with specially oriented personnel should be in charge of dealings with these people who are untapped treasures at the bottom of the pyramid. Matsyafed should take various measures to educate and measure the financial literacy of marine fishermen. Government should make arrange for availing loans at lowest interest rate and with easy legal formalities.

CONCLUSION

Based on the empirical findings of the study, it is apt to conclude that financial literacy is increasingly important, and not just for investors. It is becoming essential for the average family trying to decide how to balance its budget, buy a home, fund the children's education and ensure an income during off season. The household fishermen must gain more financial knowledge for the effective financial management and planning. The Government and other institutions, should educate the marine fishermen households about the importance of financial literacy.

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