

SUB-REGIONAL SEMINAR ON FISHERY COOPERATIVES

COLOMBO, SRI LANKA : MAY 29 - JUNE 8, 1984
....



C O N T E N T S

<u>S.No.</u>	<u>PARTICULARS</u>	<u>Pages</u>
1.	Brief Report	1
2.	Programme	12
3.	List of Participants	13
<u>Background Papers</u>		
4.	Role of Bangladesh National Fishermen's Coop. Societies Ltd. in Fishery Coops of Bangladesh - by Mr. Mofizur Rahman	15
5.	Present Position of Fishery Cooperatives - Problems and Prospects in Bangladesh - by Md. Iqbal Hussain & Md. Mofizur Rahman	26
6.	Present Position of Fishery Cooperatives - Problems and Prospects in India - by Mr. Ashim Barman	30
7.	Fisheries Cooperatives in Central Java Province, Indonesia - by Mr. Prasetya Hadi	36
8.	Present Position of East Java Fishery Cooperatives - Problems & Prospects - by Mr. Imam Soetrisno	57
9.	Organisation and Development of Fishery Cooperatives in the Philippines - by Mr. Pedro E. Balundo	64
10.	Significant Historical Developments of Fishery Cooperatives in Sri Lanka - by Mr. M.D. Fernando	75
11.	Fishery Cooperatives in Thailand - by Coop. League of Thailand	87
12.	Current Status of Fisheries Cooperatives in Thailand	94
13.	The Mae-Klong Fishery Cooperatives Ltd., Thailand	113
<u>Lecture Papers</u>		
14.	Fishery Cooperatives in Sri Lanka - Problems and Prospects - by Mr. M.P. Sumathipala	119
15.	Services needed by Fishermen in carrying out their activities - role of cooperatives in providing them - by Mr. A.R. Atapattu	131
16.	Marketing of Fishery by the Cooperatives in Malaysia - Procedures and Problems - by Mds. Idrus Hj. Zainuddin	135
17.	Supply of Fishing Gears and other requisites for fishing families by the cooperatives by Md. Idrus Hj. Zainuddin	*153

<u>S.No.</u>	<u>Particulars</u>	<u>Pages</u>
18.	Thrift and Credit Business of Fisheries Cooperatives in Japan - Mr. Saddaki Abe	167
19.	Fisheries Cooperative Insurance System in Japan - by Mr. Saddaki Abe	177
20.	Better Living Activities of Fishery Cooperatives - by Mr. A. Derek T. De Silva	235
21.	Promotion of Cottage Industries and other income generating activities among women in fishing families - by Mrs. S.M. Sumanasekera	243
 <u>Group Reports</u>		
22.	Report of Group A	253
23.	Report of Group B	268
 <u>Miscellaneous</u>		
24.	Evaluation Form	268

Sub-Regional Seminar on

FISHERY COOPERATIVES

Colombo, Sri Lanka

29th May—8th June, 1984

REPORT



INTERNATIONAL COOPERATIVE ALLIANCE

Regional Office & Education Centre for South-East Asia
"Bonow House", 43 Friends Colony (East)
New Delhi-110065. India

SUB-REGIONAL SEMINAR ON FISHERY COOPERATIVES,
COLOMBO, SRI LANKA : MAY 29 TO JUNE 8, 1984.

BRIEF REPORT

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office and Education Centre for South-East Asia
"Bonow House", 43, Friends Colony,
New Delhi-110065
.....

SUB-REGIONAL SEMINAR ON FISHERY COOPERATIVES
COLOMBO, SRI LANKA : MAY 29 TO JUNE 8, 1984.
.....

CONTENTS

- I. BRIEF REPORT
 - II. PROGRAMME
 - III. LIST OF PARTICIPANTS
-

SUB-REGIONAL SEMINAR ON FISHERY
COOPERATIVES, COLOMBO, SRI LANKA

The sub-Regional Seminar on Fishery Cooperatives was held by the ICA Regional Office and Education Centre for South-East Asia in collaboration with the National Cooperative Council of Sri Lanka and Sri Lanka Fisheries Cooperative Federation from the 29th May to the 8th June 1984 in Colombo, Sri Lanka.

The seminar was inaugurated by Mr. Festus Perera, Hon. Minister of Fisheries, Government of Sri Lanka. The Minister addressing the inaugural session said that the cooperatives among fishermen are the most suitable organisations for assisting them. The fishery cooperatives together with the Government and other private efforts should strive to develop the fishing industry. He explained the measures taken by the Sri Lanka Government in developing the fishery industry and the services and facilities that are being provided to fishermen. These, he said, include not only assistance to improve the fishery industry but also welfare activities to improve the living conditions of fishermen and their families. He emphasised the need and importance of developing inland fishing which provides a cheaper source of fish.

Mr. Lionel Gunawardana, the Director of the seminar, in his address to the inaugural session explained the educational activities carried out by the ICA Regional Office in the field of fishery cooperation. He pointed out that as a result of the experience and knowledge gained by the participants in these educational activities, various new developmental activities have been initiated by the fishery cooperatives in the countries of the Region. He cited the example of the Insurance Scheme for Fishermen launched by the National Federation of Fishermen's Cooperatives in India, and the better living activities of Sri Lanka Fishery Cooperatives.

The inaugural meeting was also addressed by Mr. MRB Daswatte, President, National Cooperative Council of Sri Lanka, Mr. Austin Fernando, Commissioner of Cooperative Development, Mr. Anton Atapattu, Director of Fisheries (Marine), and Mr. Derrick De Silva, President, Sri Lanka Fisheries Cooperative Federation.

Seventeen participants from Bangladesh, India, Indonesia, Malaysia, the Philippines, Sri Lanka and Thailand participated in the seminar.

The resource persons from Japan and Malaysia gave talks at the seminar in addition to those from Sri Lanka.

The subjects discussed in the seminar included organisation and development of fishery cooperatives, supply of credit, fishing gear and other requisites of fishing families, and better living activities including supplementary income generating activities promoted by fishery cooperatives.

Study visits were arranged to several cooperative fishery societies and government schemes for development of inland fisheries. During the study visits, in addition to observing the management and operational aspects of the societies the participants got an opportunity of learning about the better living activities such as nursery schools, income generating and saving promotion activities of these societies.

The main objectives of the seminar were to discuss ways and means of organisation and development of marine and fresh water fishery cooperatives and examine managerial problems of fishery cooperatives and suggest solutions.

Problems of Fishery Cooperatives

The seminar identified the following as problems common to the Fishery Cooperatives in all the participating countries.

Human Resources

1. The general standard of education is low among fishermen, and the fishermen mostly come from the economically weaker section of the society.

2. They do not have sufficient knowledge of the basic rules and laws of cooperatives and their management.
3. Knowledge about modern technology in the fishery industry (including aquaculture) is lacking.
4. They do not have sufficient knowledge about modern fishing vessels and gears.
5. They are not motivated to improve their living conditions.

Management Structure of Fishery Cooperatives

1. Lack of adequately trained personnel in the fishery cooperatives.
2. Dedicated members for organisational activities are not sufficiently available.
3. Lack of knowledge in members of the Boards of Managements of Fishery Cooperative Societies about the rules and laws of Fishery Cooperatives.
4. Lack of knowledge in members of the Boards of Managements in the modern and scientific aquaculture and designs and operation of fishing crafts and gears.
5. Absence of fishermen's organisations which act as media between the government and the fishermen.

Marketing and Processing

1. Adequate marketing facilities are not provided by the fishery cooperative societies. Infrastructural facilities for marketing such as cold storages are inadequate. As a result member fishermen are exploited by the middlemen.
2. The most common methods of processing fish in most countries are sun drying, salting and fermenting. These methods are only good for fish consumed locally but not for export purposes which is an important component in the development of fishery industry.

Cooperative System vis-a-vis the Government Policy

1. Rigid control and undesirable interference by the governments in the functioning of cooperatives.
2. Lack of effective government policy with regard to over exploitation of fishery resources and conservation of fishery resources.
3. Lack of clear government policy with regard to the leasing out of inland fishery resources owned by the government to the fishery cooperatives.
4. Inadequate economic assistance by the governments in improving the conditions of fishery cooperatives.
5. Lack of coordination in the supervision of fishery cooperatives between the Ministries of Cooperatives and the Ministries of Fisheries.
6. Lack of motivation and dedication in most of the government servants who guide the fishery cooperatives.
7. Lack of adequate survey by the government with regard to fishery resources, particularly with regard to the fishing grounds in marine fisheries.
8. Absence of any government policy with regard to prevention or control of pollution of fishery resources, particularly in inland fishery.

Insurance

Insurance Coverage : Some countries do not have adequate cooperative insurance systems for the fishermen and fishery equipments.

Recommendations

I. Organisation of Fishery Cooperatives:

1. The seminar felt that the cooperative structure in each country should be designed in such a manner that it fulfils the expectations of the cooperative movements. Most of the participants in the seminar subscribed to the view that the cooperatives should have three tiers namely primary, secondary and apex.

2. The seminar felt that relation between the primary, secondary and the apex level societies should be so formulated that one supplements the functions of the other. The functions of each tier should be well defined, so that there is no overlapping of functions of one with the other. The seminar felt that the structure of the movement should be in the following pattern:

	<u>Membership</u>
International level	-- National/Apex organisation
National level	-- Secondary organisation
Secondary level	-- Primary organisation
Primary level	-- Individual membership

3. The area of operation and the size of the primary society should be such that the societies are economically viable and organisationally cohesive to be able to employ sufficient technical and managerial persons for carrying on their economic and other activities and also maintain close relationship among members.

4. While organising primary societies the resource position and the infrastructure facilities available in the area should be kept in mind.

5. The persons who are genuine fishermen by profession should be enrolled as members of the primary societies. Provision may be made where necessary for the well wishers and those providing essential services needed for fishery industry such as ice suppliers to acquire membership.

6. The secondary societies should not be just loose federations to which primary societies are affiliated. The secondary societies should have the power to guide and influence the decisions of the primary societies and make positive contributions towards their development.

II. Management

1. The Boards of Directors should be elected from among the members of the society. There may be few directors nominated by the government in case the government funds are invested.

2. The government officers may be attached to the primary societies where necessary to help the boards of directors in technical and managerial matters.

3. The employees of the primary societies should be trained in cooperative management. They should engage skilled personnel to carry on day to day activities of the societies.

III. Member Participation

1. There should be effective participation by all the members of the societies in the decision making process.

2. The Annual General Meeting of the society should be held regularly.

3. The members should regularly meet at least once every month to discuss the various issues relating to the effective functioning of the societies.

IV. Supply of Fishing Gears and other Requisites

1. In most of the countries in the Region, the fishery cooperatives have a three-tier structure. The task of supplying fishing gears is not entrusted with the same tier of the fishery cooperatives in all the countries. The seminar felt that the primary responsibility of procuring and supplying fishing gears and other fishery requisites should rest with the apex society. The apex society should channelise the fishery requisites to the primary societies or the members of the primary societies through the secondary/central societies which cover the areas of the respective primary societies.

2. The government should give preference to the fishery cooperatives over other organisations with regard to the import allocations of fishing gears and other requisites.

3. Importation of fishing gears, engines and spare parts and other requirements of fishery cooperatives such as oil, fuel and raw materials must be exempted from taxes.

4. Most of the participating countries import fishing gears. The seminar felt that manufacture of fishing gears by the Fishery Cooperative organisations should be encouraged. Towards that end, importation of necessary machines should be encouraged.

5. The fisher-women should be trained by cooperatives in making nets.

6. The seminar felt that the apex society should ensure that not more than 10% commission is charged by the apex society or secondary societies in supplying the fishing materials to the primary societies or their members.

7. Because of the capital intensive nature of fishing boats, engines etc., the capital cost of these items should be subsidized by the government. The fishery cooperatives should be given a longer grace period for repayment of loans.

8. Modern and sophisticated communication systems should be established by cooperatives for communicating between fishing boats, fish landing areas, fishing headquarters, lorries and other transportation facilities owned and managed by them.

9. The apex societies should undertake experiments from time to time with regard to the new designs of fishing gears so that the most productive and effective gears are supplied to the members.

10. There is over exploitation of marine fishery resources in most countries. The seminar recommended that the government of every country formulates policies and programmes to prevent such exploitation.

V. Marketing of Fish and Processing

1. All catches by the member fishermen must be brought/landed at the places/base selected by the cooperative organisation of the area for sale.

2. The primary and secondary societies should ensure that there is no distress sales of catch by the fishermen members by providing adequate safeguards. Provision of storage facilities including cold storage to the fishermen members would help a great deal.

3. The primary and/or the secondary societies should directly participate in auctions and also sit as wholesalers wherever necessary.

4. The societies may open retail outlets to supply fish directly to the consumers at reasonable prices.
5. Considering that most of the members of the fishing cooperatives are poor, the government must provide financial support in terms of initial capital for the establishment of infrastructural facilities for marketing such as processing plants, ice plants, cold storages, etc.
6. The societies should provide transport facilities to the members. The transport facilities may include insulated boxes, vans etc.
7. The societies should communicate to the fishermen members regularly the market prices of fish.
8. The fishermen members should be given opportunities to acquire fair knowledge in marketing management.
9. The apex society should be given the responsibilities of promoting exports of fishery products processed by the primary societies and their federations.
10. The apex society should have a quality control unit to see that fish and the fishery products supplied by the primary and secondary societies are of desirable quality. Secondary societies may also have their own quality control units if their financial position so permits.
11. In the supply of fish and fishery products for the use of government agencies and institutions such as armed forces, police, hospitals, etc., fishery cooperative organisations should receive priority.

VI. Credit Facilities

1. The seminar felt that credit is the most important input in the effective and smooth implementation of fishery development programmes of the fishery cooperatives.
2. Primary cooperatives should establish special savings schemes for the capitalisation of cooperative banks established at suitable administrative levels, i.e. Province, District etc. Cooperative Banks should be given rediscounting privileges of the Central Bank.
3. In all the participating countries, the fishermen members of the cooperatives are invariably exploited by the middlemen and the private money-lenders who lend money to the members at exorbitant rates of interest. Hence, the seminar felt that the governments of all countries should formulate suitable policies whereby the private money-lenders are prevented from operating in areas covered by Fishery Cooperative societies.
4. The fishery cooperative societies should establish banking relations with the Cooperative Bank where such relations do not exist.
5. The primary agricultural cooperative societies can draw loans from the cooperative banks or the nationalised banks for channelising to their members. The fishery cooperatives do not have such facilities. Hence, the seminar recommended that the governments should extend this facility also to fishery cooperatives.
6. The government should ensure that top most priority is given by the cooperative and nationalised banks in financing the fishery cooperatives.
7. It has been observed that the fishermen of all the participating countries constitute the most economically and socially backward community of the country. Hence, the government should ensure that the cooperative and the nationalised banks provide credit at a nominal rate of interest.

In some cases the government may subsidise the interest to encourage the societies to undertake useful economic development programmes.

8. The cooperative and nationalised banks must not insist on colateral security from the fishery cooperatives for financing them.

9. As most of the Fishermen members of the Fishery Societies are illiterate, it is essential that there should be simplified procedures in getting bank loans.

10. The credit facilities available to societies should include capital investment on purchase of crafts and gears, construction of stores, ice plants, processing plants and purchase of tracks, insulated vans etc.

11. To make the schemes undertaken by the societies successful, it is necessary that at every stage of implementation of the schemes, the financing agencies should closely supervise and guide them.

12. It has been found that most of the fishermen members are very conservative and orthodox in their approach to new programmes. Therefore, to promote the members to participate in new programmes, the governments should subsidise them to a desirable extent.

13. As Marine Fisheries are seasonal in nature the governments may initiate a policy whereby members of the marine cooperative societies are provided with consumption loans during the off season.

14. In order to supplement the income from the fisheries, credit facilities also should be available for other income generating activities taken up by the fishermen or by the members of their families.

15. Governments should lease out inland fishery resources namely tanks and ponds owned by the Government and make available credit facilities for aquaculture purposes.

16. The Government must give authority to the national cooperative unions/federations to negotiate financial assistance from local or foreign sources. The national organisation must be guaranteed by Government banks in securing foreign assistance.

VII. Insurance

Insurance of boats etc is rather a new concept in most of the countries in the Region. The seminar felt that insurance should be treated as one of the important inputs in the development of the Fishery industry. The seminar made the following recommendations:

- (a) Insurance coverage of fishermen and fishery equipments should be given top most priority by the Government and the Government adopt measures to provide such services through cooperatives. The countries which do not have fishermen's cooperative insurance must adopt and implement insurance systems for the members of the fishery cooperatives.
- (b) As the Marine Fisheries are capital intensive, it is essential that the crafts, gears and other accessories used by the members of Fishery Cooperatives in marine fishery are adequately insured.
- (c) The marine fishery being hazardous in nature, the lives of the fishermen members should be insured against accidents, resulting in loss of lives, permanent disability, ill health etc.
- (d) As the insurance programme is yet to take a definite shape in most of the countries in the Region, it is essential that to start with the Government should subsidise the premium to be paid by the Fishery Cooperatives or their members in respect of different insurance schemes.

- (e) Primary fishery cooperatives must set aside special funds to capitalize the cooperative insurance system to be organised at the national level. Whatever amount initially contributed by the different primaries should be augmented by loans given to the insurance system by the Government.
- (f) In some countries insurance companies are not coming forward to formulate and take up insurance schemes for fishermen through Fishery Cooperatives. The Government should encourage effective participation of insurance companies in insurance schemes for fishermen.
- (g) As the culture fisheries are susceptible to disease of the fish, inadequate rain fall etc. it is essential that culture fisheries are brought under insurance programmes.
- (h) The successful farming in brackish water fisheries depends on the optimum water salinity of the tanks and ponds. If there is heavy or inadequate rainfall the salinity may decrease or increase to such an extent that the production is greatly hampered. Hence the insurance coverage in brackish water fisheries should include inadequate rainfall, heavy rainfall resulting in loss of crops.
- (i) The insurance coverage should also include diseases of brood stock, fingerlings, and of fish including shrimps in brackish water fisheries.
- (j) Similarly fresh water fisheries should be properly insured against accident, disease etc., resulting in damage of crops.
- (k) Fishery Cooperatives should implement old age welfare insurance schemes for the fishermen members.

VIII. Better Living Activities by Fishermen

- (a) With a view to making the participation of the women in the decision making process effective and productive it is necessary that each and every fisherwoman becomes conscious of her duties and responsibilities. Towards that end, adult education and children's education programmes should be taken up in the fishermen's villages. The women's wings should be organised in fishery cooperatives to undertake this and other activities.

- (b) The fisherwomen may participate in income generation by involving themselves at certain stages of the production of fish, in aquaculture, fish catching in marine fisheries, in the processing of fish and in marketing the fish and fisheries products.
- (c) The fisherwomen may supplement the family income by engaging in cottage industries, agro-based industries and the like. The fishery cooperatives with the assistance of the technical officials of the Govt. should organise suitable programmes for training the fisherwomen in cottage and agro based industries.
- (d) Government institutions like the Ministry of Agriculture, Livestock Industries, Cottage Industries, etc. should formulate and implement small scale integrated income generating projects where fishery families can participate.
- (e) Imparting training to the fisherwomen in cottage and agro-based industries would not have much effect unless it is followed by credit and marketing facilities. The fishery cooperatives may make necessary credit available to the fisherwomen for taking up such production oriented activities and assist them in finding markets for their products. The government, should also help in this regard.
- (f) saving habits among the fisherwomen should be cultivated so that in the off season the households can fall back upon the savings for their livelihood. Such savings will also help in the formation of the capital necessary for undertaking supplementary income generating activities.
- (g) At least 1% of the gross catch must be compulsorily saved by individual fisherman under a separate savings account specifically for better living activities. This must be incorporated in by-laws of the Primary Cooperative Organisation. In case of emergency a member fisherman concerned may be given loans upto 75% of his savings without interest. At least 1% should be automatically retained from production loans obtained by member fishermen from financial institutions and credit his savings account.

- (h) The Fishery Cooperatives with the close cooperation of the Govt. officials should impart necessary training to the fisherwomen in health and bygiene and family planning. The seminar felt that unless the women are made aware of the fundamentals of the family health and family planning all round rapid development of fishermen's households is not possible. Hence, this should also be given priority by the fishery cooperatives while organising the fisherwomen.
- (i) Government institutions should provide proper housing and sanitation systems in fishing villages. The fishermen's cooperative societies should assist fishermen in self-help housing schemes, construction of village roads etc.

.....

SUB-REGIONAL SEMINAR ON FISHERY COOPERATIVES,
COLOMBO, SRI LANKA : MAY 29 TO JUNE 8, 1984.

P R O G R A M M E

May 29, 1984. Tues.

- 0900 - 1030 - Inauguration
 - Working Methods
 - Objectives of the Seminar
- 1100 - 1230 Presentation of background papers
- 1400 - 1700 Presentation of background papers (contd.)

May 30. Wed.

- 0800 - 1000 Presentation of background papers (contd.)
- 1030 - 1300 Lecture 1 : Fishery Cooperatives in
 Sri Lanka - Problems & Prospects
 - by Mr. M.P. Sumathipala
- 1430 - 1700 Group Work

May 31, Thus. to
June 3. Sun.

Study Visits

June 4. Mon.

- 0900 - 1030 Lecture 2 : Services needed by Fishermen in
 carrying out their activities - Role of
 Cooperatives in providing them
 - by Mr. Anton Atapattu
- 1100 - 1230 Lecture 3 : Organisation and Development of
 Fishery Cooperatives (and Promotion of Savings)
 : Panel Discussion
- 1400 - 1700 Group Work

June 5. Tues.

- 0900 --1030 Lecture 4 : Marketing of Fish by Cooperatives
 - Procedures and Problems - by Mr. Idrus bin Hj.
 Zainuddin
- 1100 - 1230 Lecture 5 : Supply of fishing gears and other
 requisites to fishing families by cooperatives
 - by Mr. Idrus bin Hj. Zainuddin
- 1400 - 1700 Plenary and Group Work

-: 2 :-

June 6. Wed.Lecture 6 : Credit Activities in Fishery Cooperatives in Japan - by Mr. Sadaaki AbeLecture 7 : Insurance Activities in Fishery Cooperatives in Japan - by Mr. Sadaaki AbeJune 7. Thus.

0900 - 1030

Lecture 8 : Better Living Activities in Fishery Cooperatives - by Mr. Derrick De Silva

1100 - 1230

Lecture 9 : Promotion of Cottage Industries and other income generating activities among women of fishing families - by Mrs. S. Sumanasekara Banda

1400 - 1700

Plenary and Group Work

June 8. Fri.

Preparation and Presentation of Report

June 9. Sat.

Departure of Participants

.....

1030 - 1100 : Tea Break

1230 - 1400 : Lunch break

vnj

753/9/84

SUB-REGIONAL SEMINAR ON FISHERY COOPERATIVES
COLOMBO, SRI LANKA : MAY 29 TO JUNE 8, 1984.

LIST OF PARTICIPANTS

BANGLADESH

1. Mr. Md. Iqbal Hussain
Senior Vice Chairman
Bangladesh Jatiya Samabaya Union
9-D, Motijheel Commercial Area,
Dhaka-2, Bangladesh
2. Mr. Mofizur Rahman
Chairman
Chittagong Kotwali Central Fishermen's
Cooperative Society Ltd.
19, Sadarghat Road, P.O. Box 645
Chittagong, Bangladesh

INDIA

3. Mr. Ashim Barman
Director of Fisheries
Government of West Bengal
8-B, Lindsey Street
Calcutta-700016, India

INDONESIA

4. Mr. Iman Sootrisno
Chairman
Puskud Mina Lestari
71, A. Yani 256
Wonocolo, Jurabaya
Indonesia
5. Mr. Prasetya Hadi
Central Java Province of Fishery
Cooperative (Puskud Mina Barung)
Poop. Jating
Jl. Siliwangi, 109 Semang
Indonesia

PHILIPPINES

6. Mr. Pedro Balundo
Regional Cooperatives Development
Assistance Office
Region IX,
Zamboanga City, Philippines

MALAYSIA

7. Mr. Ahmad Ridzuan B. Nasir
Georgetown Fishermen's Cooperative
Society Ltd.
49-E, Pengkalan Weld
Penang, Malaysia

SRI LANKA

8. Mr. A.R. Atapattu
Director of Fisheries
Ministry of Fisheries
Maligawatta Secretariat
Colombo 10, Sri Lanka
9. Mr. H. Roy Fonseka
Vice President
Panadura Fishery Cooperative Society
No. 78, "KUMARI"
M.E. Cooray Mawatha, Wadduwa
Sri Lanka
10. Mr. A.J.W. Silva
President
Ratmalana Fisheries Coop. Society
14/9, Aponso Avenue
Dehiwela, Sri Lanka
11. Mr. E.G.A. Somasiri
Board of Directors
Tangalle Fisheries Cooperative Society
Tangalle, Sri Lanka
12. Mr. S.K.K. Barakkathullah
Vice President
Northern Province Fishermen's Cooperative
Societies Union Ltd.
25, Front Street
Jaffna, Sri Lanka
13. Mr. P.I.S. Fernando
General Manager
Negombo South Fisheries Cooperative
Society Ltd.
Pitipana, Negombo
Sri Lanka

THAILAND

14. Mr. Mongkol Watcharangkul
Secretary
Meeklong Fishery Cooperative Ltd.
705, Presitpattana Road, A. Mueng
Samitsongkram 75000, Thailand
15. Mr. Kittikum Nakabut
Secretary
Nongphai Fishery Cooperative Ltd.
Amphure Nongphai
Petchaboon, Thailand

THAILAND (contd.)

16. Mr. Narin Chutivisuti
Secretary
Fishery Cooperative of Samutsakorn
Province Ltd.
840/5, Mahachai
Samutsakhon 74000, Thailand
17. Mrs. Sudsawat Tangsiriputtanakul
Agricultural Coop. Promotion Division
Cooperative Promotion Department
Krung Kasem Road, Theves
Bangkok 10200, Thailand

RESOURCE PERSONS

1. Mr. Sadaaki Abe
Manager, Credit Business Promotion Dept.
National Federation of Fisheries
Cooperative Associations
"Coop. Building",
1-12 Uchikanda, 1-chome, Chiyoda-ku
Tokyo, Japan
2. Mr. Mohd. Idrus Hj. Zainuddin
Deputy Director
Fisheries Development Authority
Tingkat 7, Wisma PKNS, Jalan Raja Laut
Kuala Lumpur 01-06, Malaysia
3. Mr. A.D.T. de Silva
President
Sri Lanka Fisheries Cooperative Federation
127, Grandpass Road
Colombo-14, Sri Lanka
4. Mr. Austin Fernando
Commissioner of Coop. Development
Department of Cooperative Development
P.O. Box 419, Duke Street
Colombo-1, Sri Lanka
5. Mr. M.P. Sumathipala
c/o Fisheries Coop. Federation of Sri Lanka
127, Grandpass Road
Colombo-14, Sri Lanka

ICA ROEG STAFF

1. Mr. Lionel Gunawardana - Seminar Director
Joint Director & Specialist
in Agricultural Cooperation
ICA Regional Office & Education Centre
"Bonow House", 43 Friends Colony
New Delhi - 110065, India

**THE SUB-REGIONAL SEMINAR
ON
FISHERY CO-OPERATIVES**

**TO BE HELD IN COLOMBO, SRILANKA
MAY 29 TO JUNE 8, 1984**



Organised by
**INTERNATIONAL CO-OPERATIVE ALLIANCE
AND
NATIONAL CO-OPERATIVE COUNCIL OF SRILANKA**



NATIONAL FLAG

The 'National Flag' will be in bottle green and rectangular in size in the proportion of length to width 10.6 bearing a red circle on the body of the green. The red circle will have a radius of one-fifth of the length of the flag. Its centre will be placed on the intersecting point of the perpendicular drawn from the nine-twentieth part of length of the flag and the horizontal line drawn through the middle of its width.

BANGLADESH

Bangladesh emerged as an independent and sovereign Republic on December 16, 1971, after the War of Liberation from March 25 to December 15, 1971. This area was under Muslim rule for five and a half centuries and passed into British hands in 1757 A. D. During the British rule it was a part of the British Indian provinces of Bengal and Assam. In August, 1947 it gained independence with the rest of India and formed a part of Pakistan and was known as East Pakistan. It remained in Pakistan for about 24 years i. e. from August 14, 1947 to March 25, 1971.

Bangladesh is a unitary, independent and sovereign republic known as the People's Republic of Bangladesh. The state language of Bangladesh is Bengali.

The national anthem of Bangladesh is the first ten lines of '*Amar Sonar Bangla*'.

The national flag of the Republic consists of a circle coloured red throughout its area, resting on a bottle green background.

The national emblem of the Republic is the national flower "*Shapla*" (*Nymphaea nouchali*) resting on water having on each side an ear of paddy and being surmounted by three connected leaves of jute with two stars on each side of the leaves.

THE ROLE OF BANGLADESH NATIONAL FISHERMEN'S CO-OPERATIVE
SOCIETIES LTD. IN FISHERY CO-OPERATIVES OF BANGLADESH.

BY MOFIZUR RAHMAN
CHAIRMAN
THE CHITTAGONG KOTWALI FISHERMEN'S
CO-OPERATIVE SOCIETIES LTD.,
CHITTAGONG—BANGLADESH.

THE ROLE OF BANGLADESH NATIONAL FISHERMEN'S CO-OPERATIVE SOCIETY LTD. IN FISHERIES CO-OPERATIVE OF BANGLADESH.

Mr. Chairman and distinguished delegates,

Myself and members of the deligation representing the People's Republic of Bangladesh are happy to be able to attend this important Sub-Regional Seminar on Fisheries Co-operatives organised by International Co-operative Alliance in collaboration with National Co-operative Council of Srilanka. I can assure you that—my deligation will try its best to make useful contributions in the deliberation of this Seminar.

Bangladesh has inherited a poor, undiversified economy, characterised by an under-developed infra-structure, stagnant-agriculture and a rapidly growing population. She has suffered from years of colonial exploitation. Against this economic backdrop Bangladesh has undertaken the gigantic task of reconstructing the ravaged economy and in meeting the formidable challenge of building a better future for our people.

Bangladesh has a wide-spread net-work of rivers and canals like veins in human body where fish is abundantly available. It has the vast resources in the Bay of Bengal in the south. The fishing area in Bangladesh is identified into two inland fishing and sea fishing. The area available for inland fishing and sea fishing as detailed below :—

i. Rivers and tributories	—	20.5 lac acres.
ii. Inland fisheries	—	7.24 „ „
iii. Tanks	—	1.71 „ „
iv. Karnaphuli reservoir	—	2.24 „ „
v. Total area of Bangladesh sea is approxmately	—	40,000 Sq. K M.

2. Due to salinity, dissolved Oxygen and Temperature in water, the area of distribution of marine fish and shrimp has been limited to a narrow belt. The effective area of fishable marine demersal fish has been estimated at about 4000 Sq. miles and that of Shrimp 2000 Sq. miles.

3. The vast watery area offered easy scope for earning by catching fish which grew in abundance. By nature and tradition, Bangladeshi peoples are fish-eaters. Fish ranks second to rice in the food menu. Fish was in high demand, much more than meat. Therefore, fish became a good source of income. The

easy availability of fish and its high demand attracted a vast chunk of population to fish-catching for earning a living with the result that fishermen are now the third largest occupational group in Bangladesh, farmers being the first largest and weavers the second. It has been the irony of fate that fishermen who did so much a useful national service by catching and supplying fish which, in their turn, supplied the much needed health building protein, used to be looked down upon from time immemorial. The trend of the history has been such that the fishermen were in the lowlist position in the society. The cumulative effect of this neglect has resulted in the backwardness not only of fishermen but also the fishing industry as a whole. Fish was available in abundance. Therefore, nobody felt the need of doing anything for improvement of fishing technique. As the wheel of time revolved, there was change in the situation and new problems made their appearance. The poverty and backwardness of fishermen-community was so appalling that it could not escape the notice of any Administrator or Ruler who he might be. The miserable living condition of the fishermen-community attracted the notice of even the alien British Rulers who thought that organisation of fishermen into co-operatives would be a step towards improvement of economic condition of fishermen. They, therefore, organised Fishermen's Co-operatives but their sympathy for fishermen was only skin-deep. Organisation of Fishermen's Co-operatives was only a plea or excuse to show others that they were taking some concrete steps betterment of the conditions of fishermen. The real intention of doing good to fishermen was lacking. The lip-sympathy continued even during Pakistani Regime but number of Fishermen's Co-operatives increased in number. They were societies in name and on paper. Societies working for promoting the cause of fishermen community were not there. It was only in 1960 that a real start at organisation of Fishermen's Co-operatives was made. The pyramid of Co-operative growth begins as usual with the organisation of Primary Cooperatives but in the case of Fishermen's Co-operative of Bangladesh the growth started from the other way about. That means, Apex Society was organised first instead of traditional three-tier system, the Fishermen's Co-operative began with two-tiers - Apex and primary. Organisation of Secondary Co-operative Societies started from around 1971, nearly ten years after the organisation of the Bangladesh National Fishermen's Co-operative Society Ltd. (Apex). Now the pyramid is complete-primary, Secondary and Apex. At the beginning primary Co-operative Societies were affiliated direct with the Apex. Now the Apex Co-operative Society is confined its membership to the Secondary (Central) Co-operative Societies alone but it was finding difficulties to oust the Primary Co-operative Societies which were made members at the initial stage. Anyway, the progress and development of the Apex Co-operative Society has been meteoric. The sapling in 1960 has now grown into a big Banyan.

(3)

with roots and branches spread in all directions. The coverage of Primary and Secondary (Central) Co-operative Societies has also been splendid. The Pyramid of Fishermen's Co-operatives now stand as follows :

i. Apex Society (National)	1
ii. Secondary Society (Central)	88
iii. Primary Society (Inland 2487 and Sea-Fishing 1899 societies)	3,886

There is a total of 3886 registered Primary Co-operative Societies all over the country which affiliated with 88 Central (Secondary) Co-operative Societies with one Apex Society at the top. The number of individual members of Primary Societies has come upto 376,489. Generally the head of a family became a member. A member means of family. A family consists of atleast five members. Therefore, as many as 18,82,445 fishermen have come under the aegis of Co-operatives. Evidently, the coverage of Fishermen's Co-operative has been far more high than in other sectors of rural economy-farming and weaving. Roughly there are 800,000 fishermen's families in Bangladesh. 376,489 registered members out of 800,000 families represents around 48% which is appreciably high.

4. Primary Co-operative Societies are of two kinds—Inland fisheries Societies and sea-fishing societies. Nature and technique of fishing in inland fisheries and the sea are different. Mechanisation in inland fisheries is neither necessary nor is it possible but it is a must in sea-fishing. Nearly 75% of the total production of fish comes from inland fisheries. Consequently, by far the largest number of Co-operative Societies and fishermen are engaged in inland fisheries. The Karnaphuli Reservior is in possession and control of the Fisheries Development Corporation which is an autonomous Institution under the control of the Government. The ownership of all other fisheries excepting private tanks lies with the Government. The fisheries were under the Administrative control of the Ministry of Revenue which used to lease out the fisheries in open auction to the highest bidders. That system worked terribly against the interest of fishermen, as they were financially weak to compete in auction with private individuals who could afford to bid high and then realise tolls at tyrannical rate to maximise their profit. To patronise the Fishermen's Co-operatives, the Government introduced the system of leasing out fisheries on negotiation to Fishermen's Co-operatives on payment of the average of last three years rent. The system was excellent so far as Fishermen's Co-operatives are concerned but this has been changed recently. In the meantime, the administration and control

of fisheries has passed over to the Ministry of Fisheries which have re-introduced the system of leasing out fisheries in open auction to the highest bidders. As before, the fishermen's Co-operatives are in a very disadvantageous position to compete with private individuals who buy fisheries at the highest bid for profit. This has become the biggest problem that confronts Fishermen's Co-operatives. Discussion and negotiations are on foot to find out a way to ease out the situation for Fishermen's Co-operatives.

5. There is a legislation known as "Co-operative Societies Act" guiding the registration and administration and working of Co-operative Societies including fishermen's Co-operatives. Care is taken to ensure that none else than actual fishermen are admitted into membership of Fishermen's Co-operatives but assistance and patronage given by Government have lured many intriguing persons to creep into the membership of fishermen's Co-operatives in the guise of fishermen. The Government and the Co-operative Department are aware of the situation and are on their guard to prevent entry of non-fishermen in Fishermen's Co-operatives.

6. The activities of fishermen's Co-operatives cover a wide range of fields which may be classified as under :

- (1) Supply and services ;
- (2) Development Programme ;
- (3) Processing, Transport and marketing ;
- (4) Credit and
- (5) Training.

(1) Supply and services :

Fishing needs a large variety of materials which a fisherman has to procure for fishing. Tools and accessories were of primitive nature, as old as the days of Adams. Introduction of innovation was extremely necessary to increase the efficiency and outcome of fishing. Therefore, the Apex Fishermen's Co-operative Society started introduction of innovation right from the beginning.

(i) The fishermen's were used to use Cotton yarn & Hemp twine for fishing nets. They were extremely inefficient in fishing. The Apex Fishermen's Co-operative Society, therefore, tried to introduce imported Nylon Twine instead of Cotton Yarn and hemp twine, but the fishermen would not use it as it was

(5)

not known to them. The Apex society started propaganda about the superiority and suitability of Nylon Twine over hemp twine and cotton yarn. Gradually, the fishermen started using Nylon Twine and they found excellent result. The Nylon Twine has now become extremely popular among the fishermen through the endeavour of the Apex Society. Fishermen, particularly those engaged in sea-fishing who refused to use Nylon Twine in fishing at the initial stage, cannot now think of fishing without Nylon Twine. The entire credit for popularising the imported Nylon Twine is due to the Apex Fishermen's Society. For many years past, the Apex Fishermen's Co-operative Society has been the biggest importer and distributor of Nylon Twine, Nylon Tyre Cord and Nylon Rope and other fishing gears etc.

(ii) Fishing technique was also crude and primitive. Moreover, sea-fishing in country-boat involved risk of life and properties. The country-fishing boats used to move with current and wind. At the time of distress signal of cyclone which has become a feature of common happening in Bangladesh since 1960, the fishermen could not come quickly to the shore for safety as the country boats were slow to move and could not proceed against current and wind. As a result, a large number of fishermen engaged in sea-fishing had to embrace watery grave. Moreover, fish-catch used to get rotten in country-fishing-boats due to delay in transit from fishing ground to the shore. To remove all these difficulties and hazards, the Apex society thought of mechanising fishing technique but that was much more difficult a task than introduction of Nylon Twine and other fishing gears.

(iii) Meanwhile, the Department of Marine Fisheries of erstwhile Government of East Pakistan built some fish-carrier-vessels. In their enthusiasm to introduce mechanisation in fish-carrying, the Apex society took a number of them to be used in fish carrying. Some of them were given to private individuals. Neither the Apex Fishermen's Co-operative Society nor the Private individuals could use these mechanised carrying-vessels due to engineering and constructional defects. Thereupon, the Apex society undertook construction of a mechanised fishing boat on experimental basis by using the local boat building genius of Chittagong. The experiment proved a success.

(iv) The Apex society imported a good number of Marine Diesel Engines of different Horse Powers and made a systematic and planned endeavour to make the use of Marine Diesel Engines popular among the fishermen. After sustained efforts of several years, the fishermen realised the usefulness of Marine Diesel Engines & Mechanised fishing. The result is that the mechanised fishing has

almost replaced country-boat fishing in the Bay of Bengal. The success of Apex Society in building proto type of Mechanised fishing-vessel has shown the path of making mechanised-fishing-boats by fishermen themselves without the technical guidance of any Naval Architect. At present, there are around four thousand mechanised fishing boats operating in the Bay of Bengal. The Pioneering endeavour in this regard was done by the Apex Fishermen's Co-operative Society.

(v) The Apex Fishermen's Co-operative Society undertook an experiment of building fishing boat with Ferro-Cement instead of Timber in collaboration with the Canadian Hunger Foundation. The Foundation trained up local personnel of Apex Co-operative Society in building Mechanised Ferro-Cement Boats and they are now doing it successfully without the technical assistance of Canadian experts. These Ferro-Cement Boats are slightly costlier than wooden boats but cheaper than steel-hull boats. They have been found quite suitable in fishing and much more durable than wooden boats with little or no maintenance cost. The building of ferro-cement boats has been a mile-stone in the history of building of mechanised fishing boats in Bangladesh. About 36 Ferro-Cement boats have already been built and some more are under construction.

(vi) The Apex society has imported different kinds of fishing materials from abroad for supply and distribution among the members' society since its inception is indicated below :

Description	Quantity imported	Total value
1. Nylon Twine	40,82,169 Lbs.	Tk. 70.89 millions
2. Nylon Tyre Cord	2,98,499 Lbs.	Tk. 4.09 „
3. Nylon Rope	13,051 Coils	Tk. 1.65 „
4. Marine Diesel Engine	2,223 Nos.	Tk. 67.31 „
5. Other fishing gears etc.	—	Tk. 8.66 „

(vii) In the sphere of service, the Apex Society has established one modern workshop for maintenance, repairing and service of mechanised fishing vessels, one automatic Net Making Factory consists of 4 (four) Nos. machine of different meshes with a monthly capacity of 5000 lbs. of Nylon Net and a net work of 22 Nos. Ice-Plants of total production capacity of 252 tons of Ice per day. In addition, 6 (six) Ice-Plants of 60 tons capacity per day were set up in different parts of the country in collaboration with the Christian Community for Develo-

(7)

ment in Bangladesh (CCDB). The fishing net made in the Net factory is in high demand as they have proved more efficient & effective in fishing than hand-woven nets. The Ice-plant are spread all over the country and located at important fish landing centres. These Ice-Plants are supplying ice through the Central Fishermen's Co-operative Societies for preservatioⁿ of fish at the very door of fishermen.

2. Development Programme :

(i) A number of Development programmes were undertaken during Pakistani regime and after independence of Bangladesh. The Planning Commission of the People's Republic of Bangladesh approved a gigantic programme with capital outlay of Tk. 91.1 millions. In envisaged construction of 750 country boats (non-mechanised), 425 mechanised fishing boats, 30 mechanised fish-carrier-vessels, Purchase of 6 Trucks, establishment of 6 Ice-plants of 10-tons capacity-each, 3 Ice-plants of 33 tons each capacity, 1 (one) fish freezing plant of 2-tons capacity per day and 1 (one) more Net making plant. The implementation and target of the project is now complete and achieved.

(ii) Another second Five year Development plan with capital out-lay of Tk. 100 millions is under active consideration of the planning Commission of the Government of the People's Republic of Bangladesh with a view to expand its existing installation and to take up new projects like establishment of fish market and development of project for shrimp culture in different parts of the country.

3. Marketing, Transport and Processing.

(i) Fish being highly perishable commodity, its marketing was a big problem. Establishment of Ice-plants with Cold Storage facilities assisted in easing the problem of marketing of fishes of member society to a great extent. There is a considerable difference in price of fish at landing centres and retail sale centres in urban and rural areas. The margin is enjoyed by middle-men and fish-traders most of whom are fishermen. The Apex fishermen's Co-operative Society did not enter into internal marketing of fish in any large scale due to transport facilities are not adequate and easy in Bangladesh for movement of fish which is a very highly perishable commodity.

(ii) The Apex Society, however under a scheme are providing fish-carrier with insulated fish hold to Secondary (Central) Fishermen's Co-operatives for carrying of fish from catching ground to market places.

(iii) The Apex Society undertook processing & freezing fish for export to

foreign countries. The Apex Society have set-up 2 (two) fish freezing plants at the different places with production capacity of 6.5 tons & 3.5 tons per day and fish Cold Storage capacity of 265 tons & 250 tons. The Apex fishermen's Co-operative Society exporting frozen Shrimps, Prawns, Froglegs and other fishes to different countries like United Kingdom, United State of America, Japan, France, Switzerland, Italy, G. D. R. , F. R. G and Middle-East. The Apex Society exported shrimps, Froglegs & other fishes and earned valuable foreign currency to the tune of Tk. 2.39 million in 1980-81, Tk. 3.72 million in 1981-82 and Tk. 2.29 million in 1982-83.

4. Credit :

(i) Credit is the most important basic requirement of fishermen. Economically fishermen is the poorest and the most Exploited. Fishing required investment of a huge capital, much more than farming and weaving. Fishermen are usually dependent on money lenders and traders for supply of capital. They charge usurious rate of interest. To save the fishermen from the clutches of money lenders and traders who sucks their blood, the Apex Society undertook a massive programme of supplying credit in cash and kind to fishermen in the form of short term loan for boat and net repairing. Medium term loan for lease of fisheries and replacement of nets and long terms loan for construction of country fishing boat, mechanised fishing boat, fish carrier-transport, development of fisheries and establishment of fishing industries like Ice-Plant, Freezing Plants and Net making factory.

(ii) The Apex Society started credit operation since its inception 1960-61. It received and invested the following loan :

(A) Loan for development Inland fisheries construction of boat, Nets & Fishing Industries (1961-69)	Tk. 99.19 lacs
(B) Bangladesh Bank Credit (Medium term)	Tk. 70.00 "
(C) Rehabilitation loan for rehabilitation of fishermen affected by War of Liberation,	Tk. 51.20 "
(D) Development loan under 1st Five Year Plan 1976-78 for construction of boats, fishing materials and establishment of fishing Industries.	Tk. 571.00 "

(iii) The fishermen are starved of credit. The Apex Society is the only institution to cater the credit need of the fishermen at their door but the

men would get their requirements at cheaper rate. Now the exemption has been withdrawn. The fishermen's co-operative have to pay higher rate of custom duty and Sales-Tax as private individuals. The withdrawal of the facility of Tax exemption has placed fishermen's co-operative at a very disadvantages position. The Government have been moved to re-consider the question.

(ii) As has been stated earlier in this paper that fisheries used to be leased out to Fishermen's Co-operative on negotiated basis on payment of the average of last three years rent. That facility has also been withdrawn. The Fishermen's Co-operative have now to compete with private entrepreneurs to take lease of fisheries in open auction. The withdrawal of this facility has dwelt a big blow on Fishermen's Co-operative and their members. The system of leasing of fisheries to the highest bidders has made fishermen easy victim of exploitation and tyranny by lease holders. The Government have been moved very strongly to abolish the system of leasing out fisheries to highest bidders immediately.

(iii) The Government is now arranging funds through local Banks as well as from foreign agencies for procurement of fishing trawlers on payment of certain percentage of cost as owner's equity. The cost of fishing trawler is quite high. The equity comes to a colossal amount which is beyond reach of fishermen ~~on~~ their Co-operatives. Result has been that none of Fishermen's Co-operatives has been able to buy a fishing trawler. All the trawlers that are now in fishing operation in the Bay of Bengal are owned by fortunate private individuals.

12. Conclusion :

So on evaluation of the above mentioned activities it can be well inferred that the very object for which the fisheries co-operatives in Bangladesh was brought into being has been achieved to some extent in the greater interest of the poor fishermen community of the country. It is expected that, the National Fisheries Co-operative Society will be able to serve the fishermen more and more in the days to come towards improvement of Socio economic condition of the fishermen and thereby to bring them to the horizon of civilization and prosperity.

While the legacy of unjustic and inequality from the past has to be liquidated, we are faced with the challenge of the future. Today the nations of the world are faced with crucial choices. upon the wisdom of our choice will depend whether we will move towards a world haunted by fear of total destruction, faced with the aggration of human suffering on a tremendous scale marked

by mass starvation, unemployment and the wretchedness of deepening poverty or whether we can look forward to a world where human creativity and the great-achievements of our science and technology will be able to shape a better future free from want and hunger and based upon a sharing of technology and resources on a global scale. So that men everywhere can begin to enjoy the minimum conditions of a decent life.

Before I conclude I would like to thank you, Mr. Chairman, and the fellow participants in this Seminar, for giving me a chance for presenting this paper.

(9)

quantum of loan available is not enough to meet even a fraction of their requirement.

The Government of Bangladesh will have to come forward to meet the actual need of credit to the fishermen and the condition of issuing loan should be liberalised only against the security of boats and fishing materials instead of landed property as the fishermen do not have any landed property of their own.

(5) Training :

Extension branch of the Co-operative Department with its 66 units spreading all over the country are imparting training in groups of the members of the Co-operatives and Manager of the society on Co-operative Principles, Management, Accounting and other allied subjects. The Apex Fishermen's Society has also set-up a training institute for training of their own members on Co-operative Principles, Marketing, Management, handling of Marine Diesel Engine and Sea-fishing. Besides, Bangladesh Co-operative College in Comilla is also providing similar training facilities to Co-operative Officers, members and managers of the Co-operative Societies. Apart from this training facilities Bangladesh National Co-operative Union is also extending such training programme, arrange Symposium discussion and Seminars etc. in different places of the country from time to time as part of their Educational and Training programme.

7. Performance of the society :

(i) The society made a humble start in 1960 with a capital of Taka three thousand only contributed by three private individuals who were taken as members at initial stage but were subsequently eliminated from the membership of the society after 2 (two) years of its existence. The membership of the society are ~~now~~ only confirmed to registered fishermen's Co-operatives.

From a capital of three thousand Taka in 1960 the Apex Society has now build up a working capital of Taka 113.40 millions. The other financial aspects of the society as follows :

1) Authorised share capital	Tk. 20 million
2) Paid up share	Tk. 1.34 "
3) Reserve fund	Tk. 7.09 "
4) Member's deposit	Tk. 4.09 "
5) Investment with members	Tk. 51.37 "
6) Investment with projects	Tk. 44.31 "

(ii) In respect of profit earning, the Apex Fishermen's Co-operative society has created a record not yet been surpassed by any other Co-operative society in the country. The profit earnings in 23 years are calculated at Tk. 22.38 millions since its inception in 1960 and allowed dividend to their members every year without exception since its inception in 1960.

8. Non-economic activities :

Fishermen community as a whole perform a useful job in respect of production and supply of fish but reliable information or data about their ~~number~~ ^{member}, their profession, their requirement and quantity of fish produced by them are hardly available. Even the Census report of the country does not contain any data or information about them. Lack of necessary information & data presents an insurmountable difficulty in formulating project or plan. The Apex fishermen's Co-operative Society, therefore, conducted a nation wide survey at a cost of Tk. 0.50 million to collect important data about fishing, fishermen, their Socio-economic condition and production of fish etc. The collected data have been compiled and are now available for use.

9. Impact of National Economy :

The fishermen's co-operative has created a remarkable impact on the National economy of the country in respect of production and supply of fish. The total fish production of the country has been estimated, over 1.2 million tons of which 1 (one) million is consumed locally. The fishermen's co-operative handled 0.8 million tons i.e. two-third of the total fish production of the country.

10. Supervising Government Organisation & its activities to promote Fishermen's Co-operative :

There is a legislation known as "Bangladesh Co-operative Societies Act" to promote, guide and assist the organisation and working of Co-operative Societies. There is a Department of Co-operative headed by the Registrar of Co-operative Societies to administer of the Co-operative law to facilitate promotion and working of Co-operative including fishermen's Co-operative. There is a good number of officers under the Registrar to help achieve the objectives laid down in Co-operative Societies Act. The Government assists and patronises co-operatives by providing funds & expertises.

11. Problems & difficulties :

(i) The Fishermen's Co-operatives enjoyed exemption to Customs Duties and Sales Tax on import of fishing materials. That was a big advantage. Fisher-

men would get their requirements at cheaper rate. Now the exemption has been withdrawn. The fishermen's co-operative have to pay higher rate of custom duty and Sales-Tax as private individuals. The withdrawal of the facility of Tax exemption has placed fishermen's co-operative at a very disadvantages position. The Government have been moved to re-consider the question.

(ii) As has been stated earlier in this paper that fisheries used to be leased out to Fishermen's Co-operative on negotiated basis on payment of the average of last three years rent. That facility has also been withdrawn. The Fishermen's Co-operative have now to compete with private entrepreneurs to take lease of fisheries in open auction. The withdrawal of this facility has dwelt a big blow on Fishermen's Co-operative and their members. The system of leasing of fisheries to the highest bidders has made fishermen easy victim of exploitation and tyranny by lease holders. The Government have been moved very strongly to abolish the system of leasing out fisheries to highest bidders immediately.

(iii) The Government is now arranging funds through local Banks as well as from foreign agencies for procurement of fishing trawlers on payment of certain percentage of cost as owner's equity. The cost of fishing trawler is quite high. The equity comes to a colossal amount which is beyond reach of fishermen or their Co-operatives. Result has been that none of Fishermen's Co-operatives has been able to buy a fishing trawler. All the trawlers that are now in fishing operation in the Bay of Bengal are owned by fortunate private individuals.

12. Conclusion :

So on evaluation of the above mentioned activities it can be well inferred that the very object for which the fisheries co-operatives in Bangladesh was brought into being has been achieved to some extent in the greater interest of the poor fishermen community of the country. It is expected that, the National Fisheries Co-operative Society will be able to serve the fishermen more and more in the days to come towards improvement of Socio economic condition of the fishermen and thereby to bring them to the horizon of civilization and prosperity.

While the legacy of unjustic and inequality from the past has to be liquidated, we are faced with the challenge of the future. Today the nations of the world are faced with crucial choices. upon the wisdom of our choice will depend whether we will move towards a world haunted by fear of total destruction, faced with the aggration of human suffering on a tremendous scale marked

by mass starvation, unemployment and the wretchedness of deepening poverty or whether we can look forward to a world where human creativity and the great-achievements of our science and technology will be able to shape a better future free from want and hunger and based upon a sharing of technology and resources on a global scale. So that men everywhere can begin to enjoy the minimum conditions of a decent life.

Before I conclude I would like to thank you, Mr. Chairman, and the fellow participants in this Seminar, for giving me a chance for presenting this paper.

With every success of sub-regional seminar on fishery co-operative in their efforts towards development of fishery co-operative of south east asian countries

THE CHITTAGONG KOTWALI FISHERMEN'S CO-OPERATIVE SOCIETY LTD.

(A pioneer name in serving the better welfare for their Fishermen Members)



The Chittagong Kotwali Fishermen's Co-operative Society Ltd.

19, SADARGHAT ROAD
CHITTAGONG
BANGLADESH

BASE OFFICE :
MONOHARKHALI BUILDING
IQBAL ROAD
PATHERGHATA
CHITTAGONG
BANGLADESH

We wish the sub-regional seminar on fishery co-operatives all success



**FOR ANY IMPORT AND EXPORT
OR
JOINT VENTURE PROJECT IN BANGLADESH
PLEASE CONTACT**

PROGRESSIVE CORPORATION LTD.

P. O. BOX-645
19, SADARGHAT ROAD
CHITTAGONG-BANGLADESH
CABLE : PROGRESIVE
PHONE : OFF : 205727, 207722
RES : 223077

**"PRESENT POSITION OF FISHERY COOPERATIVE-
PROBLEMS AND PROSPECTS IN BANGLADESH."**

-By : M/S:-1. MD. IQBAL HUSSAIN
&
2. MD. MAFIZUR RAHMAN.

**1. THE WORKING CONDITION OF THE FISHERY COOP. SOCIETIES
AS ON 30.6.53.**

(a) Working condition of Primary Fishermen Coop. Societies.

There are at present ³⁸⁸⁶ ~~3000~~ primary fishermen cooperative societies with membership of ³⁷⁴⁸⁹ ~~100000~~ fishermen in Bangladesh. The total paid-up share capital of these primary societies was Tk. 51,00,770/- with regular member savings of Tk. 73,60,664/- and reserve fund of Tk. 17,75,246/-, the outstanding loan amount was Tk. 2,20,27,330/-. Thus the total working capital of these societies as on 30th June, 1953 stood at Tk. 3,71,24,026/- During 1952 - 53 these societies received loan of Tk. 52,07,245/- and repaid Tk. 19,61,615/- leaving the outstanding figure to Tk. 2,20,27,330/-. During this period the societies received Savings Deposit of Tk. 74,60,664/- and repaid Tk. 60,26,662/- leaving the balance of Tk. 73,60,664/-. At the end of the year the total net profit earnings by the societies during the year ^{was} Tk. 9,43,300/-

(b) Working condition of Secondary(Central) Fishermens' Cooperative Societies.

There are 88 (eighty eight) Central Cooperative Societies with membership of 3,367 Primary Cooperative Societies. The total share capital of these Central Societies ^{was} Tk. 22,75,109/- and the reserve fund ^{was} Tk. 76,15,706/-. The outstanding loan is Tk. 1,16,97,336.00. Thus the total working capital of these Societies at the end of the year stood at Tk. 1,07,77,430/-. These societies received a loan amount of Tk. 7,00,309/- and repaid Tk. 10,96,500/- leaving the outstanding figure to Tk. 12,29,00,649/-.

(c) Working condition of National Fishermen Cooperative Society.

Bangladesh Jatiya Matshajibi Samabaya Samity Ltd. (Bangladesh National Fishermen's Cooperative Society) registered on 12th March, 1960 started functioning as an apex society of a large number of fishermen, spreading all over the country. There are 60 Central societies and ~~4222~~³⁸⁸¹ primary societies in the country. The societies under the scheme for Development of Fishermen Cooperatives in Bangladesh imported 237 Marine Diesel Engines for 237 mechanised boats, 13 fish carriers, 2 trucks, 1420 Lb. Nylon twines, 1,92 Coils of nylon rope and 21,530 pieces of synthetic floats.

Besides, the society has built 346 country boats under the development scheme. The total cost incurred on the above items was Tk. 430 lacs. Under the development scheme one freezing plant and six ice plants were installed and a net manufacturing factory was established. Outside the development programme, fishing materials worth of Tk. 1000.00 lacs and Nylon net weighting 5,752 Lb. were distributed among the fishermen. By exporting shrimps, frogs, froglegs and fish the society earned foreign exchange to the extent of Tk. 1734.11 lac. upto 30th June, 1963. The working condition of this National Cooperative Fishermen Society as on 30th June/83~~63~~ is as follows:-

(1) Total number of members(Central Fishermen Societies):	60
(2) Paid up share capital	: Tk. 30,14,625/-
(3) Savings Deposit	: " 47,94,000/-
(4) Reserve Fund	: " 70,93,500/-
(5) Working capital	: <u>11,03,21,664/</u>

(3)

2. PROBLEMS AND PROSPECTS.

Compared to area and resource-base the size of population of Bangladesh is alarming. In spite of all possible measures to restrict the growth rate of population the danger of population explosion could not as yet be overcome. The economic growth rate does not at all commensurate with the growth rate of population.

The prospects of agriculture to sustain the increasing population is always thwarted by regular and constant natural phenomena like draught, excessive rain, flood, large-scale damage of crops by insects. The cost of inputs being high and the price of products being low, some time below the cost of production, development of agriculture alone could not solve the problems. The country being a land of rivers, canals, bill and jheels and presence of water almost all over the country during Monsoon for about six months the prospects of development of inland fishery is bright. But environmental pollution i.e. reckless use of chemical fertilizer, pesticides and insecticides for protection of crops and in addition pollution of water by mills and factories have endangered the prospects and growth of fish and fish culture. It is very much essential to adopt effective measures for preservation of fish and culture of fish & fisheries. The Govt. should have policies and strategies for inland fishing in ponds, minni ponds, lakes, canals, rivers, bill-jheels and jal mahals involving the local fishermen through their local cooperatives.

These Fishermen Cooperatives shall have to be provided with necessary concessions in matters of tariff and taxation both in their import of fishing materials and export of fish products to face competition with the private sector. The enormous possibilities of development of inland fishing through a

strong net-work of inland fishery cooperatives will not only ensure fulfillment of challenging demand of fishing but also open up a strong avenue for earning foreign exchange by exporting sweet water fish.

The Bangladesh coastal line in Bay of Bengal is an ideal fishing ground. The total annual catch in the 1140 Sq. miles area of the Bay of Bengal is estimated at 1.10 lakh tons. The primary productivity ranges from 50 to 100 Grams per square metre.

Fish caught mainly in 4(four) zones :-

- (1) Shrimp fishing ground (South-west of elephant point),
- (2) Ganges fishing ground at Ganges-Brahmaputra delta,
- (3) Salmon fishing grounds ~~elephant point and south of Pashu river.~~
~~Dubla island.~~
- (4) *one fishing ground elephant point - south of Dubla island.*

The Bangladesh coastline sea is conducive to the growth of fish, which consists of shallow water with a depth of 50 metres. The inflow of the greater Ganges River-System is causative of its increased salinity and turbidity.

There are hundreds of varieties of sea fish, but the major ones in Bangladesh comprise as many as 35 species. Some of them are shrimp, pomfret, Indian salmon, Jew fish, sardine, cat fish, shark, skate macheral and bangas.

Machanised fishing boats are the main means of fishing in the Bay of Bengal. It is estimated that nearly one lac sea-going fishermen in coastal line can go for machanised fishing if they are provided with proper type of machanised boats with necessary fishing equipments and accessories.

There are as many as 90 fishing trawlers of which only 3 belongs to Bangladesh Fisheries Development Corporation and 52 trawlers belongs to Thai Fishing Company and the remaining trawlers are owned by the private traders. The National Fishermen Cooperative had one trawler but it could not operate successfully. Majority number of the machanised boats belong to private sector.

(5)

The engines were provided by the Fishery Cooperatives to the individual members and they are doing their fishing individually and as a result the fishery cooperatives could not build up a strong production and marketing system & have become only the institutions for procurement and distribution of fishing materials.

A study shows that fishermen are backward in status in the society, mostly illiterate and live at poverty level. It was observed that there are many constraints which impede the progress.

Chronic indebtedness is a common feature among the fishermen and the remedy lies in making available institutionalised credit facilities. The credit rules should be liberal and flexible to suit the local conditions.

The process of marketing and distribution of fish caught by the fishermen themselves, are at present in the hands of middlemen and therefore, the fishermen are not getting fair and remunerative price for the produce. There is need to organise the marketing of fish, by eliminating the middlemen and organising the fishermen into cooperatives so that the price stability of fish can be ensured and profits accrue to the fishermen. Diet and nutrition surveys carried out show that the diets consumed by expectant mothers, infants and young children belonging to the fishermen's community are grossly deficient in calories, proteins, certain vitamins and minerals. The cooperatives will have to take up all these aspects to remedy the situation.

According to another survey, majority of the heads of household have primary education with about 40% illiterates. The percentage of dropouts from schools among fishermen was quite high being 55% at the primary and 75% at the high school stage. This high dropout rate was due to several different factors. First most of those who discontinue

their school education does so because of poverty of the family. Hence in order to improve the family income position, students dropout from the school and go for fishing or other allied trades at a very early age. The fishing cooperatives will have to undertake literacy programme and ensure support to sustain academic education by the school and college going children.

The average monthly income of the fishermen of Bangladesh ranges from Tk. 400.00 to Tk. 600.00. This low income range can be traced to two reasons : First- lack of availability of boats for fishing and secondly, the institutional factors which determine the economic status of the fishermen. Concerted cooperative efforts alone can overcome these difficulties.

Regarding the food habits and meal pattern of fishermen's families, about 80% of the families consume two meals a day and the rest have three meals a day. Rice is the preferred staple food. Vegetables are consumed in small quantities when available. Fish is almost negligible. The consumption of milk and milk products is negligible, fruits and green leafy vegetables are not popular among these families. No special attention is given to feeding people in special condition nor do children in the growing stages receive any special food.

The only way now to improve the conditions of the fishermen should be to implement a sound and need based integrated development programme. The necessary infrastructure - communication, transport facilities with adequate feeder roads water supply and power - will have to be provided on a priority basis. This will create scope for the fishing cooperatives to organise and set-up fisheries-based small scale industries within the village which will generate employment and will also bring the consumer markets within easy reach of the production centre.

(7)

The cooperatives are the only institutions which may cater to the credit need of fishermen at their door but the quantum of loan given by them is not enough to meet even a fraction of their requirement. The Government and the Bangladesh Bank will have to come forward to meet the credit need of fishermen and conditions of issuing loan will have to be relaxed in case of fishermen allowing issuance of loan against the security of boats and fishing materials instead of landed property.

There are many hurdles on the way of progress of Cooperative Movement in the Fishermen's Sector. Lack of education and self consciousness in the fishing community has been one of the greatest obstacles which hold back the progress.

- i) the massive scale of government programme of Extension and education in the farming sector, is absent in the fishermen's sector.
- ii) to make the movement effective and meaningful, programme of extension and cooperative education will have to be launched to bring home to fishermen the advantages that flow from a successful fishermen's society.
- iii) the government will have to be liberal in framing policy of leasing out fisheries and allocating adequate foreign exchange for importing fishing materials to meet the need of fishermen.
- iv) elaborate arrangement for preservation and storage of fish and for speedy carrying from catching to consuming centres will have to be made to facilitate marketing.
- v) institutional arrangement for meeting the credit need of fishermen through cooperatives will have to be made available.

The present position of Fishery Co-operatives
Problems and prospects.

by

Sri Ashim Barman, IAS.,
Director of Fisheries,
Government of West Bengal, India

Original & Genesis:

Unlike other countries in the World, Co-operative movement started in India with a potential move to subside the social upheaval of the poverty stricken disgruntled peasants in 1904.

Fishery Co-operatives came into existence from 1916 in India in order to ameliorate the sufferings of the poor fishermen from the trammels of the middlemen.

Status of fishermen:

Since early times, fishing is a group oriented and community action and craftsmanship, ingenuity and acumen of the industry has virtually under the monopoly of the fishermen. But still unlike other trades where traders are rich, but in fishing trade the fishermen are poor. Elizabeth mann Bonagoise has rightly pointed out that fishermen is poor in the Nodiac ballads in biblecal ponables in Odessay and in thousands and one nights their condition is deplorable because of ruthless, unscrupulous exploitation of middlemen or money lenders who owns the fishery. Monopoly of fishery lies in the hands of a few and these people lead a life of fishery-less labourers.

Because of their economic wretchedness they become the victim of social tyranny by the middlemen in every spheres of their profession. No maginot line, Hitlers' army can stop the infiltration of this social evils until and unless social awareness is created and fishermen obtained their desired objectives, the economic emancipation. This, of course, pose a great problem to the social reformer.

In marine sector also fishermen's fate is always blue like the blue seas and blue fish therein. Blue revolution has succeeded where fishermen are free from the shackles of bondage.

Of course, in west coast of India amongst the fishery co-

Fishermen Co-operatives in West Bengal:

Out of the total fishermen's population of 11.3 lakhs, only 65,000 comes under the purview of Fishery Co-operatives. There are 745 Nos. of Fishery Co-operatives in the State.

Fishery Co-operatives of the State may be broadly classified into two groups, capture fishery co-operatives and culture fishery co-operatives.

Capture fishery can be further be classified into two sub-groups; Marine Fishermen's Society covering the estuarine sector and River Fishermen's Societies. The two marine districts have 46 primary societies, of which 29 are working and 16 are considered active. In addition, there are two Central Societies at Contai and Diamond Harbour. The average numbers per society is 65. In the two districts, only 30% Fishermen are members of Co-operative Society.

Problems & prospects:

The problems and prospects of these two types of fishery Co-operatives are different.

The common problems are :

(1) Political infiltration in co-operatives, non-fishermen politicians have also, by and large, crept into such deals posing them as benefactors of the suffering community with ulterior intention of securing political position. Such people obviously have a group of their own set-up agents among fishermen themselves who ultimately deprive the workers through control of key positions in their respective societies.

(2) None of the high ideals works in the management:

It is said that co-operation 'stands for individual rights tempered by considerations of justice, equity and fair dealing as between man and man, and its one great aim is to prevent the exploitation of the weaker by the stronger party' or its concept of 'joint family system' But in actual field it differs in entirety and none of its high ideals actually work in the management of the society and actually make very little effective appeal to the rural poor, as also to the very rich.

(3) Mere formation is not the solution:

Formation of Co-operative to boost of co-operative movement and subsequently sending it for liquidation by throwing the entire responsibility on the fishermen is not the solution to the problem. As rightly pointed out FAO's small farmers development manual for these grassroot Association, 'As individuals, small peasants are weak and therefore set elbowed out by the better off. If they can be helped to acquire a group-personality and to undertake group action, the small farmers/fishermen and peasants can seek and obtain benefit from development programme'

The sectorial problems are :

In Marine sector which is mainly capital intensive liberal help from Government for the procurement of crafts and gear, working capital and marketing facilities through institutional finance by mortgaging the boats and nets is required. The Central Society should have arrangement for service centres with trained technician, fuel and twine.

The co-operative law should embrace the reality in the field. ~~field~~. The membership of the society to be restricted with the actual number of persons in a fishing boat and the ownership of the boat is vested to the actual catchers in the boat.

The same condition will also apply for the river based society. No. of persons in each boat may be considered as a mini-society and the present society may act as central society with functions of marketing and facilitory agency like Fishery Associations of Japan or Production Brigade of China.

Moreover, fisheries in rivers have dwindled considerably thereby effecting on the viability of the co-operatives.

Reasons for fall in production from these type of capture fisheries are :

(i) Construction of barages/weir/dams causing obstacles in the movements of fish like Hilsa to its breeding grounds.

(ii) indiscriminate fishing causing depletion of breeders.

(iii) water pollution by individual wastes,

(iv) intensive use of insecticide for agriculture causing great damage to rivers, nalas, beels and jheels connected with agricultural field.

Because of all these ~~fishery~~ fishing avocation of these co-operatives has become practically seasonal. Need for alternate income generating piscicultural avocation for the rest period of the year like cage or pen culture should be formulated and standardised to boost up their economy.

The problem is comparatively less in culture fishery co-operatives and as such the position of culture co-operatives are better in the State of West Bengal(India).

For successful working the fishery co-operatives are to improve the economic condition of their members and that can be done by increase of production of fish and by increase of income from allied activities so that the members can be given higher income. So arrangements are to be made for water area, capital, supply of fishery inputs proper marketing of fish and supply of necessary consumer articles for the members.

As regards water areas, the poor fishermen members have no water areas and the societies are to procure water areas. In the Land Management manual and in different Government circulars, there is provision for giving priority to the fishery co-operatives for having lease of Government areas. The West Bengal Inland Fisheries Bill has been passed in the Legislative Assembly and the Government will be in a possible to arrange more water areas for the fishery co-operatives.

For proper working of the Societies adequate capital is necessary. The members give only a small amount as share capital, For both recurring and non-recurring capital the societies are to depend on outside sources. Fortunately the National Co-operative Development Corporation has provision of financing all requirements of the fishery Co-operatives through the State Governments. The State Government

(iii) water pollution by individual wastes,

(iv) intensive use of insecticide for agriculture causing great damage to rivers, nalas, beels and jheels connected with agricultural field.

Because of all these ~~fishery~~ fishing avocation of these co-operatives has become practically seasonal. Need for alternate income generating piscicultural avocation for the rest period of the year like cage or pen culture should be formulated and standardised to boost up their economy.

The problem is comparatively less in culture fishery co-operatives and as such the position of culture co-operatives are better in the State of West Bengal(India).

For successful working the fishery co-operatives are to improve the economic condition of their members and that can be done by increase of production of fish and by increase of income from allied activities so that the members can be given higher income. So arrangements are to be made for water area, capital, supply of fishery inputs, proper marketing of fish and supply of necessary consumer articles for the members.

As regards water areas, the poor fishermen members have no water areas and the societies are to procure water areas. In the Land Management manual and in different Government circulars, there is provision for giving priority to the fishery co-operatives for having lease of Government areas. The West Bengal Inland fisheries Bill has been passed in the Legislative Assembly and the Government will be in a possible to arrange more water areas for the fishery co-operatives.

For proper working of the Societies adequate capital is necessary. The members give only a small amount as share capital, For both recurring and non-recurring capital the societies are to depend on outside sources. Fortunately the National Co-operative Development Corporation has provision of financing all requirements of the fishery Co-operatives through the State Governments. The State Government

also give financial assistance as State Share contribution, loan-cum-subsidy for purchase of crafts and gears and for construction of fish stalls out of its own funds. Besides, the State Government has decided that all the water areas under possession of the fishery co-operatives will be brought under World Bank Aided F.F.D.A. Programme and the societies will get funds for pisciculture by way of 25% subsidy from F.F.D.A., 25% subsidy from D.R.D.A., 20% margin money loan from the West Bengal Scheduled Caste & Scheduled Tribe Development & Finance Corporation and 30% Bank Loan. Thus the fishery co-operatives will not have any difficulty for procurement of funds.

The most important problem for the fishery co-operatives is that most of the members are illeterate and they lack management ability, As a result non-fishermen enter the Societies as sympathisers members and control the working of the societies. Sometimes, these persons exploit the societies and the members for their own interest. The Government is making arrangement for elimination of such people from the societies and for proper training and education of the members in co-operative management.

The fishery co-operatives produce fish. But most of the societies do not get proper price in absence of proper marketing and processing arrangement. The Societies should have their own marketing and processing arrangement. If it is not possible to have plants at the primary society level, marketing arrangement and processing plants should be done at the district level society. For success of such arrangement institutional discipline should be strictly maintained at all level of the fishery co-operatives.

The fishermen are exploited by the traders and the 'Aratdars' and other business men to sale of their produce and purchase of their daily necessities. As fishery co-operatives have come into existence and are doing their business, those businessmen have turned to be the competitors of the societies. In many cases they

also give financial assistance as State Share contribution, loan-cum-subsidy for purchase of crafts and gears and for construction of fish stalls out of its own funds. Besides, the State Government has decided that all the water areas under possession of the fishery co-operatives will be brought under World Bank Aided F.F.D.A. Programme and the societies will get funds for pisciculture by way of 25% subsidy from F.F.D.A., 25% subsidy from D.R.D.A., 20% margin money loan from the West Bengal Scheduled Caste & Scheduled Tribe Development & Finance Corporation and 30% Bank Loan. Thus the fishery co-operatives will not have any difficulty for procurement of funds.

The most important problem for the fishery co-operatives is that most of the members are illeterate and they lack management ability, As a result non-fishermen enter the Societies as sympathiser members and control the working of the societies. Sometimes, these persons exploit the societies and the members for their own interest. The Government is making arrangement for elimination of such people from the societies and for proper training and education of the members in co-operative management.

The fishery co-operatives produce fish. But most of the societies do not get proper price in absence of proper marketing and processing arrangement. The Societies should have their own marketing and processing arrangement. If it is not possible to have plants at the primary society level, marketing arrangement and processing plants should be done at the district level society. For success of such arrangement institutional discipline should be strictly maintained at all level of the fishery co-operatives.

The fishermen are exploited by the traders and the 'Aratdars' and other business men to sale of their produce and purchase of their daily necessities. As fishery co-operatives have come into existence and are doing their business, those businessmen have turned to be the competitors of the societies. In many cases they

-: 6 :-

try to penetrate in the society and cause have in unity of the society. Raising different issues they try to deviate the societies from normal institutional discipline. The societies should be very careful about these elements and should abide by institutional discipline.

Service to members should be the main motive of the fishery co-operatives. With that purpose they should take up allied activities like supply of consumer articles to members at reasonable rate, running of fuel depot, running of canteen etc.

Many societies are doing good business and giving immense service to the members. Many societies have not yet been able to do so. The fishermen are co-operative minded and can work collectively. All difficulties and problems standing in the way of proper working of the societies can be solved and it is expected that the fishery co-operative societies will emerge as good organisations to do around development of their members.

FISHERIES COOPERATIVES
IN
CENTRAL JAVA PROVINCE
I N D O N E S I A

BY :

PRASETYA HADI.

CENTRAL OF FISHERIES VILLAGE UNIT COOPERATIVES

(" MINA BARUHA ")

SEMARANG - JAVA

I N D O N E S I A

FISHERIES COOPERATIVES
IN
CENTRAL JAVA PROVINCE
I N D O N E S I A

BY :

PRASETYA HADI.

CENTRAL OF FISHERIES VILLAGE UNIT COOPERATIVES

(" MINA BARUNA ")

SEMARANG - JAVA

I N D O N E S I A

P R E F A C E

This paper is meant to fulfil the requirement of the Fisheries Cooperatives Seminar in Sri Langka which will be held on May 29 - 8 June 1984.

This paper covers the development of PUSKUD "MINA BARUNA" as of its establishment 1 April 1978 till the present moment. PUSKUD is an abbreviation of Pusat Koperasi Unit Desa, literally translated meaning is Central of Village Unit Cooperatives, whereas MINA BARUNA especially the word Mina could be meant as a common initial for fisheries(field), taken from old Java language. It is hoped that its members consisting of about 71.620 fishermen will be more confident about PUSKUD and that will also increase their sense of belonging of PUSKUD "MINA BARUNA".

On this occasion the writer would like to express his grateful acknowledgement to all the people who have provided assistance and encouragement in the preparation of this paper.

Special appreciation is addressed to BOARDS OF DIRECTORS of PUSKUD "MINA BARUNA" for their positive contribution in completing this paper.

Finally, the writer hopes that this paper will be useful for its readers, especially for the participants of the Seminar on Fisheries Cooperatives in Sri Langka.

Semarang
Indonesia , 1st April 1984

The writer :

(PRASETYA HADI).

C O N T E N T S

- CHAPTER I : Introduction
1. Policy of the Indonesian Government on Cooperatives.
 2. Guiding Principles of the Renewing and Development Fisheries of the KUD Mina.
- CHAPTER II : Short description of the foundation of PUSKUD "Mina Baruna" Central Java Province.
1. Background.
 2. The process of PUSKUD Mina Baruna's foundation in Central Java Province.
- CHAPTER III : Activities of PUSKUD "Mina Baruna"
1. Organization.
 2. Guidance of members.
 3. Social welfare of the fishermen.
 4. Insurance of fishermen.
 5. Education.
 6. Management of fish auction place.
 7. Field of production
 8. Business activities.
- CHAPTER IV : Problems faced.
- CHAPTER V : Conclusion and Suggestions.

-----oooOooo-----

1.

CHAPTER : IINTRODUCTION1. The Policy of the Indonesian Government on Cooperatives

Based on the Pancasila (Indonesian Principles Philosophy) and on the Constitution of 1945, we have three economic strengths to build up people welfare, namely National sector, Private sector and Cooperative's sector.

The cooperatives are economical organizations which have social characteristic.

The Indonesian Government has laid the following foundations of success on the cooperatives :

1.1. The Constitution of 1945, Article 33 (1) :

"The Indonesian Economy is managed in such a way so that it represents a cooperative business based on familiarity". The cooperatives are in agreement with the above statement; since the constitution of 1945 is the foundation of the country, the Indonesian Government ought to guide them.

1.2. Law number 12, 1967 about the basic regulation for cooperatives.

1.3. The Presidential Decree, number 2, 1978

This decree is addressed to ;

- The Minister of Cooperatives
- The Minister of Home Affair
- The Minister of Agriculture
- The Minister of Industry
- The Minister of Trade
- The Minister of Mining and Energy
- The Minister of Finance
- The Governor of Indonesia Central Bank
- The Chairman of National Logistic Agency
- All Governors in Indonesia.

The content of the decree is a command to take intergrated steps to develop BUUD (Badan Usaha Unit Desa) and KUD (Koperasi Unit Desa). The literally translated meaning of BUUD is Village Unit Business Board, while KUD means Village Unit Cooperatives.

1.4. In the Fourth Cabinet of "Pembangunan" in order to clarify the status of the cooperatives, the Indonesian President has separated the Department of Trade and cooperatives into Department of Trade and Department of Cooperatives.

2. Guiding Principles of the Renewing and Developing Fisheries of the K U D Mina

In renewing and developing the KUD Mina for better achievement of the tradisional fishermen, the Indonesian Government has stated the following policy :

2.1. The Presidential Decree, number 39, dated 1 July 1980 :
The use of net-trawls in the Indonesian waters is banned. The goals of the decree are firstly, protecting the sea resource; secondly, pushing the realization of better productions and achievement of the traditional fishermen; and thirdly, improving the social welfare of the traditional fishermen by avoiding social tension.

2.2. The Ministers of Trade's and Cooperatives Decree, No. 220/KP/VII/82, dated 5 July 1982 :

In developing the fisheries of KUD Mina, integrated and intensive renewal of the Renewing Resorts is badly needed. Hence, three levels of team manager are established :

- Central team manager
- First Regional team manager
- Second Regional team manager.

The functions of the teams are to renew, develop, control and evaluate the business activities of the KUD Mina.

2.3. The Minister of Finance's Decree, no.s. 75/MK.011/1982:

The Bimas credit for fishermen is given via KUD. The credit is guaranteed 50% by the Government, 25% by the Bank of Indonesia and 25% by the Bank of Rakyat Indonesia, in case of arrears.

2.4. The General Directors of Cooperatives and of Fishery's
Decree no: 0.52/SKPTS/Kop/VI/82, dated 17 July 1982.

The technical regulations of the accomplishment of the
guiding principles of the accomplishment of the renewing and
developing fisheries of the KUD and of the accomplishment of
fishermen's credit via KUD Mina.

CHAPTER : IISHORT DESCRIPTION OF THE FOUNDATION OF PUSKUD "MINA BARUNA"
CENTRAL JAVA PROVINCE.1. Background :

- 1.1. Especially in the central Java, there was an economical organization of fishermen called KPL (Fisheries Cooperatives).
- 1.2. The structure of its organization was not so different with the present Cooperatives, namely :
 - 1.2.1. In the first level, KPL (Fisheries Cooperatives)
 - 1.2.2. In the second level, GKP (Collective of Fisheries Cooperatives).
 - 1.2.3. In the National level, IKPI (Principal Cooperatives of Indonesian Fisheries).
- 1.3. In accordance with the Perda (Regional Regulation), dated 10 January 1962, all the Fisheries Cooperatives were to manage the fish auction place (TPI).
- 1.4. After the evaluation held by the Regional Government of the Central Java Province, since the Fisheries Cooperatives (KPL) were proved not so good in managing the fish auction places (TPIs), the Central Java Government issued a decree No. : $\frac{G.10/1971}{G/120/7}$, dated 26 August 1971, that said the management of TPIs in Central Java was given to the Regional Government of Central Java.
- 1.5. Started from April 1972 the management of the fish auction places in Central Java was given to Dinas Pendapatan Daerah (Regional Income Service) by the Regional Government.
- 1.6. There was a change of status from Fisheries Cooperatives (KPL) to KUD Mina (Fisheries Village Unit Cooperatives).
- 1.7. In 1977 the Fisheries Village Unit Cooperatives that gained Cooperatives established a Coordinative Board which was then become PUSKUD Mina of Central Java Province in 1978.

2. THE PROCESS OF PUSKUD MINA BARUNA'S FOUNDATION IN CENTRAL JAVA PROVINCE.

- 2.1. Cooperatives organization must grow and develop because Cooperatives is an economical organization of people which has social characteristic.
- 2.2. In order to grow up an organization and to keep the dignity of Fisheries Cooperatives, and also in order to improve the social welfare of the fishermen, the Regional Government of Central Java Province issued a decree no. 53/1975, 73/24, 12 May 1975 which arranges the Regulation and their accomplishment of BUUD (Board of Village Unit Business). This is also as an accomplishment of the Inpres (Presidential Decree) no. 4, dated 5 May 1973 about the guiding principles of the Regulating and Renewing of Fisheries Village Unit Cooperatives.
- 2.3. By the issue of a decree of the Governor of Central Java Province, there were founded 28 BUUD-II and eight of them have gained their Corporations.
- 2.4. On 1 April 1976 there was founded coordination of BUUD Central Java Province, which is now become PUSKUD MINA-BARUNA.
- 2.5. On 12 November 1977, the Coordinator of BUUD-N/EUD-P held a meeting attended by the Board of Directors throughout Central Java Province, based on the institution no. 12/1967, they agreed to found PUSKUD MINA BARUNA in Central Java Province and its Board of Directors.
- 2.6. The issue of the Presidential Decree no. 2/1978, dated, 6 February 1978 and the letter from General Directorate of Cooperatives no. 742/DIC/AV/80, dated 5 May 1980 about how to manage the Cooperatives Organization in the fisherman neighbourhood.
- 2.7. To fulfil the Presidential Decree no. 2/1978, on 29 December, 1980 PUSKUD PERIKANAN (Central Village Unit of Fisheries Cooperatives) held special meeting to change the status. They also decided to change the name of the Cooperatives from PUSKUD PERIKANAN to PUSKUD " MINA BARUNA ".

CHAPTER : IIIACTIVITIES OF PUSKUD " MINA BARUNA " .1. Organization.a. Membership :

In the first year the number of BUUD-II/KUD-P which became the members of PUSKUD "MINA BARUNA" is 28 (eight of them have gained Corporation). In 1979 they decreased to 23 (till now) because of the amalgamation.

b. List of Complete membership :

! Year !	! Numbers of ! ! membership !	! Status of KUD Mina !			
		! BUUD-II/ ! ! KUD-P !	! Non ! ! Cooperatives !	! Corporation ! ! Regular !	! Model !
! 1978 !	! 28 !	! 20 !	! - !	! 8 !	! - !
! 1979 !	! 23 !	! 5 !	! 3 !	! 15 !	! - !
! 1980 !	! 23 !	! 2 !	! 4 !	! 17 !	! - !
! 1981 !	! 23 !	! - !	! 4 !	! 17 !	! - !
! 1982 !	! 23 !	! - !	! 3 !	! 15 !	! 5 !
! 1983 !	! 23 !	! - !	! 3 !	! 15 !	! 5 !

c. List of numbers of membership from 1978 to 1983 :

! Year !	! KUD's ! ! membership !	! Prospective ! ! membership !	! Numbers of fishermen !
! 1978 !	! 5.624 !	! 57.535 !	! 63.159 !
! 1979 !	! 8.911 !	! 58.280 !	! 67.191 !
! 1980 !	! 9.161 !	! 60.991 !	! 70.152 !
! 1981 !	! 11.025 !	! 63.918 !	! 74.943 !
! 1982 !	! 11.000 !	! 63.943 !	! 74.943 !
! 1983 !	! 10.991 !	! 60.629 !	! 71.620 !

d. List of numbers of fleet fisheries in Central Java :

d. List of numbers of fleet fisheries in Central Java.

Year	Motorship			Boat		
	Purse Seine	Trawl	Gillnet	Large	Medium	Small
1978	284	352	40	491	2.562	12.062
1979	309	469	95	679	1.301	14.425
1980	356	330	172	836	2.731	16.324
1981	459	-	133	973	4.423	20.826
1982	1.282	-	5.049	153	2.344	5.345
1983	1.389	-	6.460	165	3.405	7.185

e. The member's meeting :

The member's meeting is the highest authority in the Cooperatives' life, which reflects the Article 33 (1) the Constitution of 1945.

The Leaders' members of Cooperatives are chosen by the member's meeting and the period of service is for 3 years.

The Board of Directors covers:

- Main chief
- First chief
- Second chief
- First Secretary
- Second Secretary
- First Treasurer
- Second Treasurer
- Controlling Body.

The Controlling Board serves as one part which executes the Controlling function is greatly beneficial for the life of the Cooperative Organization to go onward and to develop towards the expected level of the development, that is the achievement of the criteria of three healths in the Cooperatives' life :

- health in Organization.
- health in Business.
- health in Mentality

Besides it is controlled by the Controlling body, the Cooperative is also controlled by the counsellor, i.e :

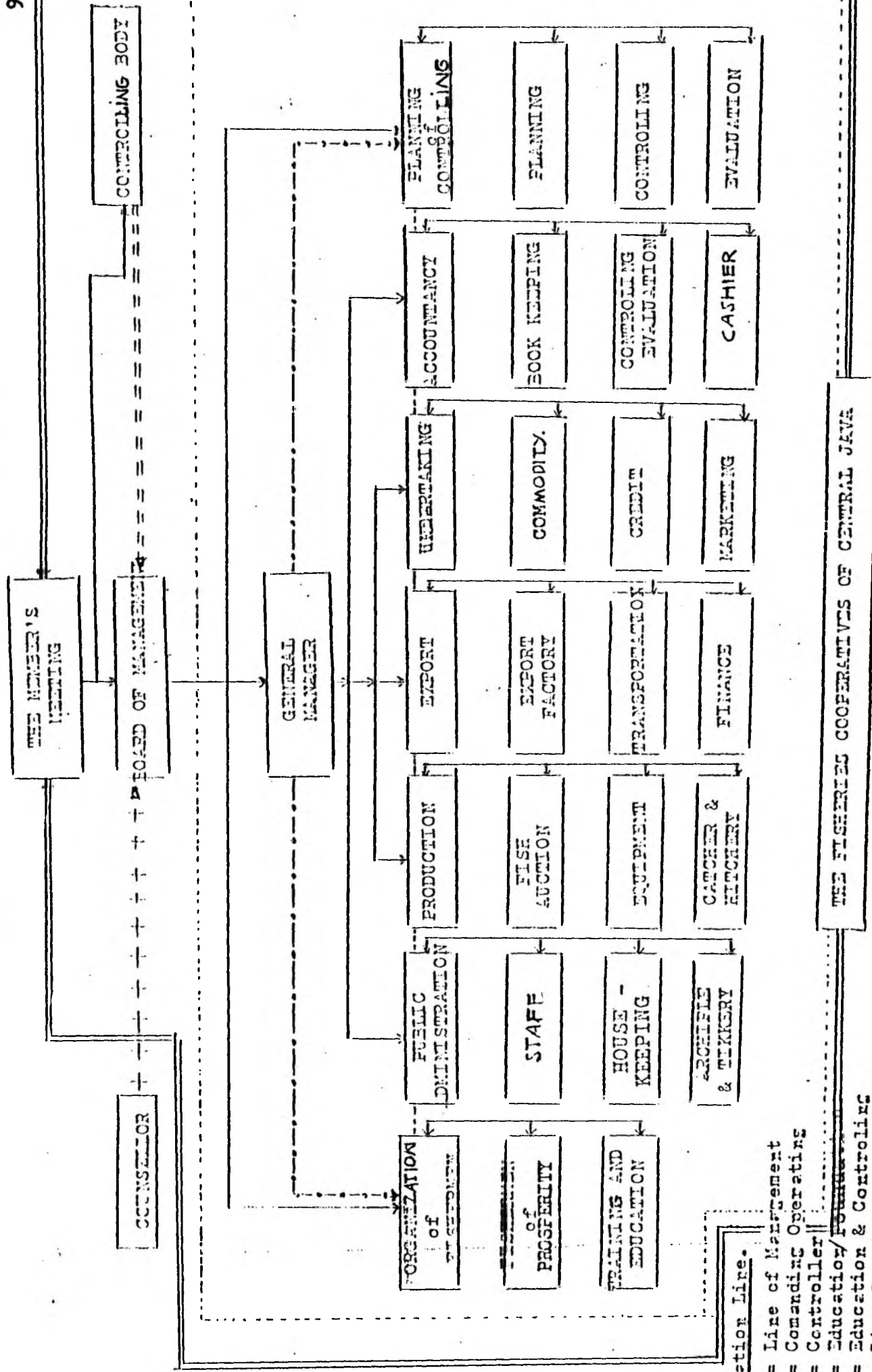
- The chief of the Province's Cooperatives in Central Java, concerning organization and technical administration.
- The chief of Fishery Department in Central Java Province, concerning fishery technics and fishings.

f. The Total number of employees of PUSKUD " Mina Baruna " Central Java Province :

In order to carry out the Cooperatives' activities, PUSKUD " Mina Baruna" appoints the following employees :

f.1. General Manager	: 1.
f.2. Employee of Central office	: 50.
f.3. Employee of fish auction place	: 604.
f.4. Counsellor of fish auction	: 2.
f.5. A skilled person of Central office	: 1.

g. The scheme of Organization PUSKUD " Mina Baruna " :



THE FISHERIES COOPERATIVES OF CENTRAL JAVA

Information Line.

- = Line of Management
- - - = Commanding Operating
- · · = Controller
- · - · = Education/Finance
- · - · = Education & Controlling
- - - - = Line Coord Administration
- - - - = Line Coord of job

2. Guidance of members :

There are many kinds of Guidance, among others :

- 2.1. Direct guidance to fishermen is held by a cooperative-work between PUSKUD/KUD Mina and Counselling department both in provincial and Residential areas in Central Java.
- 2.2. Through education : courses, upgrading, Seminar, training, etc.
- 2.3. Through booklet/leaflet, containing directions of working from PUSKUD to KUD Mina.
- 2.4. Team visit either with Cooperative Counsellors or PUSKUD " Mina Baruna " alone.

3. Social welfare of the fishermen :

There is much effort done in many ways to improve the social welfare of the fishermen, although the results have not met the need of the fishermen in general :

- 3.1. Distribution of rice to the fishermen during the bad season
- 3.2. Distribution of fund for those who have sea accident.

The amount of this fund depends on the amount of money available.

4. Insurance of Fishermen .

To improve the social welfare of the active fishermen, PUSKUD Mina Baruna has made a cooperative-work with the Insurance Department to insure those active fishermen who fulfil the requirements of the Insurance Department to be insured, as one of its effort improving their social welfare.

For those who have not fulfil the requirement, their insurance is carried out by PUSKUD itself.

Based on the Governor's decree no.EK.5/1978, dated 8 March, 1978, the fund used to insure the fishermen is taken from the 0.3% of the auction's result.

Levels of distribution of the insurance's fund.

- Die due to sea accident : Rp. 125.000,-
- Die due to land accident : Rp. 90.000,-
- Die due to illness, : Rp. 70.000,-

The Total number of fishermen who have been insured 1978 to 1985 as follows :

1978-1979	: 55.000 persons.
1979-1980	: 64.047 persons.
1980-1981	: 67.581 persons.
1981-1982	: 70.152 persons.
1982-1983	: 70.130 persons.
1983-1984	: 70.400 persons.
1984-1985	: 71.620 persons.

5. Education :

Education is one of the means to educate fishermen/ members of the Village Unit Cooperatives to speed up the development's programs of the Government in fisheries subsectors. For that, PUSKUD Mina Baruna always tries to use its maximum ability in conducting the educational programs for the fishermen. This educational programs are held either alone or with the help of other departments which have the same fields of study.

6. Management of Fish Auction Place (TPI):

The Central of fisheries Village Unit Cooperatives of Central-Java was founded on 1 April 1978 with the body of law (Corporation) no : 9071/BH/VI, dated 18 March 1978 has 23 members of Fisheries Cooperatives spreaded in Central Java. The development of Fisheries Village Unit Cooperatives in Java is felt good. This is due to the perseverance and the willingness of staff members to deal with the organization which is supported by the government policy.

The government policy has positively improve the Fisheries Cooperatives' life. The Policy of Central Java Provincial Government in developing the Fisheries Cooperatives in Central Java is strengtened by the Governor's decree no. EK.5/1978, dated 3 March 1978 where the management of fish auction is entirely submitted to the Central of Fisheries Cooperatives in Central Java.

In carrying out a fish auction, it is determined that each fishermen holding an auction is to contribute his 5% of collected money, whereas the buyer is to add 3% of money he spends. The 8% of the money collected from the auction is divided as follows :

- 2.5% for saving of fishermen.
- 0.7% for social fund and sea accident.
- 0.5% for the Controlling operating funds.
- 1% for the Retribution of Central Java Province.
- 0.5% for the Retribution of second Regional.
- 2% for the management of fish auction.
- 0.3% for the insurance fund of fishermen.

Especially for the 2.5% saving of fishermen and 0.5% for the Retribution of second Regional Government, had been changed in to 2% and 1% respectively according to the Governor's decree no. : 523.2/22759/1981, dated 20 October, 1981.

The management of fish auction is very useful for both KUD/ PUSKUD Mina and fishermen, because :

- 6.1. Fish Auction Place (TPI) is the central of selling fish production from fishermen.
- 6.2. Fish Auction Place (TPI) is a two-way traffic between Co - operatives and its members.
- 6.3. Fish Auction Place (TPI) is a first place where the fishermen's fund is managed.
- 6.4. The total number of fish auction place :

Year	Total	Classification :			
		I	II	III	IV
1978	72	5	9	6	52
1979	83	5	9	12	57
1980	82	5	9	14	54
1981	82	5	11	10	56
1982	82	5	11	10	56
1983	82	5	10	10	57

7. Field of production .

7.1. List of production in Central Java Province.

a. Production of fish and shrimp.

<u>Year</u>	<u>Production (in kg.)</u>	<u>Price (in Rp)</u>
1978	76.391.272,04	11.932.926.124,-
1979	99.705.871,96	24.243.217.744,-
1980	89.114.923,24	21.350.233.939,-
1981	61.217.710,95	21.478.407.883,-
1982	74.603.260,85	25.915.665.695,-
1983	108.153.430,75	34.106.784.317,-

b. Production of fish.

<u>Year</u>	<u>Production (in kg.)</u>	<u>Price (in Rp)</u>
1978	73.046.793,56	9.182.138.062,-
1979	93.616.146,52	16.779.252.986,-
1980	86.853.140,74	17.755.613.907,-
1981	59.676.103,57	18.426.825.889,50
1982	72.978.968,70	22.085.270.929,-
1983	106.560.063,04	28.532.663.856,-

c. Production of shrimp.

<u>Year</u>	<u>Production (in kg.)</u>	<u>Price (in Rp)</u>
1978	3.341.478,48	2.750.788.562,-
1979	6.089.725,44	7.463.964.763,-
1980	2.261.782,50	3.594.620.032,-
1981	1.541.607,38	3.051.581.983,-
1982	1.624.292,15	3.830.394.766,-
1983	1.593.367,71	5.574.120.461,-

7.2. Rise in production.

The production of fish and shrimp gained by the traditional fishermen are increased after the government supplied them with modern fishing equipment and motor bo

1. Business activities .

Since its foundation, PUSKUD Mina Baruna has always been active in conducting business activities in order to achieve the three requirement of healthy cooperatives, i.e. :

- Organization.
- Business.
- Mentality.

The business which has been held by PUSKUD Mina Baruna are :

8.1. The credit of motorship.

! Year !	Total !	Buying Price Rp. !	Selling Price Rp. !
! 1978 !	! 2 !	! 931.000,-- !	! 940.310,-- !
! 1979 !	! 227 !	! 123.097.288,25 !	! 136.407.017,-- !
! 1980 !	! 233 !	! 86.182.317,71 !	! 94.800.540,-- !
! 1981 !	! 35 !	! 22.793.079,62 !	! 25.072.387,-- !
! !	! 497 !	! 233.003.685,58 !	! 257.220.254,-- !

8.2. The credit of fisheries equipments.

! Year !	Total !	Buying Price Rp !	Selling Price Rp !
! 1979 !	! 8 !	! 19.099.487,77 !	! 21.009.420,-- !
! 1980 !	! 7 !	! 10.343.575,-- !	! 11.377.930,-- !
! 1981 !	! 35 !	! 21.612.532,-- !	! 23.773.780,-- !
! !	! 50 !	! 51.055.595,-- !	! 56.161.130,-- !

8.3. Distribution of 9 main provisions.

Year : 1981
 Kind of goods materials :- Brown Rice
 :- Soy
 :- Sand Sugar
 :- Rice

The total number of sand sugar : 6.375 (in kg)

The total number of rice : 5000, (in kg)
Buying price of sand sugar : Rp. 2.568.788.924,82
Selling price of sand sugar : Rp. 2.820.666.230,40
Buying price of rice : Rp. 1.037.000.000,--
Selling price of rice : Rp. 1.067.180.000,--

8.4. The credit of motorship ex trawl.

Y e a r : 1980

T o t a l : 20

P r i c e : Rp. 145.102.750,--

Resource of funds: The fund comes from the credit given
by the Minister of Cooperatives.

CHAPTER : IV.Problems Faced.1. Organization.

The number of fishermen which belongs to certain KUD members is relatively small compared with the entire number of fishermen in the area. Hence, we can judge that only few fishermen are aware of the importance of cooperatives. Still, they tend to ask for more rather than to fulfil what they ought to.

Most fishermen have low educational background, and are lack of social knowledge. This is caused by their low social welfare so that children are forced to help their parents instead of studying.

2. Management of Fish Auction Place.

It is often happened that the price of fish in Fish Auction Place (TPI) goes up and down easily. This is caused by the following factors :

- 2.a. Fishermen have not been able to decide the price of fish yet.
- 2.b. buyers have not enough capital.
- 2.c. Quality of fish has not been handled skilfully.
- 2.d. Only certain kinds of fish are exported abroad.
- 2.e. There are many TPIs which have no good landing-place.

3. Business Activities.

Business activities on continuing the commodities (9-main provisions) of the government do not run well because of lack of capital, professional, and other means owned by FUSKUD/KUD Mina.

CHAPTER : VConclusion and Suggestions.Conclusion.

Improvement in renewing and developing fisheries cooperative is very important to the social welfare of traditional fishermen who mostly live in poverty. This is in line with what is stated in the Constitution of 1945 that Cooperatives is a pillar of development. By the improvements of fisheries cooperatives, its importance to the National development in fisheries sub-sector will become clearer. This will also bring more and more fishermen join the cooperatives.

Suggestions.

1. It is necessary to teach fishermen about the importance of organization. This must be followed by positive help to improve their social welfare.
2. To improve the intelligence of the fishermen's children, PUSKUD/KUD Mina underlines the President's decree about the compulsory education which has been declared recently.
3. PUSKUD/KUD Mina should take part in deciding fish prices in Fish Auction Place, besides giving direct technical renewals to the fishermen.
4. There should be a special attention from the government concerning TPI facilities for fresh water, road, entertainment etc.
5. There should be clear information about credit given to the fishermen, and strong motivation about its return so that the credit runs as it is planned.
6. Additional capital should be gained by the following ways :
 - 6.a. To try to get more and more KUD members.
 - 6.b. Not to distribute all the profit gained, but add some of it to the capital.

16240

21.8.05



-----000o000-----



The Present Position of East Java Fishery

Cooperative - problem and praspsects *)

by

Iman Soetrisno **)

I. Introduction :

1.1. General condition of fishery in East Java :

Since 1979 , the number of fishermen and farmers increase greatly
(see table 1)

Table 1: The number of fishermen and farmers in East Java between 1979-1983

Year	Fishermen	Fish Farmers	Total
1979	142,003	82,240	234,252
1980	149,000	82,538	231,538
1981	152,929	95,251	245,180
1982	162,009	94,401	256,411
1983	165,000	96,000	261,000

The number of population of East Java is about 30 million .

It is already clear from the fact, that there is an increase in fishermen's and fish farmers income this increase is caused by the development of motorization and intensification in the field of fishery and brackishwater pond .

Those fact can be learned from the lollowing data, showing their income in 1982 :

- Traditional Fishermen	Rp	44.530,00
- Motorized Fishermen	Rp	162.412,00

2.

- Traditional fish - farmers	Rp 79.514,00
- Intensified fish - farmers	Rp 252.381,00

Table 2 : The average income of fishermen and fish-farmers income between 1979 - 1980 in East Java.

! Year	! Fishermen	! Fish Farmers	!
! 1979	! 29,057,00	! 61.613.00	!
! 1980	! 38,380,00	! 90.140.00	!
! 1981	! 43,216,00	! 108.168.00	!
! 1982	! 55,100,00	! 135.508.00	!
! 1983	! 74.425,00	! 174.800.00	!

From the above table, we know that fish farmers income is higher than those of the fishermen's. It deals with the fact that the fish farmers can give better controle to the most of the production process, compared with those of the fishermen.

In East Java increase of fishermen's income is in line with the Development of fishery motorization; as shown in table 3.

Table 3 : Number and types of fishery vessel in East Java :

! Type	! 1979	! 1980	! 1981	! 1982	! 1983	!
! 1. Sailing vessel	! 29.997	! 27.279	! 25.244	! 24.149	! 22.913	!
! large	! 2.288	! 2.035	! 1.724	! 1.600	! 1.567	!
! Medium	! 11.979	! 9.546	! 9.209	! 7.856	! 7.346	!
! Small	! 15.700	! 15.698	! 14.809	! 14.693	! 14.000	!
! 2. Out bord	!	!	!	!	!	!
! machine vessel	! 2.068	! 3.467	! 6.901	! 9.600	! 10.00	!
! 3. In board	!	!	!	!	!	!
! machine vessel	! 197	! 102	! 70	! 117	! 150	!

3.

From the table above , we know that there i's a change in fishery Technology , from traditional to a more modern Technology.(motorized)
The development of fishery exploitation can be seen in table 4 below :

Table 4: Production of fish seed in East Java
between 1979 - 1983 .

! Seed	! 1979	! 1980	! 1981	! 1982	! 1983	!
! Milk fish	! 156.105	! 145.056	! 167.883	! 192.382	! 202.000	!
! Shrimp	! 16.611	! 12.793	! 23.610	! 32.000	! 55.000	!
! Fresh Water	! 127.415	! 137.484	! 602.272	! 420.421	! 514.000	!
! Fish	!	!	!	!	!	!

* note :Each number above stands for 1000 .

Nowadays , the need of milk fish and shrimp can be fulfilled only for about 59.82% for the milk fish and 17.65 % for the shrimp. Those condition happen because the seed of milk fish fully depend on natural preservation, in other word they do nothing to prepare the seed it-self. The seed of shrimp mostly depend on natural preservation , and only few of them are produced by hatchery .

1.2. The condition of fishery cooperation in East Java.

KUD Mina (Fishery cooperative) in East Java has a very great influence toward people's income and life standard.

In East Java the number of KUD grow bigger and bigger from Year to Year, especially in a central of fish landing (see table 5).

Table 5 : The development of number of KUD Mina (Primary Fishery Cooperation)
in East Java between 1979 - 1983 .

! Year	! KUD Mina	! Members	!
! 1979	! 30	! 4.528	!
! 1980	! 51	! 7.697	!
! 1981	! 61	! 8.063	!
! 1982	! 76	! 19.137	!
! 1983	! 77	! 36.293	!

4.

KUD Mina is actively involved in many activities deals with fishery such as :

1. in fulfilling means of production
2. in establishing repair - shops
3. in giving credit to both fishermen and fish farmer
4. in marketing the fresh fish
5. in preparing barn
6. in holding public auction of fish

There is also another kind of cooperative, namely PUSKUD Mina Lestari (the secondary Fishery Cooperation) of wich The number of PUSKUD are all the KUD Mina.

The Functions of PUSKUD Mina Lestari are :

1. To Serve its members needs
2. To market its members production
3. To lead and at the same time give guidance to its members, so as they will be good at cooperative and fishery activities.

To do all those jobs the Fishery Cooperative in East Java, namely PUSKUD Mina Lestari and KUD Mina always get guidance from the Government which is held through The East Java Proviencie Cooperative services and Fishery services.

2. Problems on East Java's Fishery :

2.1. Natural Resources.

East Java's waters can be divided in to 4 areas namely : Java sea, Madura strait, Bali strait and Indian Ocean. Exploitation rate in those areas are varied. In those there areas except in Indian Ocean, the waters have been maximally exploited. The catching is done in the sea shore areas (< 3 miles). That is why in these areas, even if we intensity the exploitation, it will not increase catch per unit effort.

5.

2.2. Motorization of the fish catching - ships :

Nowadays actually the fishermen are not ready yet to face modernization towards their shipping. They still don't know much about how to operate a ship using motors, let alone about ship technology and machine maintenance. It dues to the fact that before most of them used ships with ordinary sails, but not using motors.

It short we can say that actually these people are not ready yet to face modernization, they still need time to prepare and adjust them selves with the new technology about modern fish catching-ship.

2.3. The awareness of joining a cooperative

Not too many fishermen and fish farmers have realized about the important of joining a cooperative. We can see the prove from table 5 in which only about 10% of them have joined the cooperative.

And from these people, most of them join the cooperative only to get the facilities, especially facilities dealing with credit that is prepared for them by the government. It is difficult to grow awareness among them because, most of the people here are low educated, they even can not finish their elementary schools.

2.4. Capitalization :

Due to the fact that most of the fishermen have a very low income, we can say that actually the credit from the bank is very much helpful for them and in operating the cooperation smoothly.

Because of their low income they can not even save their money to capitalize the cooperative. So in this case the cooperative should not expect to much from them.

6.

3. Future Prospect :

For the future, especially for this coming years (1984-1989), the Government have arranged a plan concerning fishery Development and cooperative Development itself.

Concerning this program, the government has some objectives :

1. To increase the fishermen's and fish farmers income
2. To increase fishery production and productivity
3. To increase fish consumption
4. To increase fish export and at the same time reduce the import
5. To intensify natural aquatic resources preservation

In order to achieve those objectives we must do some activities such as :

1. Give a better education to the fishermen and fish farmers by formal and informal education
2. Develop the ability and managing cooperative
3. Improve marketing system and at the same time intensify the cooperative rule in fish marketing
4. Develop technical ability and the sea shore fishery, so they will be able to exploit the off shore fishery later.
5. Develop post-harvest technology
6. Intensify brackish water pond exploitation
7. Fulfill the facilities needed in fishery, especially banking facilities

4. Conclusion :

Fishery cooperative in East Java still have the possibility to be developed further. In order to do this, fishermen/fish farmer; fishery cooperative and the Government should work together in unity. They should actively involved in each activity achieving the goal.

7.

Literature

1. _____ (1984) The fourth Five Year Development Plan of
East Java.
East Java Province Fishery Services

Note :

- *) Paper on Subregional Seminar on fishery cooperative Srilanka, 1984
- **) East Java, INDONESIA .

64

Republic of the Philippines
Ministry of Agriculture
REGIONAL COOPERATIVES DEVELOPMENT ASSISTANCE OFFICE
Region IX, Zamboanga City

ORGANIZATION AND DEVELOPMENT OF FISHERY COOPERATIVES ^{1/}

^{1/}
Paper for presentation during the Sub-Regional Seminar on
Fishery Cooperatives in Colombo, Sri Lanka, from May 29 to June 8, 1984



PEDRO E. BALUNDO
Actg. Chief, Project Development and Evaluation Section
Regional Cooperatives Development Assistance Office
Region IX, Zamboanga City
Philippines

&

Executive Officer
Western Mindanao Regional Cooperative Union, Inc.
Region IX, Zamboanga City
Philippines

MAIN REGIONAL OFFICE:
PHIDCO BLDG., VETERANS AVENUE
ZAMBOANGA CITY, PHILIPPINES
TEL. NO. : 42-23
63-01
VODEX NO. : 42-48
TELEX NO. : 7370 RCDAO PU

MANILA MONITORING AND LIAISON OFFICE
RM. 202 NBV BLDG.,
1191 MANILA OROSA ST. ERMITA
MANILA, PHILIPPINES
TEL. NO. : 50-16-24
VODEX NO. : 22-20
TELEX NO. : 2504 RCDAO PU

ORGANIZATION AND DEVELOPMENT OF FISHERY COOPERATIVES ^{1/}

By

PEDRO E. BALUNDO

I. INTRODUCTION:

Presidential Decree No. 175 and Letter of Implementation No. 23 are the basic laws that back up the implementation of the New Cooperatives Development Program of the country. This program was initially launched in 1973, few months after its promulgation in 1972. The priority target clientele of the program are the farmers whom the government recognized as the group most affected by the so-called economic dislocation. Farming, however, as defined by the said Letter of Implementation includes fishing activities. But then, the concentration of the program on fishing cooperatives and other sectors of economy came later, which in the case of fishing, was given emphasis in 1974. It was during this time that the Ministry of Local Government and Community Development, the then regulatory agency on the cooperatives program, through the Bureau of Cooperatives Development, deputized the field personnel of the Bureau of Fisheries and Aquatic Resources to assist in the organization and development of fishery cooperatives.

II. ORGANIZATION OF FISHERY COOPERATIVES:

There are two ways by which fishermen could be organized into cooperatives, namely: Samahang Nayon (Barrio Association) and Kilusang Bayan (Full-Fledged Cooperative).

A. Samahang Nayon.

Samahang Nayon is an association of people living or undertaking fishery activities within the territorial jurisdiction of a barrio. This is a barrio level organization

^{1/} Paper for presentation during the Sub-Regional Seminar on Fishery Cooperatives, in Colombo, Sri Lanka, from May 29, 1984 to June 8, 1984.

and is known as the foundation of the cooperatives program in the country. It is a pre-cooperative and operates according to cooperative principles and practices.

This is organized with a minimum number of members of fifteen (15) and a maximum of two hundred (200) individuals. The age requirement is at least 18 years old. Persons below eighteen (18) years old (legal age) could also be a member of a Samahang Nasyon, provided that he/she is having an income from his/her independent effort.

Before a Samahang Nasyon is organized and subsequently registered, it has to undertake the following pre-organizational activities:

1. Core Group Formation. The leaders in a **barrio** who initiate the organization of a Samahang Nasyon will form themselves into a study or core group of at least 5 members. They will have to undergo study sessions to determine their real need and have preliminary consultations with the representative of the Bureau of Cooperatives Development covering the area.
2. Recruitment of Prospective Members. As soon as they have decided to organize, they will recruit some more prospective members to meet the minimum requirement for membership.
3. Pre-Membership Education Seminar. When the minimum requirement for membership has been met, the core group will sit down with the representative of the Bureau of Cooperatives Development in the area to determine the date and manner in which the seminar will be conducted. The said seminar is a requirement for registration of a Samahang Nasyon.

The prospective members of a Samahang Nasyon will undergo eight (8) lessons during the seminar. The sub-

ject areas will center mostly on the conceptual framework of a Samahang Nayon. These are as follows:

- a). The Philippine Cooperatives Development Program;
- b). Beginnings, Natures and Philosophies of Cooperatives;
- c). Kilusang Bayan Principles and Practices;
- d). Samahang Nayon Rationale, Characteristics, Objectives and Functions;
- e). Samahang Nayon Organizational Structure;
- f). Organizational Documents and Requirement for Registration;
- g). Operating Policies and Procedures; and
- h). Success Factors of a Samahang Nayon.

After the Pre-Membership Education Seminar, the prospective members will organize themselves. It is during this time that they will ratify and adopt their Articles of Incorporation and By-Laws and subsequently conduct the election of officers and committee members. The officers of the organization will now be the ones to prepare the different documents for registration and submit the same to the Bureau of Cooperatives Development for registration.

B. Kilusang Bayan (KB).

Fishermen's Kilusang Bayan is a voluntary organization of people having common bond of interest, for purposes of mutually assisting themselves by generating their own capital and providing quality services and/or goods to the members at reasonable cost or price.

In terms of membership, a Kilusang Bayan is classified into two categories: 1). Kilusang Bayan whose members are individual persons, and 2). Kilusang Bayan whose members are juridical persons. Both categories can operate at a municipal, multi-municipal or provincial level.

For purposes of registration with the government, a Kilusang Bayan should have at least 25 individual members and a minimum paid-up capital of not less than five thousand pesos (P5,000.00), in the case of individual membership. Kilusang Bayan with juridical members such as Area Fishing Cooperative, the minimum number of members is ten (10) and a minimum paid-up capital of twenty-five thousand pesos (P25,000.00) and one hundred thousand pesos (P100,000.00) for municipal or multi-municipal and provincial levels, respectively.

There are instances, however, that a Kilusang Bayan with individual members can be organized and registered even if the membership and paid-up capital requirement is less than 25 but not lower than 15 and less than five thousand pesos (P5,000.00) but not lower than one thousand pesos (P1,000.00), respectively. In this case, it is considered as a pre-cooperative (Maala Kilusang Bayan). This kind of organization is given only two (2) years reglamentary period to graduate into a Kilusang Bayan (Full-Fledged Cooperative).

Like the Samahang Nayan, it has to follow the procedures or steps before it could be organized and registered. Pursuant to the guidelines of the Bureau of Cooperatives Development, the number of hours required for the Pre-Membership Education Seminar for a Kilusang Bayan is longer than that of a Samahang Nayan. This is so because the prospective members of a Kilusang Bayan have to undergo sixteen (16) lessons. The prospective members have to take up the subjects on Samahang Nayan aside from the subject areas on the conceptual framework of a Kilusang Bayan.

Depending upon the kind of service needed by a certain group of fishermen, a Kilusang Bayan may organize into the

following types:

1. Credit - This is organized to answer for the credit needs of the members.
2. Consumers - This is an organization that is engaged in bulk buying of consumers goods and sell them in retail to the members at reasonable price.
3. Marketing - This is an organization that takes charge of procuring and marketing in bulk the members' input and produce, respectively.
4. Producers - This is an organization of fishermen who derive 50 per cent of their income from fishing activities. This takes charge in the production of fishery and other marine products and market the same in bulk.
5. Service - This type of organization provides the different services/facilities needed by the fishermen, such as storage, transport, warehousing and the like.

Very recently, however, an innovative approach in the implementation of the cooperatives program has been adopted in some regions of the country. This is the organization of an integrated type of Kilusang Bayan. This type of Kilusang Bayan can engage in all lines of business activities as mentioned above, at the same time, under one registration. It eliminates the burden of preparing the registration documents on the part of the organization every time it switches to another line of business.

III. DEVELOPMENT OF FISHERY COOPERATIVES:

After a Samahang Nayon or a Kilusang Bayan is registered with the Bureau of Cooperatives Development, the members of these organizations, with or without the assistance from the regulatory agency, will

now undertake the Phase II activities. This is the developmental 69
aspect of the organization in order to expand their business operation and at the same time improve their management capabilities.

A. Samahang Nayon (SN).

When a Samahang Nayon has obtained its legal personality by virtue of its registration, it is now mandated to operate as an organization pursuant to the stipulations of its Articles of Incorporation and By-Laws. There are three (3) main developmental activities to be undertaken by a Samahang Nayon as briefly explained below:

1. Learning/Education. From the knowledge acquired by the members during the Pre-Membership Education Seminar, they are now enjoined to apply in actual practice the philosophies, principles and practices of cooperation. In addition, they have to undergo a series of training activities such as management, fishery counsellors' training, members' technical training on improved fishing methods and techniques, and product specialization courses. Separate and distinct subjects areas on these different activities are lined up as guide to the members. In between the subjects, the members are given group dynamics exercises for their attitudinal development.

2. Savings or Capital Mobilization . Every member of a Fishing Samahang Nayon is required to comply with the following savings program of the organization:

a). General Fund (GF). This fund consists of the members' annual dues and membership fees which is used to defray the operating expenses of the Samahang Nayon.

b). Barrio Savings Fund (BSF). This is an equity fund, i.e., the contributions thereto are the forced savings of the members which they can withdraw if they terminate their membership with the organization. It is principally used to capitalize a Kilusang Bayan, specifically a Cooperative Rural Bank. With prior approval by the Bureau of Cooperatives Development, this fund could also be used to finance other projects of the organization.

o). Barrio Guarantee Fund (BGF). This is a social fund, i.e., the ownership of the Fund is common and no Samahang Nayon member can claim to any part thereof after he has contributed thereto. It is principally used to guarantee the loans borrowed by SN members from banks and other lending institutions. With prior authority by the Bureau of Cooperatives Development, part of the BGF may be used for socially oriented activities and for other investments.

3. Discipline . After the members have undertaken the different developmental training activities and have constantly complied with the savings program, every member is hoped to develop the kind of self-discipline. Aside from the training and savings schemes, the Samahang Nayon has a built-in disciplinary measures for its members. For example, when a member fails to comply with its financial obligations without any valid reasons, the SN can deprive him of his privileges as member and it can take over the management of his fishing project. Management take over

by the SN is to generate income from the project of a member not only for his family but also for the payment of his defaulted financial obligations from within and outside the organization. Whatever excess after payment of his obligations, the same will be reverted to him, including the management of his project. However, repeated or continuous default will be a good ground for his expulsion from the organization and consequently forfeiting his right to his livelihood project acquired through the Samahang Nayon.

In 1981, Samahang Nayons throughout the country are already allowed to engage in business activities in order to augment their developmental activities for them to become self-reliant barrio level organizations. With this trend, the regulatory agency of the government has to conduct management and financial audit of books of account of the Samahang Nayon, not to find faults but to assist them to improve their management capabilities.

B. Kilusang Bayan (KB).

Like the Samahang Nayon, a Kilusang Bayan has to start with its business operation after it has acquired its legal personality. Likewise, it has to undergo several developmental activities as briefly explained below:

1. Continuous Cooperative Education. While undertaking its business operation, Kilusang Bayan members are mandated by their by-laws to implement a continuous cooperative education program. This may be a Pre-Membership Education Seminar for additional members, management, skills and on-the-job training for officers and members alike. Depending upon the capabilities of the Kilusang Bayan, these trainings

may be done with or without the technical and financial assistance from the regulatory agency. Sending of participants to training conducted locally or abroad is part of the developmental scheme of the Kilusang Bayan.

- 2. Capital Build-Up Program. Basically, capitalization of a Kilusang Bayan must come from the members before considering outside financial assistance. So much so that every member of the Kilusang Bayan is required to pledge his/her capitalization to the organization through a membership subscription agreement. It is now incumbent upon the organization to see to it that each has to comply religiously with his/her subscription.

When a member has fully paid his/her subscription and the Kilusang Bayan feels that more capital is still needed to increase the volume of its business, the board of directors may promulgate financial policies for the purpose. It is also stipulated in the by-laws of the Kilusang Bayan a provision for a continuous savings program among the members, i.e., plowing back to its capitalization at least 50% of the members' dividend at the end of every operational year.

- 3. Management and Financial Audit. The Bureau of Cooperatives Development assists the Kilusang Bayans in its developmental effort by way of conducting periodic management and financial audit. This is not to find faults on the part of the officers and/or staff concerned, but to provide them guidance in so far as their operation in relation to the provisions of the cooperative by-laws and other issuances of the regu-

latory agency. If ever there are discrepancies advertently or inadvertently made, it should be brought to the attention of the person concerned as basis for the improvement of the operation. In extreme cases, however, violations committed by officers/staff of the Kilusang Bayan are brought to the court for adjudication.

C. Formation of Federations and Unions.

In order to unify the developmental efforts of all cooperative organizations in the country, the Philippine Cooperatives Development Program envisioned to integrate these organizations into federations and unions.

Federation is defined as an organization of Samahang Nayons or Kilusang Bayans of the same type at the different levels of political unit of the government, which may or may not engage in business activities. On the other hand, a union is an organization of Samahang Nayons or Kilusang Bayans of different types, at the different levels of political unit of the government, for the purpose of undertaking non-business functions.

Integration of cooperative organizations is the fourth stage in the implementation of the cooperatives program, which aims at establishing a horizontal and vertical linkages of business and non-business functions. It is through this system that a Samahang Nayon and Kilusang Bayan in the remotest barrio and municipality, respectively, can be assisted in their production, marketing and training needs by the apex organization which is the Cooperative Union of the Philippines, through the different regional and provincial cooperative federations and unions of the country.

ooooo00000ooooooo

REFERENCES:

1. Presidential Decree No. 175
2. Letter of Implementation No. 23
3. Fishermen's Samahang Nayon Istructors Manual (Phase I)
4. Samahang Nayon Management Training Manual (Phase II)
5. Samahang Nayon Technical Training Manual
6. Kilusang Bayan Fieldworkers' Manuals

11.75

SIGNIFICANT HISTORICAL DEVELOPMENTS OF

FISHERY COOPERATIVES IN SRI LANKA

Prepared by:

Mr.M.D.Fernando,
Secretary/General Manager,
Sri Lanka Fisheries Coop. Federation Ltd.,
127, Grandpass Road,
Colombo 14,
Sri Lanka,
05.06.1984

The General Information

Sri Lanka which is 271 miles long from north to south and 137 miles in width has 25,332 square miles and Palk Strait which is 55 miles wide separates Sri Lanka from India. Sri Lanka is situated in the Indian Ocean South East of India between latitudes 6 - 10 degrees north and longitudes 80 - 82 degrees east.

The coastal line of Sri Lanka extends approximately 1,100 in length. There are about 400 fishing centres around the coast. Fishing population engaged in various types of fishing amounts to about 244,642 about 43,352 households are engaged in fishing. There are about 79,000 persons engaged in fishing including those engaged in processing of fish, marketing of fish, and other connected occupations. There is a further considerable number of part time employees.

There are about 969 fishing villages in the entire coastal region of the country. Fishing takes place all around the coast. It is concentrated primarily within the continental edge, which is an area rarely extending beyond 25 miles and averaging 14 miles in width. In the area there are good resources of pelagic and demersal species with an annual sustainable yield of 250,000 tons. In the off shore and deep sea fisheries from the edge of the shelf to the boundary of Sri Lanka EEZ (Exclusive Economic Zone) the fish are mainly large majority pelagic species. There is substantial fish resources available in this area. There are 344,00 acres of inland tanks and reservoirs and 300,000 acres of brackish water lagoons, estuaries, and mangrove swamps available for stocking and harvesting fish. The potential annual yield from these resources depend on the intensity of fish stocking but the harvest

could be raised to 50,000 tons in a year. At present the production level is about 154,000 tons a year and the Government hopes to increase to 300,000 tons per annum by 1984. Per capita consumption has declined from 32 lbs. to about 25 lbs. The Government intends to increase by 44 lbs.

The Fishery Co-operative Movement:

The significant organization of Fishery Co-operatives have started in the 1940's and thereafter.

At the initial stage few societies were organized in few parts of the coastal areas. Though few in number active participation was shown for the achievement of better results.

Objectives of the Fishery societies were limited to activities such as credit marketing and few others. The fishermen treated the organization of the co-operative societies as a blessing for the welfare of the poverty stricken fishermen in the developing countries.

However, many local leaders were trained in the co-operative principles and education. The ideal of co-operation and the principles there in imported from countries like Britain, Germany, Canada, where the movement had already developed substantially.

The philosophy of co-operative "One For All and All For One" for economic development was embraced by the leaders of the fishing villages. The impact of the co-operative ideology seemed to have taken up with the co-operative organization immensely. Then government too emphasised the urgent need for the participation of fishermen in co-operative activities for the government assistance. Banking institution though few in number for rural development activity shared the views with the government that the co-operative way of life is the best way for the salvation of fishermen. There was no doubt that the co-operative way is the only path for the tapping of natural resources by the poor fishermen.

Gradually the number of co-operatives at primary level and few number in secondary level sprang up in various fishing districts by and large.

The action initiated by the Department of Fisheries and co-operative Department for active campaign of co-operative education and extension work had been carried on among fishermen.

In order to help the fishermen in their dire distress and need the government sought the help of other benevolent countries for the help of fishermen. The government of Canada, readily volunteered to help the fishermen of Sri Lanka and the Canadian team was arranged to obtain a feasibility fisheries report for the welfare of the fishermen of Sri Lanka. The Canadian team headed by Mr Mackdonald visited Sri Lanka in 1955 and studied the conditions of fishermen and recommended to the Government of Canada the implementation of project which the team thought as beneficial to the country.

The main features of the Canadian project which were implemented:-

(a) the organization of Co-operative Fishery Study Circles among the fishermen at village level. This is the formation of Co-operative Fishermen's Societies;

(b) the organization of Co-operative study circle leaders to these study circles.

(c) allocation of mobile film unit with several vans gifted from the Canadian Government for mass media strategy among the fishermen.

(d) appointment of Co-operative Fishery Extension officers headed by Provincial Fishery Co-operative Extension Officers and under the guidance of an assistant Commissioner (Extension) who had his Head quarters at school of co-operation Polgolla in Kandy.

(e) essential literature and hand outs were printed for the study circles.

(f) in order to co-ordinate the activities fishery co-operative Extension Centres were established at (i) Kudapaduwa, Negombo; (ii) Jaffna and (iii) Galle.

Thus the Canadian extension programme so arranged was the task for the Department of Co-operative Development with all the gifted assets for the implementation of this project.

Allocation of Canadian funds as a reserve was also arranged by the Canadian Government to ensure the smooth working of the project for few years.

The buildings, vehicles, equipment were the responsibility of the Department of Co-operative Development.

In order to have the best results of the project suitable officers were selected among the officers of the Department of Co-operative Development.

By 1956, there were 131 study circles in operation with over 3,000 participants and many of them under their own local leaders. According to the available information booklets in local languages were prepared and distributed and film shows dealing with fishery subjects were seen by as many as 142,000 fishermen in one year. Unfortunately, this type of activity was abandoned in 1963 and although it was reviewed in 1968, it has been on a small scale.

The organization of Fishery Co-operative study circles led to the formation of Fishery Co-operative Societies. It was worthy to mention that the Societies so formed were rich in leadership qualities and potentiality was evident in most of these societies.

These Societies were mainly engaged in credit facilities to the members to save themselves from the clutches of middleman. There were few other societies which were engaged in other activities such as, production, sales, education, extension, processing of products and etc.

The movement was making steady progress but unfortunately it was pushed by the Government and grew too quickly. By, 1968, there were already about 265 registered Fishermen's Co-operative Societies. But, half of them were considered defunct. This led as a result, of the rapid growth with no parallel development of the educational aspect of Co-operative philosophy at the village level.

In addition, to the primary societies there were three regional fishermen's Co-operative Unions, covering the fishing areas of Chilaw (West coast); Kalmunai (East coast) and Jaffna (North coast). Each had a membership of about 30 active primary societies. The Unions engaged in marketing fish on a small scale on consignment to the fish sales union in Colombo. This ceased when the marketing activities of the fish sales union were taken over to the newly established Ceylon Fisheries Co-operation in 1964.

The Fish Sales Union:

The Fish Sales Union was formed in 1952 as an Apex Organization of primary Fishermen's Co-operatives and their regional unions to market fresh fish in Colombo and some other markets and for export. It operated the Government owned fish cold store in Colombo, handled the catch of Sri Lanka and foreign trawlers, and given the monopoly for importing nylon nets for sale through local co-operatives. It was controlled by a committee represented by the member societies, the Co-operative Development and the Fisheries Department. The Union operated with considerable success and made a steady profit. In 1964, the importing of nets was handed over to the Ceylon Fisheries Co-operation along with all marketing activities of the Union. This was a mistake as subsequent events shown. The bitterness that followed not only created problems for the new Corporation but was a severe blow to the Co-operative movement in the fishing industry.

In 1964 vast change took place. The entire marketing, distribution, sale of fishing gear and other viable units of fishery activities of the Co-operative Fish Sales Union were handed over to the newly created Ceylon Fisheries Co-operative in 1965. The Co-operative Fish Sales Union was left with only activities, such as, education and extension work with the membership of the Co-operative Societies.

As a result of keen interest taken for the advancement of the Co-operative Fishery Sector, the necessity of manning the Union as a Federation was felt. Subsequently in order to expand the activities the union was renamed as the Sri Lanka Fisheries Co-operative Federation in 1979. The co-ordination work of the member societies are channeled through the Federation.

At present number of activities have started by the Federation. The most prominent activities are the production of fish, sale of fish, dry fish and fishing gear. The involvement of education and extension work for the membership, also have taken steady progress for the betterment of the Co-operative Societies. Fisheries Women organizations are also being organised for welfare activities.

Northern Province Fishermen's Co-operative Union:

This Union which is a member of the Federation serves the area of operation in Jaffna peninsula for Co-operative fishery activity. It has a long history for its exemplary activities, such as, export of beach demer and conch cells. Other than these exports this Union has its own education and extension service with the member societies with the assistance of the Federation. Being a member of the Federation it has a close collaboration with all activities. At present the Union has started ice producing plant and processing of fish meal products.

The Co-operative Department and the Fisheries Department both took an active part in the promotion of Fishermen's Co-operative in the 1950's. After that the Co-operative Department was pre-occupied with the demands of agriculture. At least this was the situation up until 1968 when the government appointed the "Royal Commission on the Co-operative Movement in Ceylon" - The commission studied all aspects of co-operative development in Sri Lanka and issued a report early in 1970. A short review of the Commission's conclusions and recommendations concerning fishermen's Co-operatives is given in the next sector.

Royal Commission on the Co-operative Movement in Sri Lanka

Before summarizing the view of the Commissioners on the fishermen's co-operatives, it would be useful to repeat their statement on co-operative ideology and principles. The International Co-operative movements, has examined and reformulated the principles several times.

They are :-

- (a) open and voluntary membership;
- (b) democratic control - one member, one vote;
- (c) dividend on capital is limited and kept to a reasonable level by decision of the members;
- (d) surplus earnings (profits) resulting from operations belong to those who make use of the services of the business and may be used or divided by the members on any equitable basis;
- (e) every co-operative society should support education and involve the members in appropriate educational programmes;
- (f) various types of co-operatives should join together and support one another in order to form a strong co-operative sector

The Commissioners concluded that one of the main causes of the deterioration of the co-operative movement in Sri Lanka was

its failure to follow all these principles. In many instances a fisherman only joined a co-operative in order to obtain a boat or gear that could only be obtained through a co-operative because the Government had given the society a monopoly. Hence, co-operatives societies became regarded as state organizations by both fishermen and politicians alike.

The Commissioners made the following recommendations with respect to fisheries co-operatives;

- (a) a survey of registered fisheries co-operatives should be made and those not fulfilling a useful function and not likely to revive should be liquidated;
- (b) the general pattern of a smaller number of primary societies recommended for agricultural co-operatives should be adopted for fishermen's co-operatives too, but the pace of change over may be slower and should not be forced.
- (c) until the new structure of the organization is established, the existing intermediate (regional) unions should be continued as at present and a new union should be formed for the South Coast;
- (d) the apex fisheries organization, the Fish Sales Union, should be revised and developed under a new name, the Ceylon Fishermen's Co-operative Federation.
- (e) the present system of loans to fishermen and fisheries co-operatives should be replaced by one similar to that recommended for agriculture and small industries. (This will be further elaborated in the Chapter on Banking and Credit);
- (f) there must be adequate departmental staff with specialized knowledge for the development of fisheries co-operatives;
- (g) after consulting with the Co-operative Department and the Department of Fisheries, the proposed National Co-operative Development Council should prepare a broad outline of the role of co-operatives in the fisheries.

The Commissioners also made recommendations about the kind of activities the societies could engage in. It is not necessary to re state them here, It is better to state that what the Commissioners

were saying to the Government was: "Do not exclude the co-operatives from engaging in any lawful activities related to fisheries. Another words, the societies should be free to compete with the private and public sectors in the fish business and should be assisted and encouraged to do so.

The only recommendation that has been implemented was the one about the amalgamation of societies. A total of 45 societies were created by decree and quickly, whereas the Commissioners had recommended a slow and cautious approach.

Recently, the Government has re-affirmed its desire to support the cooperative movement and has commissioned a thorough examination of cooperatives. In addition, the Minister of Fisheries has removed the burden of corporate ownership of 3½ ton boats from the cooperative societies. The Government has also removed the restrictions on imports of gear and has taken away the monopoly on imports from the Ceylon Fisheries Corporation so the cooperatives can enter this field if they wish.

Other steps being taken with respect to credit, the role of the Corporation, the provision of ice plants, and related matters should provide a better environment for the revival of the co-operative movement.

Re-organization of Fishery Co-operatives:

Up to the year, 1970, the number of single purpose co-operative Fishery Societies at village level was 292. These Societies were individually engaged in activities such as production, marketing, granting of loans, beche-de-mer sales etc., Even with the developed societies there was a large number of inactive societies.

In order to overcome these defects and to afford a better service to the fishermen, the re-organization of Fishery Co-

operatives was introduced in the Fishery Districts of Sri Lanka.

Implementation of the Plan:

There are 14 districts engaged in the fishing industry. According to the plan proposed 45 large primary societies were to be organized for the re-organization aspects.

The following basic principles were expected as a result of the re-organization :-

- (i) to make the large primary society a viable unit of the area when compared to the services rendered by the small scale societies that existed in the same area before the re-organization;
- (ii) proposed re-organization was an incentive by itself to enrol the fishermen as members of the particular society;
- (iii) the increase of the share limit from 30 to 500 ensured the strength of the capital in the society;
- (iv) the increase of the share limit enable the member to understand his liability;
- (v) to make available all the Government aid facilities to the fishermen through the society;
- (vi) to introduce the mechanization of the industry through the society;
- (vii) to make the society an agent in the distribution of fishing gear. The fuel and spare parts needed for the activities of the society in the area of operation.
- (viii) the modernization of the marketing aspect through the society;
- (ix) to provide storage facilities;
- (x) introduction of extension services;
- (xi) to facilitate in getting foreign aid for the advancement of the fishing industry. (Sri Lanka Co-operative Fish Sales Union Limited) has undertaken.
- (xii) better relationship is afforded between the Department of Fisheries through the Co-operative Department
- (xiii) membership is given best of opportunities in social activities;

(11)

(xiv) opportunities are given in Management aspect providing talented Managers and Board of Directors;

(xv) members income is increased through the Society;

(xvi) the essential capital is found through the Society.

In spite of a certain draw back prevailing during the time and after the amalgamation of large Primary Societies, there arose few Societies which have rendered valuable services.

Finance:

A fisherman has to pay Rs.25/- as initial payment out of the share value of Rs.100/- to enrol as a member. After the enrolment the Rs.75/- balance of share value payable in three instalments, each instalment of Rs.25/- once in three months. The Departments namely, the Co-operative Department and the Fisheries Department have recommended when necessary for loans from the Bank concerned.

The banks too have assisted the Societies financially very much and the projects and schemes are financed by the banks with the assistances of the Departments concerned.

Crafts:

1. traditional boats;
2. padda boats;
3. theppan;
4. vallam;
5. 17' fibre glass boats;
6. boats with outboard engines;
7. mechanized boats ($3\frac{1}{2}$ tons).

Most of the Large Primary Societies own $3\frac{1}{2}$ tons mechanized boats; There are claims for other types of boats.

Marketings:

The most important aspect for the advancement of the societies is the need for efficient marketing system. The undermentioned marketing systems are prevalent through out the country in the fishing industry.

1. auction on the beach;
2. tender system;
3. the Central market place in the capital city.

- (4) Fisheries Co-operatives (an organization formed with the assistance of the Government);
- (5) marketing through the consumer Co-operative and Fishery Co-operatives;
- (6) the middlemen.

Production:

The fish is caught not only for daily consumption but for curing specially as salted fish and dry fish. Soked fish is also available in fair quantities.

Processing is being done in lobster, prawns, etc. beche-mer is a fish product exported for the use as a drink in countries such as Bangkok, Singapore, etc. Counc shell is also being exported to Bangladesh to make ornaments for women in the country.

Fresh and Brackish Water Fishery Societies;

As a plan for the development of inland fishery activities varieties of fish have been introduced into lakes, ponds, rivers, lagoons etc. They are being processed and cured in various products. For the purpose of ensueing better service both to the producer and to the consumer Primary Societies are formed. At present there are 20 Fresh Water Societies and the Brackish Water Co-operative Society. Inland Fishery Co-operative Societies are not organized in large numbers.

Co-operative Youth Societies:

The youths being trained at the training centres conducted by the Department of Fisheries. In order to afford facilities to get employment after the training course the Department of Fisheries made arrangements to register district-wise Co-operative Youth Societies, for such trained youth. They are issued with 3½-ton boats on the existing hire purchase scheme. At present there are three societies.

Co-operative Boat Yard:

There is one Society registered for the purpose of building boats. This Society has shown good results.

Fishery Co-operative Education:

Much attention is shown in Fishery Co-operative Education. It is evident that education and extension services with the fishermen make the Societies more viable economically in all respects. The Department of Co-operative Development and the Department of Fisheries engage in the promotion of Fishery Co-operatives, education throughout the island. The classes are engaged at levels such as Members, Director Board, Manager, Mechanic, Employees, Volunteers and officials connected with the activities of the Co-operative Societies. Seminars and Training classes are very attractive with the fishermen. For Education and Extension activities, necessary funds are channelled by the Sri Lanka Fisheries Co-operative Federation Limited.

Publicity

Mass media methods such as films, leaflets, articles to the daily papers are a part of contribution to the publicity activities of the Departments concerned. Technical training facilities are given at the district level by the Department of Fisheries through the centres established covering the fishery areas. Other than these residential training the fishermen are afforded field training at their fishing centres.

Welfare activities:

Welfare activities are being carried by the societies for the betterment of the Societies when they are in distress. The Department of Fisheries is also helping the fishermen by paying compensation when they are in distress.

The Co-operative Fisheries Women's Organization:

The Sri Lanka Fisheries Co-operative Federation has launched a project and organized Fisheries Co-operative Women Organizations.

At present there are five organizations. These are working as branch organization of the existing Fishermen Co-operative Societies. The members of these Fisheries Women Organizations are the household members of the Fishermen Co-operative Societies.

The main objectives of these organizations are:

- (i) help the Fishermen Co-operative Societies at village level;
- (ii) to co-ordinate the activities, such as, credit, loan repayment, housing, health and other welfare activities;
- (iii) pre-schools for the children and vocational activities are carried on with these organizations

Membership:

The membership of the Fisheries Co-operative Societies stands about 32,000

The Board of Directors of a Fishery Co-operative Society:

The Board of Directors of a Fishery Co-operative Society consists of five elected members and four nominated by the Government. This composition seeks for better participation of members in the activities.

Government institution:

The Ministry of Fisheries and the Co-operative Department is assisting and supervising the activities of these Fishery Co-operatives.

Registered Fishery Co-operative Societies:

1. Fishermen Co-operative Societies	=	60
2. Freshwater Fishermen's Societies.	=	20
3. Brackish water societies	=	1
4. Youth Societies	=	6
5. Boat builders societies	=	1
6. Regional Unions	=	2
7. Federation	=	1

Total: ... = 91
====

The Foreign Aid to Fishery Co-operatives:

The Asian Development Bank launched a project in 1973 covering ten Co-operative Societies in the Southern Region of Sri Lanka. The Societies were helped with 200 mechanized boats (3½ tonners) with full complement of fishing gear. The special feature of the Project is the ownership of the boat vested with the skipper after the payment of the dues to the Bank concerned. The repayment of loans by the Skippers was very satisfactory in certain Societies of the project. The Ministry of Fisheries has planned to implement several projects for the Fishery Co-operatives such as Fisheries Asian Development Bank project, Abu Dabbi Project, East Coast Project and West Coast Project with foreign Aid. At present these projects are at initial stages.

Formation of Marketing Co-operative Organizations:

In order to serve 10 societies of the ADB area in the Southern part of the Island, two unions were formed namely South West Co-operative Fisheries Societies Union and Southern Fisheries Co-operative Societies Union. Main functions of the Unions are to assist the member societies in their production and marketing activities. These Unions are assisted by ADB project with vans and other necessary resources.

The present state of the Fisheries Cooperatives:

It is generally agreed that the cooperative movement in the fisheries sector is at the lowest level for the last 25 years.

A review of the performance of primary fisheries co-operative societies undertaken by the Fisheries Department in May, 1976 gave a picture of these societies and their performance between 1970 and 1975. In May, 1976, there were 45 primary co-operatives

with a membership of 14,628 active fishermen. The 45 societies were the result of mergers carried out as a result of the recommendations of the Royal Commission of 1968. The legislation to achieve this amalgamation was passed in 1970 and as a result the 280 primary societies were amalgamated into 45 large primaries.

The new societies were expected to perform better because they would be better organized, better financed and better managed. The evidence suggested the opposite. The pledge of loyalty, co-operation and active participation of the members of the smaller better societies was not transferred to the new state created amalgamated societies. They became viewed by the membership as state enterprises, very often without any participation of the membership at large in the management of the affairs of the Society.

In the late 1950's the 3½-ton boat became an important instrument of the mechanization programme so that by 1970 these boats were catching about 40% of the coastal fisheries production. From 1970, until 1978, the Ministry of Fisheries restricted the issue of the 3½ ton mechanized boats under hire purchase terms exclusively to the Primary Fisheries Co-operative Societies. This programme has been a colossal failure in every respect. It has failed to produce the fish that these vessels are capable of catching, and consequently, loans have not been repaid, boats have been allowed to deteriorate, crew earnings have been below the minimum required to feed a family. This has led to dishonesty on the form of sale of fish at sea to provide traders, theft of gear, damage to property, etc.

A few key statistics will suffice to illustrate the problems. In 1975, the societies owed Rs.10.3 M. to the Department of Fisheries and paid only Rs.2.3 M. In 1974, the all-island average catch per 3½

- 17 -

too boat was 50,982 lbs. the co-operative boats average about 10,000 tonnes^{or} /about 20% of the average. The average income per fishermen fishing co-operative boats ranged from Rs.265 per month to Rs.21 and averaged about Rs.100 per month. The average for the island was nearly Rs 600 per month. Of the 900 boats issued to the co-operatives, only 500 were operational in 1977.

Many reasons have been advanced for these results but most of them can be classified as poor management and lack of interest on the part of the membership of the societies. The present Government decided in 1977 that in future boats would be issued to individual fishermen and the co-operative boats would be transferred to individual fishermen when the loans are paid off. Those that need major repairs will be auctioned and the Government will assist the fishermen to repair them. It is expected that by the end of March 500 boats will have been transferred.

The future role of the Fisheries Co-operatives:

The same problems that led to the growth of the co-operative movement in the fishing industry in the 1950's still exist today. The fishermen is still tied to the mudalalis, wide fluctuations in prices still prevail, fishermen often cannot sell their fish during glut periods and a continual shortage of ice still plagues them. In spite of the loans and subsidies, many fishermen have to indebt themselves to the mudalalis to obtain boats, engines, parts and gear. Moreover, the control and management of most cooperatives by the state has certainly not encouraged the development of cooperative philosophy and its application in practice. The movement has probably redressed so that its future development will be even more difficult.

The creation of the Ceylon Fisheries Corporation was not beneficial to the co-operative movement. On one hand it took over functions from the apex cooperatives organization that were being well performed. Because of poor management and a broad and ill-defined mandate the Corporation did the same things rather badly. Nor did the Corporation have any real influence in the market. It was therefore unable to help free the fishermen from the mudalalies or help them when there was a glut. The situation in 1979 is that the fishermen is faced with a more bound cooperative movement and a state corporation that is organizationally bankrupt. This is most unfortunate because the Government's planned expansion programme the coastal fisheries, its liberalization of imports of gear, its plans to increase the supply of ice, the improvement of credit facilities, the removal from the cooperatives of the burden of corporate ownership of fishing vessels, provide a golden opportunity for the fishermen to improve their incomes and their status in the community as well.

In spite of all the difficulties, the incomes of fishermen have been increasing and a good fisherman with a good boat can now make as good a living as any other member in the community. He can also get a good return on this investment bearing in mind the risks he takes. The Government is also taking steps to reduce such risks through improvement of shore facilities and an insurance scheme. Unfortunately most fishermen are still fishing in non-mechanized native craft and their incomes are very low. The planned acceleration of the mechanization programme will help some of these fishermen to increase their earnings.

The situation is far from hopeless so far as the cooperative movement is concerned. There still is a hard core of cooperative in many fishing communities that could be used as a base. It requires another

"active campaign of cooperative development and education" at the village level and start the process of rebuilding from the ground up. This will be a slow process but is the only approach that has a chance of success. At the Government level there must be a willingness to support and encourage the growth of the cooperative movement in an orderly manner. The Government must resist the temptation to do by decree and control what should only be done by encouragement and support. Surely the evidence in support of this approach is overwhelming.

In the meantime, the Government should rehabilitate the Ceylon Fisheries Corporation, reduce and clarify its mandate. If this is done the Corporation could assist the cooperative societies to re-enter the market if they wish to do so. It could also reduce the mudalalis grip. Individual cooperatives should be encouraged and assisted to market on their own if they wish to do so. It may take fishermen a long time but it should be remembered that the Corporation itself has achieved very little in 15 years and has cost the Government nearly Rs.100 M. in operating deficits and many more millions in unpaid capital loans.

How the re-establishment of the cooperative movement in the fishing industry is accomplished, I leave to the experts. Some initial steps, however, are obvious.

Unlike private organizations the problems of Co-operative organizations are very prominently known, because it is a democratic movement for economic development.

The Fishery Co-operatives in the developing countries have similar problems which needs much attention in the sphere of education, extension and financial assistance by the national and international institutions and organizations.

Some of the problems in Fishery Co-operatives are as follows:

- (a) The formation of large primary societies are not attractive with the members of the Fisheries Societies, There are requests for the formation of societies with small area of operation;
- (b) Lack of fishing gear at appropriate time and at moderate prices;
- (c) Ill equipped fishing craft of the members of the Co-operative Societies;
- (d) Younger generation keeping away from fisheries;
- (e) Lack of proper landing points with adequate facilities such as, cold stores, ice plants, slipways, inavailability of fuel filling stations and etc.,
- (f) Lack of experienced fishermen in modern methods of fishing;
- (g) Lack of easy credit facilities;
- (h) Facilities operated by Co-operatives have not been competitive with the private sector;
- (i) Lack of leadership with the members of Co-operative Societies;
- (j) Lack of managerial skill;
- (k) Assist the apex organization to organize its education and propaganda programmes in line with the requirements of each society along with other welfare and commercial activities;
- (l) Let the Government increase "encouragement and support" and reduce "control and management", help to develop leadership.
- (m) Organization of Women Fisheries Co-operative groups.

Until the primary societies are restored to good health, the emphasis should be on rehabilitation, with most of the energy of the leaders devoted to education and training. As there are no other organisations of fishermen, the societies could use their new strength to ensure that the voice of the fishermen is heard and that he participates actively in planning the future of his industry. A strong local organisation could also use its power to challenge the power of the mudalalis. Usually, cooperative organisations do their own marketing but until they are rehabilitated many societies are not strong enough to do this. They can, however, bargain fish prices and conditions of sales with the mudalalis at local level. The precise role of the fisheries cooperatives should be to determine. This does not mean that the cooperatives cannot do many practical things in the short term but they should make that decision themselves.

Prepared by:

M.D.Fernando,
Secretary/General Manager,
Sri Lanka Fisheries Coop.
Federation Ltd.,
No. 127, Grandpass road,
Colombo 14,
Sri Lanka

Sub-Regional Seminar on Fishery Cooperatives
Colombo, Sri Lanka: May 29 to June 8, 1984

FISHERY COOPERATIVES IN THAILAND

Prepared By
THE COOPERATIVE LEAGUE OF THAILAND

Paper presented by Thai Delegations:

- Mr. Mongkol Watcharangkul: Secretary, MaeKlong Fishery Coop.
Soc. Ltd., Samutsongkram Province
- Mr. Narin Chutivisuti: Secretary, Samutsakorn Fishery Coop.
Soc. Ltd., Samutsakorn Province.
- Mr. Kittikun Nakabut: Secretary, Nongphai Fishery Coop.
Soc. Ltd., Petchaboon Province.

Introduction

Thailand is bordered by the Indian Ocean in the West and the the Gulf of Thailand in the South. The total area of brackish waters in Thailand is approximately 162,000 ha. of mangrove swamps, tidal land and lagoon, most of which are suitable for brackish water fish culture. Marine fishing grounds comprise of the coastal waters of the Gulf of Thailand and the eastern shore of the Indian Ocean between Burma and Malaysia. The Gulf of Thailand is situated between latitude 6°N and 13°N with coast line of 1784 km. The Indian Ocean side has the coast line of 740 km. Therefore, Thailand has the total coast line of 2614 km. the whole Gulf of Thailand is divided into the Inner Gulf and the outer Gulf. Four major rivers flow into the Inner Gulf. The outer Gulf extends into the South China Sea. An average depth of Inner Gulf is 20 m. and the maximum depth in the Outer Gulf is 87 m. Bottom characteristics in the coastal Zones of the Outer Gulf and in the entire area of Inner Gulf are found to be muddy, while the central parts of the Outer Gulf are mostly covered with very soft mud. Inland fishing areas include rivers, canals, lakes, swamps, streams and man-made reservoirs. Fish farming is done with the use of pond, paddy field, non-paddy field, cage, etc.

Thailand is an agricultural country. Roughly 80 percent of the total population of 45 million, mostly small farmers, is engaged in agriculture of which the total number of marine fishing households in 1976 was 40,198. The total number of family members for those households were 257,254. The total number of fishing boats used for marine fishing in 1981 was 14,723, of which the number of powered boats and non-powered boats were 69.8 percent and 30.2 percent respectively. Almost of all fishing boats are made of wood and built by 100 local ship-yards in major coastal provinces along the coast of both Gulf of Thailand and Indian Ocean. However, the majority of these ship-yards are located along the coast of the Inner Gulf of Thailand. The maximum size of a powered boat was about 30 meters in length, the average being 10 meters. In 1980 the total catch of marine fish was estimated at 1,647,953 metric tons and inland

fish at 133, 176 metric tons, of which number of catch exported was 277, 896 metric tons, valued at B 7,326 million. Thailand fishing industry presently ranks seventh among nations of the world. Fish are vital to the populations diet, necessary to the country's domestic economy, as well as its international trade and balance of payment.

However, the fisherman has been caught in the cost-price squeeze; he must pay more for his boats, fuel, fishing gear and food, while his receipts for fish have not risen proportionately. He is at the mercy of the middleman (fish buyer) who loans money to him free of interest, but requires him to sell all his catch through the buyer and keep him at the poverty level.

FISHERY COOPERATIVE

It had been recorded, fishery cooperative in Thailand was first organized in 1949, most of them defaulted on their loans and failed. Therefore, in 1975 fishing cooperatives were organized as multi-purpose societies among fishermen who deal with both inland and marine fishing along the coastal lines and near-by areas where fish farming can be practised.

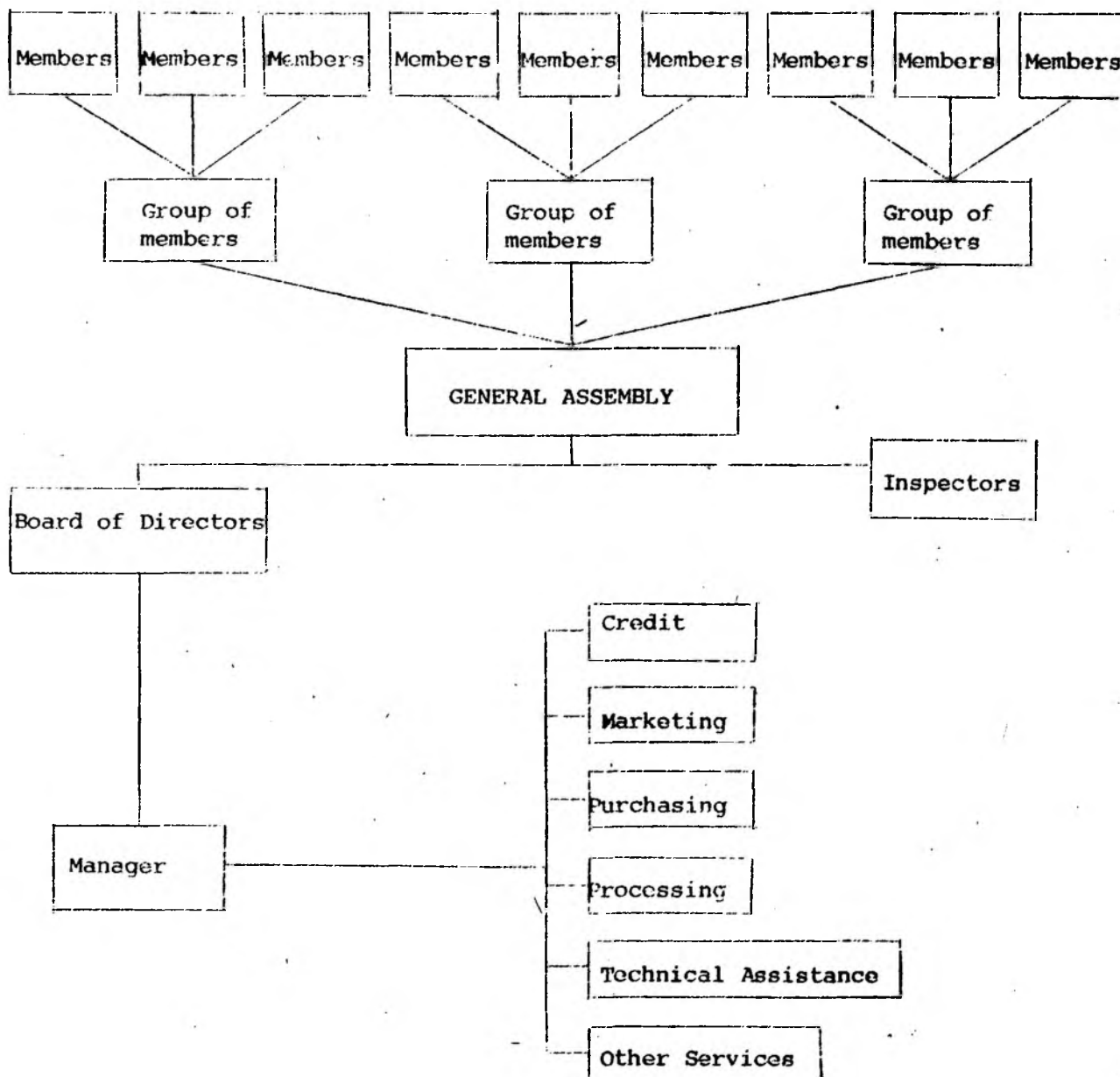
Attempts were made by the government to enable fishery cooperatives to buy their supplies of fishing gears, fuel and accessories at lower prices, to sell their catches at reasonable prices and to provide loans for their smooth operations. But most of the Thai fishermen borrow money from merchant or middleman. Hence, they are obliged to sell their catches through these creditors. Furthermore all necessities for fishing are often supplied by them. These conditions prevent those fishermen to run effective cooperatives on their own initiative. Shortage of working capital and absence of competent personnel in this field are also other factors that hamper the establishment of fishery cooperatives.

Regarding to the cooperative development plan, the Department of Cooperative Promotion will organize two marine fishery cooperatives per year until 22 coastal cooperatives are functioning. Through the cooperatives, financial assistance to individual members and societies are projected to provide both service and market outlet for the members. It is hoped that government will provide funds to each cooperative on loan basis, averaging one million baht per society for development of

business operations, and seven million baht for lending purposes. The Cooperative League of Thailand will also hold the training courses for their board members and members.

Organization Structure of Fishery Cooperative

The fishery cooperative is comprised all members who form the general meeting and elect the board of directors for formulation of policy and decision making. The board of directors elects and appoints the manager of the cooperative as well. The manager will administer the entire operation under the advice and supervision of the board of directors. Its structural chart is shown :-



There were nineteen fishery cooperative societies functioned in 1983 with the total number of members of 4,132 families (average 217 per society) and working capital of ฿ 14.7 millions.

In fact at present, there is no fish ry cooperative at regional and national level but the apex cooperative organization, the Cooperative League of Thailand.

THE COOPERATIVE LEAGUE OF THAILAND.

The Cooperative League of Thailand is the non-governmental organization. It is a nation-wide confederation of cooperative organizations of all types. Founded by the Thai Cooperative Act 1968, it now has affiliated in 2,051 cooperative societies, serving over 2.1 million members at the primary level. It is the only national organization entirely and wxclusively, dedicated to the promotion of cooperative throughout the country.

The main tasks of the league are to develop the general activities of its member societies, to act as a link between the cooperative movement and the government as well as affiliated national and international organizations, to promote economic relation amongst member societies, including trading-export and import, to organize and conduct technical assistance, to conduct courses, seminars, and conferences, surveys and research, to bring out publications on cooperative and allied subjects and to support and supplement the educational activities of member societies.

RISHERY COOPERATIVE PROBLEMS AND RECOMMENDATIONS.

1. Cooperative Organization.

Practically, cooperatives are organized on a top down basis, particularly among farmers and the like Fishermen, with same situation, they seem less understanding about cooperative. Fishermen themselves don't see the need and depend too much on government assistance, the organization ceases to be people's program and government will be called on constantly to make decision for the cooperatives.

2. Finance and Credit.

Short, medium, and long-term credit is the serious problem and urgent need for the fishermen. The traditional fish buyers exploit

the fishermen and the industry by providing fund to the fishermen with no interest charge, but require that all the catch be sold through them at a price much below the market levels. Initially a bold government-subsidized lower interest loan program beyond anything existing today is necessary. Such a program will necessitate loan supervisors who will have frequent contract with the borrowers whether they be the cooperative loans or loans to the individual members.

3. Cooperative Training.

Most of the fishermen know little or nothing about cooperative. Therefore, training programs for cooperative members, board member and employees to inform about their duties, new and better techniques of fishing and the shrimp farm such as building ponds, nutrition and sanitation to prevent or control disease are needed. The Cooperative League of Thailand as its responsibility on cooperative promotion and training shall try to expand training program for them.

4. Marketing.

Marketing of product is critical problem requiring a solution. Here again the fish buyer keeps the fishermen at the poverty level. The fishery cooperative should market the members' products. To do this the cooperative should provide its own cold storage, icing, appropriate transportation for marketing fish. The Cold Storage Organization can and will provide regional facilities, but will counsel and guide relative to the planning of smaller facilities to built by cooperative.

5. Supplies.

Fishermens' problems are the high cost of fuel, supplies and food for the crew and families. Through the cooperative, purchases could be made on a volume basis through bid. The cooperative might consider establishing its own net-making operation, boat building and supply store for large-scale production.

6. Protecting the Fishermen.

Steeling, racketeering and piracy of catch, gears and boats have become serious problems for Thai fishermen. Solutions are not the direct responsibility of the cooperative, but through organized effort

with associations and others concerned with the industry, pressure can be brought to bear on the policing agencies for better production.

7. Size of Cooperative.

A Cooperative with a small membership decreases its bargaining power. When organizing, every effort should be made to have the numbers large enough to be effective.

CURRENT STATUS OF FISHERIES COOPERATIVES IN THAILAND

1. INTRODUCTION

Fishing is an occupation which plays an important role to the socio-economy of the country. Every part of Thailand can be cultivated for fish. Fishing grounds are located in 23 coastal provinces, freshwater production in every provinces of the country. Marine fishery development has enlarged her fishing grounds into the deep sea and aquacultural extension is also increasing rapidly. Therefore, the people who live in those fishing grounds can earn their living by fishing. Fishing in Thailand consists of large-scale, medium-scale and small-scale (subsistence level). According to the estimated figures of Fisheries Statistics of Thailand, in 1978 the number of marine fisheries household is 41,250 or 274,861 fishermen, but unfortunately there isn't the exact statistical data of freshwater fishermen and aquaculturists however they are expected being more than the number of marine fisheries fishermen because they live scatterly around the country. In the economy, fisheries have contributed about 10% of GNP originating from the agricultural sector in the period 1968 - 1978 (Table 1). During the same period Thailand has got surplus balance from fisheries (Table 2).

At present the Fisheries of Thailand is facing with many problems: the 200 miles exclusive economic zone, the over exploitation, the non-full utilization, the increasing fuel price etc. The government has to face management and policing of the above tasks. Furthermore, the production problem and marketing problem can be alliviated by grouping of fishermen into cooperatives. To solve these problems and to be more objective, there is a need of cooperation and the enginuity from the members. In turn the

government may then have the obligation to extend subsidies to the fishermen. This can only prove successful if the cooperatives have clearly defined objectives, good operational infrastructures, good standard of morale between the members and good back up from the government.

Thailand has been trying to develop the subsistence type of fisheries and to raise their income through cooperatives. The Government concern and attention has been growing and it is clearly recognized that without appropriate assistance on the part of the government the economically weak fishermen will never be in a position or have sufficient strength to improve their standard of living themselves. Although the results obtained after the set-up of fishermen's cooperatives are sometimes below expectations, it is still encouraging and beneficial.

2. Historical background

The first fishery cooperative was organized in 1949 in the area of Kabang - pongnok canal in Pissanulok Province. It is a fresh water fishery cooperative. The purposes of the cooperative are to allocated the land along the canal for fishing to 393 members to market and process (if necessary) member's products. In 1970, the government granted the utilization of this canal to the public, and fish catching was open to all, the operation of this cooperative was not successful so this cooperative was amalgamated with an other agricultural cooperative, those fishermen became one member group of the new cooperative.

In 1952 The Central Fishery Cooperative Limited was established. It was aimed at accelerating and developing fishery techniques and improving the lot of fishermen together with the development of the fishery cooperative, the government set up, at the same time, the Bangkok Fishery Marketing Organizator

to function as a central fishery market of both cooperative and non-cooperative fishing Industry.

The Central Fishery Cooperative Limited serves its members in seeking and maintaining the fishing ground and marketing their catches including supplying their requisites. Its membership was drawn from the fishermen who lived along the sea coast of 13 provinces, i.e. Bangkok Metropolis, Samutprakarn, Chacherngsao, Cholburi, Rayong, Trad, Samutsakorn, Samutsongkram, Petchburi, Prachuabkirikan, Chumporn, and Surattanee, with local membership 380 fishermen.

The Central Fishery Cooperative Limited has also provided loan to its members for construction of fishing boats, the purchasing of fishing materials and also provide other fishing facilities, Loans are generally repaid by the delivery of the member's catches to the cooperative in settlement of existing debt.

Since 1959, the cooperative has suffered losses and shortage of working capital to provide loans to members. It is because of the bad debts and members do not sell their catches through the cooperative, the price of fish is always fluctuating. The cooperative cannot control quantities of fish or prices in the market. Due to small volume of business and strong influence of private fish merchants, the cooperative had stopped doing its business since 1968.

The problem

- 1) Establishment : It has been established by the Government to accelerate and promote the standard of living of the fishermen in the areas. It does not accordingly conform entirely to the part of its members as well as other related organizations.
- 2) Management : The Central Fishery Cooperative Limited covers vast areas which are difficult for the collection of fish for marketing and high rate delinquency by debtors are serious problem, the lack of working capital and competent personnel are also great.

3) Members' financial situation : Most of the cooperative members have borrowed some money from private money lenders with high rate of interest. They usually make contract and supply fish to these creditor merchants. The establishment of cooperative can improve the minor economic status and for clearing old debt of their members only.

In 1957 The Lamsing Shrimp Farms Cooperative Limited was established. The business of shrimp farming in Thailand had developed among a small group of the rice farmers, who lived in the estuarine areas. After the paddy is harvested the brackish water is permitted to flow freely in and out of the field. The rice field becomes a sanctuary of shrimp and other estuarine - dependent species. These extraneous fishes and shrimps become the subsequent extra income of farmers. The good profit from selling the shrimps has led the farmers to convert their paddies into shrimp ponds.

The Lamsing Shrimp Farms Cooperative was in Tombol ongchim, Amphur Lamsing Chantaburi Province. Its objectives are to promote fish culture especially shrimps and fish breeding along the coastal area. This area is abundant with shrimps, fish and crabs. It has also given to its 26 local members loans for improve their farms.

But it is quite far from market and communication is not good enough, along with the capital shortage of members to improve their lands, dikes and ditches, and lacking of technical knowledge on breeding methods which is resulted low productivity, low income and lack of will power to solve the problems, the cooperative can not run its business smoothly because the majority of members do not get in touch with their cooperative.

At present this cooperative has extended operation area and improved its business and changed the name into the Chantaburi Fishery Cooperative Limited which was registered in the year 1975.

3. The Objectives of Fishery Cooperatives

Fishery Cooperatives are organized among fishermen who deal with fresh water fish or sea water fish. At present the government has the aim to extend the organization of fishery cooperatives along the coastal and nearby areas where fish farming can be practised.

The fishery cooperatives are organized as multipurpose societies with the objectives of increasing the productivity of small fishermen and providing higher returns by ...

3.1 supply of diesel fuel, ice, salt, equipment and consumers' goods,

3.2 improvement of existing canals and digging new ones which connect to the sea, this will be useful for both fish farming and communication,

3.3 provision of credit, saving and other banking facilities.

3.4 provision of cold storage facilities which allow the supplies to reach the market regularly,

3.5 establishment of processing plants for salting, drying or canning the fish or for the production of fish gravy and shrimp paste,

3.6 marketing of fresh or processed fish by public auction or by establishing marketing channels to the major population centres.

4. Structure of Fisheries Cooperatives

The Cooperatives in Thailand are vertically organized at three levels : primary societies at the local level, secondary societies at the provincial level and the apex societies at the national level. As for the primary fishermen cooperative societies, individual fishermen or fishfarmer members are divided into various ^{groups} of fishing villages or tambons for training purposes, business activities, or determination of proposals for forwarding to the Board of Directors. At present, there are 19 Fisheries Cooperatives Societies in the country.

According to the Cooperative Law three or more primary societies can together form a federation at provincial level. The secondary federations will be set up to undertake joint activities on behalf of their primary affiliates including processing of fish produce.

At the national level the National Federation of Fisheries Cooperative Association of Thailand Ltd. will be organized as the apex society of the Fisheries Cooperatives.

The Cooperative League of Thailand, established under the Cooperative Societies Act. B.E. 2511 (1968) is regarded as the apex organization of the cooperative movement to function as a promotional and educational cooperative body at the national level.

5. Business activities of fishery Cooperatives :

At present there are 19 Fisheries Cooperative Societies with total of 4,369 members, working under the promotion of the Cooperatives Promotion Department, Ministry of Agriculture and Cooperatives. The Department allocated Bht. 2,440,573.83 from the Cooperative Promotion Fund to the fisheries cooperatives for purchasing the necessary goods to supply members.

Supply store have been established to sell fishing gear, paint, rice, sugar and lubricating oil.

The Bank for Agriculture and Agricultural Co-operatives (BAAC) Loan of Baht 4,745,557.98 to the cooperative is not enough for all members. This is one reason why the fishery products are marketed through local middlemen instead of the cooperative. (See table 3)

6. Problems and future prospects

The fishery cooperatives are organized to cope with the problems of fishery occupation which cannot be solved by the fishermen individually. The common problems are known as unfair price of fishery products, lack of funds, storage and processing of marine animals, high cost of transport and equipment, increased oil prices, the declaration of 200 miles economic zones by neighbouring countries and the effects of pollution. The Government has announced a number of plans aimed at improving the situation for fishermen, and these will have to be successfully implemented if the picture is not to stay gloomy.

6.1 Future Plan for Development of Fishery Cooperatives

6.1.1 to promote the organization of at least two fishery cooperatives each year among 22 coastal provinces.

6.1.2 in the area where cooperatives are needed, fishery cooperatives should be organized.

6.1.3 to organize a national federation among fishery cooperatives.

6.2 Training Programme

6.2.1 training course for cooperative staffs to gain knowledge and understanding on cooperative principles and methods,

6.2.2 disseminate principles and methods of fishery cooperatives to the concurrently and conduct a survey for newly organized cooperatives,

6.2.3 to train board members on leadership so as to act efficiently as cooperative representatives.

6.3 Fund

The Fishery Cooperatives need much more funds in comparison with other types of cooperatives. Funds from share capital is not sufficient to run the business, borrowing from outside is necessary. The loans will be used for ;

- 6.3.1 lending to fishery cooperatives as an operating fund to the amount of 1 million baht for each society.
- 6.3.2 A 2 million baht loan will be granted annually to fishery cooperatives according to the plan of development. The loan in this case is derived from the Cooperative Promotion Fund.
- 6.3.3 lending to cooperatives members as a fund for expanding fishery work, averaging 5 million baht per society. The government will be requested to allocate 10 million baht yearly for 10 consecutive years as a revolving fund.

6.4 Support on other sides

The government should support the fishermen on increasing quota of petrol and reducing import duty of fishing equipment.

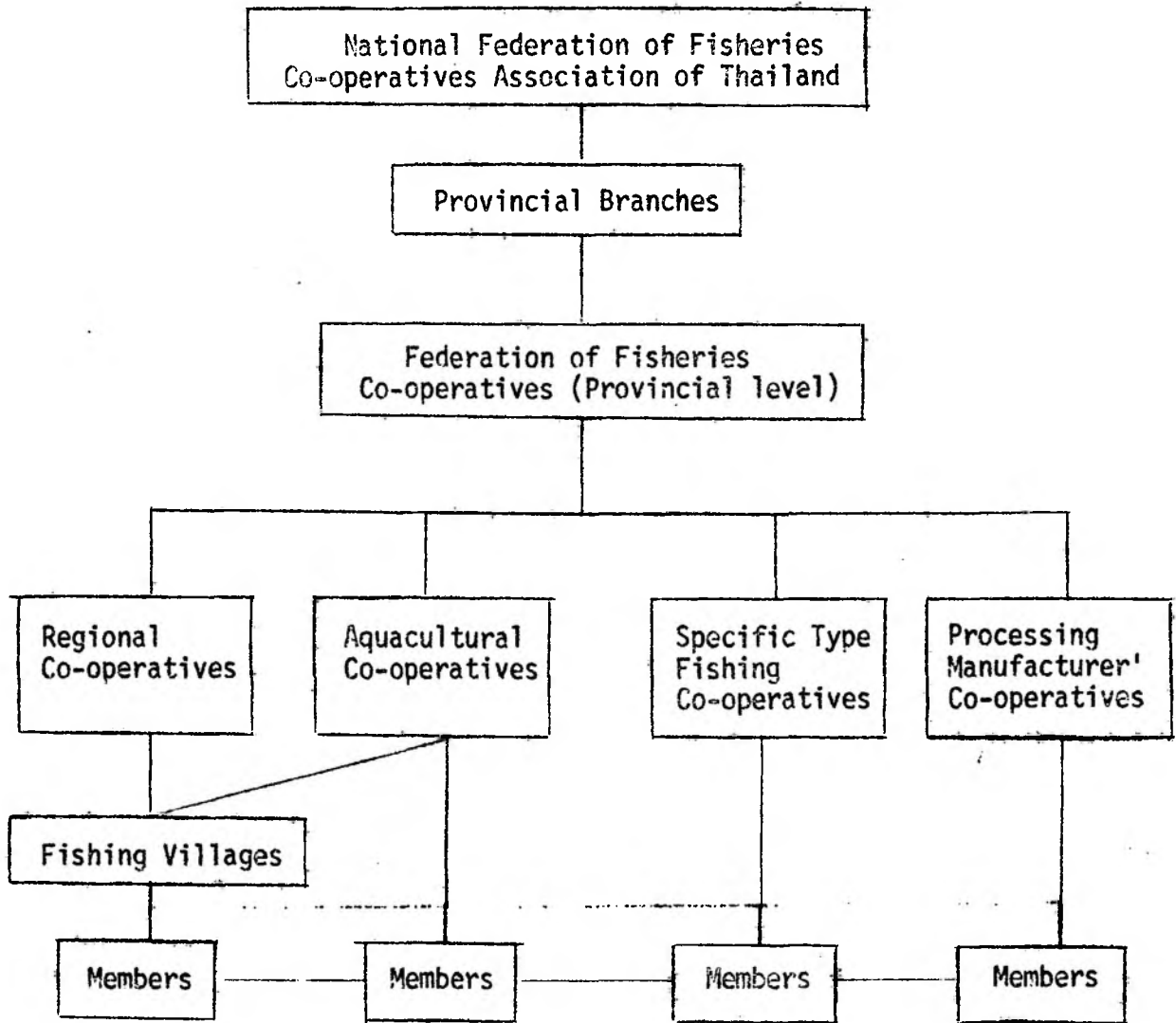
Summary

It has been generally accepted among the countries having extensive fishing industries the fishery cooperatives are important and the most appropriate institutions for fishery development. This is due to the fact that a fishery cooperative system will be able to overcome the problems of lack of capital funds and exploitation by middlemen. It can also promote fishing activities as well as uplift the poor fishermen's status. These are basic needs of all fishing communities.

In Thailand, the fishing industries are faced with many difficulties. The grouping of fishermen in line with the cooperative system was first established in 1949, however it is still very narrow in scope and lacks government support. Looking at the results of the activities of fishing groups and fishery cooperatives, it is obvious that a National Federation of Fishery Cooperatives Association of Thailand should be established, with government support, as the center to Thailand should be established, with government support, as the center to strengthen the existing local and district cooperatives. Controls must be achieved through a Fishery Cooperative Law. Particularly for prevention of pollution, for conservation of marine resources, for registration of fishing boats for controls of fishing boats and for controls of fishing areas. At the present time the government of Thailand is urgently drafting a fishery cooperative law. The government should also consider enactment of fishery laws. The National Federation of Fishery Cooperatives of Thailand would act as an intermediary with members in their fishing business and give real support to the majority. Furthermore, The National Federation of Fishery Cooperatives of Thailand would develop relationships with international fishery organizations to exchange new fishing technology. Also the federation could act as representative in negotiating for international cooperation in utilizing fishery resources.

Fishery Co-operatives can increase economic activities and bring in additional income to The Nations. If such systems are established and successfully applied the benefits will be very great.

The Structure of Fisheries Cooperatives



Organization Structure of Primary Fisheries Cooperatives

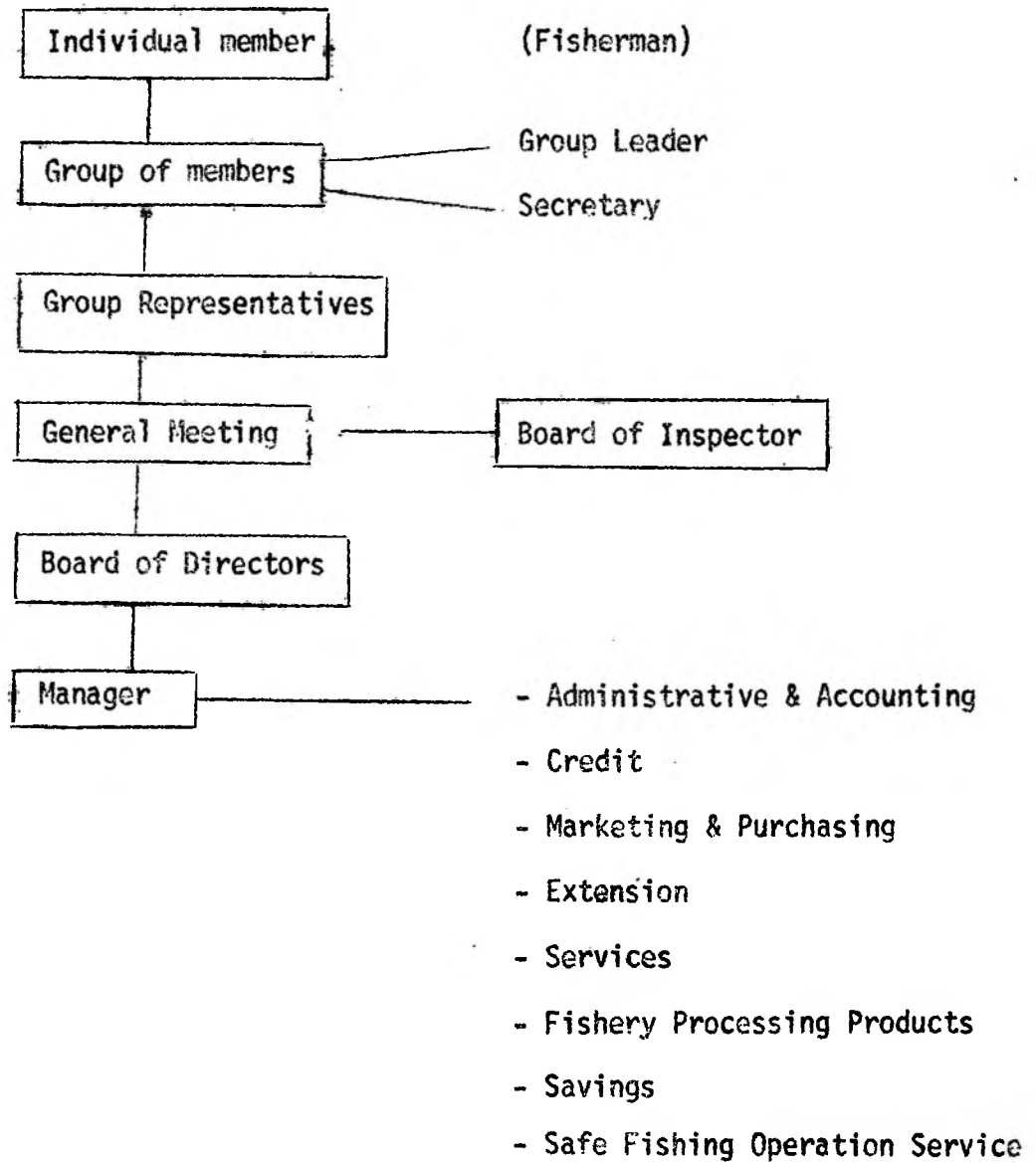
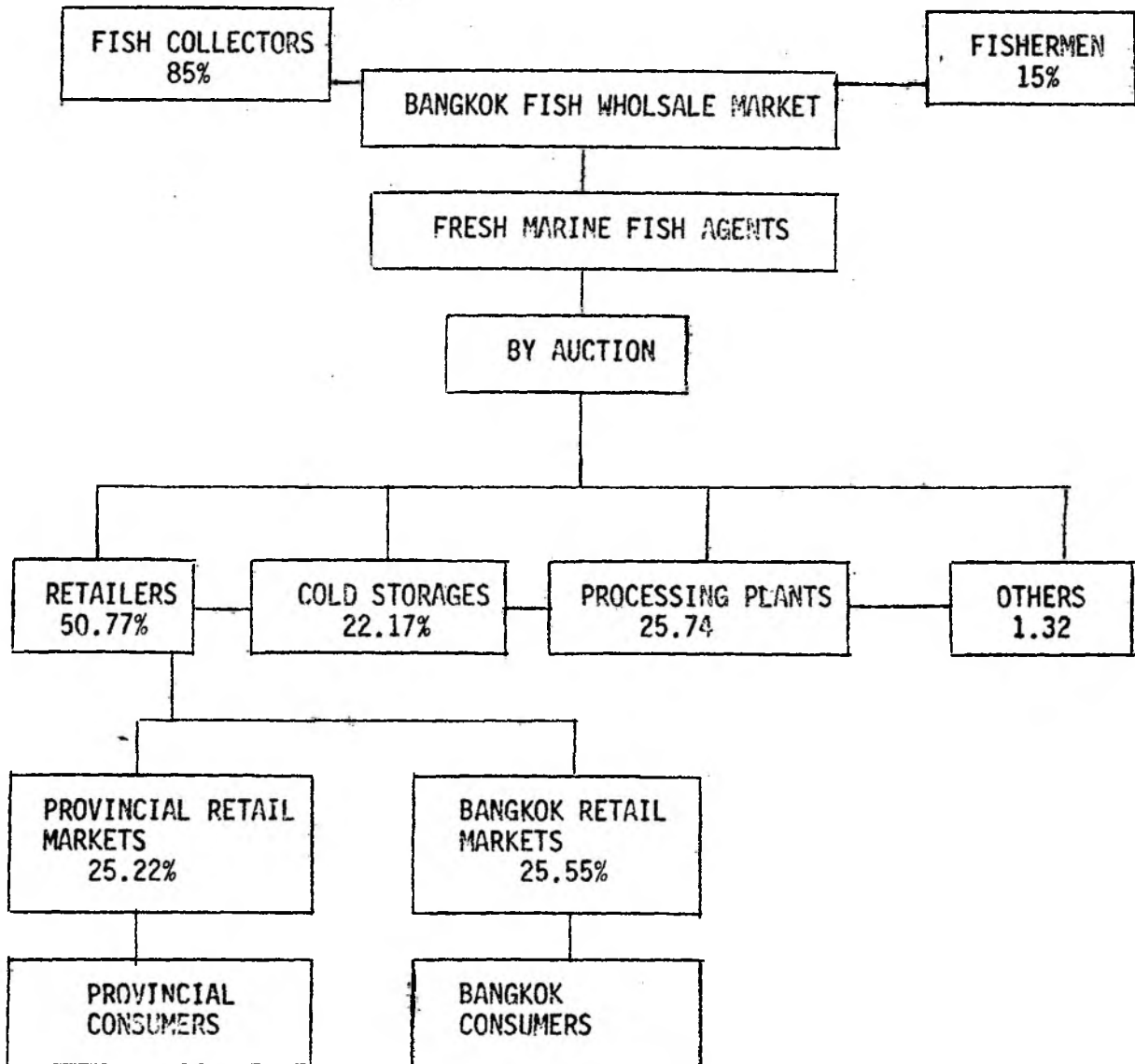


DIAGRAM OF FRESH MARINE FISH CHANNEL OF BANGKOK FISH MARKET ANNUAL YEAR 1979



SOURCE : FISHERIES RECORD OF FISH MARKETING ORGANIZATION 1979

Fisheries Cooperatives in Thailand

<u>Name of cooperatives</u>	<u>Date of Registration</u>
1. The Parkphanang Fishery Cooperative Limited	(April 1, 1975)
2. The Satool Fishery Cooperative Limited	(September 1, 1975)
3. The Chantaburi Fishery Cooperative Limited (Shrimp farming)	(September 2, 1975)
4. The Rayong Fishery Cooperative Limited	(June 17, 1976)
5. The Muang Pattani Fishery Cooperative Limited	(March 20, 1977)
6. The Samut-Songkhram Fishery Cooperative Limited (Shrimp farming)	(October 24, 1978)
7. The Samutr-Songkhram Fishery Cooperative Limited.	(November 7, 1978)
8. The Trang Fishery Cooperative Limited	(December 9, 1978)
9. The Muang Nakorn Sawan Fishery Cooperative Limited. (Freshwater Fishery)	(January 2, 1980)
10. The Samutr-Sakorn Fishery Cooperative Limited.	(January 9, 1980)
11. The Kong-Chiam Fishery Group Freshwater Fishing group in the Agricultural Cooperative.	(February 21, 1980)
12. The Nongphai Freshwater Fishery Cooperative Limited	(August 22, 1980)
13. The Samutr-Sakorn Cooperative for Fishery Limited	(August 26, 1980)
14. The Pattani Fishery Cooperative Limited.	(October 1, 1980)
15. The Bangjakrang Fishery Cooperative Limited.	(January 1, 1981)
16. The Mae-Klang Fishery Cooperative Limited.	(January 1, 1981)
17. The Prachuabkhirikhan Fishery Cooperative Limited	(June 15, 1981)
18. Cooperative Aqua-Seed Produces Central-part Limited	(July 23, 1981)
19. The Samutr-Sakorn Coastal Fishery Cooperative Limited	(November 10, 1981)

Table 1. Gross National Product and Agricultural Sector
(1966 - 1978)

Unit : 1,000 M.Baht

Year	GNP	Agricultural Sector				% of GNP	% of Agr.
		Crop	Forestry	Livestock	Fisheries		
1968	117.6	25.3	3.0	5.0	3.6	3.1	9.8
1969	128.8	28.2	2.9	5.3	3.9	3.0	9.7
1970	136.3	27.0	2.8	4.9	4.1	3.0	10.6
1971	145.4	29.3	2.8	4.9	4.4	3.0	10.6
1972	159.8	35.3	3.2	5.4	4.6	2.8	9.5
1973	216.1	55.4	3.5	6.3	7.0	3.2	9.6
1974	270.8	62.2	4.7	10.6	7.3	2.7	8.6
1975	296.4	68.4	4.9	11.5	8.0	2.7	8.6
1976	331.3	74.7	5.5	12.5	9.9	3.0	9.6
1977	381.0	76.9	5.2	14.5	11.1	2.5	10.3
1978	442.0	88.7	5.2	13.8	12.7	2.9	10.5

REMARK : 20 BAHT = US \$ 1

Table 2. Value of Import and Export of Fisheries Products

Unit : 1,000 Baht

Year	Import	Export	Balance
1967	65,256	286,553	+ 221,297
1972	83,692	807,165	+723,473
1973	92,557	1,649,930	+1,557,379
1974	93,545	1,548,977	+1,455,432
1975	125,192	2,106,088	+1,980,896
1976	148,845	3,097,741	+2,947,922
1977	138,616	3,590,903	+3,452,287
1978	135,309	5,018,473	+4,883,164

Source : Fisheries Economics Section, Department of Fisheries

* 20 Baht = US \$ 1

Items	1975	1976	1977	1978	1979	1980	1981	1982
Number of Fishery Cooperative	4	5	7	10	10	15	19	19
Membership (Hous(whole)	501	625	1,250	1,802	2,465	3,029	4,015	4,369
Operating area (province)	4	5	7	10	10	14	34	34
Operating Results								
<u>Income</u>								
Credit business	5,143.57	63,305.69	329,671.78	671,923.86	1,012,500.60	1,340,363.54	1,607,251.71	3,324,265.13
Marketing business	462,733.40	1,750,873.76	1,434,244.80	1,840,157.63	3,131,243.24	2,401,732.65	90,525,091.26	127,166,658.38
Others	10,521.03	25,926.00	57,161.18	114,948.72	79,197.65	117,887.24	971,014.77	483,083.09
Total	478,398.00	1,840,106.05	1,821,077.76	2,627,030.21	4,222,941.49	3,859,983.43	93,103,357.54	130,974,007.59
<u>Cost</u>								
Credit business	497.54	48,878.91	258,796.79	489,454.88	719,824.71	980,107.20	1,178,486.71	1,451,898.10
Marketing business	436,494.90	1,522,546.20	1,222,562.84	1,629,995.58	2,801,037.71	2,158,975.48	88,608,700.02	125,329,522.23
Administrative	46,979.26	180,343.06	243,534.74	364,133.56	795,975.66	666,418.69	2,742,467.13	3,153,669.88
Total	483,971.70	1,751,774.17	1,724,894.37	2,483,584.02	4,316,838.08	3,805,501.37	92,529,653.86	129,945,090.21
Net profit (loss)	-	88,331.88	96,183.39	143,436.19	-	54,482.06	573,703.68	1,028,917.31
	(5,573.70)	-	-	-	(93,896.59)	-	-	-
Net profit	7,912.06	95,885.07	104,502.82	171,713.30	121,324.16	130,535.73	754,898.94	130,974,007.55
Net loss	(13,485.76)	(7,553.19)	(8,319.43)	(28,277.11)	(215,220.75)	(76,053.67)	(181,195.26)	(29,945,090.21)

Fisheries Cooperative† Owned Equity

Baht

	1975	1976	1977	1978	1979	1980	1981	1982
Share Capital	39,050.-	166,050.-	558,650.-	801,150.-	1,308,050	1,842,050.-	2,701,537.-	6,239,449.12
Reserve fund	43,889.41	47,679.95	96,718.68	121,483.23	210,477.56	231,037.59	425,887.51	784,632.88
Accumulated fund	300.-	2,317.77	16,671.96	37,997.03	51,956.52	56,284.39	444,557.22	507,373.39
Unappropriated profit	-	-	-	2,854.45	-	-	55,331.95	-
net profit (loss)	7,912.-	95,885.07	104,502.82	143,436.19	(93,896.59)	54,482.06	646,190.50	1,628,885.20
accumulated deficit	(13,485.76)	(19,893.53)	(15,872.62)	(8,319.43)	(34,833.86)	(201,685.83)	(122,861.74)	(303,695.19)
Total capital	77,665.71	292,039.-	760,670.74	1,098,601.47	1,441,753.63	1,982,668.21	4,151,242.44	8,346,812.35
	-	-	-					

THE MAE-KLONG FISHERY COOPERATIVES LIMITED

705 PRASITPATANA RD., MEA-KLONG, SAMUTSONGKRAM (MKFC)

TEL. (034) 711070, (034) 711145, (034) 711701

FUEL OIL STATION: TEL (034) 711-347

1) History of the Mae-Klong Fishery Cooperative Ltd.

MKFC was established by a group of the fisherman in order to cope with the oil crises. Originally it was set up as Mae-Klong Fishery Group Ltd. in April 1979. The group has later on changed to MKFC since January 1, 1981. As of January 1, 1981 MKFC had 154 members, 180 boats, share stock (฿ 491,370^{*}) and reserved including dividends at the end of 1980 (฿ 400,733). The members of this cooperative is 27.5% of the total fishermen in this area.

At present, Samutsongkram is regarded as the second largest fishing industrial province of Thailand. The provincial fishing boats are in operation both in the Gulf of Thailand, and in the international waters.

2) Present Situation

Since 1983, the Cooperative has sold petrol of 500 tanks, lubricating oils and 50 tons of rice to its members are other fishermen totalling 103.429 million bahts a year. The average selling of petrol per month is 1.3 million liters which is approximately 30% of the total petrol selling for the whole provincial fishing boats. The Cooperative's price for petrol is 0.23 baht

* (present exchange rate is 23 bahts for 1 US dollar)

lower than the Government's set price, which is about 3.4% reduction. That means than Baht 0.23 dividends besides the annual one are immediately paid to the members when they buy fuel oil. The total selling of petrol in 1983 was 103 million bahts, with the net profit of 1.17 million bahts or 67.6% increase of petrol profit. (1982-1983)

Table I Showing the differences of the MKFC'S selling price and the government controlling price

Data	MKFC'S Selling price per liter	GOVERNMENT Controlling price per liter	Percentage differences
January 1, 1981	6.52	6.62	1.53
January 21, 1981	7.37	7.47	1.35
September 23, 1981	7.32	7.47	2.05
July 9, 1982	7.30	7.47	2.33
August 10, 1982	7.25	7.47	3.03
September 1, 1982	7.20	7.47	3.75
March 29, 1983	6.80	7.07	3.97
December 1, 1983	6.45	6.78	5.12
March 6, 1984	6.55	6.78	3.05

1,500,000

1,000,000

500,000

113

3

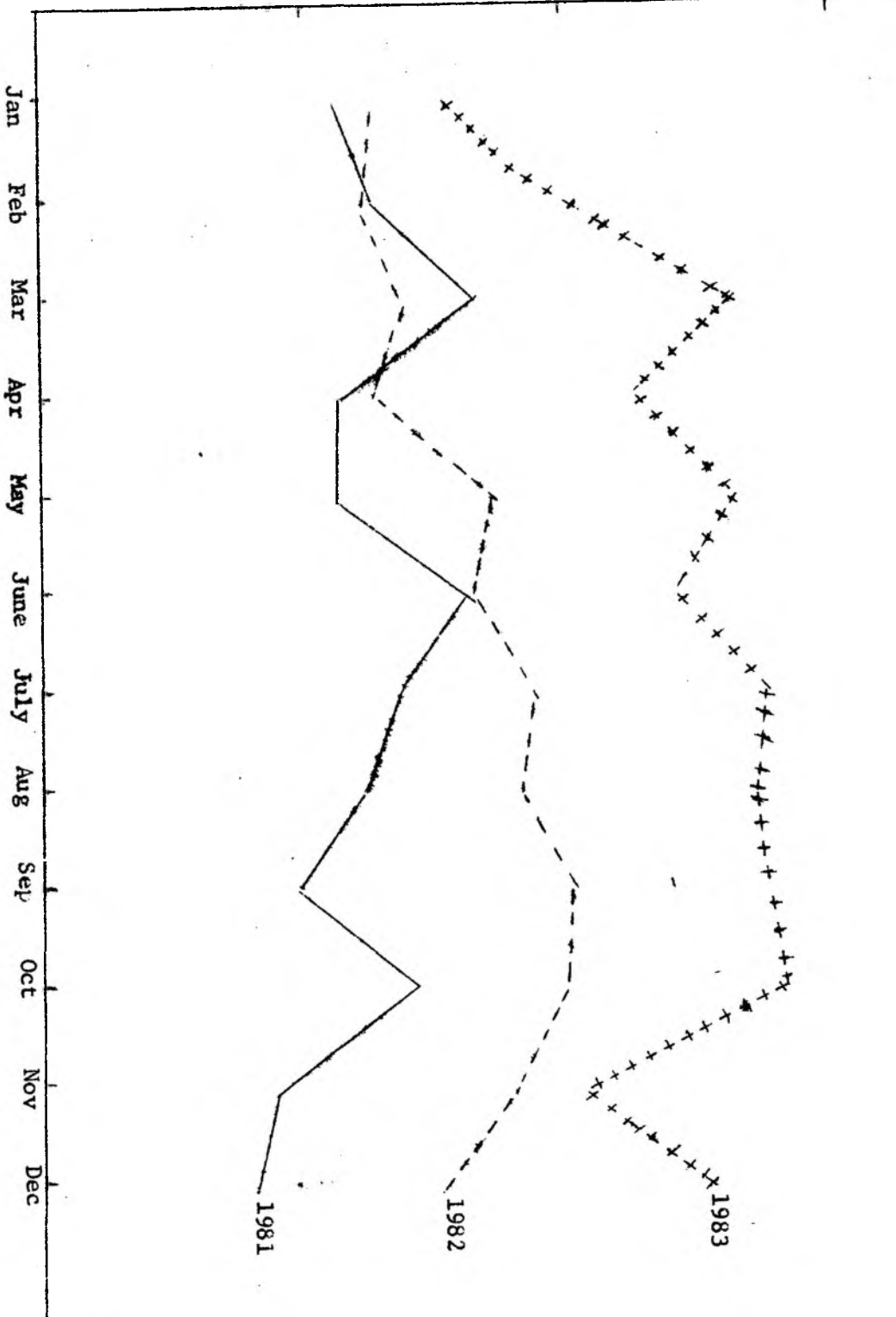


Figure I The comparative total sellings for each month of the year 1981, 1982, and 1983

The Cooperative comprises 9 personnel, and the capacity of the Coop's petrol storage tank is 127,000 litres. There are also 4 petrol lorries under the Coop's brand name distributing the petrol to fishermen within the driving distance of 700 kilometres to any ports along the Gulf of THAILAND, and to the western parts in the Andaman Sea.

To be able to buy fuel oil directly from THE SHELL (THAILAND) Co, Ltd. and Petroleum Authority of Thailand, can assure the members from oil shortages. Before the existence of MKFC the fishermen can not rely on private oil supplier in the time of shortage.

3) Fishery Market Center Project

Samutsongkram province is the second largest fishery of Thailand but it has no fishery market center. The fisherman use small fishery market place which belong to private enterprises. It is too small to handle the fish buyers and sellers. The government is now considering building the fishery market center here but there is not enough budget at this moment.

MKFC realizes the need for this project. Without the fishery market center, the members have to transport the fish to sell at different places, which means more cost to be count for. In 1981, the newly established Cooperative launched a new venture in the fish broking business at the province which was given the credit of 1 million baht from a bank. Nonetheless, this kind of business was unsuccessful, and after the trial of 6-month period, the new venture had to be stopped.

4) Long Term Project

MKFC objectives will concentrate on helping its members to reduce cost and to sell their product at reasonable price. Fuel oil and fishery market center projects will help achieve those objectives.

4.1 MKFC will distribute all kinds of fishery equipment to its members. The equipment will be bought directly from the factories both locally and abroad. MKFC also will seek fishery equipment financing from Fishery Cooperative from Japan and Taiwan and others countries through the Cooperative Legal of Thailand.

4.2 Industry Project

MKFC plans to set up fishery ice factory, cold storage and fish meal factory. Fishery ice factory and cold storage will help minimize the cost while the fish meal will be sold locally and abroad through the Cooperative Legal of Thailand. However these projects will be launched after MKFC is financially sound.

Thailand is an agricultural country, most of its population are farmers who are very poor. There is always a question whether the country will survive or not. The right answer would be the country can not survive without the farmers' survival. Any direct or indirect support to the cooperative system is certainly very useful, for instance, to support the MKFC is also another way to help solve the country's crisis.

International Co-operative Alliance

Sub - Regional Seminar of Fishery Co-operatives

Colombo - Sri Lanka

May 29th to June 8th 1984

Paper on

Fishery Co-operatives in Sri Lanka

Problems and Prospects

Presented by

M. P. Sumathipala.

The General Outline of the Fishery Industry in Sri Lanka

Introduction

Sri Lanka is located in the Indian Ocean at the tip of the Indian Sub Continent between latitudes of 6 - 10 degrees North and longitudes 80 - 82 degrees East. It has a total land area of approximately 66000 square kilometres. Since the declaration of the exclusive economic zone in 1978, Sri Lanka enjoys sovereign rights over 230000 kilometres of the ocean. Its close proximity to the Southern tip of India would suggest that it may have been a part of India at some stage, although at present it is separated by a strip of water known as the Palk-Strait. It is about 20 kilometres in width at its narrowest point the coast line is 1200 kilometres in length.

At the centre of the island is a mountain range which at the highest point is about 2133 metres above sea level. A greater part of the rivers originate from those mountains and flow towards the Southern and Western coasts rendering the Northern and Eastern sectors of the island virtually a dry zone. The Northern and Eastern sectors are not without their rivers and streams, the waters of which have been harnessed for irrigation through numerous artificial lakes and reservoirs constructed along their length. The rest of the island^{too} have artificial reservoirs not so large in numbers as in the Northern and Eastern sectors.

Of the population of around 14.9 millions in Sri Lanka it is estimated that about 81000 are actively engaged in the production of fish while an additional 14500 are employed in the secondary sector of the industry which would include such vocations as distribution, marketing and production of fishing gear, assembly of engines, their maintenance repairs etc. About 300000 constitute the families and dependents of the 82500 participants.

The fishing industry can broadly be classified as marine fishery, lagoon (brackish water) fishery and fresh water fishery. It is evident from the Basawakkulama inscription of King Sena II (853 - 857 AD) and Stone Pillar on the bund of Abhayawewa ascribed to Kassapa II (914 - 923 AD) that fresh water fishery existed as far back as the Anuradhapura period. The fresh water fishery in Sri Lanka is older than the marine fishery.

Fishing takes place all around the coast. It is concentrated primarily within the continental edge which is an area rarely extending beyond 25 miles and averaging 14 miles in width. In the area there are good resources of pelagic and demersal species with an annual sustainable yield of 250000 tons. In the off shore and deep sea fisheries from the edge of the shelf to the boundary of Sri Lanka, Exclusive Economic

zone the fish are mainly large migratory pelagic species. There is a further substantial fish resources available in this area. There are about 344000 acres of inland tanks and reservoirs and 300500 acres of brackish water lagoons, estuaries and mangrove swamps available for stocking and harvesting. The potential annual yield from these resources depend on the intensity of fish stocking. It is estimated that the harvest could be raised to 50000 tons in a year.

The fisheries sector in Sri Lanka has a relatively high importance in the economy compared to that in most countries. Its contribution to the Gross Domestic Product of the country is about 1.6%

In the period 1977 - 81 fish production increased by nearly from 136581 tons in 1978 to 202000 tons in 1981. The details of production increase in this period are indicated below.

Sub Sector	(Tons)				
	1977	1978	1979	1980	1981
Coastal	123411	134744	146507	162661	172000
Deep Sea and Off Shore	307	2903	2066	2144	2000
Inland	12863	16474	17150	19947	28000
Total	<u>136581</u>	<u>154121</u>	<u>165723</u>	<u>189722</u>	<u>202000</u>

(Source - Fisheries Ministry)

This increase in production has been achieved despite the rapidly increasing fuel cost and the devastation caused by the cyclone in 1978. The increase production can be attributed to the considerable number of new vessels introduced during the period, the mechanization of indigenous craft and the availability of engine repair and boat repair facilities. The above figures also indicate that the contribution of the inland fisheries is very significant. This has been due to more systematic and intensive harvesting of the stocked water bodies through the introduction of more and better craft and gear.

The following table indicates the fish supply and per capita consumption of fish during the period 1977 to 1980.

Unit	1977	1978	1979	1980
Local Production Tons	136581	154121	165723	184222
Imports	9143	8617	25414	34253
Exports	3059	4542	6228	3542
Total Supply (1+2+3)	142665	158196	184909	215433
Mid-years' Population	13940	14184	14470	14738
Per capita consumption	22.90	24.98	28.62	32.74

(Source - Ministry of Fisheries)

Per capita fish consumption in Sri Lanka which stood at 31.99 lbs in 1972 was reduced to 22.9 in 1977. This could be attributed to the increase of 10% in the population as well as the severe curtailing of imports during the period. Per capita consumption in 1980 has increased to 32.74 due to the increase in imports and production. This is very significant in view of the fact that fish is the most important source of animal protein in Sri Lanka.

During the period 1977 - 81 the fisheries sector has emerged as a substantial earner of foreign exchange through exports of products such as shrimps and prawns, lobsters, cuttle fish and squids and products such as beche-de-mer, shark fins and maws etc. The quantities and value of exports of marine products during this period are as follows.

Export of fish and fish products (wet equivalent)

1977		1978		1979		1980	
Qty (tons)	FOB Value Rs. M	Qty (tons)	FOB Value Rs. M	Qty (tons)	FOB Value Rs. M	Qty (tons)	FOB Value Rs. M
3059	166.3	4542	197.3	6228	295.6	3542	202.7

The crew that mans the fishing vessel is always paid a share of the value of the catch. In addition to the share basis of payment each crew member receives a few pounds of fish after every fishing trip. The owner of the vessel or fishing gear or both may be a member of the crew or may not be a sea-faring man. In the case of all types of mechanised crafts half the proceeds of the sale of the catch after deduction of the costs of fuel, bait and food is divided equally among the members of the crew while half the proceeds accrue to the owner of the craft and gear. In the case of non mechanised traditional craft which do drift-netting or line netting fishing the basis of sharing of proceeds after deducting the costs of bait and food is one third to the crew and two thirds to owner of craft and gear. In the case of the beach seine, half the proceeds after deducting the cost of fuel go to the labour and the other half to the owner or owners.

The income of the fishermen is not regular as it depends on the value of the catch. The value of the catch in turn depends on various factors such as the size and the type of the catch type of craft and gear used, the technology adapted and weather conditions and availability of resources.

Though the coast line is not more than 1200 kilometres various types of craft are used. On the Southern and South Western coasts the outrigger canoe "Oru" was preferred while the Western and North Western fishermen mainly used log craft or "Tappam". The fishermen in the Northern and East coast used large log craft "Katamaran" and the dug out canoe "Vallam". Weather conditions along Sri Lanka coast have been a controlling factor in the production of fish in the country. Between April and September Southern and Western coasts are affected by the South West monsoon while during the period between October and March. Eastern and Northern coasts are affected, by the North East monsoon. During these periods the fishermen would not go out for fishing with the traditional craft. However this situation changed with the introduction of mechanised craft in 1957. The concepts of "fishing season" and off season radically changed. The fishermen with mechanised craft are able to get a bigger catch during the monsoon season than the calm season. Though at first fishermen were reluctant to use 3½ ton mechanised boats, soon they became very popular, when the 17½ foot fibre glass boat was introduced it proved to be popular among the Western and North Western fishermen. The Southern fishermen preferred the 3 ½ ton boat as they could engage in fishing through out the year without migrating to other areas. The power unit was soon adopted to even traditional crafts.

The number of fishing craft by type is given in the following table.

Type of Craft	1977	1978	1979	1980	1981
In Board mechanised Craft	2443	2545	2868	2861	3112
Out Board mechanised Craft	5290	7143	6278	9128	9721
Non mechanised Craft	14456	13581	14190	15149	15715

(Source - Ministry of Fisheries)

Though there has been a considerable progress in the mechanisation of the fishing fleet about 31.5% of the total catch is still brought by the non-mechanised craft. About 5% of this is derived from beach seine (madel) technology.

Fish Production by type of craft (coastal fisheries)

Year	1977	1978	1979	1980	1981
3½ ton in Board mechanised craft	43149	49081	49611	53962	55565
Out Board mechanised craft	39487	38124	43158	56526	64480
Non mechanised craft	40775	47539	53738	42960	43525
Madel Fishing (Beach seine)	----	----	----	9213	8748
Total	123411	134744	146507	162661	172318

The table given below indicates the net income devived from mechanised craft is greater than that devived from traditional craft and from among the mechanised craft 3½ ton boat provides by far the greatest income.

Type of Craft	Annual net income	
	Owner	Crewmen
3 $\frac{1}{2}$ ton mechanised boat	Rs. 79182	Rs. 21428
17 $\frac{1}{2}$ Fibre glass boat with outboard motor	Rs. 46026	Rs. 20132
Traditional Craft with out board motor	Rs. 32338	Rs. 17584
Traditional Craft (marine)	Rs. 18828	Rs. 8335

(Source - Marga Institute study 1980)

Beach Seine Production

With the popularity of new technologies and mechanised craft this system receded resulting in the share of production. This system however continues to function in the Northern and North Western coasts of the island where it was predominant 2 decades ago.

Other types of technologies in the pre-mechanisation period consisted of hand lines, troll lines, hand nets, cast nets, traps and nets made with cotton thread. While these technologies still continue to be operative to some degree drift net made of Nylon thread in various mesh sizes have become very popular.

The purchasers of vessels are entitled to a subsidy of 35% on the cost of the hull, engine and gear and in respect of the balance 65% the State Banks provide credit up to 88% at concessionary terms of lending and on liberalized collateral arrangements under the Producer subsidy scheme of the two state Banks. In view of the considerable price escalation that have taken place a modified subsidy scheme was started in 1979. Under this scheme higher percentage of subsidies are granted and the new 17 - 23 FRP boats are included in its coverage.

In order to promote maximum harvesting in perennial water bodies the Ministry of Fisheries is subsidising 90% of the total cost of non-mechanised boats and gear used for fishing in these tanks. The Ministry is also offering a 50% subsidy for those engaged in fish farming in tanks and ponds. Subsidies ranging from Rs. 2000 to Rs. 10000 are being offered to fish farmers.

Private sector operations are the dominant force in the fishery industry and most fishing vessels are privately owned.

The supply of engines, spare parts and fishing gear to fishing vessels are also primarily a private sector operation. Most of hull and engine repairs are undertaken by a net work of small repair shops. Major portions of the fish nets are also imported by the private sector.

The rise in price of fuel is adversely affecting the industry. The Ministry of Fisheries is experimenting in production of a new type of craft which would reduce the operational cost. As a fuel saving measure a subsidy has been introduced for use of sails, 75% of the cost of the sail is subsidised.

Marketing and distribution

Marketing at producing centres take different forms depending on the location of the centres. In sparsely populated areas or migrant fishing centres the fisherman supplies his catch to a particular trader "Mudalali" through an advance and other facilities such as transport ration and temporary housing provided by the trader. In densely populated areas the producer is more independent and sells his catch to one or other traders and in some instances passes his fish through an auction. The Ceylon Fisheries Corporation operates several fishing centres but it handles only about 4.5% of the catch.

Nearly 40% of the island's production is consigned to "Commission Agents" at St. John's wholesale fish market in Colombo. In Colombo and smaller towns there are retail fish stalls in public markets controlled by the local authorities. Retail sale to consumers are also made by hawkers, pingo carriers and traders on bicycles.

Seasonal fluctuation of income and the need for short term credit to meet working expenses as well as to tide over periods of low production the fisherman has to rely on a private source for loans. The lending source is usually the trader, the fish "Mudalali". By combining in himself the dual function of money lending and fish marketing the middleman gives loans to fishermen who in turn is required to deliver his catch to the creditor.

The fishermen though aware of the large profits made by the Mudalali do not raise any objection to the very low rates they receive as quite often they seek the assistance of the Mudalali in time of want. These Mudalalis often provide interest free loans to the fishermen for their subsistence during non-fishing days and for functions and festivals. The fisherman who are free to sell their catch to a Mudalali of his choice is handicapped by the greater percentage of Mudalalis who virtually monopolise the marketing of fish.

Ice Production

Ice Production

The demand for fish in its fresh state has created a demand for ice for temporary preservation during transport. To meet the shortfall of ice supplied by the private sector and state sector the government has offered a wide package of fiscal and other incentives for investors undertaking investments in Ice Plants.

Ceylon Fisheries Corporation

The Ceylon Fisheries Corporation was established in 1964 to perform several functions. Its activities have now been rationalised and it concentrates on marketing and distribution of fish with the objective of ensuring reasonable prices to the consumers as well as to the producers. Its fishing fleet is responsible for less than 1% of the total marine production.

Ceylon Fisheries Harbour Corporation

The Ceylon Fisheries Harbour Corporation set up in 1972 is charged with the function of constructing managing and maintaining fishery harbours and providing shore-facilities. The harbour Corporation has constructed ^{or} developed harbours at Beruwale, Galle, Mirissa, Trincomallee, Mutwal and Myliddy. Due to heavy cost involved in constructing harbours, the Corporation has studied the possibility of developing cheaper alternatives to expensive harbours such as the development of suitable beach landing craft, the use of natural shelters such as bays, river mouths, estuaries and lagoons as anchorages.

Research

An autonomous research agency called National Aquatic Agency has been established to co-ordinate and direct research Programmes and activities in the area of aquatic resources including fisheries.

Welfare activities

One of the main objects of the Master Plan of the Fisheries Ministry (1977 - 83) is to improve the living conditions and income of the fishing community. To ensure the realization of this objective the Ministry in 1979 set up a separate division exclusively to attend to the welfare needs of the fishermen. 1900 houses have been constructed during this period and it is proposed to construct 450 houses shortly. Fisheries roads wells latrines, beacon lights and community centres have been provided. A novel welfare oriented measure is the provision of transport services for the use of fishermen in places where public transport services are either not available or inadequate. In these

An insurance scheme covering total or partial loss of fishing craft and gear and the lives of the fishermen on a relatively low payment of premium is now in operation. Scheme to provide life jacket to fishermen is also under consideration.

Socio-Economic Conditions

The ancient practise of communities living in proximity to the areas in which their vocation or trade is practised appears to continue with the fishing community who even in the modern period prefers to live on the sea coast and lagoon shore in spite of the vast advances in transport and housing today which would enable them to live further inland and travel to the coast for their vocation.

Fishing is ^{not} merely an occupation but also a way of life closely bound up with living by the sea and having the feeling of belonging to the fishing community and its sub-culture. In addition to the need to protect the resources and ensure access to it there is also the need to protect craft and gear which cannot be easily transported inland. Finally there is the need for members of any local fishing community to stick together so as to prevent outsiders from gaining access to the resource base.

The fishing village is a closely knit unit in that the community has common interest and each others Corporation is essential in the pursuit of their occupation. The houses in which the fishing families live are huddled together and often share a common compound.

A survey carried out by the Marga Institute (1980) regarding the average size of fishermen family has revealed that there was 6.8 members in a family within the marine fishing community 10 members within the inland fishing community and 6.8 in the lagoon fishing community. The average number of persons employed per household was found to be 1.5 in the case of marine fishermen, 1.5 in the case of lagoon fishermen and 1.3 in the case of inland fishing families. Formal Employment of women was very low-0.022 in the marine sector. However women find employment in formally in Roman Catholic and Muslim fishing communities as well as Hindu fishing villages. Though not formally employed they fall into the category of unpaid family labour.

Although the women do not play a significant role in the industry itself, the wives and mothers of fishermen were observed to play a major role in the running of the household. As far as the running of the household is concerned the female is the "chief" though the male is the Chief income earner. Control of the family purse is also usually in the hands of the female in so far as daily expenses are concerned but major decisions are usually by the male.

With the general increase of literacy in Sri Lanka during the last two decades the educational level of the fishing community has also risen. The following table shows the level of education pertaining to different occupations in the rural community.

Occupation	Illiterate	Grade 1 - 4	Grade 5 - 8	Grade 9 - 12	Technical Education
Fishermen using traditional craft	41%	19%	33%	7%	
Fishermen using mechanised craft	3%	22%	58%	16%	1%
Agricultural and general labour and minor employees	5%	21%	54%	20%	
Manuel workers such as Drivers, Carpenters Masons etc.	2%	5%	57%	36%	

(Source Marga Institute, Village Study)

The education of the children of the fishing community has reached a fairly good standard is evident from the following table.

Age	Illiterate	Grades		
		1 - 4	5 - 8	9 - 12
5 - 10	6%	89%	5%	--
10 - 15	5%	20%	66%	9%
15 - 20	3%	20%	9%	41%

(Source Marga Institute Village Study 1980)

a survey regarding preference to do and alternative employment according to differnt age groups show the younger generation is quite definite about their desire to remain in the industry.

Questions asked from Fishermen	Age	15	26	36	Over
		30	35	50	50
Would you fore-go your activities for another providing higher income but without the excitement involved in fishing.	Yes	39%	53%	55%	58%
	No	61%	47%	45%	52%
Would you fore-go activities for another providing more regular income equal to present income.	Yes	29%	39%	39%	37%
	No	71%	61%	61%	63%
Would you forego your activities for another providing 1½ of your present income from relatively safe investment.	Yes				
	No				

The income of fishermen is higher than that of the other rural workers. Conditions under which the income is earned are very trying and risky. His working hours are not regular and his non-working hours are not productive and generate no income. He does not have a very participatory social life and contact with the people beyond his village is virtually non-existent. The price of fish had kept with upward trend of the price of price of other commodities where by his purchasing power has remained more or less the same.

The Fishermen's total income is mainly spent and rarely saved. The expenditure pattern of the fishery household is rather peculiar in that there is a high expenditure on consumption. His consumption expenses also include heavy expenditure on items such as sewing machines, radios and bicycles.

He has no claim to the resources he exploits and cannot guess what is income would be before - hand. As a result he would tend spent his sudden fortunes on consumer durables such as radios, sewing machines etc. He does not plan systematically for the future, but spends extravagantly on clothes, recreation and even on Alcohol and gambling. Having spent most of his income on consumption of semi-luxury goods he has to seek credit facilities for major repairs of to his crafts or replacement to his gear. He is often in debt to the Mudalali.

It would be seen that the fishermen's behaviour and not his income that is mainly responsible for his debts. Co-operative Societies can play major role in changing this pattern of behavior and make his life more happy and content.

Historical Development

The Japanese air raid in Colombo in April, 1942 resulted in the evacuation of wholesale and retail traders of Colombo. The civil population was confronted with a serious situation with regard to food distribution. Profiteering and black marketing became rampant. In September 1942 the government decided that the people should be encouraged to form consumer co-operative societies in order to ensure equitable distribution of essential commodities and maintenance of prices at reasonable levels.

The impetus for forming fisheries co-operatives also came as a part of the war effort. In 1943 the Department of Fisheries operated a fish marketing unit with a view to increasing the supplies to the consumers and keeping prices down. In conjunction with this marketing scheme the Director of Fisheries was authorised to grant loans to fishermen to increase their production. The government decided that such loans should be channelled as far as possible through co-operative societies and the fisheries Department should assist societies in the marketing of fish. The economically backward fishermen employed under well to do fishermen more often on income sharing basis rather than as paid employees who had not the means and where withal to own boats and fishing gear of their own readily accepted the village level organisation. By 1945 there were 30 societies. These societies were not properly organised, so much so that even fish traders had found their way into these organisations to benefit from the government loan scheme.

Period from 1950 - 1972

In 1950 there was renewed interest in the organisation of fishermen's co-operative societies. An Assistant Commissioner of co-operative Development was assigned to look after the organisation and supervision of Fishermen's Societies.

Two types of Primary Fisherman Co-operative Societies emerged viz:

- (a) the co-operative fishing societies in which fishing craft and gear was owned and operated jointly.
- (b) Fishermen's co-operative credit and sales societies in which ownership of fishing craft and gear was individual.

During the period 1955 and 1959 an active campaign of co-operative education was carried among fishermen. This took the initial form of study circles organised under the Canadian Project of aid to Ceylon Fisheries.

The relatively high rate of literacy (about 65 per cent) among fishermen in Ceylon facilitated this activity. Booklets in Sinhala and Tamil were distributed and film shows dealing with fishing subjects were shown to as many as 142000 in one year. This training scheme was discontinued in 1963 and was revived later in 1968 in a smaller scale.

The following table shows the increased interest in organising societies after 1950.

<u>Year</u>	<u>Number of Societies</u>	<u>Membership</u>
1947	43	1855
1952	111	4405
1957	100	5435
1962	237	7908

In October 1968 the government appointed a Royal Commission with Dr. Alexander Fraiser Laidlaw as chairman to look into the present state of co-operative movement and to suggest measures for strengthening and improving it.

With regard to the Fisheries sector the Commissioners observed that though the social values of small co-operatives are often great. Their economic benefits are often slight and of short duration. A large number of small primary societies cannot be justified from the viewpoint of either economic viability or the quality of service. Many of them are already dormant or defunct. The Commissioners recommended that a number of small primary societies should be amalgamated into large primary societies so that they

- (1) would be more viable and efficient
- (2) would be able to attract expert management
- (3) would be able to employ skilled specialists and
- (4) would be able to use modern technology in their development.

The rationale of organisational pattern should be mainly economic rather than geographic. Although of course the factors terrain accessibility and transportation would have to be taken into consideration. The Commissioners suggested that the change should not be done all at once quickly and should take place voluntarily by persuasion and education and not through compulsion.

In order to gear the co-operative movement to make maximum contribution to national economic development, the government decided to implement through legislation the Commissioners' recommendation to form large Primary societies. Although the Commissioners wanted this to be done voluntarily and not so quickly. In 1970 the government passed the co-operative societies (special provisions) Act No. 35.

Reorganisation of the Primary Societies

In 1972 action was taken to reorganise the co-operative Societies according to the provisions of this Act, Of the 292 village level societies those which were not fulfilling a useful junction were liquidated and the rest were amalgamated into 45 large primary societies, the area of operation being generally a parliamentary electorate. The role of fishery co-operatives was redefined as being the organisation of fishermen for improvement of small sector of the industry in the catching handling and marketing of fish. The smaller societies became branches of the new primary society. Each primary society has a nine member Board of Directors consisting of ⁶ members nominated by the Department of co-operatives and three members elected by its branches.

This drastic change had both adverse and beneficial results. Some members were not convinced with the philosophy behind this move to restructure the societies due to the haste in which it was implemented. Loss of confidence in the organisation caused a certain amount of deterioration in the co-operative spirit and enthusiasm among membership. However on the other hand a fair number of societies have been able to render a valuable service to members. Projects such as supply of fishing gear, fuel repair facilities and marketing of fish, was successfully organised. In certain instances buildings were acquired for their activities. Societies in Northern Province were successful in earning foreign exchange by exporting beach-nutmeg and conch-shells through their secondary Union Northern Province Fishermen's co-operative union. In fact the union enjoyed the monopoly of exporting these items until the liberalisation of trade in 1978.

With the limited funds of these societies they were not able to cater to the needs of the large membership of the societies. Though the democratic participation of the members was ensured by the delegate system, member participation was not so active as in the case of smaller societies. There was a marked tendency to employ staff in excess to the required number. The repayment of loans was unsatisfactory. The management was inefficient and with the result by 1972 most of the societies were not operating at a profit.

The reorganisation of the Fisheries co-operative societies have been a controversial issue from the very outset. Some considered that the existing small societies at grass-root level are the ideal while others were of the view large primary societies would be financially sound and would be able to attract expert management. The proposed system of delegate system and local committees of branches will ensure full democratic participation.

In 1981 the Parliamentary consultative committee appointed a committee of officials to look into the present state of the Fisheries co-operatives and make recommendation for reorganisation.

Among other matters the committee recommended that the existing 56 societies (with the change of boundaries of some Parliamentary electorates, area of operation of certain societies was changed and new societies were created increasing the existing 45 societies to 56) be divided into 80 or 90 societies. The membership of these primary societies were given the option to divide their societies into two or more according to the co-operative Law. Officials of the co-operative Development Department and the Fisheries Ministry assisted them in this matter. Prior approval was given to form societies without branches where necessary.

All societies, but for a few in Jaffna and Trincomalee decided not to divide themselves once again. There are 64 registered primary societies in the island.

Young men's Fishermen Co-operative Societies

In order to afford facilities to secure employment to young men trained at the fisheries institutes the Young Men Fishermen's societies were formed in 1976. At present there are 6 such societies.

Fresh Water Fishery Societies

With the high priority given for the development of inland fisheries, several fresh water societies were organised. There are 21 societies now. In addition to these societies a Boat Builders' Co-operative Society was formed to make wooden boats. However with the introduction of fibre glass boats and shortage of timber the activities of this society has receded.

Regional Unions

There are two regional fishermen's Co-operative Unions one at Jaffna covering the Northern Province and one at Matara covering the Southern region from Galle to Hambantota. Southern Region Union is engaged in marketing of fish of the members societies in a small scale whilst the Northern Region Union is successfully operating a fish meal plant, an ice plant and export beach-mer and conch shells. Steps are being taken for marketing of wet fish as well as dried fish.

At the apex level in Sri Lanka Co-operative Fisheries Federation.

Co-operative Fisheries Societies

Registered Fishermen Co-operative Societies:

At primary, secondary and apex level there are 95 societies with a membership of 24900 which is about 33% of the these actively engaged in those fishing industry in the country.

Primary Fishermen's Co-operative Societies	64
Young men's Fisheries Co-operative Societies	06
Regional Union	02
Apex Society	01
Fresh Water Societies	21
Boat Builders Society	01
	<hr/>
Total	<u>95</u>

Sri Lanka Fisheries Co-operative Federation

Sri Lanka Co-operative Fisheries Federation was earlier known as Ceylon Co-operative Fish Sales Union. It was organised for the marketing of fish and supply of fishing gear to the fishermen's societies. It operated the government owned fish Cold Stores in Colombo handled the catch of Ceylonese and foreign trowlers and enjoyed the monopoly of import of Nylon nets and their sales through co-operative societies. It functioned quite successfully. In 1964 the government set up the Ceylon fisheries Corporation with the object of providing various services for the fishing industry including marketing of fish and supply of Fisheries equipment. The co-operative Fish Sales Union was persuaded to transfer to the Corporation its marketing and supply business together with its equipment and staff. The Union confined its activities to member education.

During the last few years the Federation has taken meaningful steps to broaden its functions to include economic representational educational activities.

Education and extension programmes are organised in collaboration with the Department of co-operative Development and Ministry of Fisheries. Training classes, Seminars, Conferences symposiums etc are held for members Board of Directors, Branch Committee members and employees. The Union has been the spokesmen on matters pertaining to fishermen's Co-operatives.

With a view to assist the member societies and improve its own finances to cover supervisory and education work the union is engaged in several business activities. It is operating an ice plant in the Eastern coast which was received as a gift from the Freedom from Hunger Campaign Board. It has also started the sale of fishing gear to member societies. Negotiations are a foot to establish fuel stations jointly with member societies.

The Federation is the sole distributor of sail clothes issued on a 75% subsidy scheme by the Ministry of Fisheries. Distribution is done through the primary co-operative societies on a commission basis. The Federation has entered the arena of fish production by operating two 34 foot boats obtained from the Ministry of Fisheries on a hire-purchase scheme. For the upliftment of the fishing community the Federation has launched a scheme to organise Women's units within the area of operation of the primary Fishermens' society, the membership being confined to the female members of the families of the members of the societies. Presently some of these units are running pre-schools and engage in cottage industries such as lace making and coir making, Federation has been successful in obtaining aid and assistance for these units from government and other social services organisations.

Co-operative Employees Commission

In order to safe guard the interests of the employees and to ensure efficient administration and management a co-operative employment commission was established in 1972. All employees of Fisheries societies are governed by rules and regulations framed by the commission regarding their appointments, payment of salaries termination of services etc.

Supervision of Societies

From 1979 the supervision and development of Fisheries co-operative societies became the responsibility of the Ministry of Fisheries. For this purpose The Director of Fisheries (marine) was conferred with the powers of a Deputy Commissioner. He is assisted by an Assistant Commissioner of Co-operative Development attached to the Ministry of Fisheries. At the district level District Fisheries Extension Officers are assisted by senior Inspectors of Co-operative Societies with an interest and knowledge of fisheries problems. Fisheries Inspectors too have been attached to co-operative societies. Generally the Inspectors of the co-operative Development Department concentrates more on the co-operative aspects while the inspectors of the Fisheries Ministry concentrate more on the technical aspects. Co-operative Development Department is responsible for the auditing of societies.

Credit facilities

Up till 1980 the Ministry of Fisheries operated an advance account for the purpose of issuing boats engine and fishing gear to co-operative societies on a hire-purchase basis.

These were issued on a 50% subsidy base. This has now been replaced by a Bank Credit scheme operated by the two State Banks.

An active fisherman of good character and over 18 years of age living in the area of operation of the primary societies can be a member on payment of at least the first instalment payable for the purchase of one share. The value of share is Rs. 100. A share may be paid for in full on allotment or in instalments of Rs. 25/= quarterly to be eligible to obtain a loan. For a 28 - 32 foot boat, he should own shares up to the value of Rs. 500/= and for a 17½ - 22 foot boat, to the value of Rs. 250/=. The selection procedure for issuing a boat is based on experience, technical knowledge, age and health. 50% subsidy is released to the Bank by the Ministry for the hull engine and fishing gear. The loan is repayable in 5 to 8 years. The society is responsible to the Bank for the repayment of the loan. The society in turn enters into a hire-purchase agreement with the selected shipper.

For the services rendered by the society it charges a commission of 10% from the total income of the boat per trip. Out of the balance 90% after deducting the cost of fuel, bait and food 50% is paid to the crew, 25% to a Repair Fund and 25% for repayment of the loan. Once the loan is paid the boat is transferred to the skipper and it is proposed to pay back 35% of the subsidy and the interest accrued on the subsidy, to the skipper in addition to the boat and fishing gear, 35% to the other members of the crew and 30% to the society, in case of small boats (17½ to 22 feet) and 25% to the skipper in addition to the boat and fishing gear 60% to the other members of the crew and 15% to the society in case of large boats (28 - 32 feet)

Under the South West coast Fisheries Development Project financed with the assistance of the Asian Development Bank 200, 3½ ton boats were issued to societies in Kalutara, Matara, Galle and Hambantota districts in 1977 on a 50% subsidy base. The repayment of the loans have been satisfactory and the boats were transferred to the skippers on repayment of loan. The Ministry of Fisheries also has launched several projects ie North West coast project financially supported by the Abu Dhabi Fund for the Development of the exploitation of off-shore fishing resources and the provision of ninety 34 footers and two 50 ft vessels. East Coast Fisheries Development Project funded by the Government of Netherlands for the Development of fisheries in the Batticaloa district and the West coast Development Project for the Development of fisheries in the district of Puttalam Gampaha, Colombo, Kalutara, Galle and Matara.

Problems of Fisheries Co-operatives

One of the major problems of the Fisheries Societies is the lack of sufficient funds to provide facilities for both economic and welfare activities of the members. According to by laws of the societies the capital of the society is composed of

- (1) Moneys realized by the sale of shares
- (2) Deposits
- (3) Moneys borrowed
- (4) Profits realized
- (5) Moneys received or realized by any other means approved by the Commission.

Many of the Fisheries Societies had built up satisfactory levels of owned capital in spite of their heavy dependence on government in the initial stages. However after the reorganisation of societies in 1972 to mismanagement and employment of staff far in excess to the requirements resulted in the erosion of funds.

The share capital was reduced from Rs. 500/= to 100 to ^{make} the societies ^{broad-}based. The value of the boats and fishing gear issued to members had no bearing to the value of shares. Repayment of loans deteriorated. In some instances the society boats were left to decay on the beach without attending to even ^{minor} repairs. With a view to improve the production and repayment of loans the Ministry of Fisheries introduced a scheme to transfer the boats to the skippers on repayment of the loans. This scheme though successful with regard to improvement of production and repayment of loans, deprived the societies of ownership of boats and thereby reduced the creditworthiness of the societies.

With the implementation of this scheme it was hoped to issue new boats to the societies in place of boats where the loans have been fully paid. However due to heavy cost of crafts engine and fishing gear only a small fraction of the membership could be provided with boats etc. A large section of the membership is dissatisfied and have even lost confidence in the leadership.

Credit facilities are not easily available. The bank rates of interest are so high that societies cannot compete with the private sector that resort to many unscrupulous devices.

Societies lack management skill as they do not have sufficient funds to recruit suitable qualified staff.

The number of nominated members were reduced from 6 to 4 in 1980 in order to make the elected Directors the majority in the Board.

However still the affairs of the societies are controlled by the nominated Directors due to their social standing and lack of enthusiasm and leadership on the part of the elected Directors.

Facilities such as landing points slipways, cold stores, and ice plants are inadequate. The prices of fishing boats, engine and fishing gear are not within the reach of average fishermen.

The same problems that led to the organisation of co-operative societies in 1950 still exist today. The fisherman is still in the clutches of the Mudalalis, wide fluctuations in prices still prevails and very often they cannot sell their fish during glut periods. The Fisheries Corporation that took over the functions from the Fish Sales Union, the Apex organisation of the Fisheries Co-operative societies, that was doing very well, has in no way being beneficial to the co-operative movement. Market is still controlled by the fish assemblers, wholesale dealers in Kandy, Galle and St. John's Fish Market Colombo. Ceylon Fisheries Corporation has only a minimal impact on the market system. It handles only about 4.5% of the local production.

Prospects

The co-operative system is firmly rooted in Sri Lanka. There is a hard core of co-operators who believe that their economic emancipation is only through the co-operative system.

As observed in an earlier section of this paper the general education of the fishing community is moving up. The fishermen are better off than the general labourer, peasant or even middle grade state employee. The younger generation is quite definite about their desire to remain in the industry. The government is a Democratic Socialist Republic. The younger generation has faith in co-operative way of life. This augurs well for the future of the co-operative movement. With the hard core of co-operators and their co-operatives as the base the required leadership at the village level could be built up through a well planned programme of education.

The repayment of loans by the Fisheries co-operatives no doubt has been very unsatisfactory. But the picture is quite different when it is compared with the repayment of loans by the private sector. Of the loans given for fisheries activities prior to 1968 approval was given by the government for the waiver of Rs. 21.1 millions. Of this amount only 1.1 million about 5% was from the co-operative sector. It is quite evident from this fact that any loan scheme for the promotion of fishing industry, more reliance can be placed on the co-operative sector than on the private sector.

Development of inland fisheries has been accorded very high priority in the Master Plan of the fisheries Ministry. The fishermen in this sector have not still come under the clutches of the fish assemblers and middlemen, as the fishermen in the marine sector, for every Water body (tank) a co-operative society can be organised and all assistance can be channelled through these societies. It would facilitate to regulate all activities pertaining to the tank by these village level voluntary democratic organisations.

Women play a dominant role in the running of the household as observed in a earlier section of this paper. She is the chief as far as the household is concerned. It is the fishermen's behaviour and not his income that is responsible for his debts. Sri Lanka Fisheries Co-operative Federation, fully convinced of this fact has already taken steps to form women organisations affiliated to the primary societies. These organisations would not only help to increase the family income, but would also inculcate saving habits among men and change their behaviour pattern while helping them in their fishing activities.

The Ministry of Fisheries takes a keen interest in the development of fisheries co-operatives and work in close collaboration with the Department of co-operative Development. Youths are being trained at the four Regional training centres. It is proposed to give preference to extraine co-operatives in the issue of boats under the Ministry's development projects such as the Abu Dhabi Project East coast Project and West coast Project. A committee of representatives of the Ministry of fisheries, co-operative Development Department, the two State Banks and primary societies with a member of Parliament as Chairman was appointed recently by the Parliamentary consultative committee (Fisheries) to study and report on Fisheries Co-operatives. This report has now been submitted and it is hoped it would have for reaching effects.

I wish to conclude by suggesting that facilities be provided by national and international agencies to the Sri Lanka Fisheries Co-operative Federation.

- (a) to develop^a marketing net work for the fisheries co-operatives.
- (b) to be the ^{spokesman} of the Fisheries Co-operatives.
- (c) to develop the export of fish products, importation and distribution through primary co-operatives of engines spare parts and fuel.
- (d) to implement on intensive education and extension programme.

SUB-REGIONAL SEMINAR ON FISHERY COOPERATIVES
COLOMBO - SRI LANKA

SERVICES NEEDED BY FISHERMEN IN CARRYING OUT THEIR
ACTIVITIES - ROLE OF COOPERATIVES IN PROVIDING
THEM

1. INTRODUCTION

Sri Lanka which is situated in the Indian Ocean has a coastline of about 1800 k.m. (1110 miles) Fish has been the traditional source of animal protein for the population for a long period of time. While coastal people consumed fresh fish the population in the inland areas was mainly dependent on dried seafood.

The majority of Sri Lankans prefer fish to meat due to their religious and cultural background. Sri Lanka is another developing country where there is a state sponsored effort to develop her fishery. The government of Sri Lanka gives high priority for the development of fisheries both marine and inland. This is also evident from the fact that Sri Lanka is one of the few countries where there is a separate Ministry of Fisheries. The Fisheries sector in Sri Lanka has relatively a high importance in economy compared to that in most countries. The Fisheries sector now supplies about 85% of the total consumption of fish in the country; provides employment to over 80,000 persons directly and to about 20,000 people in marketing and other ancillary activities and earns well over Rs. 400 million in foreign exchange through export of marine products. The contribution to the GDP is 1.6%. The Fishing Industry in Sri Lanka has been developed by the state through development plans. In 1979, a Master Plan for the Development of Fisheries in Sri Lanka 1979-1983 was formulated and implementation completed. Another 5 year plan is being formulated at present.

2. The Fishing Industry in Sri Lanka

The backbone of the fishing industry in Sri Lanka is the small-scale coastal fishery as the following figures indicate:-

Tabel 2.1 - Estimated Fish Production in Sri Lanka (in tons)

Sub Sector	1977	1978	1979	1980	1981	1982	1983
Coastal	123,411	134,744	145,507	162,661	172,318	179,657	182,000
Deepsea & Off shore	305	2,903	2,066	2,114	2,144	1,062	2,000
Inland	<u>12,863</u>	<u>16,474</u>	<u>17,150</u>	<u>19,947</u>	<u>29,124</u>	<u>32,798</u>	<u>36,000</u>
	<u>136,581</u>	<u>154,121</u>	<u>165,723</u>	<u>184,722</u>	<u>203,586</u>	<u>213,516</u>	<u>220,000</u>

The per capita consumption of fish is in the region of 33 lbs.

3. MASTER PLAN - 1979 - 1983

The objectives of the Government for the development of fisheries are as follows:-

- 3.1 To step up production of fish and to raise per capita consumption to 44 lbs.
- 3.2 To raise the income and standard of living of fishermen who are among the least favoured groups in the country.
- 3.3. To maximize employment opportunities in the fisheries sector.

The targets for increased production of fish in the above plan are:-

	1978	1983 (in 1000 tons)
Coastal fishing.	35	216
Off-shore & deep sea fishing	3	34
Inland Fishing	<u>16</u>	<u>50</u>
	<u>54</u>	<u>300</u>

The targets are to be achieved by,

- I. Introducing a substantial number of coastal fishing vessels of tested and popular design and outboard engines for mechanising traditional craft.
- II. Introducing a number of larger vessels of new design.
- III. Increasing the fishing time and operational efficiency of the fishing fleet by ensuring that they have adequate supplies of fishing gear and engine spare parts and by several programmes of investment in infrastructure for the fishing industry.
- IV. Ensuring that adequate finance is available for these investments by providing producer subsidies, credit and incentives to private investors and fishermen's cooperatives.

The Government policy at present is to invest in coastal and off-shore fishery. Due to the capital intensive nature of the deep sea fishery, the development will be only through foreign participation.

4. CAPITAL INVESTMENT BY THE GOVERNMENT IN THE FISHERIES SECTOR.

The high priority given by the government to the Fisheries sector is amply illustrated by the increased capital allocated in the national budget for investment in fisheries development. The capital allocated is as follows:-

Table 4.1 - Capital allocated for Fisheries.

<u>Year.</u>	<u>Capital Investment</u> (Rs. Million)
1977	47,533
1978	115,120
1979	111,904
1980	236,465
1981	180,400
1982	174,132

5. MECHANISATION PROGRAMMES AND INSTITUTIONAL FINANCE

In 1958, a programme to mechanise the fishing industry was started. Under this programme a hire purchase scheme and an outright purchase scheme to introduce marine engines for fishing industry were taken up by the Dept. of Fisheries. The schemes were successful in that many motorized boats, were introduced and many traditional craft were motorized with outboard engines. But due to poor loan repayment these had to be ultimately abandoned and the Government decided that credit facilities for the fishing industry would be channelled through banks so that the recovery aspect would be taken care of.

Due to its high capital intensive and high risk nature, marine fisheries in many parts of the world is subsidised by governments. In Sri Lanka at present there are producer subsidies of:

- (a) 35% of the costs of boats, engines and fishing gear in a package,
- (b) 50% of the cost of engines.
- (c) 75% of the cost of sails.
- (d) 90% of the costs of fibreglass canoes.

(Here the high producer subsidy is for the popularisation of non-mechanised fibreglass canoes to fishermen who are generally conservative; and

- (e) 50% of the cost of boats, engines, & fishing gear for the Fishermen's Cooperative Societies.

Under the Self Employment Bank Financing Scheme (SEBFS), formulated with the two state banks in 1979 the financing was as follows:-

Individuals

Government Subsidy.	- 35% of the cost of boat + engine + Fishing gear.
Borrower's initial contribution.	- 7.8%
Bank Credit	- 57.2%

Fishermen's Cooperative Societies.

Government subsidy - 50%) of the cost of boat + engine +
Bank Credit - 50%) fishing gear.

Bank Credit was provided at 14% interest. The
Producer subsidy disbursed by the Ministry of Fisheries
is given below:-

Table 5.1 - Disbursement of Producer subsidy

<u>Year</u>	<u>Amount (Rs. Million)</u>
1977	3,953
1978	15,562
1979	38,800
1980	58,985
1981	38,527
1982	24,357

It shows a peak in 1980. Starting in 1979,
many boats were issued under the SEBFS and production
of fish increased with the introduction of these boats.
But as subsequent experience shows, the recovery was
poor even under this scheme. This may be due to
several factors. Important contributory factors
are the seasonal nature of the fishing industry and
the type of the borrower.

6. GOVERNMENT'S ORGANISATIONAL SET UP AT THE DISTRICT LEVEL

The District Fisheries Extension Officer (DFEO)
is the representative of the Ministry of fisheries,
who is responsible for various aspects of Marine
Fisheries. At the District level Government agents
act as Deputy Directors of Fisheries. Under the
DFEO, Divisional Fisheries Inspectors, Fishery
Extension Assistants and Fisheries Inspectors implement
various programmes. They are responsible for the
recommendation of applicants for schemes operated
by the Ministry of Fisheries such as SEBFS. There
are District Managers of the Ceylong Fisheries Cor-
poration in the coastal districts.

7. FISHERMEN'S COOPERATIVE SOCIETIES PROVIDED BY THE STATE

The Fishermen's Cooperative Movement originated in Sri Lanka as small village oriented credit and sales societies and in a short period of time extended to the different parts of the island. In the early 1970's from an approximate membership of about 12,000 fishermen it has now grown to about 25,000 fishermen members. This is about 35% of the total fishermen population in Sri Lanka.

The small village level organisations were amalgamated to large primary cooperatives in 1972. Due to the haste in which it was undertaken without a pilot study and largely due to the non-acceptance by fishermen, this re-organisation was not successful. This also shows that fishermen prefer small, village level organisations.

We also have different categories of fishery cooperatives in the Fishing industry like fishermen's cooperatives for marine (60) and Freshwater Fisheries (21) for youth engaged in fisheries (06) for boat builder (01), apex societies (02), and the Sri Lanka Fisheries Cooperative Federation.

The Government of Sri Lanka through the Ministry of Fisheries had formulated policies and assisted the fishermen's cooperatives in their development. To encourage fishermen's cooperatives, the Government provides a higher component of producer subsidy on capital costs for the purchase of boats, and fishing gear. In the case of individual fishermen, the subsidy component is only 35%. For the members of fishermen's coops, 50% of the cost of boats and fishing gear is subsidised. This is a high component of producer subsidy provided to encourage fishermen's cooperatives. This generous producer subsidy scheme formulated and implemented by the Ministry of Fisheries had greatly improved the conditions of the cooperatives for fishermen. In addition to the producer subsidy institutional credit facilities are arranged with the state banks for the purchase of boats and fishing gears.

The Government sector is well organised in assisting fishermen's cooperatives. The Ministry of Fisheries and the cooperative department are both in hand in the development of cooperatives. Some of the functions of the Cooperative Department have been delegated to the officials of the Ministry of Fisheries in order to serve the fishermen's cooperatives.

With an organised infrastructure for the development of fishermen's cooperative societies, still we have certain obstacles to overcome. One of the major drawbacks for the further development of the Fishermen's Cooperatives is the poor loan re-payment by the members of these cooperatives. As a result most FCS are not credit worthy according to the assessment by banks. This is a major impediment for the provision of loans.

Another problem is the lack of trained personnel. Most of the personnel associated with FCS are not trained or inadequately trained. This badly reflects on the smooth and efficient functioning of the cooperatives.

Lack of training facilities is another major hindrance to the development. Training and extension programmes for Cooperative Staff as well as fishermen are an absolute necessity. The Cooperative Federation has undertaken an extensive programme to train fishermen as well as cooperative employees.

8. CONCLUSION

The importance of fisheries in Sri Lanka's economy has been discussed. The Fishermen's cooperatives play a major role in the fishing industry and the Government provides assistance in the form of producer subsidy on capital costs and other assistance. To encourage fishermen joining fishermen's cooperatives, a higher subsidy and other incentives are given. For instance, a member of a Fishermen's Cooperative can purchase a boat and fishing gear without an initial down payment with 50% producer subsidy provided

by the Government and 50% bank loan. In the case of individual fishermen an initial payment of 12% is necessary and the subsidy component available is only 35%. There are training and extension programmes to train cooperative fishermen.

According to the United Nations medium projections, the world population will be slightly higher than 6 billion in 200 A.D. and by 2050 it could double to 12 billion. The estimated total world terrestrial surface is about 13 billion hectares (32 billion Acres) By 2000, the per capital average land available is about 3 ha(5 acres) of which arable land per capita is about 0.5 ha (1.25 acres) with another 0.5 ha suitable for stock grazing. The imposition of these limitations by land will restrict agricultural production as years go by. In this context the exploitation of fish resources in the marine and Freshwater environment becomes important. The Fishermen's Cooperatives have to play a major role in this exploitation.

Mr.A.R.Atapattu,
Director of Fisheries (Marine)
Sri Lanka.

SUB-REGIONAL SEMINAR ON FISHERY CO-OPERATIVES
IN SRI LANKA - 29TH. MAY TO 8TH, JUNE, 1984

MARKETING OF FISH BY THE CO-OPERATIVES
IN MALAYSIA
- PROCEDURES AND PROBLEMS

PRESENTED BY:

MOHD. IDRUS HAJI ZAINUDDIN

FISHERIES DEVELOPMENT AUTHORITY MALAYSIA,
KUALA LUMPUR.

JUNE, 1984.

1. OBJECTIVE OF PAPER:

1.1 The objective of this paper is to describe the fish marketing activities undertaken by the Fishermen Co-operative Societies and Fishermen Associations in Peninsular Malaysia, the procedures involved and problems faced by them.

2. BACKGROUND:

2.1 Marketing is generally defined as the performance of all business activities that direct the flow of goods and services from producer to consumer. The activities include basically the following components:

- (i) Technical functions: which include assembling, sorting, cleaning, packing, storing, transporting, icing, curing etc.
- (ii) Commercial functions: which include selling, buying, auctioning, pricing, financing etc.

In the fisheries sector, marketing may be specified as the combination of activities by which fresh fish or fishery products are made available for ultimate use. This paper focuses on the marketing of fresh marine fish only.

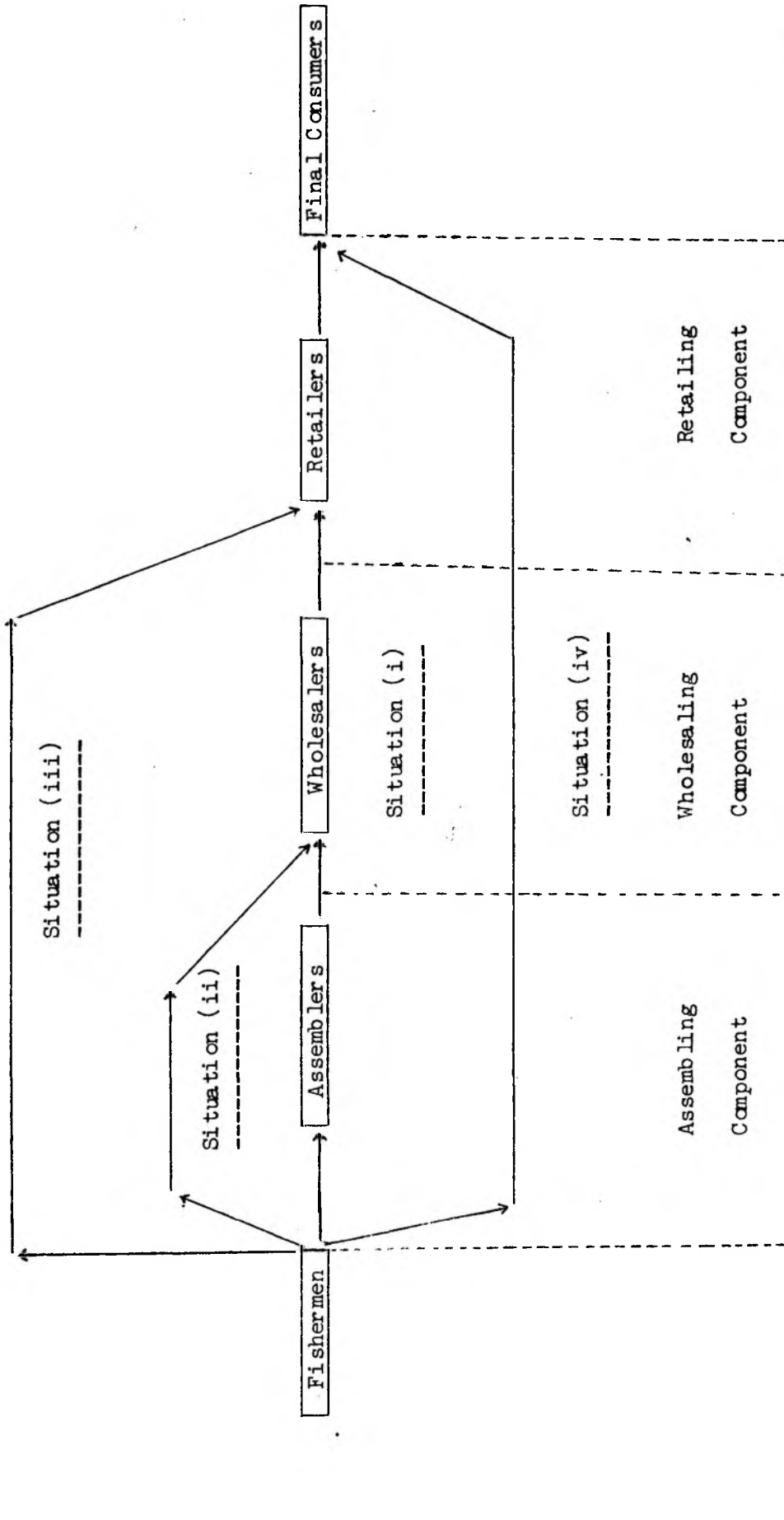
2.2 With the development and expansions of the fisheries sector, there are increasing number of specialised marketing intermediaries undertaking the above marketing functions. They are the assemblers, consignment agents, wholesalers and retailers. The activities undertaken by them can be categorised as:

- (i) Assembling component.
- (ii) Wholesaling component.
- (iii) Retailing component.

Each component in the whole marketing chain is as illustrated in Diagram 1.

In situation (i), the marketing chain consists of assemblers, wholesalers and retailers. In situation (ii) and (iii) where the wholesalers and retailers by pass the assemblers/consignment agents, one chain of the channel is reduced. In situation (iv), final consumers deal directly with the producers. At each level of the distribution of fish, a commission is charged for the services rendered.

DIAGRAM 1: THE MAIN MARKETING LINKS IN THE FLOW OF THE FISH FROM PRODUCERS TO FINAL CONSUMERS



Source: Lim Chong Keat: A Diagnostic Study Of The Marine Fish Middlemen Marketing System In The East Coast Of Peninsular Malaysia.

- 2.3 The above marketing intermediaries also undertake various other activities. They provide services to the fishery industry. The fishermen as producers expect immediate buyers for their catch. They expect prompt payment too. For going to sea fishermen need supplies such as ice and fuel and they need to replace their nets and repair their boats. Currently most of these requirements are fulfilled by middlemen. As such it is observed that the marketing of fish and the provision of credit to the fishermen are closely inter-related. The fishermen are accustomed to approach the same person for both.
- 2.4 In the "Besut Integrated Fisheries Development Project Baseline and Socio-Economic Studies" undertaken by PG Pak Poy and Associates, 1982 it is observed that credit ties do exist but according to the fishermen concerned they are quite at liberty to sell their catches to other buyers at slightly better prices if they wish, but have refrained from doing so as they feel obligated to the middlemen who readily provide financial assistance in times of need. For credit given repayments and interest charges are normally adjusted through the price paid to the fishermen for their fish supplies.
- 2.5 In the same study, it is noted that cases of price manipulation do exist in Kuala Besut and other smaller and scattered localities where market outlets are scarce and opportunities for price comparison are lacking as communication facilities and market information services are inadequate. Due to their locational disadvantages and the need to sell their catches as soon as possible many of the fishermen are forced to agree to prices below what might be considered a fair level.
- 2.6 Attempts had been made in the past to improve the above problems faced by fishermen through cooperative or collective marketing. The basic objective of the programme is to enable the fishermen to consolidate themselves as a pressure group to derive better bargaining power vis-a-vis the traders and to sell their produce direct to the terminal market without having to pass through a chain of middlemen in order to obtain a larger share of the ultimate prices. This collective approach is considered to be more effective provided there is active participation from the fishermen involved. The strength of such a programme rests solely on the support of the fishermen to patronise the outlet created for them.

3. FISHERMEN ORGANISATION:

- 3.1 There are 2 types of fishermen organisations, namely the Fishermen Co-operative Societies registered under the Co-operative Ordinance, 1948 and the Fishermen Associations registered under the Fishermen Association Act of 1971. Both organisations are under the supervision of Fisheries Development Authority Malaysia and have the same objective i.e to improve the socio-economic status or well being of members. To date there are 43 Fishermen Co-operative Societies and 57 Fishermen Associations. The Fishermen Co-operatives have a total of 14,207 members and the Fishermen Associations have 44,309 fishermen as members.
- 3.2 For the benefit of members, both Organisations undertake a number of activities including marketing, sales of ice and fuel as well as gear and spare parts. The marketing activities described below are those which are undertaken by both the organisations.

4. FISH MERKETING ACTIVITIES BY FISHERMEN CO-OPERATIVES:

- 4.1 With the formation of fishermen co-operative societies, various activities were undertaken by them to improve the socio-economic status of the members. Though the first fishermen co-operative was formed in 1949, it was not until 1957 that fish marketing was carried out by one Heng Hwa Fishermen Co-operative in Malacca. It was the only co-operative to carry out this activity then.
- 4.2 However, more fishermen co-operatives began to focus their attention on marketing in the early 1960's. With the introduction of trawlers in the 1960's, the supply of fish increased tremendously, and thus created a need for the co-operatives to provide marketing services to the members. Currently there are 10 co-operatives actively involved in the field of fish marketing.

4.3 They are as follows:

TABLE 1

No.	Fishermen Co-op	State	Membership	Date Of Commencement Of Marketing
1.	Kuala Jer lun	Kedah	140	1980
2.	Sungai Udang	Penang	117	1965
3.	Tanjung Piandang	Perak	29	1964
4.	Port Weld	Perak	489	1964
5.	Kuala Sangga	Perak	192	1962
6.	Pantai Remis	Perak	186	1964
7.	Bagan	Perak	102	1964
8.	Seberang Che Let	Pahang	34	1962
9.	Kuala Kemaman	Terengganu	151	1976
10.	Heng Hwa	Malacca	225	1957

Out of the 10 co-operatives that carry out marketing activity, 8 were started in the 1960's.

4.4 Three different systems of marketing are practiced by the co-operatives, namely:

- Trading.
- Auctioning.
- Consignment.

4.4.1 Trading:

This system of marketing is carried out by 3 co-operatives. Under this system, the co-operative acts as the fish purchasing agent for the fishermen and later sells to other market intermediaries or outlets. This is a simple transaction of buying and selling. In this system the co-operative ensures that the members obtain a fair price for the catch. Payment to the fishermen is made within one day. In this system the co-operatives act as one of the competitors for the fishermen's catches.

In 1983, the co-operatives value of sales by trading was \$2,869,040.00 out of a total sales value of \$12,189,466.00 which is about 23.5%. (The overall national value is not available for this period).

The most successful one is the Heng Hwa Fishermen Co-operative of Malacca which handled 415,000 kg. of fish valued at \$2,075,000/-in 1983.

4.4.2 Consignment:

Consignment is a more popular system of marketing by the co-operatives. As can be seen from Table 2, 6 out of the 10 co-operatives are marketing fish by consignment.

In the case of consignment, the co-operatives normally have regular buyers. From the landing complex, icing and packing is done by the co-operative and transported to the various market centres like Kuala Lumpur, Johor and Singapore by lorries.

A certain percentage, usually 5% of the total sale value is charged by the co-operative from the fishermen for the services rendered.

In 1983, the 6 fishermen co-operatives handled \$4,851,169.00 worth of fish under the consignment system. This accounts for about 40% out of the total value of fish handled by the co-operatives. The Pantai Remis Fishermen Co-operative handled \$1,882,242.00 worth of fish for the said period. In this system the co-operative only acts as a facilitator in the process of marketing, rather than a competitor for the fishermen's catches.

4.4.3 Auction:

Only one co-operative is found to be marketing fish by auctioning. The Sungai Udang Fishermen Co-operative started its marketing by auction in 1965.

Under this system dealers who wish to purchase fish gather at the auction hall where the fishermen bring their catches for the purpose of auctioning. An employee of the co-operatives who conducts the bidding, normally sets a minimum price/floor price, from which the bidders/dealers start their bidding.

The dealer who bids the highest price secures the type and quantity of fish the particular bidding was made for. The process is repeated for all other species.

This system requires as many dealers/bidders as possible in order to ensure a high price through active participation in the bidding. The fishermen co-operative charges a commission of 5% of the total sales value for its services in organising the auction and carrying it out.

In 1973, The Sungai Udang Fishermen Co-operative handled about \$4,469,257.00 worth of fish by auctioning alone.

- 4.5 The following table shows the value of fish handled by all the co-operatives through their various systems from 1981 - 1983.

TABLE 2

Co-op.	System of Marketing	Value (\$)		
		1981	1982	1983
1. Kuala Jer lun	Trading	125,000	139,183	74,740
2. Kuala Kemaman	"	425,700	460,300	715,300
3. Heng Hwa, Melaka	"	2,355,000	2,448,000	2,075,000
	Sub-total	2,905,700	3,047,483	2,869,040
4. Tanjong Piandang	Consignment	304,469	319,565	317,825
5. Port Weld	"	1,186,368	1,169,271	1,178,457
6. Kuala Sangga	"	1,150,700	1,166,419	1,107,041
7. Pantai Remis	"	2,714,944	2,184,656	1,882,242
8. Bagan Baru	"	349,676	317,992	304,133
9. Seberang Che Let	"	82,781	65,332	61,471
	Sub-total	5,788,938	5,223,235	4,851,169
10. Sungai Udang	Auction	3,830,454	3,377,075	4,469,257
Grand Total		12,525,092	11,647,793	12,189,466

5. FISH MARKETING ACTIVITIES BY FISHERMEN ASSOCIATION:

5.1 To date, 9 Fishermen Associations have started to organise the marketing of their members' catches. They are as follows:

<u>Fishermen Association</u>	<u>State</u>	<u>Membership</u>
i) Geting, Tumpat	Kelantan	1,511
ii) Kuala Terengganu Selatan	Terengganu	1,377
iii) Kemaman	Terengganu	736
iv) Kuala Sedili	Johore	156
v) Johor Selatan	Johore	1,125
vi) Muar	Johore	675
vii) Hilir Perak	Perak	1,106
viii) Yan	Kedah	543
ix) Kuala Kedah	Kedah	<u>1,216</u>
		8,445
		=====

5.2 Procedures:

In the past, The Fishermen Associations obtained the initial capital from Fisheries Development Authority, for their fish marketing projects. Recently such allocation was no longer available. Fishermen Association has to use its own fund or obtain loan from the banks for this purpose. The initial capital used by the respective Fishermen Association is as follows:

<u>Fishermen Association</u>	<u>Initial Capital</u> M\$	<u>Date Launched</u>
i) Geting	25,000	October, 1982
ii) Kuala Terengganu Selatan	50,000	February, 1982
iii) Kemaman	64,500	June, 1982
iv) Kuala Sedili	1,000 (own)	January, 1984
v) Johor Selatan	25,000	June, 1980
vi) Muar	40,000	May, 1978
vii) Hilir Perak	6,000	February, 1978
viii) Yan	26,000	September, 1980
ix) Kuala Kedah	30,000	March, 1982

5.3 The types of marketing activity undertaken vary with different locality eg. where the existing marketing system allows for auctioning, this method would be adopted. The types of activity undertaken by the respective Fishermen Associations are as follows:

<u>Fishermen Association</u>	<u>Types of Activity</u>		
	<u>Auctioning</u>	<u>Consignment</u>	<u>Marketing</u>
Geting	/	-	-
Kuala Terengganu Selatan	/	/	-
Kemaman	-	-	/
Kuala Sedili	-	/	-
Johor Selatan	-	-	/
Muar	-	-	/
Hilir Perak	-	/	-
Yan	/	/	-
Kuala Kedah	/	/	-

Auctioning:

5.4 Auctioning as a system is only practicable where there is centralised landing and there exist a large number of buyers to ensure competitiveness. At Geting, Kuala Terengganu Selatan and Kuala Kedah the Government has constructed fish landing complexes. These complexes are equipped with fish landing jetties, auction and packing halls, cold rooms and equipments to facilitate handling and movement of fish/fish boxes within the complexes. Fishermen are encouraged to use these complexes for landings, and traders for obtaining fish. Auctioning is done on a voluntary basis at the complex. The Fishermen Associations of Geting, Kuala Terengganu Selatan and Kuala Kedah have been appointed as the auctioneer at the respective complexes. A commission of 5% of the value of fish being auctioned is charged to the fishermen for the services rendered. A "floor price" is set before auctioning begins to ensure reasonableness of the price given to fishermen for their catches through auctioning.

- 5.5 An observation of the effects of auctioning on the return to fishermen (boat owner) indicated that the following price differential between auctioned and non-auctioned fish on a particular month in 1983.

<u>Species</u>	<u>Price/Kg.</u>	
	<u>Auction</u>	<u>Non-Auctioned</u>
1. <u>Cincar u/Megalaspis cordyla/Torped ofish</u>	2.20	2.00
2. <u>Kembong/Rastrelliga Kanagurta/Chubb Mackerel</u>	2.60	2.00
3. <u>Bawal Hitam/Parastronateus Niger/Panfret</u>	5.80	5.50
4. <u>Kerapu/Epinephelus Tauvina/Group</u>	5.70	5.00
5. <u>Merah/Lutianus Spp./Red Snapper</u>	3.50	2.50

Consignment:

- 5.6 Consignment system is very common in the fisheries sector. Most fishermen have to rely on the fish dealers to distribute their catch because the latter has the means to do so. The Fishermen Associations in Kuala Terengganu Selatan, Kuala Sedili, Yan and Kuala Kedah have replaced the fish dealers for this task if not for all fishermen at the respective places, at least for those few who believe and have confidence that their association could provide similar services.
- 5.7 For Fishermen Associations of Kuala Terengganu Selatan consignment would be undertaken whenever certain specie of fish eg. Scad, Mackerel, Tuna, which is known to fetch better price in the Kuala Lumpur wholesale market or another specie which to the knowledge and experience of the Fishermen Association marketing management, would fetch better price in the Johor Bahru wholesale market. Currently there is already established business relationship between the Fishermen Association Kuala Terengganu Selatan with a few wholesalers both at the Kuala Lumpur and Johore Bahru wholesale markets.

- 5.8 For Fishermen Association Kuala Sedili, consignment has been its only method of disposing the members catch. All fish obtained from members is consigned to Jurong (Singapore) wholesale market. In fact, this exercise can be considered as the exporting of fish by Fishermen Association although Singapore is just south of the Peninsular. Daily an average of 6,000 kilograms of fish is being exported by this Fishermen Association to Singapore market.
- 5.9 Fishermen Association Hilir Perak consigns its fish to Bagan Datuk while Fishermen Association Yan to Kuala Kedah market. Fishermen Association Kuala Kedah on the other hand normally consigns a certain specie of fish known as kembong/Mackerel to Thailand as this specie is known to fetch better price in the neighbouring country north of the Peninsular.

Trading:

- 5.10 In other places like Kemaman, Johor Selatan and Muar, the buying/selling method is being adopted. At Kemaman, the Fishermen Association buys the fish from fishermen and sells it to the local wholesalers. Fishermen Association charges fishermen a commission of 5 - 10% of total value for every kilogram of fish handled. The commission accumulated is used for giving credits to fishermen. As such it is observed that this marketing project of Fishermen Association Kemaman although there is always net income obtained from this activity, but the debts outstanding is high.
- 5.11 For Fishermen Association Johor Selatan, since the number of fishermen involved in its marketing activity is small, thus the volume of fish handled is insignificant, most of the catches is sold at the retail shop of the Fishermen Association.
- 5.12 For Fishermen Association Muar the fish obtained from fishermen is directly sold at the retail market at Muar town, which is five kilometer from the fish landing centre. For Hilir Perak, fish is sold to the local wholesalers.

6. MARKET SHARE OF FISHERMEN ASSOCIATIONS:

6.1 The volume of fish handled by Fishermen Associations as a whole constitute a small portion of the national landings. A major share is still handled by the fish traders. In 1981, value of fish handled by Fishermen Associations was only \$1.2m as compared to the overall of \$1,214.7m which represents only 0.1% of the total value.

7. MANAGEMENT OF FISHERMEN ASSOCIATIONS:

7.1 In the section 4(i) of the Lembaga Kemajuan Ikan Malaysia Act 1971, (FDA) it is stated that:

"The function of the FDA shall be:

- To promote and develop efficient and effective management of fisheries enterprises and marketing of fish.
- To register, control and supervise Fishermen's Association and to provide for matters related there to.

7.2 In line with the above, Fisheries Development Authority Malaysia provides management services to the Fishermen Associations by placing sub-professionals as managers of The Fishermen Associations. Supporting staff is also provided to assist the manager in his daily administration of The Fishermen Associations. The manager is also responsible to see that the economic activity are properly managed. In addition to that the overall administration and management of Fishermen Associations are closely supervised by The Fisheries Development Authority Malaysia.

8. PROBLEMS:

Though the co-operatives fish marketing activity started in the early 1960's, it is still found that only 10 out of 43 fishermen co-ops are actively involved, which amounts to only 23%.

The Fishermen Associations on the other hand are far more backward with only 15% involved in fish marketing.

It is found that these organisations are still reluctant and sceptical to venture into this field due to the risks and other built in problems.

8.1 Financial:

The financial situation of most Fishermen Organisations is very poor. Though auctioning and consignment do not need a strong financial base, it is still required to pay the fishermen in cases where the dealers have failed to settle the payment in the specified time period given. So it is found that a certain minimum reserve capital is needed to cushion off the bad payments from certain dealers.

8.2 Market Infrastructure:

The lack of central landing places has led fishermen to land their catches at places most convenient to them. And this in many cases is at small jetties around their houses or coasts which may stretch to 30 - 40 km. in one area.

In such cases, assembling the fish at one central place, has been always a problem to carry out marketing. In such cases, the problem is further enhanced with no transport facilities of the co-operatives.

8.3 Market Outlets:

The organisations also lack market information and outlets. With the lack of market information and experience, the risk of financial loss is very great. It is this risk that the organisations are not willing to take in their course of carrying out economic activities. They prefer to venture into activities with low risk.

8.4 Co-operation From Members:

The co-operation from members in supplying the catches to the organisations is very poor due to the following reasons:

8.4.1 Regular/Fixed Buyers:

Most fishermen have their own fixed agents or dealers who have been purchasing fish from them very regularly in the past. They feel obligated to supply to these dealers with whom a inter-personal and long established relationship exists. Thus the fishermen organisations are unable to secure a sufficient volume of fish to operate the marketing activity.

8.4.2 Price:

In order to secure the fishermen's catches, price is a determining factor.

Most of the dealers who have regular market outlets, go to lengths beyond that of the fishermen organisations to secure their catches by offering higher prices for the fish, so as to maintain their outlets and the business.

The fishermen organisations are unable to go to those lengths because of the fear of suffering losses in the midst.

8.5 The above mentioned factors coupled with the lack of understanding and knowledge on the co-operative principles and advantages by members has limited most of the fishermen organisations from carrying out marketing successfully.

9. CONCLUSION:

With a total of 100 fishermen organisations (43 - Fishermen Co-operative Societies and 57 Fishermen Associations) only 19 are actively involved in fish marketing. This represents a very low and discouraging figure of only 19% of the total number of organisations in the field of marketing despite the fact that the first one was started about 26 years ago.

In 1981, the fishermen organisations only handled about \$13.6m. of the total value of marine fish landed which amounts to \$1,215m. It only constitutes about 1.12% of the total value. This leaves a lot of scope for expansion in marketing.

In view of the objective to increase the economic status of the fishermen, the fishermen organisations should play a greater role especially in the marketing aspect due to its importance in assuring the fishermen of a fair price for their catch and labour.

In order to increase the volume of fish handled, the co-operatives should provide greater incentives, in the form of effective and efficient management in marketing. Through efficient management, better prices could be attained, and also lead to a reduction in the handling costs.

Management efficiency and cost efficiency will enable the fishermen organisation to provide dividends to the members thus providing them with monetary incentive to patronise the organisation.

The organisations should also keep abreast with modern methods of fish handling in order to reduce post-harvest losses and damages instead of traditional methods, in order to obtain higher price and better income.

Apart from marketing fresh fish, it should also encourage and help promote sales of frozen fish, processed fish, and create a wider usage of fish in other products.

In broadening the scope for usage of fish in other products, the demand would subsequently increase its price ultimately resulting in an increase in income for the fishermen.

The government, through the Fisheries Development Authority, is trying to encourage more participation from the fishermen organisations and also individual members of these organisations to play a more active role in marketing.

Initially, financial aid was extended to these organisations to carry out marketing activity for the members.

Currently, one of the important services rendered by Fisheries Development Authority is to provide market information and other support services. This included daily fish prices in the various market centres like Kuala Lumpur, Johore, Singapore, market outlets, such as the places that have high demand for fish and also potential buyers etc.

This valuable information will be helpful to overcome the problems of market outlet and also help in negotiating prices with potential buyers.

Apart from this, the Authority also helps the organisations in obtaining stalls in big fish markets to promote sales of the fish directly by them.

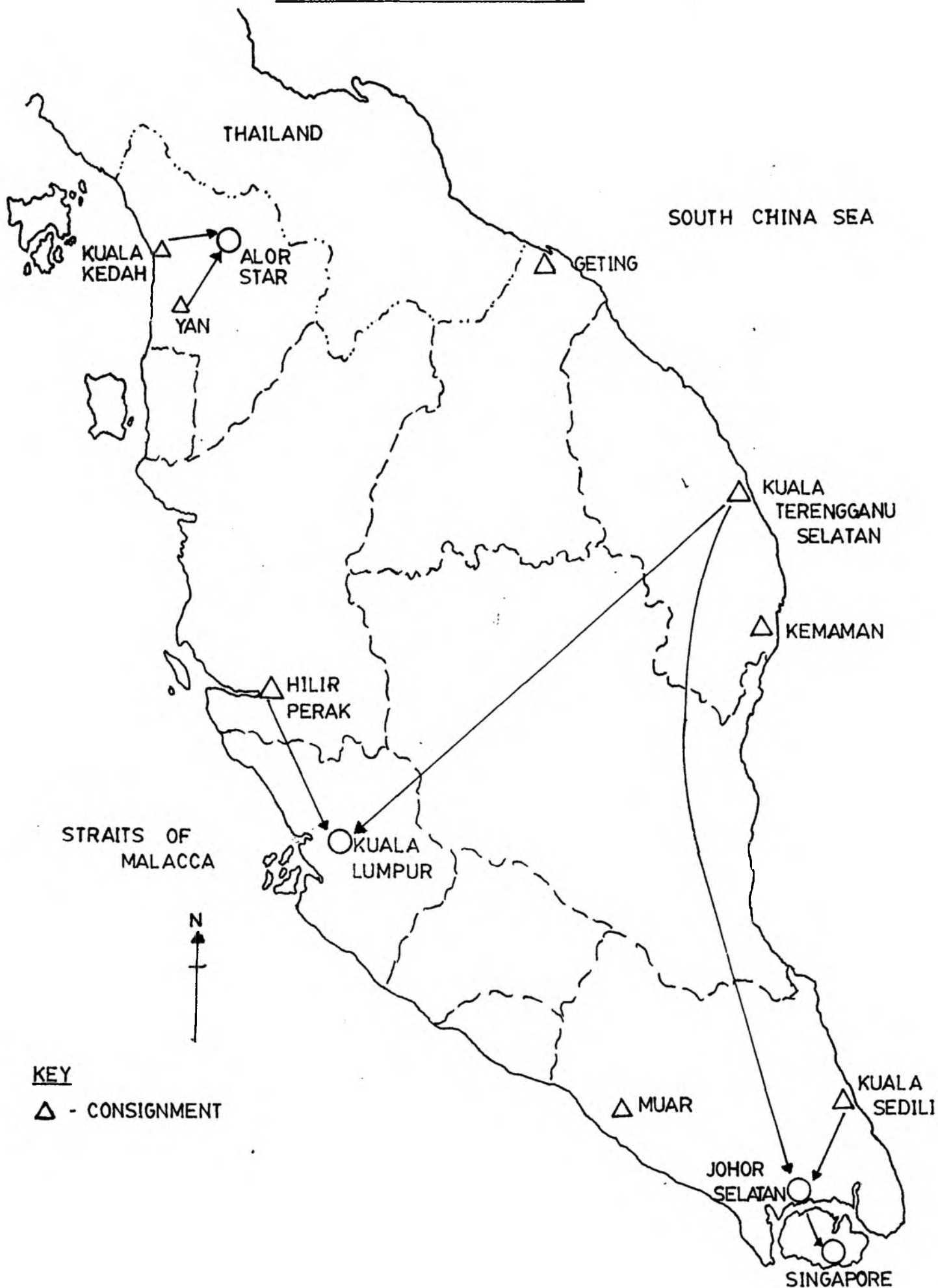
It is expected that the fishermen organisations will be able to increase the market share and play a more effective role towards achieving the objective.

Fisheries Development Authority Malaysia,
KUALA LUMPUR.

May, 1984.

KN/MIHZ/nam.

MAP OF MALAYSIA SHOWING THE FISH DISTRIBUTION BY FISHERMEN ASSOCIATIONS



SUB-REGIONAL SEMINAR ON FISHERY CO-OPERATIVES
IN SRI LANKA - 29TH. MAY TO 8TH, JUNE, 1984

SUPPLY OF FISHING GEARS AND
OTHER REQUISITES FOR FISHING
FAMILIES BY THE CO-OPERATIVES

PRESENTED BY:

MOHD. IDRUS HAJI ZAINUDDIN

FISHERIES DEVELOPMENT AUTHORITY MALAYSIA,
KUALA LUMPUR.

JUNE, 1984.

SUPPLY OF FISHING GEARS AND OTHER REQUISITES
FOR FISHING FAMILIES BY THE CO-OPERATIVES

1. INTRODUCTION:

This paper is presented to provide a general understanding of the operation of the fishing gear supply by the Fishermen Co-operatives to the fishing community in Malaysia, with reference to the progress and problems.

2. BACKGROUND:

The modernisation of the Malaysian fishing industry started in the early 1960's with the introduction of trawlers. The industry currently provides 2.4% of the employment (only fishermen) to the total working force of the country.

As of 1981, there were a total of 86,925 fishermen operating 30,390 fishing vessels. The following table shows the number of fishermen and boats licensed for the past 10 years, from 1972 to 1981.

Number Of Fishing Boats Licensed And Number Of
Fishermen Operating Licensed Boats, 1972 - 1981

Year	No. Of Fishing Vessels Licensed			Total	No. of Fishermen
	Inboard	Outboard	Non-powered		
1972	14,945	2,009	4,665	21,619	69,252
1973	15,596	2,004	4,567	22,167	68,308
1974	16,205	2,100	4,072	22,377	70,805
1975	16,081	2,138	3,928	22,147	73,304
1976	16,142	2,342	4,151	22,635	73,536
1977	16,977	2,775	4,329	24,081	75,645
1978	17,775	3,684	6,038	27,497	83,694
1979	17,741	5,156	6,256	29,153	82,926
1980	18,443	6,585	5,502	30,520	88,972
1981	18,585	7,368	4,437	30,390	86,925

Source: Annual Fisheries Statistics, 1981.

From the above table, it can be noted that the number of fishing vessels has increased by 40% i.e. from 21,619 vessels in 1972 to 30,390 vessels in 1981. A subsequent increase of 25% fishermen from 69,252 in 1972 to 86,925 in 1981, is recorded.

Fishing activity in Malaysia can be broadly categorised into, traditional and modern methods.

In the traditional method, gears such as drift nets, lift nets, traps, bag nets are used with small boats powered by either outboard motors, or small inboard engines. The 4,437 non-powered boats and 7,368 outboard vessels licensed in 1981, all fall under the traditional method of fishing.

Under the modern method, capital intensive gears such as trawl nets and purse-seine nets are used, with inboard engines.

In 1981, the total volume of fish landed was 649,315 m.t. Fishermen in Malaysia, generally depend on the middlemen for marketing their catches. The middlemen is a market intermediary who assembles fish from various small landing points, and subsequently arranges for wholesaling and retailing. Thus, fishermen find it easy and convenient to sell their catches to the middlemen who are readily available at all landing places, instead of having to find market outlets.

In order to secure a regular supply of fish, the middlemen provide the fishermen with facilities such as fuel, ice, sundry goods and even gears. These items are supplied by the middlemen on credit basis, and later recovers from the purchase of fish from them.

As a result of the credit facilities to the fishermen, they become obligated to the middlemen, and thus sell their fish, at prices fixed by the middlemen, which is normally lower than the ruling market price, resulting in low income for the fishermen. They are thus forced to go back to the middlemen for their requirements, and as such, the debt bondage between them continue to exist, and the fishermen continue to remain in poverty always.

In order to elevate the fishermen from this situation, they had to consolidate their efforts and work together to achieve higher economic status. The strategy to achieve this was through the formation of fishermen organisations which should play the role of the middlemen as part of the function.

3. FISHERMEN ORGANISATIONS:

In Malaysia the fishermen are organised under two organisations. They are The Fishermen Co-operative Societies and The Fishermen Associations.

3.1 Fishermen Co-operative Society:

The Fishermen Co-operative Societies are formed under the Co-operative Societies Ordinance, 1948 and supervised and controlled by the Registrar-General of Co-operative Societies, Malaysia.

This Co-operative Society has, as its object, the promotion of the economic interests of its members in accordance with co-operative principles.

Under the 1948 Ordinance 76 Fishermen Co-ops were formed in the country, the first of which was in 1949 in Pahang.

However, only 43 co-operatives are in existence as of 1983. 30 were dissolved, 3 were handed over to the Co-operatives Department for supervision. Under the Fishermen Association Act 1971, 57 such associations were formed with similar objectives.

3.2 Activities:

The activities of these organisations are mainly focussed on economic activities.

3.3 Economic:

Under the economic activity, various projects are carried out with the object of providing the facilities required for the fishing activity as well as to earn profits for the organisation.

The projects carried out are mostly related to the fisheries sector. Some of the projects carried out by the Fishermen Association, are as follows:

- Fuel supply;
- Ice supply;
- Fish marketing;
- Fish culture;
- Processing of fishery products;
- Transportation; and
- Retail stores and others found suitable.

4. FISHERMEN CO-OPERATIVES RETAIL STORES - GEAR SUPPLY:

In 1982 there were 54 retail stores run by 32 Fishermen Associations, supplying items ranging from sundry goods for daily household use to fishing gears, spare-parts and also clothings. On the other hand, only 2 Fishermen Co-operative Societies out of 43 were found to be indulging in supplying household goods and other items as of 1982.

4.1 Gear Supply By Co-Operatives:

The supply of gear and other amenities by co-operatives, i.e. Fishermen Associations started in 1978 with government financial aid to achieve the objective of uplifting the fishermen's standard of living. As mentioned earlier, one of the reasons of poverty among fishermen is due to their over-dependance and exploitation by the middlemen, due to his role as a supplier of credit and other amenities for the fishing families, it was felt that this role should be taken over by the fishermen organisations in order to make them less dependant on the middlemen.

Being the objective of the Government to eradicate poverty, the Fishermen Organisations were encouraged to play a more meaningful role in helping the fishermen to meet their immediate requirements for fishing as well as of their families so as to avoid their ties with the middlemen.

Thus in 1978, the Government provided financial aid to the Fishermen Associations to set up retail stores, with the intention of making the Fishermen Associations to play the role of the middlemen.

The aim of the retail stores, set-up by the Fishermen Associations are as follows:

- (a) To make the fisherman less dependant or totally independant of the middleman for their fishing needs and household needs.
- (b) To make available all necessary items at their villages itself rather than to travel long distances to the town centres.
- (c) Being a co-operative store, it will also enable the fishermen to obtain their supplies at a cheaper price than from a middleman or from the town centre.

In Malaysia, as of 1982 there were 100 Co-operatives which are as follows:

57 Fishermen Associations
43 Fishermen Co-operative Societies
100

The number of supply centres run by the Fishermen Associations are as follows:

	1979	1980	1981	1982	1983
Fishermen Association	30	32	33	32	25
Retail Store/ Gears	56	59	60	54	39

Source: From FDA records.

From the above table it can be noted that the centres supplying gears and other requisites increased from 56 by 30 Fishermen Association in 1979 to 60 centres by 33 Fishermen Associations in 1981.

From 60 centres in 1981 it declined to only 39 in 1983. The reduction in the number of centres was largely due to losses incurred by the Fishermen Associations. The reasons for the losses will be discussed later.

4.2 Type of Gears Supplied:

Gears supplied by the co-operatives were limited mostly to the needs of the inshore fishermen* and to a lesser extent to the offshore fishermen.

The inshore fishermen are mostly in poverty and as such this activity is directed to help the poor fishermen obtain the supplies needed for fishing.

*

Inshore fishermen are those who use small fishing vessels (sampans) with outboard or non-powered engines, and operate within 5 miles limit from the shore.

In this paper, gear supply is defined as all equipments needed for fishing, like nets, engines, hull/boat, spares, etc.

The type of gears supplied by the co-operatives are as follows:

Gear	Type	Description	Remarks
Nets	Trawler	Polyethelene	5 ply, 7ply, 9ply, etc. Most of the nets are imported. Local net from Fusan only.
	Purse-seine	Nylon knotless 1" mesh size	
	Drift nets	Mon o-filament multi-filament	
Engines: - Outboard	Suzuki Yanmar Yamaha Honda Johnson Evinrude	5hp - 35 hp	Japanese engines
Spare-parts	Engine spares	Spares for engines are readily available if the supplying companies offer after sales service	

These are the major fishing gears that are supplied by the co-operative stores. Inboard engines are not supplied by the co-operatives because of the high cost involved.

Apart from the supply of the above-mentioned gears, the co-operatives also cater for the needs of the fishing families. Household goods for the daily requirements of the families such as rice, sugar, flour, milk, potatoes, onions to other products used at home like tooth paste, brush, powder and stationery. Apart from all these, also available in the supply list are clothings, footwear, soft drinks etc. Thus a wide range of goods covering nearly all the requirements of the fishing families is supplied by the co-operative stores.

4.3 Clientele.

Most of the co-operative stores are situated in fishermen concentrated areas. Thus clientele is mostly fishermen. However, customers come from all walks of life. The co-operative store is not for members only, but also caters for non-member fishermen, farmers and other occupational groups. The fishermen form about 70% of the clientele.

4.4 Supply of Goods:

There is no central body or fixed supplying agency from which the Association can purchase its goods. Each Fishermen Association obtain its supplies from any supplier it chooses to buy from, depending on the price offered.

However, in the initial stages, when the retail stores were set-up, a central body known as Central Purchase Unit (CPU) was initiated by the Fisheries Development Authority. This Unit was given the task as wholesale distributors. This unit made bulk purchase and supplied to all the co-operative stores. The unit also allowed purchases by the co-operatives on credit basis.

Operations and Management of the Gear Supplies and Other Requisitioned by the Co-operative Stores.

The Fishermen Association is managed and supervised by the Committee Members who are elected by the members in a General meeting. These committee members are known as Board of Directors who do not involve in the day to day running of the Association but as decision-makers in all matters pertaining to the Association.

The day to day affairs of the Association are managed by a Manager and supporting staffs who are employed by the Board of Directors, in implementing new projects, and supervise and manage existing projects.

In the retail stores, where fishing gears and other household goods are sold, workers are employed by the Board to carry out the sales activities. Normally 2 workers are employed in the capacity as Supervisor and Shop Assistant.

4.5 Purchase of Goods/Gears:

The store supervisor, apart from carrying out sales and recording them accordingly in the relevant books also has other functions.

He is responsible to see that the gears and other household goods are in sufficient amount to meet the demands of the people. Since the supervisor is directly in touch with the customers/clientele group, he is in a position to know what gear or spare-part or household good is popularly demanded by the customers. And he accordingly prepares a list of the items needed by the people together with the quantity, and hands it to the Manager who in turn makes the orders from the dealers.

The supplier delivers the goods to the retail store directly. The Supervisor endorses the delivery note that the goods are received according to the orders made.

The Manager then makes payment for the purchases, basing on the delivery note/bill.

Major transactions are handled by the Manager. The Supervisor is only allowed a fixed amount of petty cash to purchase small items needed urgently.

4.6 Collection from Sale:

Sales is carried out on cash and credit basis by all the retail stores. Fishing gears like nets and engines which are expensive items are sold on credit basis because of the weak financial status of the fishermen, who are not able to pay in full. Thus purchase on credit is made available to them. However, 10% advance payment was to be paid, and the balance to be paid in monthly instalments.

Sundry goods and other small items are normally sold on cash basis, depending on the quantity. Cash that is collected from the sales is recorded daily by the store supervisor and later handed over to a particular staff from the management of the Fishermen Association, who visits the retail store at regular intervals. The cash collected is then deposited in the Bank and used as revolving fund.

4.7 Monitoring and Control:

The Manager prepares a progress report of all the projects including the retail stores run by the Fishermen Association and tables them in the Board of Directors Meeting which is held monthly.

The report on the retail store will include the amount of sales on credit and cash, goods sold according to category such as nets, engines, spares, sundry items and clothing.

It will also include reports on the debtors and creditors, profit and loss account, highlights on problems and recommendations or actions taken to solve problems.

The Board of Directors, use the monthly reports to control and monitor and also make decisions for the improvement of the activity.

5. PROBLEMS OF THE GEAR SUPPLY BY FISHERMEN ASSOCIATION:

5.1 Credit Purchase:

Gear supply to fishermen by the Fishermen Association was made on credit basis. A certain percentage, usually 10%, of the total value of the gear is collected by the Retail Store and the balance to be paid in regular instalments. This system attracted a lot of fishermen to purchase on credit, resulting in large debts.

As early as 1979, the debts rose to about \$2.5 million. In 1983 it was reduced to \$1.288 million. Since the debtors were mostly fishermen, repayments toward credit purchases were very slow, resulting in poor cash flow. It also reduced the revolving fund of the Fishermen Associations.

Some Associations were forced to close the retail stores due to failure in recovering the debts, and also due to heavy losses by the retail stores.

From 56 retail stores in 1979, it increased to 60 in 1981, after which, it fell to only 39 in 1983, resulting in 21 retail stores being closed.

Collection of debts from the fishermen was very difficult.

5.2 Drop in Sales:

Fishermen who had debts and who were patronising the retail stores, drifted away to other stores, resulting in a decline in the clientele group, which resulted in a drastic drop in sales.

Since volume of sales dropped, it was found pointless continuing the business.

5.3 Workers:

Workers employed in the retail stores did not have the necessary experience to manage the business. The workers were also found to be not totally committed to the organisation.

5.4 Stocks:

Stock record was not maintained, and thus, it was difficult to assess the performance of the stores as to its profit and losses.

The general problems mentioned above, automatically led 21 retail stores to close down.

6. SOLUTIONS TO PROBLEMS:

Firstly, credit sales was stopped. All sales were to be on cash basis. This helped to stop the increase in debts but then led the clientele group to other stores where credit facility was available.

Secondly in order to increase clientele and sales, prize offers in terms of gifts were offered apart from competitive prices. Thirdly the workers in the retail stores were offered to attend co-operative courses in store management. And ultimately, the supervising agency, Fisheries Development Board, set up an internal audit division which was given the duty to conduct management auditing apart from auditing the accounts. The stress from this division was on keeping the stocks up to date.

7. GOVERNMENT ROLE AND ASSISTANCE:

Various development programmes were planned by Fisheries Development Authority Malaysia to help the Fishermen Association and fishermen in general.

Among other things one such programme was to set-up a wholesale agency to supply fishing gears and other household requirements for the fishing families. The agency known as the Central Purchasing Unit was set-up in 1978 with a revolving fund of \$1.55m. In 1979 an additional \$4.3 m. was given to this unit in order to play a more effective role. 5 depots were set-up through out the country with eleven lorries transport nets to the retail stores.

The table below shows the value of supplies made to the retail stores.

	Net	Spares	Sundry	Clothings & Others	Total
1978	798,581	734,438	577,641	180,048	2,290,708
1979	2,989,229	1,224,272	1,813,309	209,054	6,235,866
1980	2,965,289	1,131,879	2,024,930	294,941	6,417,039
Total	6,753,099	3,090,591	4,475,881	2,565,919	14,943,613

Source: Records of FDA.

In 1978, a total of \$2,290,708 worth of goods were supplied to the Fishermen Association retail stores, of which, \$1,533,019 was for fishing gears like nets and spares. This forms about 66.9% of the total supplies. The goods supplied were purchased locally by the unit, through local agents.

However in 1979, the unit was able to purchase nets and spares directly from foreign countries. In 1979 and 1980 a total of \$12,337,159 worth of nets and spares were imported of which about \$9.8 m. worth of nets and spares were supplied to the retail stores.

The import of nets were made from Japan, Korea, Phillipines, Germany, Singapore and Norway. The major imports of nets were made from Japan in 1979 and 1980 worth \$6,249,869.

All these supplies, by the unit, to The Fishermen Associations were made on credit basis.

The total debts by The Fishermen Association's retail stores to the Central Purchase Unit rose to \$3,408,270 in 1980.

As of 1981, The Central Purchase Unit was directed to stop purchasing and clear the existing stocks, with a view to and its services, to the Fishermen Associations.

By the end of 1983, the unit was completely closed, and The Fishermen Associations were left on their own to carry on the business.

8. CONCLUSION:

8.1 The objective of The Fishermen Associations in setting up retail stores is still not achieved. It is a process and thus will take time to realise.

It could be safely said that about 10% of the fishing families have gained from this activity. Efforts to increase the percentage will be through the existing retail stores.

8.2 In 1983 on 39 retail stores were able to continue the supply of gears and other requisites out of the initial 56, in 1979. Though it is the earnest desire to see that this venture is successful, it should be also made clear that it should be viable.

The existing successful Fishermen Associations are expected to extend the territory of supplying gears to other fishing villages where it was found to be unsuccessful, so as to make a wider coverage of the fishing families.

- 8.3 The decision to stop The Central Purchase Unit's services was taken in order to give way to The Fishermen Associations to amalgamate and form their own central agency to perform the function. This will enable them to be self-reliant and more business orientated, instead of the endless government assistance.

It is also stressed here that the government will still continue to provide other facilities such as training, auditing and other advisory services which are needed by The Fishermen Associations.

Fisheries Development Authority Malaysia,
KUALA LUMPUR.

May, 1984.

KN/MIHZ/nam.

PROSPECTUS
SEMINAR ON FISHERIES COOPERATIVES FOR SOUTH-EAST ASIAN COUNTRIES
1984

1. Objective

The objective of the seminar is to make contribution, through efforts of discussions, towards the development of fisheries cooperatives in the countries of participants by making efforts to find clues to various problems in relation to management and activities of fisheries cooperatives.

2. Outline of the Programme

The scope of the seminar will cover study and discussions on economic activities such as credit, supply and marketing as well as non-economic activities of fisheries cooperatives such as guidance activities.

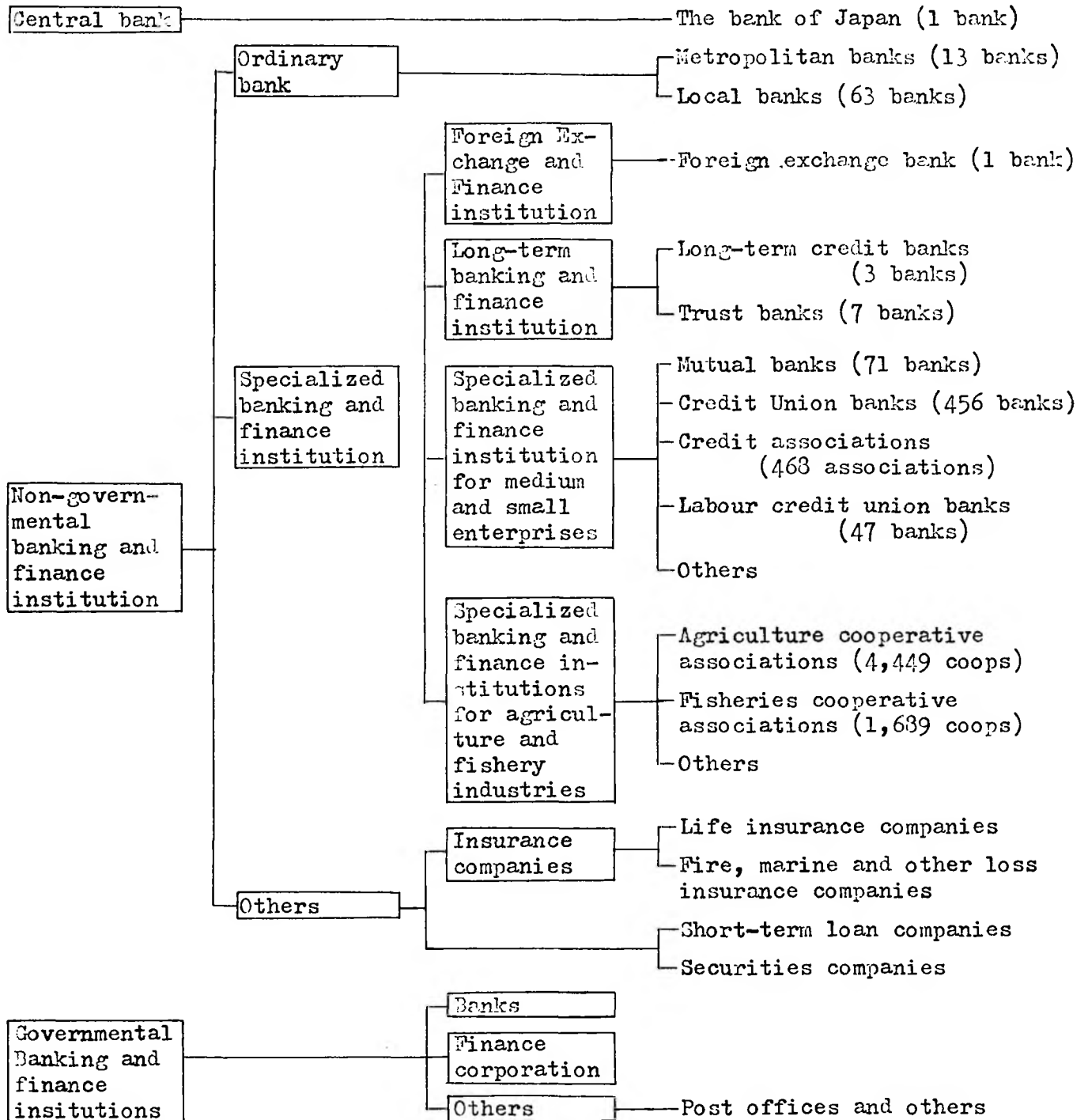
The programme includes:

- (1) Visits to some of the fisheries cooperatives in Japan for exchange of views with president, chief manager and or other leading personalities of the fisheries cooperatives.
- (2) Introduction to the history and present condition of saving, credit and other economic and non-economic activities of fisheries cooperatives in Japan followed by discussions and exchange of opinions.
- (3) Study on the current situation and problems of fisheries cooperatives in the countries of participants with a view to finding solutions.

3. Qualifications for the Participants

- (1) Participants must be officer, member of staff, or member, of fisheries cooperatives or organizations related to fisheries cooperatives. (Excluding government officers)
- (2) Participants must be below 50 years of age.
- (3) Participants must have a good knowledge of either English or Japanese reading, writing and conversation.
- (4) Participants must be in good state of health to take part in the seminar.

Current Banking and Finance Institutions in Japan.



7. Country Report

Participants are requested to prepare and bring a report on the current situation and problems of fishery cooperatives in their countries.

The report should be typed either in English or in Japanese and should not exceed 6,000 words.

The country report should cover, as far as applicable, the following outline.

(A participant may, if he/she prefers to do so, write a report on organization and activities of the specific fishery cooperative of which he/she is a staff member or an officer.)

Suggested Outline of the Country Report

- (1) Organization of fishery coops and/or other fishermen's organizations.
 - 1) The number of fishery cooperatives (organizations) and their members.
 - 2) Qualifications for membership.
 - 3) Act or regulations on the basis of which the fishery coops are organized and registered.
- (2) Activities of fishery coop and/or other fishermen's organizations
 - 1) Economic activities
 - (a) Supply of fishery requisities, e.g. fuel oil, fishing gear, etc.
 - (b) Marketing of the member's catch
 - (c) Saving (deposits from the members) and loans to the members
 - (d) Fishing (lf its own)
 - (e) Any other economic activities
 - 2) Non-economic activities
 - (a) Educational or informational activities
 - (b) Activities of women's group

Current Position of Fisheries Finances
(Outstanding loan balances by institution)

	Loan balance (in billion yen) at the end of fiscal year			Increase from previous year (%)		Share to the total (%) at the end of fiscal year		
	1979	1980	1981	1980	1981	1979	1980	1981
Commercial banking institutions (1)	718.3	754.0	805.0	5.0	6.8	28.1	26.9	27.6
Cooperative banking institutions (2)	1,420.1	1,575.1	1,606.7	10.9	2.0	55.5	56.2	55.1
Central Cooperative Bank for Agriculture, Forestry and Fisheries.	509.0	576.2	579.0	13.2	0.5	19.9	20.6	19.9
Credit federations of F.C.A.	704.9	778.6	793.6	10.5	1.9	27.5	27.7	27.2
Fisheries cooperative associations (F.C.A.) (Fishery Modernization Funds)	206.2 (312.4)	220.3 (326.5)	234.1 (327.0)	6.8 (4.5)	6.3 (0.2)	8.1 (12.3)	7.9 (11.7)	8.0 (11.2)
Governmental banking institutions (3)	420.3	472.6	503.7	12.4	6.6	16.4	16.9	17.3
Agriculture & Fisheries Finance Corporation	396.2	446.2	476.2	12.6	6.7	15.5	15.9	16.4
Total (A) (1) + (2) + (3)	2,558.7	2,801.7	2,915.4	9.5	4.1	100.0	100.0	100.0
Total finance of all banking institutions (B)	321,539.5	354,427.2	391,546.4	10.2	10.5	-	-	-
(A)/(B) (%)	0.79	0.79	0.74	-	-	-	-	-

3. Thrift and Credit Activities of Fisheries Cooperative.

(1) Governing Laws.

Fisheries Cooperative Association Law. Article 11.

- 1-1 Extending loans needed for the business and livelihood of the members.
- 1-2 Accepting the savings or time installment deposits of the members.
- 1-12 Supplementally businesses accompanied to the above paragraphs.
- 5 Representing the Central Cooperative Bank for Agriculture, Forestry and Fisheries as an agency.
- 6 Domestic exchange dealing.

(2) Cooperative Finance and its functions.

(a) What is the cooperative finance.

Fisheries cooperative accepts savings from members, and lends funds needed for the fishing businesses and livelihood of members. Commercial banks and other ordinary financial institutions are positive to call for the surplus (savings) from every fishermen, but lend money at their own choice. Cooperative finance means to accomodate members among themself with monies saved or invested by themself.

(b) Functions of cooperative finance.

Fishermen need funds to a certain extent to maintain and carry their fishing businesses and livelihoods in the society of capitalistic economic system. Any member fisherman will be able to ask for the loan from a commercial bank of funds needed for his fishing business, however, it is the function of cooperative finance to accomodate him with such a money from the funds (savings) raised by every member who is on the common ground.

(3) Necessity of cooperative thrift and credit activities.

Any financial institution accepts deposits from fishermen and extends loan to them, however, though a commercial bank always shows positive attitude to call for savings of fishermen, he may often assumes a conservative attitude toward loans for fishermen in need of funds. The commercial banking institutions generally invest such a money raised in the fishing communities to other industries in different

or urban areas, and fishermen may frequently be unable to borrow necessary fund from them.

The thrift and credit department of fisheries cooperative ensures as much fund as possible to accomodate member fishermen with monies needed for businesses and livelihoods as well as for their community development.

(4) Feature of the cooperative finance.

(a) Mutual financing.

Cooperative financing is the system of mutual financing of members in which the cooperative plays the leading role by extending loans to one in need of funds from the savings deposited by others who have some in reserve, by way of supporting each other among members themself.

(b) Non-profit oriented.

Every cooperative business aims to serve for members, but not for profit. However, it does not mean to serve for members even going to the extent of incurring a deficit. It is rather the service for members in broad sense to keep efficiency in management of the thrift and credit business, to improve and intensify its structure, and to ameliorate the commitment of members, etc.

(c) Cooperative finance is not limited only to members.

Acceptance of savings and extension of loans are not restricted only for members. Cooperative finance will be able to extend its money operation to the other businesses of cooperative, its loans to the public services or the related industries to a limited extent, and to accept savings from any person other than member.

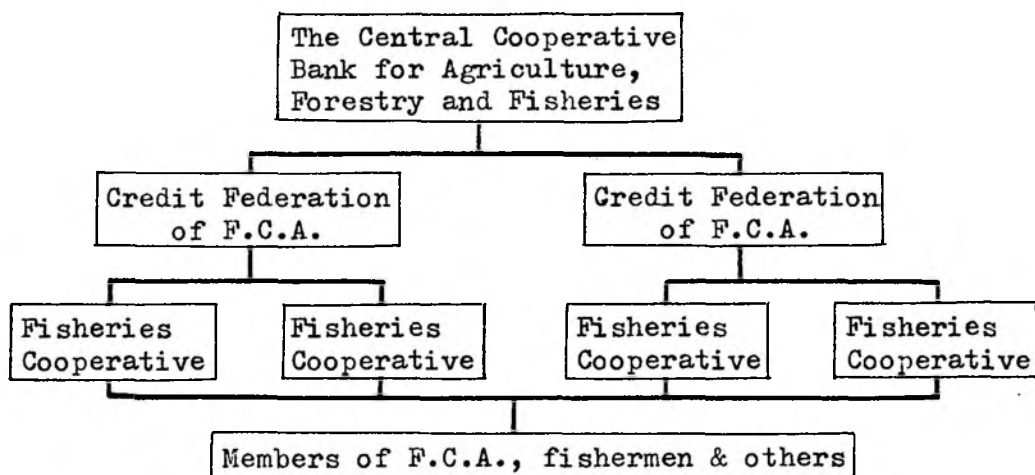
(d) Cooperative finance is systematized through cooperative channel.

Fishery industry and fishermen's households are remarkable in their seasonal variation and regional difference, therefore, it is rather difficult for a primary cooperative society to carry the mutual financing among members in the fixed region.

To overcome such a difficulty, cooperative finance regulates the money position through the cooperative channel of the country.

The cooperative finance comprises the three tier structure of fisheries cooperative associations as primary societies (F.C.A.), prefectural credit federation of F.C.A. as the secondary stage and the Central Cooperative Bank for Agriculture, Forestry and Fisheries as the apex of cooperative finance in Japan.

Fisheries cooperative associations are organized at each of municipalities (or smaller fishing communities) with membership of fisherman and others. They are a kind of multipurpose and multifunctional cooperative which provide such services as thrift and credit facilities, marketing and supply activities, etc. Credit federations of F.C.A. are established at the prefectural level with membership of cooperative associations, federation of F.C.A. (prefectural federation of F.C.A. for economic businesses such as marketing and supply, etc.) and others to specialize in extending thrift and credit facilities. The Central Cooperative Bank for Agriculture, Forestry and Fisheries is nationally organized with membership of all cooperative institutions in agriculture, forestry and fisheries, and it acts as a sole central institution for cooperative finance in Japan.



The three tier system is based on the following requirements:-

(i) To control fluctuations of short and long position in funds.
The credit federation of F.C.A. regulates the financial position among cooperative associations and region at the prefectural level and the Central Cooperative Bank for Agriculture, Forestry and Fisheries carries out nation-wide cooperation among prefectures and industries of agriculture, forestry and fisheries.

(ii) To exercise supplementary functions.

Fisheries cooperative associations cannot necessarily always meet the members' loan requirements because of its credit limit allowed to each member to ensure the equity and proper operation of cooperative finance though the situation differs from one association to another. Prefectural credit federation of F.C.A. will supply lendable funds appropriately to member cooperative as an upper financial institution, but also extends its credit directly to the members of primary cooperative societies when necessary. The Central Cooperative Bank for Agriculture, Forestry and Fisheries may also facilitate credit extension in case where a credit federation is unable to manage the loan requirement with its own facilities.

(iii) To invest surplus (savings) funds through upper institution so as to attempt to increase the efficiency in the money operations.

(5) Relation between the thrift & credit activities and marketing activities within the cooperative.

Most fisheries cooperative associations in Japan carry out marketing activities which support substantially to their thrift and credit activities. The fisheries cooperative association sells fish caught, landed and consigned by fishermen to its market and receives payments, which are ultimately transferred to saving accounts of fishermen concerned. If a fisherman has borrowed funds from the association for ship building, purchase of fishing gear or other needs, the association appropriates the afore-mentioned payment receipts or a part thereof for loan repayment. It is an usual practice that fishermen will deposit a certain percentage of the payment receipts for the fish sold as a loan repayment fund. Even in case fish be landed at a port other than the home port and sold out at the market there, payment receipts will mostly be transferred to an association of the home port. Such money transfers of fish payments to fishermen's saving accounts, which so often

happen and are facilitated among cooperative associations, substantially contribute to the development of savings and also to collection of loan facilities.

(6) Current situations of thrift and credit of cooperative banking institutions.

At the end of fiscal year 1982, the total outstanding balance of savings of fisheries cooperative associations of the nation was about ¥1,508.7 billions with its annual increase being 7.8% over the preceding year, which has moved slightly ahead of the level of previous year of 7.6% in the face of the growth rate of other financial institutions' deposits sank below corresponding 1981 levels. However, the index has still run at a lower level than expected which is a reflection of the effects of a luckluster performance of fishing business and a keen competition with other financial institutions.

On the other hand, the outstanding loan balance financed by the associations was ¥1,033.1 billion at the end of 1982 which remained only 3.0% in the annual growth over the previous year reflected also in the slackness of fishing business and the downturn in capital investment. In consequence, the savings-loans ratio fell into the level of 1979, 68%.

Fisheries cooperative associations deposited ¥1,169.8 billions, approximately 80% of the total saving accounts of ¥1,508.7 billions to the prefectural credit federations and to the Central Cooperative Bank for Agriculture, Forestry and Fisheries. On the other hand, the fisheries cooperative associations procured ¥724.6 billions, equivalent to about 70% of the associations' total loan balance of ¥1,033.1 billions from them at the end of the fiscal year 1982. This indicates that redeposit and refinance method has almost settled down.

(7) Savings.

The national savings campaign of fisheries cooperatives has been carried out since 1978 in order to achieve a savings target balance of ¥2,000 billions by the end of the fiscal year 1986.

Such savings campaigns are currently undertaken at the prefectural level, at the same time, such are formulated and actively promoted at the national level.

Women's groups of fisheries cooperatives, which have been established throughout the country, contribute a great deal to enhancement of the savings campaigns.

Protection system for savings.

(a) The National Fishery Cooperative Credit Activities Mutual Support Scheme (The Fund).

* To secure fisheries cooperatives to retain redemption funds to depositors and smoothly provide fishery business management stabilization funds.

* Sums set aside as reserve:- 1/10,000 of savings for the initial five years and 0.4/10,000 of savings for the subsequent five years.

* Amount of the Fund:- approximately ¥1,500 millions.

(b) The Agriculture and Fisheries Cooperative Savings Insurance Scheme (The Organization).

* In case of bankruptcy or economic failure in the cooperative business, indemnity for loss of savings will be made to each depositor within the limit of ¥3 millions.

* Insurance premium:- 0.6/10,000 of savings.

* Liability reserve:- ¥14.9 billions.

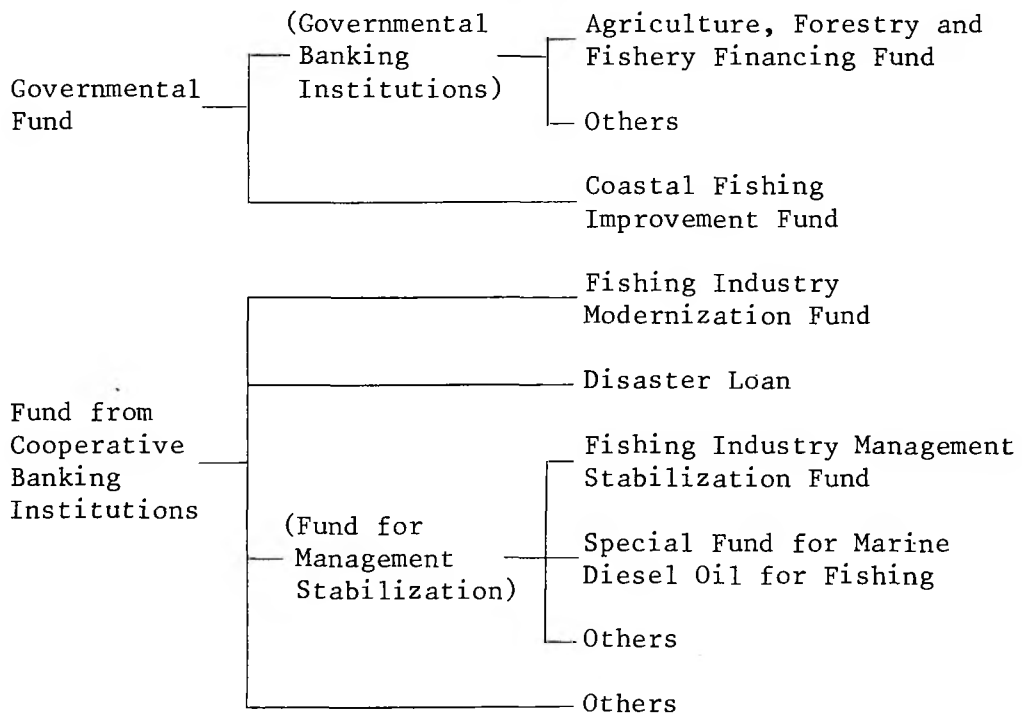
(8) Loans.

The government supported loans of which funds was procured by cooperative banking institutions have increased in response to increased demands of fishing industry modernization, emergency loans and others, and the long term loan ratio has been trending upward from 53% in 1970, 57% in 1975 and 63% in 1980 to 64% in 1982.

It is assumed that emergency loan balance reached to a level of approximately 30% of the total outstanding loans extended by fisheries cooperatives.

In some types of fisheries, the current difficulties of the fishing industry have developed too far to be overcome only by the implementation of financial measures and, thus, they have been placed that they need further fundamental measures for the stabilization of their management administration. Under the circumstances, it was decided to carry out a special program designed to reform the structure of fishing industry, including curtailment in number of fishing vessels already started in the fiscal year 1982. For the purpose of introducing this undertaking smoothly, the "Fishery Business Liabilities Liquidation Fund" was newly constituted.

(a) Outline of Government Supported Loans (Institutional Funds).



(b) Outline of the Small and Medium Scale Fisheries Loan Guarantee Fund System

- as per the description on the next leaf -

Reference

Interest Rates (As of July, 1983)

1. Deposit rates:-

Type of Deposits	Interest Rate
Current deposit	1.75%
Time deposit with term of:	
3 months	3.75%
6 months	5.00%
1 year	5.75%
2 years	6.00%

2. Borrowing rates:-

Type of Rate by Types of Loans	Interest Rate
National discount rate	5.50%
Long-term prime rate	8.40%
Short-term prime rate	6.00%
Rates of government supported loans	
Fishing industry modernization fund; for fishing vessel of less than 20 G/T	6.00%
20 G/T or more	7.00%
Special fund for marine diesel oil for fishing	
Coastal fishery	3.00%
Distant-water fishery	3.50%
Fishing industry management stabilization fund	
Coastal fishery	5.00%
Distant-water fishery	6.50%

Outline of the Small & Medium Scale Fisheries Loan
Guarantee System

1. Structure & Organization of the System

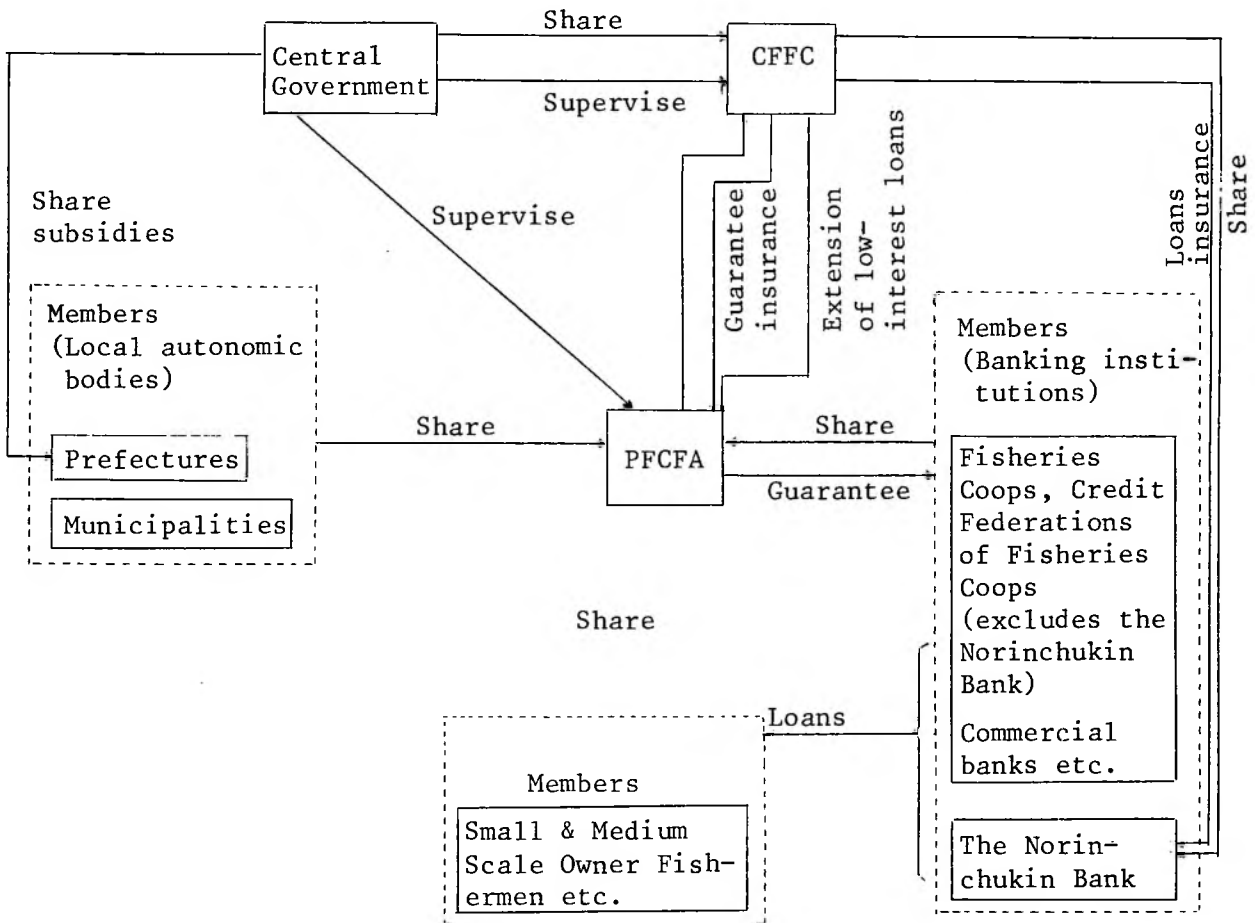
(1) Inception

The system was established in 1952 based on the small and medium scale fisheries loan guarantee act.

(2) Objective

In order to facilitate smoothly financing small & medium scale owner fishermen necessary fund for conducting their fishing business, the Prefectural Fishery Credit Fund Association (PFCFA) guarantees the liability of loans which have been extended to small & medium scale owner fishermen etc. from various banking institutions. The Central Fund for Fishery Credit (CFFC) insures payment of PFCFA's liability guarantees in turn. In other word, the CFFC is an reinsurance organization.

(3) Organization



2. Prefectural Credit Fund Association (PFCFA)

(1) Membership

The members are small and medium scale owner fishermen etc., local autonomic bodies and various banking institutions.

(2) Functions

To guarantee the member's (small and medium scale owner fishermen and others') liability of loans which are extended from the banking institutions to the members. The loans are government supported ones and include those from the 1) Fisheries Modernization Fund and also necessary money for 2) business operations and life.

(3) Premium

Fisheries Modernization Fund	0.25 ~ 0.70%
Emergency Loans Fund	0.40 ~ 0.90%
Emergency loans fund for clearing off liabilities ,,,	0.40 ~ 0.92%

(4) Ceiling amount of guarantee for individual

Fisheries Modernization Found ...	40 times the amount of shares
Emergency Loans Fund	40 times the amount of shares
Ordinary loans	21 times the amount of shares (National average)

(5) Total amount of loans PFCFA can guarantee to the members.

Fisheries Modernization Fund	15 times the amount of the fund
Ordinary loans	Ditto (National average)

3. Central Fund for Fishery Credit (CFFC)

(1) Functions

To insure the liability guarantee on the part of PFCFA regarding the loans from the Fisheries Modernization Fund scheme etc..

(2) The amount insured

Emergency Loans Fund 80% of the insured value
Other loans 70% of the insured value

(3) Premium

Fisheries Modernization Fund 5 ~ 10 years ... 0.2%
Emergency Loans Fund Ditto ... 0.34%
Emergency Loans Fund for
clearing off liabilities Ditto ... 0.85%

Thrift & Credit Business of Fisheries Cooperative
in Japan

1984

ZENGYOREN

National Federation of Fisheries Co-operative Associations

Thrift & Credit Business of Fisheries Cooperative.

1. Banking and Finance System in Japan

The Japanese banking and finance system generally comprises a central bank, and governmental and non-governmental banking and finance institutions. The Bank of Japan acts as only one central bank to issue currencies, administers exchange control and executes monetary and financial policies. As for non-governmental banking and finance institutions, there are: Metropolitan banks (13 banks as of February 1983) which provide full banking services primarily to big business enterprises with their nation-wide network; local banks (63 banks) having their headoffices in local cities to provide a comprehensive banking and finance services mainly to local communities and businesses; mutual banks (71 banks), credit union banks (456 banks) and credit associations (468 associations) specialized in banking and finance services to medium and small enterprises; agriculture cooperative associations (4,449 cooperatives) and fisheries cooperative associations (1,689 cooperatives) serving as specialized banking and financing institutions for agriculture and fishery industries and labour credit union banks (47 banks) as financial cooperative organization of labour unions and others.

In addition, there are such non-governmental financial institutions as securities companies, life insurance companies and fire, marine and other loss insurance companies as well as short term loan companies facilitating banking and finance institutions to supply long and short term funds smoothly.

So as to support the above mentioned banking and finance activities in the private sector, there are various governmental finance institutions. A major portion of their activities is financed with such resources as procured through the individual saving deposit accounts with the national network of post offices (23,000 post offices).

At the end of March 1982, deposit accounts with all the banking institutions amounted to ¥501,000 billions which includes ¥231,000 billions of saving accounts of private individuals. The deposit accounts with agriculture cooperative associations and fisheries cooperative associations respectively accounted for 12.5% and 0.6% of the foregoing total savings of the individuals.

C o n t e n t s

I.	Fisheries Co-operative Insurance Systems in Japan	1
1.	National Mutual Insurance Federation of Fisheries Co-operatives	1
2.	National Federation of Fishery Mutual Insurance Associations	1
3.	Fishing Vessels Insurance Central Association	1
4.	The importance of the fisheries co-operative insurances	1
5.	History	3
6.	Types of Mutual Insurance Activities	4
II.	National Mutual Insurance Federation of Fisheries Co-operatives	6
1.	The Ordinary Welfare Insurance "CHOKO"	6
(1)	Types of contract	7
(2)	Types of maturity	7
(3)	The period of contract and the age eligible to make contract	8
(4)	The age of insured person contracted and the maximum limit of insurance	8
(5)	Special contracts	9
(6)	Premium	10
(7)	Payment of the insurance money	14
2.	The Crews' Welfare Insurance "NORIKO"	19
(1)	Limitation of the insured	20
(2)	Period of insurance	20
(3)	Classification of the contract	20
(4)	The Casualty Insurance Contract	21
(5)	The Fisheries Workers' Accident Compensation Insurance Contract	25
(6)	The Sport Fishing Boat Insurance Contract	26
3.	The Fishermen Old-Age Welfare Insurance "NENKIN"	28
(1)	The insurant	28
(2)	The insured	28
(3)	The courses of the contract and the participation age	28
(4)	The contract amount of the pension	29
(5)	The premium	29
(6)	Payment of the insurance (pension)	30
4.	The Fire Insurance "KASAI"	33
(1)	Feature of the scheme	34
(2)	The objects to be insured	34

(3) The maximum amount of insurance to be contracted	34
(4) Period of the insurance contract	34
(5) Damages to be covered by the insurance	35
(6) Payment of the insurance money	35
5. The General Home Insurance "KURASHI"	38
(1) Feature of the insurance scheme	38
(2) The objects to be insured	38
(3) The period of the insurance	38
(4) Limitation of the contract amount	38
(5) Payment of the insurance money	39
6. The Organization Credit Insurance "DANSHIN"	45
(1) Feature of the scheme	45
(2) The insurant (creditor)	45
(3) The insured (debtor)	46
(4) The beneficiary	46
(5) The loan to be insured	46
(6) Contract and contract date (participation)	47
(7) The determination criteria of the insurance amount	47
(8) Term of the insurance	47
(9) The premium of the insurance	47
(10) The insurance failure	48
(11) The insurance money to be paid	48
7. The Automobile Insurance "KURUMA"	50
(1) Feature of the scheme	50
(2) Types of the insurance	50
(3) Term of the insurance	51
(4) Limitation of the insurance amount (contract amount)	51
(5) Discount on the premium	52
III. National Federation of Fishery Mutual Insurance Associations	53
A. Fish Catch Insurance	55
1. Fisheries covered by Catch Mutual Insurance	55
2. Qualifications for participation in the Catch Mutual Insurance .	55
3. Obligatory Participation	56
4. Collective Participation	58
5. Individual Participation	59
6. Procedures of Application	59
7. Insurance Period	59
8. Limit of Insurance Amount	60
9. Choise of Types of Compensation	60

10. Contracted Rate of Coverages	61
11. Premium	61
12. Premium Subsidy by the National Government	61
13. Payment of Premium	63
14. Insurance Policy	63
15. Obligations of the Participants	63
16. Transfer of Fishery Enterprise	65
17. Claims for Insurance	65
18. Nullification or Cancellation of Insurance Contract	65
19. Payment of Insurance Money	67
B. Aquaculture Insurance	70
1. Aquaculture Operation Covered by Aquaculture Mutual Insurance ..	70
2. Objects of Insurance	70
3. Insured Damages	72
4. Participation in the Insurance	73
5. Insurance Period	73
6. Insurable Value	74
7. Contract Rate of Coverage	75
8. Special Contract for Red Tide	75
9. Premium	75
10. Premium Subsidy by the National Government	76
11. Payment of Premium	76
12. Insurance Policy	76
13. Obligations of the Participants	77
14. Transfer of Aquaculture Enterprises	78
15. Claims	79
16. Nullification or Cancellation of Insurance Contract	79
17. Claims to be paid	80
C. The Fishing Gear Insurance	84
1. The objects to be insured	84
2. Insured damages	84
3. Qualification for participation in the fishing gear insurance ..	86
4. Procedures of application	86
5. Insurance period	86
6. Insurance value	86
7. Insurance amount	86
8. The insurance premium	87
9. Premium subsidy by the National Government	88
10. Obligation of the participants	88
11. Claims	88
12. Payment of the insurance money	89

IV. The Japanese Fishing Vessels Insurance System	90
A. History of Fishing Boats Insurance System in Japan	90
1. Before the Start of the Fishing Boats Insurance System	90
2. Until Enactment of Fishing Vessels Compensation Law	91
3. History of the Fishing Vessels Loss Compensation Law	93
4. Fishing Vessels Damage etc. Compensation Law	94
B. Organization	97
1. Fishing Vessels Insurance Associations	97
2. Re-insurance by the Government	98
3. Fishing Vessels Central Insurance Association	98
C. Outline of Subsidy of Japanese Government	102
1. Subsidies by the Government for Fishing Vessels Damage Insurance	102
2. Government Subsidy on the Fishing Vessels Owners' Liabilities Insurance	105
3. Government Subsidy on the Fishing Vessels Cargo Insurance	105
4. Other government subsidies	105
D. Outline of Insurance	106
1. Fishing Vessels Damage Insurance	106
2. Fishing Vessels Protection and Indemnity Insurance	108
3. Fishing Vessels Crewman Owner's Life Insurance	108
4. Fishing Vessels Cargo Insurance	108
5. Fishing Vessels Crew's Payment Insurance	109

I. Fisheries Co-operative Insurance Systems in Japan.

Fisheries Co-operative Insurance Systems in Japan are administered by three distinct organizations mentioned below, and each institution offers specific insurance schemes to cover variety of risks effected by fisheries business operations as well as by living of fishermen and their families who participate in the fisheries co-operative movements of the country.

1. National Mutual Insurance Federation of Fisheries Co-operatives.

The National Mutual Insurance Federation of Fisheries Co-operatives offers numerous insurance schemes to cover the insurances for life, casualty, endowment, fire, automobile, etc. which indemnify the risks of human life and of personal properties.

2. National Federation of Fishery Mutual Insurance Associations.

The National Federation of Fishery Mutual Insurance Associations offers three distinct types of the insurance schemes to cover the losses of fisheries operation such as the fish catch insurance, the culture insurance and the fishing gear insurance. These schemes indemnify the unavoidable losses of income and properties related to the fishery businesses.

3. Fishing Vessels Insurance Central Association.

The Fishing Vessels Insurance Central Association offers several insurance schemes to compensate the damages and losses of fishing vessels and their cargoes. These schemes are subsidized greatly by the Government.

4. The importance of the fisheries co-operative insurances.

Though these insurance schemes mentioned above are called as "mutual insurances", except those of the Fishing Vessels Insurance

Scheme, the terminology of these schemes mentioned in the paragraph 1 and 2 above are "mutual relief schemes" in direct translation from Japanese terms which are based only on contributions of the various members of fisheries co-operative organizations in the country, and the fund pooled by these contributions (premium) are governed by certain notions of equity, "one for all and all for one".

These mutual insurance schemes (the mutual relief schemes) are of the typical examples of the mutual supporting and self help among the co-operative movements which are entirely different from those commercial business insurances.

5. History

(a) December 1950: The establishment of the Fishery Mutual Insurance Association was officially approved by the partial amendment of the Fisheries Cooperative Association Law (Law No. 242 of Dec. 15th, 1948).

January 1951 : In response to the amendment mentioned above, National Federation of Mutual Insurance Societies of Fisheries Cooperative Associations was established, and fire-insurance business was started.

(b) August 1955 : The Fisheries Cooperative Association Law was amended to enlarge the scope of mutual insurance activities, and life insurance business was started.

(c) October 1957 : Fisheries mutual insurance had been tentatively operated by the trust of the Government, and continued until March of 1963.

(d) July 1964 : In response to the strong request by the various fisheries cooperative institutions nationwide, Fisheries Accident Compensation Law (Law No. 158 of July 8, 1964) was enacted in order to establish a permanent system of fisheries insurance.

October 1964 : Under the above-mentioned law, Mutual Insurance Societies of Fisheries Cooperative Associations were set up in all the coastal prefectures, and their national federation was established, leading to the full-scale implementation of fisheries insurance.

December 1964: Under the above-mentioned law, Fisheries Mutual Insurance Fund was established as an institution to provide necessary funds for Mutual Aid Societies of Fisheries Cooperative Associations and their National Federation.

- (e) July 1967 : The Fisheries Accident Compensation Law was partly amended to include governmental insurance and, as a result, the present fishery insurance system was legally prepared.
- (f) May 1975 : The Fisheries Accident Compensation Law was partly amended to improve the accident compensation scheme.
- (g) July 1981 : In response to the strong request of fishermen, fishermen's pension was started (as part of the activities of the National Federation of Mutual Insurance Societies of Fisheries Cooperative Associations).
- (h) May 1982 : The Fisheries Accident Compensation Law was partly amended to improve the accident compensation scheme.

6. Types of Mutual Insurance Activities

(1) Mutual Insurance Activities Conducted by the National Federation under Fisheries Cooperative Associations Law

(a) Fire Insurance

Insurance for fire damages of buildings and equipments, fittings, etc similar to the fire insurance business undertaken by private insurance companies.

(b) Life Insurance

This is the fisheries cooperative version of life insurance similar to that of undertaken by private insurance companies and includes long-term insurance and short-term insurance. The former is to redeem the paid-up money and interest at maturity, while the latter covers crews of fishing vessels for each year.

(c) Automobile Insurance

This is the fisheries cooperative version of automobile insurance as that of practiced by private insurance companies. At present, insurance for damage only to human body is being implemented.

(d) New-type Insurance

This includes two types, one of which is called comprehensive life insurance (fire insurance combined with short-term life insurance) and another one is group credit and welfare insurance (insurance for outstanding debt at the death of the debtor).

(e) Old-age Welfare Insurance

This is called Fishermen's Pension. It is a unique scheme, with fishery cooperatives being contractors to enroll cooperative members and their families as groups. This scheme started its activities from July, 1981 with the help of governmental assistance.

(2) Mutual Insurance Activities Carried Out by Three Levels of Organizations, Namely Mutual Insurance Society of Fisheries Cooperative Associations (Mutual Insurance), Their National Federation (for Reinsurance) and the Government (Insurance) Under the Fisheries Accident Compensation Law

(a) Fish Catch Insurance

This aims at compensating economic damages to fishery management due to the decrease of income in catch excluding that of aquaculture.

(b) Aquaculture Insurance

This aims at compensating economic damages to aquacultural equipment and cultured organisms.

(c) Fishing Gear Insurance

This aims at compensating economic damages to fishing nets during the fishing operation, excluding aquaculture.

II. National Mutual Insurance Federation of Fisheries Co-operatives.

The National Mutual Insurance Federation of Fisheries Co-operatives, so-called "KYOSUIREN" in short, is organized with fisheries co-operatives, fisheries processors co-operatives and their federations in the country as the regular members, and with those member fishermen and processors of the regular members as the associate members.

Those insurance policies contracted between the fisheries co-operatives and their members are fully re-insured by the National Mutual Insurance Federation of Fisheries Co-operatives.

The insurance schemes offered by the National Mutual Insurance Federation of Fisheries Co-operatives include the Ordinary Welfare Insurance (CHOKO), the Crews' Welfare Insurance (NORIKO), the Organization Credit Insurance (DANSHIN), the Fire Insurance (KASAI), the General Home Insurance (KURASHI), the Fishermen Old-age Welfare Insurance (NENKIN) and the Automobile Insurance (KURUMA).

1. The Ordinary Welfare Insurance "CHOKO" (the ordinary life insurance).

The insurance money will be paid in case of death, highly injured and handicapped, and hospitalization of a person insured during the midst of contract period, and the insurance will otherwise be paid at the maturity of contract.

In order to respond to the widespread desire of the customers, the scheme covers from the Endowment Insurance aimed at the savings to the Fixed Term Endowment Insurance assured for 15 times of a given amount of the insurance money contracted at maximum.

And, in addition to the insurance period of 5, 10, 15, 20, 25 and 30 years of which maturity is fixed with the number of year, the insurance contract of which maturity is fixed by the age of insured person (18, 20, 55, 59 and 64 years old) has also been established since October 1981.

Special contracts offered by the scheme include the Casualty Insured Contract covering the sequela and hospitalization caused by an injury, the Casualty and Sickness Insured Contract covering the hospitalization and surgical operation caused by a sickness, and the Child Care Expenses Insured Contract covering the expenses for the care and education of a child of the insured person effected by his death.

And, for the policies of which maturity is fixed by an age of person insured (except the maturity for 18 and 20 years old), the Drawback Deferred Contract could be seconded to the policy depending upon a choice of the insured person.

(1) Types of contract.

There are five types of contract according to the amount of assurance.

Category	Amount assured			
	At Maturity	At Death by Sickness	At Death by Calamity	For Casualty
I	1	1	2	Decided within the limit of death by sickness
II	1	2	4	
III	1	3	6	
V-1	1	5	10	
V-2	1	5 + increment	10 + increment	

Note: (1) Amount assured in an unit of million yen.

(2) This table indicates an example for the contract of one million yen at the maturity.

(2) Types of maturity.

(a) The fixed term maturity contract.

The insurance contract of which term should be fixed in number of years (5, 10, 15, 20, 25 and 30 years).

(b) The age maturity contract.

The insurance contract of which term should be completed at the certain age (18, 20, 55, 59 and 64 years old) of the insured. The exact term of the contract should, therefore, be calculated in a number of years after the contract age to be subtracted from the maturity age.

(3) The period of contract and the age eligible to make contract.

The fixed term maturity contract.

Period of contract (maturity year)	Category I (age)	Category II & III (age)	Category V-1 & V-2 (age)
5	6 - 70	6 - 70	6 - 65
10	0 - 65	6 - 65	6 - 60
15	0 - 60	6 - 60	6 - 55
20	0 - 55	6 - 55	6 - 50
25	0 - 50	6 - 50	6 - 50
30	0 - 45	6 - 45	6 - 45

The age maturity contract.

Period of contract (age at maturity)	Category I-2 (age)
18	0 - 13
20	0 - 15
	Category I, II, III & V-1
55	20 - 50
59	20 - 54
64	20 - 59

(4) The age of insured person contracted and the maximum limit of insurance.

The fixed term maturity contract.

(Unit: million yen)

Category	Age of Contract	Maximum limit of Insurance			
		at Maturity	at Death by Sickness	at Death by Calamity	for Casualty
I	0 - 5	5	5	10	3
	6 - 60	15	15	30	5
	61 - 70	5	5	10	3
II	6 - 60	7.5	15	30	5
	61 - 70	2.5	5	10	3
III	6 - 60	5	15	30	5
	61 - 70	1.6	4.8	9.6	3
V-1 & 2	6 - 60	3	15	30	5
	61 - 65	1	5	10	3

The age maturity contract.

(Unit: million yen)

Category	Age of Contract	Maximum limit of Insurance			
		at Maturity	at Feath by Sickness	at Death by Calamity	for Casualty
I	20 - 59	15	15	30	5
I - 2	0 - 5	5	5	10	3
	6 - 15	5	5	10	5
II	20 - 59	7.5	15	30	5
III	20 - 59	5	15	30	5
V - 1	20 - 59	3	15	30	5

(5) Special contracts.

(a) The casualty insured contract.

Sequela and hospitalization effected by an injury caused by an accident during the period of the insurance contract shall be indemnified.

(b) The casualty and sickness insured contract.

In addition to the indemnification for the casualty and sickness insured contract mentioned above, the hospitalization and surgical operation caused by a sickness shall also be indemnified.

(c) The care expenses insured contract.

This is a contract to make a father or a mother to be the insurant and his or her child to be the insured. The insurance in an amount equivalent to 10% of the cover for death shall be paid as a lump-sum allowance in case of death of the insurant, and in addition, the expenses for care and education of the child shall be indemnified every year until the maturity.

(d) The special terms of payment contract.

In case of the insured has a record of specific sickness in the past, special terms of payment such as a reduction of the insurance money to be paid for certain period of time according to the inspection standards for acceptance, shall be included in the insurance policy at the time of contract.

(6) Premium.

(a) Rate of premium.

The rate of premium varies in accordance with the maturity, age, type of contract and terms of payment of premium, and the rate is lower for a woman than a man. If whole or a part of premium should be paid up in advance, the rate of premium shall be discounted.

(b) Terms and grace period of payment of premium.

The terms of payment of premium consist of three ways as the monthly, biannual and annual payment, and the terms could be revised from monthly to biannual, from biannual to annual, and from monthly to annual at a day corresponding to the contract date of the year.

Two months grace period will be given from the second payment of the premium. Furthermore, in case of an unavoidable circumstance such as a natural disaster, a grace period up to 12 months will be allowed.

(c) The exemption from payment of premium.

If a person insured becomes a sequela of which class falls into the category within the second and fifth of the Table of Payment Rate for Casualty Insurance shown in the latter paragraph within 200 days after the day of injury caused by a contingency during the term of premium payment, or when an accumulated rate of the insurance paid for a casualty becomes 60% and more of the cover, subsequent payment of the premium shall be exempted.

Table of Premium for the Ordinary Welfare Insurance (for Man).

Example of the Contract of One Million Yen with the Casualty
and Sickness Insured Contract.

Category I, Annual Payment.

(Unit: Yen)

Contract Age	Maturity				
	30 years	20 years	15 years	10 years	5 years
0	27,800	41,900	57,100	88,900	
5	27,700	41,700	57,000	88,700	
10	27,800	41,800	57,000	88,700	186,500
11	27,800	41,900	57,100	88,800	186,500
12	27,900	41,900	57,100	88,800	186,600
13	27,900	42,000	57,200	88,900	186,600
14	28,000	42,000	57,200	88,900	186,700
15	28,000	42,000	57,300	89,000	186,700
16	28,100	42,100	57,300	89,000	186,800
17	28,100	42,100	57,300	89,000	186,800
18	28,100	42,100	57,300	89,000	186,800
19	28,200	42,100	57,300	89,000	186,800
20	28,200	42,100	57,300	89,000	186,800
21	28,200	42,100	57,300	89,000	186,800
22	28,300	42,100	57,300	89,000	186,800
23	28,300	42,200	57,300	89,000	186,800
24	28,400	42,200	57,400	89,000	186,800
25	28,500	42,200	57,400	89,000	186,800
26	28,600	42,300	57,400	89,100	186,800
27	28,700	42,300	57,400	89,100	186,800
28	28,800	42,400	57,500	89,100	186,800
29	28,900	42,500	57,500	89,100	186,900
30	29,000	42,600	57,600	89,200	186,900
31	29,200	42,700	57,700	89,200	186,900
32	29,300	42,800	57,700	89,300	186,900
33	29,500	42,900	57,800	89,300	187,000
34	29,700	43,000	58,000	89,400	187,000
35	30,000	43,200	58,100	89,500	187,100
36	30,200	43,400	58,200	89,600	187,200
37	30,500	43,500	58,400	89,700	187,200
38	30,800	43,700	58,500	89,900	187,300
39	31,100	44,000	58,700	90,000	187,400
40	31,500	44,200	58,900	90,200	187,500
41	31,800	44,500	59,100	90,400	187,700
42	32,300	44,700	59,400	90,600	187,800
43	32,700	45,000	59,600	90,800	188,000
44	33,200	45,300	59,900	91,000	188,200
45	33,800	45,700	60,100	91,200	188,400
46		46,000	60,400	91,400	188,500
47		46,400	60,700	91,600	188,700
48		46,800	61,000	91,800	188,800
49		47,300	61,300	92,100	189,000
50		47,800	61,700	92,400	189,200
51		48,400	62,100	92,700	189,400
52		49,000	62,600	93,000	189,600
53		49,800	63,200	93,400	189,900
54		50,600	63,800	93,900	190,200
55		51,600	64,500	94,400	190,500

Category I, Annual Payment (Cont'd)

(Unit: Yen)

Contract Age	Maturity				
	30 years	20 years	15 years	10 years	5 years
56			65,300	95,000	190,900
57			66,200	95,600	191,300
58			67,200	96,400	191,800
59			68,400	97,200	192,400
60			69,600	98,100	193,000
61				99,100	193,700
62				100,300	194,400
63				101,700	195,300
64				103,200	196,300
65				104,900	197,400
66					198,700
67					200,200
68					201,800
69					203,700
70					205,700

Category III, Annual Payment.

(Unit: Yen)

Contract Age	Maturity				
	30 years	20 years	15 years	10 years	5 years
6	51,600	65,600	80,800	112,500	211,100
10	52,000	65,900	81,100	112,900	211,000
11	52,200	66,100	81,300	113,100	211,200
12	52,300	66,200	81,500	113,300	211,500
13	52,500	66,300	81,600	113,500	211,700
14	52,700	66,500	81,800	113,700	212,000
15	52,900	66,600	81,900	113,800	212,300
16	53,100	66,700	81,900	113,900	212,400
17	53,200	66,800	82,000	113,900	212,500
18	53,400	66,800	82,000	113,900	212,500
19	53,600	66,900	82,100	114,000	212,500
20	53,800	67,000	82,100	114,000	212,500
21	54,000	67,100	82,200	114,000	212,500
22	54,300	67,200	82,200	114,000	212,500
23	54,500	67,400	82,300	114,100	212,500
24	54,900	67,600	82,400	114,100	212,600
25	55,200	67,800	82,600	114,200	212,600
26	55,600	68,100	82,700	114,300	212,600
27	56,000	68,400	82,900	114,400	212,700
28	56,500	68,700	83,200	114,600	212,800
29	57,100	69,100	83,500	114,800	212,900
30	57,700	69,500	83,800	115,000	213,000
31	58,300	70,000	84,200	115,200	213,200
32	59,100	70,500	84,700	115,600	213,400
33	59,900	71,100	85,200	115,900	213,600
34	60,800	71,700	85,700	116,400	213,900
35	61,800	72,400	86,300	116,800	214,300

Category III, Annual Payment (Cont'd)

(Unit: Yen)

Contract Age	Maturity				
	30 years	20 years	15 years	10 years	5 years
36	62,900	73,100	87,000	117,400	214,600
37	64,000	74,000	87,700	118,000	215,100
38	65,300	74,800	88,400	118,700	215,600
39	66,800	75,800	89,200	119,500	216,200
40	68,300	76,800	90,100	120,300	216,900
41	70,000	78,000	91,100	121,100	217,700
42	71,900	79,200	92,100	122,000	218,500
43	73,900	80,500	93,200	122,900	219,400
44	76,000	82,000	94,300	123,900	220,400
45	78,400	83,500	95,500	124,900	221,300
46		85,200	96,800	125,900	222,100
47		87,000	98,200	126,900	222,900
48		89,000	99,700	128,100	223,700
49		91,200	101,500	129,400	224,700
50		93,700	103,400	130,800	225,700
51		96,500	105,500	132,400	226,900
52		99,600	107,900	134,300	228,200
53		103,100	110,600	136,300	229,800
54		106,900	113,700	138,700	231,500
55		111,100	117,100	141,300	233,400
56			120,900	144,200	235,600
57			125,200	147,400	238,000
58			130,000	151,100	240,800
59			135,300	155,200	243,800
60			141,100	159,900	247,300
61				165,100	251,100
62				170,900	255,400
63				177,500	260,200
64				184,700	265,700
65				192,800	272,000
66					279,100
67					287,100
68					296,000
69					305,800
70					316,500

(7) Payment of the insurance money.

(a) The insurance for a death and highly unabled.

(Contract for one million yen at maturity)

Type of Contract (Category)	Amount to be paid	
	Death by Sickness	Death by Calamity
I	1	2
II	2	4
III	3	6
V - 1	5	10
V - 2	5 + increment	10 + increment

Note: 1) Amount unit: Million Yen.

- 2) Increment will be added up annually by an amount equivalent to 25% of the insurance for maturity from 3rd year of the contract (not exceed by 5 times of the cover for maturity).
- 3) In case of the insured is less than 6 years of age, the insurance will be reduced to certain extent.

(b) The insurance for a casualty (sequela by an accident).

Type of Contract (Category)	Amount to be paid		Casualty Insurance contracted for
	10th class	2nd class	
I	50,000 Yen	800,000 Yen	1 Million Yen
II	100,000 "	1,600,000 "	2 " "
III	150,000 "	2,400,000 "	3 " "
V	250,000 "	4,000,000 "	5 " "

List of payment rate on casualty insurance

Class	Condition of casualty	Rate of payment
1st	Eyesight of both eyes failed under 0.02	-
2nd	One arm was lost at above the hand joint	80%
3rd	All toes on both legs were lost	70%
4th	Eyesight of both eyes failed under 0.1	60%
5th	Thumb and forefinger on one hand were lost	50%
6th	Physical disorder left on the backbone	40%
7th	All toes on one leg were lost	30%
8th	1st toe on one leg was lost	20%
9th	One finger other than thumb and forefinger on one hand was lost	10%
10th	One toe other than the 1st toe on one leg was lost	5%
11th	Most part of lobe of one ear was lost	3%
12th	Neurosis is remained on any part	2%

Note: The list above is an extraction from the Table of Payment Rate which contains 154 items.

(c) The insurance for hospitalization as an inpatient.

(i) Hospitalization by an accident.

If an hospitalization as an inpatient should be 5 days or more, an amount equivalent to 1/500 of the casualty insurance contracted shall be paid per day from the first day of hospitalization, and for up to 200 days at maximum. Note: The hospitalization must be begun within 200 days after the day of incident.

(ii) Hospitalization by a sickness.

If a person insured should stay in an hospital for 10 days or more continuously or 30 days or more in total, an amount equivalent to 1.5/1000 of the casualty insurance contracted shall be paid per day from the first day of hospitalization, and for up to 180 days at maximum.

Note: 1) The insurance for inpatient hospitalization and surgical operation by a sickness effected within one year after the contract, will be reduced as follows.

Lapsed period	Rate of payment
Within 6 months	30 %
More than 6 and less than 9 months	60 %

2) The insurance for inpatient hospitalization and surgical operation by a sickness of a person insured of 70 years or more in age will be reduced in an half.

(d) The insurance for surgical operation.

In accordance with a kind of operation, the following insurance will be paid.

- (i) Operation A - $1.5/1000 \times 40$ of the casualty insurance.
- (ii) Operation B - $1.5/1000 \times 20$ of the casualty insurance.
- (iii) Operation C - $1.5/1000 \times 10$ of the casualty insurance.

(e) The insurance for outpatient hospitalization.

The insurance will be paid in case of an outpatient hospitalization by an accident proving that an hospitalization was begun within 30 days after the incident and that the insurance will cover up to 180 days after the incident.

- (i) The outpatient hospitalization by fracture (on skull, backbone, trunk, hand-joint, leg-joint and more).
 $1/2000$ of the casualty insurance will be paid for a day of hospitalization for 90 days at maximum from the first day of hospitalization in case of an hospitalization should last 5 days or more.
- (ii) The outpatient hospitalization of other injury.
The same amount as (i) above will be paid per day for 90 days at maximum from the 10th day of hospitalization if a period of hospitalization should last 10 days or more.

- (f) Special benefit for the marine accident.

If the death of the insured effected by a marine accident, a benefit in an amount equivalent to 5% of the insurance for death by calamity (excluding the increment of category V-2) will be paid in addition to the insurance for death by calamity.

- (g) Special benefit for highly unabled (benefit for survival).

If the person insured is still in existence after the insurance for highly unabled was paid up due to a sickness or an accident, the benefit for survival (10% of the highly unabled insurance excluding the increment of V-2 per year) will be paid for 5 years duration starting from the next year of a day the highly unabled was effected.

- (h) The insurance for an expenses of care and education.

When the insurance for death or highly unabled of an insurant was paid up, an amount equivalent to 10% of the insurance for death of the insurance policy shall be paid every year at the date corresponding to the contract date until the contract period completed during an existence of the insured.

- (i) The maturity insurance.

The maturity insurance shall be paid when the maturity is completed.

Comprehensive Table of the Ordinary Welfare Insurance.

For the contract of One Million Yen at Matiruty.

Category	I	II	III	V-1	V-2
Maturity	1,000	1,000	1,000	1,000	1,000
Death by Sickness (Unabled)	1,000	2,000	3,000	5,000	5,000 + increment
Death by Calamity (Unabled)	2,000	4,000	6,000	10,000	10,000 + increment
Benefit for Marine Accident	100	200	300	500	500
Highly Unabled, Benefit for Survival					
Sickness	100	200	300	500	500
Calamity	200	400	600	1,000	1,000
Casualty					
12th class	20	40	60	100	100
2nd class	800	1,600	2,400	4,000	4,000
Inpatient Hospitali- zation (day)					
Sickness	1,500	3,000	4,500	7,500	7,500
Casualty	2,000	4,000	6,000	10,000	10,000
Surgical Operation	15	30	45	75	75
	30	60	90	150	150
	60	120	180	300	300
Outpatirnt Hospitaliz- ation (day)	500	1,000	1,500	2,500	2,500
In case of the Casualty Insurance contracted for	1,000	2,000	3,000	5,000	5,000

Note: 1) Amount for the hospitalization of both inpatient and outpatient are indicated in an unit of Yen.

2) All other amount are indicated in an unit of Thousand Yen.

2. The Crews' Welfare Insurance "NORIKO" (the group life and casualty insurance).

This scheme is a kind of collective assurance by a group of those engaged into fisheries such as crews on fishing vessels and workers on shore. As compared with the Ordinary Welfare Insurance which is the life assurance with maturity contract, the Crews' Welfare Insurance is the short-term premium pay-away insurance which gives the maximum effect of assurance as "low premium and large cover".

This insurance scheme has been developed as a life insurance mainly for those engaged into fisheries to provide for a contingency they may be suffered, and the scheme has been designed to insure a group of people collectively who is engaged in fisheries such as crews on board of fishing vessels and onshore workers in contrast to the Ordinary Welfare Insurance which was developed for an individual person as the endowment life insurance with the fixed term of maturity.

There are three distinct contracts included in the scheme, the Casualty Insurance Contract, the Fisheries Workmen's Accident Compensation Insurance Contract and the Sport Fishing Boat Insurance Contract. As regard to the Casualty Insurance Contract is corresponded to the common group life or casualty insurances, the Fisheries Workmen's Accident Compensation Insurance Contract was aimed to indemnify the obligation of an employers (ship-owners) against the crews for the accident on duty as an additional insurance of the Seamen's Insurance and the Workmen's Accident Compensation Insurance.

Special contract of the scheme includes the Inpatient Hospitalization Secured Contract to insure the expenses of inpatient hospitalization effected by an accident, the Off-Fishing Living Costs Insured Contract to indemnify the costs of living for the off-fishing period caused by an injury, the Special Expenses Secured Contract to indemnify the expenses imposed on the search and the funeral caused by a marine accident, the Death by Sickness Secured

Contract to cover the death by sickness, or the Marine Risk Unsecured Contract to insure risks for onshore workers with low rate of premium, and the scheme constitutes a wide range of the workmen's accident compensation system according to the employment agreement and the occupation.

(1) Limitation of the insured.

The insured shall be limited only to a person whose age is 15 years and more in principle and who serves on duty normally.

(2) Period of insurance.

The period of insurance shall be one year in principle, however, a short-term contract by monthly basis could be accepted for an inevitable conditions such as fishing season.

(3) Classification of the contract.

The rate of premium varies in accordance with the following types of fisheries for the Casualty Contract and the Fisheries Workmen's Accident Compensation Contract, and the contract will be accepted in accordance with these categories.

Category	Type of Fisheries and Duties
<p>I Workers on the coastal fisheries</p>	<p>(i) Workers on the fishing right (fixed-net, demarcated and common) fishery.</p> <p>(ii) Crews on fishing vessel less than 10 gross tons (excluding crews on fishing vessel more than 5 gross tons for small-scale salmon and trout drift-net fishery, medium-scale surrounding-net fishery and small-scale bottom trawl fishery).</p> <p>(iii) Crews on the Seto Inland Sea boat seine fishery.</p> <p>(iv) Onshore workers for fishing vessel for which the Seaman's Law and the Workers' Accident Compensation Insurance Law shall be applied, for the contract of the Fisheries Workers' Accident Compensation Insurance.</p>

Category	Type of Fisheries and Duties
II-1 Specific Fisheries (a)	Distant-water skipjack and tuna fishery, offshore skipjack and tuna fishery, small-scale skipjack and tuna fishery and mother-ship type salmon and trout fishery.
II-2 Specific Fisheries (b)	Small-scale salmon and trout drift-net (more than 5 gross tons and less than 10 gross tons) fishery, medium-scale salmon and trout drift-net fishery, large and medium-scale surrounding-net fishery and medium-scale surrounding-net fishery.
III Other Fisheries	Fisheries other than the categories I, II-1 and II-2 above.
V Onshore Workers (a)	Employees of fisheries co-operative who contracted with the Agriculture and Fisheries Pension Fund.
VI Onshore Workers (b)	Onshore workers other than the category V above and the exception contractor.

(4) The Casualty Insurance Contract.

(a) Insurance courses.

(i) Category I (Coastal fisheries)

Course	Cover of insurance
A 1	Death and casualty caused by an accident (Principal Contract).
A 2	Principal Contract & Death by sickness.
A 3	Principal Contract & Inpatient hospitalization.
A 5	Principal Contract & Inpatient hospitalization by an accident and death by sickness.
A 6	Principal Contract & Off-fishing.
A 7	Principal Contract & Off-fishing and death by sickness.

Note: Off-fishing contract is restricted only for those engaged into the coastal fishery, and is not accepted for a combination with the inpatient hospitalization contract.

- (ii) Categories II and III (Distant-water and offshore fisheries).

Course	Cover of insurance
A 1	Death and casualty by an accident (Principal Contract).
A 2	Principal Contract & Death by sickness.
A 3	Principal Contract & Inpatient hospitalization by an accident.
A 5	Principal Contract & Inpatient hospitalization by an accident and death by sickness.

- (iii) Category V (Employees of fisheries co-operative).

Course	Cover of insurance
C 1	Death and casualty by an accident (Principal Contract).
C 2	Principal Contract & Death by sickness.
C 3	Principal Contract & Inpatient hospitalization by an accident.
C 5	Principal Contract & Inpatient hospitalization by an accident and death by sickness.

- (iv) Category VI (Onshore workers).

Course	Cover of insurance
D 1	Death and casualty by an accident (Principal Contract).
D 2	Principal Contract & Death by sickness.
D 3	Principal Contract & Inpatient hospitalization by an accident.
D 5	Principal Contract & Inpatient hospitalization by an accident and death by sickness.

- (b) Limitation of the insurance on the principal contract.

The amount of insurance shall be fixed by an unit of million Yen with the maximum limit of 25 million Yen.

And, a contract not secured the casualty may well be accepted.

(c) Special contracts.

(i) The inpatient hospitalization contract.

Benefit to be paid for the hospitalization per day shall be selected from the table below. However, the benefit shall be limited to an amount equivalent to 2/1000 of the insurance at maximum.

Benefit for the inpatient hospitalization per day		
1,000 Yen	2,500 Yen	4,000 Yen
1,500 "	3,000 "	4,500 "
2,000 "	3,500 "	5,000 "

(ii) Death by sickness contract.

- * The insurance to be paid for a death by sickness shall be an half of an amount of the insurance on the principal contract.
- * The contract shall be accepted when 10 or more in number of person being collected (5 or more in case they are employed by the same enterprise).
- * This contract shall not be allowed to a person of age of 66 years or more, and a person not fallen under the articles of the standards of acceptance.

(iii) Off-fishing contract.

Benefit for a month shall be selected from the table below.

Benefit for the off-fishing per month.	
10,000 Yen	60,000 Yen
20,000 "	70,000 "
30,000 "	80,000 "
40,000 "	90,000 "
50,000 "	100,000 "

Note: The same amount shall be applied for all in the group for the off-fishing and inpatient hospitalization contracts.

- (d) Discount for the collective participation of fisheries co-operative.

When more than an half of the ordinary members of a fisheries co-operative who are engaged into the fisheries fallen under the category I within the district of the co-operative should apply for an annual contract collectively, 10% of the premium shall be discounted.

- (e) Payment of the insurance.

- (i) In case of a death by an accident - the insurance for a death.

Total amount of the insurance mentioned in the application shall be paid.

- (ii) In case of a death by a sickness - the insurance for a death by a sickness.

* When an age of the insured is under 60 years old, full amount of the insurance for death by sickness shall be paid.

* The age of the insured should be more than 60 and less than 63 years, 60% of the insurance shall be paid.

* The age of the insured should be more than 63 and less than 66 years, 30% of the insurance shall be paid.

- (iii) In case of casualty - the casualty insurance.

Rate of payment shall be corresponded to the insurance multiplied by the class of casualty concerned.

- (iv) In case of the inpatient hospitalization by a casualty - the inpatient hospitalization insurance.

If the hospitalization should exceed 5 days, the benefit shall be given from the first day up to 200 days at maximum.

- (v) In case of the inpatient hospitalization took place for more than 15 days or of the outpatient hospitalization effected by an accident - the off-fishing insurance.

Payment of the benefit shall be limited to 200 days as maximum. In case of the inpatient, payment shall begin from the first day of hospitalization, and in case of the outpatient, payment shall begin from the 15th day of hospitalization and the amount shall be reduced to an half of the inpatient.

(5) The Fisheries Workers' Accident Compensation Insurance Contract.

(a) Feature of the contract.

In addition to the Seamen's Insurance and the Workers' Accident Compensation Insurance, the scheme covers the obligation of the employer (the ship-owner) against crews. The condition of the insurance could be fixed in accordance with the labor agreement contracted between the employer and crews, and the working regulation, and the scheme has been designed to insure the death and casualty on duty as stipulated in the Seamen's Insurance and the Workers' Accident Compensation Insurance different from the concept of the death by an accident or by a sickness in the common casualty insurance contract.

(b) The insured.

(i) Crews on fishing vessel for whom the Seamen' Law shall be applied.

(ii) Crews on fishing vessel for whom the Workers' Accident Compensation Law shall be applied. (Fishing vessel own by the enterprise which participates to the Workers' Accident Compensation Insurance at present).

(iii) Onshore workers of fishing vessel mentioned in the two paragraphs above, who are the insured for the Workers' Accident Compensation Insurance.

(c) Coverage of the insurance.

- (i) Death and casualty on duty (principal contract).
- (ii) Specific death off duty (special contract).
- (iii) Inpatient hospitalization by an accident on duty (special contract).
- (iv) Special expenses such as the funeral (special contract).
- (v) Death off duty (Death and highly unabled not to be insured by the specific on duty or off duty contract - special contract).

(d) Maximum insurance allowable for contract and other limitation.

Type of Insurance	Maximum Insurance	Other limitation
Death on duty	25	
Casualty on duty	25	Insurance for lower class of casualty shall not be exceeded the insurance for higher class of casualty.
Specific death off duty	25	Shall not be exceeded the amount of insurance of principal contract.
Inpatient hospitalization	5,000	Shall not be exceeded an amount equivalent to 2/1000 of the insurance of principal contract.
Special expenses	-	This special contract shall not be accepted unless the insurance on the principal contract shall be 4 million Yen or more per person, and the contract for specific death off duty shall be secured.
Death off duty	4	Shall be limited to an half of the insurance of principal contract, and within the amount of insurance on the specific death off duty contract.

Note: Figure for the inpatient hospitalization indicates in an unit of Yen, and all other in an unit of Million Yen.

(6) The Sport Fishing Boat Insurance Contract.

(a) Acceptance of the contract.

- (i) The contract shall be accepted in the number of capacity (including the skipper) of the registered fishing boat.

(ii) The amount of insurance contract shall be between One Million Yen and Five Million Yen at maximum per person.

(b) Payment of the insurance.

(i) The insurance for death.

Same amount as contracted shall be paid in case of death by an accident.

(ii) The insurance for casualty.

An amount equivalent between 2 and 100% of the insurance contracted shall be paid in accordance with a class of casualty in case of a casualty effected by an accident. (A contract not secured casualty could be made).

(iii) The insurance for inpatient hospitalization.

(Special contract)

When the inpatient hospitalization is given for 5 days and more by an accident, daily benefit selected at the time of contract shall be paid from the first day of hospitalization up to 200 days at maximum.

Note: 1) The insurance for death, casualty and inpatient hospitalization of a child of an age of below 12 years shall be reduced to an half of the adult.

2) An accident of the sport fishing vessel participated into the insurance, which was occurred during any operation other than the sport fishing shall not be insured.

3. The Fishermen Old-Age Welfare Insurance "NENKIN" (old pension or endowment insurance).

When the insured becomes 60 years of age, a pension shall be paid for the length of a lifetime in accordance with the reserve fund (premium + rebate).

This scheme is a pension system of fishermen's own which had been the dearest wish of fishermen in Japan for many years, and has been inaugurated from July 1981 as the 5% gradual increase pension for lifetime based on the premium secured with the payment guaranteed period.

Payment of the premium shall be the annual payment, monthly payment, lump-sum payment, and the temporary payment within the period of premium payment. The opening of the pension will be at the age of 60 years or 65 years for the fixed-term premium payment and from the age of 60 years to 70 years for the lump-sum premium payment. The pension shall be guaranteed for the longer period either of the period up to 75 years old or the period of 10 years. The rebate will be reserved every year during the period of premium payment, and shall be appropriated for the increment of pension at the time of the pension opening.

Special contract includes a contract for special terms of pension payment which allows the insured to receive increased pension during the period from 60 years old to 64 years old.

(1) The insurant.

Fisheries co-operative and the others considered to be the same.

(2) The insured.

Any member of fisheries co-operative and family thereof.

(3) The courses of the contract and the participation age.

(a) Periodical payment (Course A).

190

Course	Participation Age	Termination Age of Premium payment	Openning Age of Pension payment
A 1	20 - 59 years old	60 years old	60 years old
A 2	20 - 59 years old	60 years old	65 years old
A 3	20 - 64 years old	65 years old	65 years old

(b) Lump-sum payment (Course B).

Course	Participation Age	Openning Age of Pension payment
B 1	55 - 59 years old	60 years old
B 2	60 - 64 years old	Participation age + one year
B 3	65 - 69 years old	Participation age + one year

(4) The contract amount of the pension.

The amount of pension per year shall be 30,000 Yen or more, and the maximum amount of pension for a year shall be limited to 6 Million Yen for the basic amount of pension.

(5) The premium.

(a) Amount of the premium and the ways of its payment.

(i) Periodical payment.

Annual payment - 10,000 Yen or more by an unit of 1,000 Yen shall be paid at the fixed date of every year.

Monthly payment - 1,000 Yen or more by an unit of 100 Yen shall be paid at the fixed date of every month.

(ii) Temporary payment.

50,000 Yen or more by an unit of 10,000 Yen shall be paid during the midst of periodical payment period. Amount of pension could be increased by a temporary payment.

(iii) Lump-sum payment.

One million Yen or more by an unit of 100,000 Yen shall be paid at the fixed date in the contract.

(b) The grace period of premium payment.

2 months grace period for the premium payment shall be allowed from the next day of the fixed date for premium payment.

(c) Suspension of the premium payment.

If the payment of premium is not made after the grace period, such a payment is considered to be suspended. Within the 5 years after the suspension, the payment of premium could be re-opened.

(d) Exemption of the premium payment.

If a person insured being suffered by an accident during the period of premium payment and recognized to be a sequela between first and 5th class within 200 days after the incident, or becomes a sequela from 6th class to 10th class and the sequela remained for more than 60%, the subsequent payment of premium shall be exempted.

(6) Payment of the insurance (pension).

(a) Payment of the benefit for a death.

When the insured should die prior to the opening date of the pension, an amount equivalent to 6 months payment of premium for an annual or a monthly premium shall be added to the reserve fund and such a fund shall be paid to the beneficiary as the benefit for a death and rebate.

However, in case of the death occurred in the contract day, within one year after the re-opening of the premium payment, within the grace period or suspension period, payment of the addition equivalent to 6 months' premium shall not be made.

(b) Payment of the pension.

(i) The amount of pension.

The amount of pension shall be an amount sum up with the basic amount of pension (amount calculated by the reserve fund) and an increased amount of pension (amount calculated by the rebate).

(ii) Payment of the pension.

The pension shall be paid once a year, however, the pension shall be allowed to be received in two installments per year in case of an amount of pension exceeds 60,000 Yen, and in four installments per year in case of an amount of pension exceeds 120,000 Yen.

However, in case of an amount of pension for the first year is being less than 30,000 Yen, the reserve fund and rebate shall be paid as a lump-sum money and not as a pension.

(iii) Guaranteed period for the pension.

Within the fixed period (10 - 15 years) after the opening of the pension, even if the insured should die during midst of the period, the pension for the remaining period shall be paid to the beneficiaries.

(iv) Special contract for specialized condition of payment of the pension.

If the opening of the pension should be at 60 years of age, an amount of the pension could be increased by a double of the common pension for 5 years period from 60 years old.

Furthermore, the pension shall be reduced to $1/3$ of the fixed amount after 60 years old if the National Pension opened its payment to the insured.

4. The Fire Insurance "KASAI".

In case of the object insured (building and household property) being damaged by fire, the scheme covers the insurance therefor.

The scheme is an historical insurance which has been offered since the inauguration of the Federation in February 1951, and indemnifies damages of a dwelling houses, household properties or refrigeration warehouses of fisheries co-operative caused by fire or explosion.

The period of insurance shall be a short-term of one year in principle, however, a long-term contract for 2 years and up to 25 years will be accepted if the long-term special contract is made.

The rate of premium varies in accordance with the classification of the objects and structure, and differs by prefectures, and for big cities the rate by a class of land is applied. The object is classified into the use of building such as the dwelling house, general object and specific ince-making, freezing, refrigeration plant. The structure is classified into five categories as wooden structure, simple fireproof structure, first class fireproof structure, 2nd class fireproof structure and complete fireproof structure.

The cover of insurance is to insure damages in proportion of the insurance amount to the market value of a building, that is so called "the proportionate covering".

And, besides the insurance money for direct damages by fire, the insurance for the leftovers clearing expenses to cover an expense needed for clearing scraps and leftovers, and the insurance for a temporary expense to cover an immediate expense needed for rebuilding, are additionally to be paid.

Special contracts include those of the long-term contract, the value agreement contract which fixes an insurance value based on a procurement price of the dwelling house, and the actual loss covering contract which covers losses by the actual amount of damage fallen within certain rate of the market value for a fireproof building.

(1) Feature of the scheme.

The scheme is a short-term premium pay-away fire insurance which indemnifies not only damages of a dwelling house, store and household personal property thereof but also an expense of clearing and a temporary living expense.

(2) The objects to be insured.

(a) The dwelling house.

The building exclusively used for dwelling and household personal properties placed therein. Even if a part of an house is used for a workshop or a store, such an house may be considered to be a dwelling house in some cases.

(b) The general objects.

The building other than the dwelling house and its contents.

(3) The maximum amount of insurance to be contracted.

(unit: Thousand Yen)

Kind of object	Building	Contents
Structure		
Wooden, simple fireproof	50,000	50,000
2nd class fireproof	400,000	400,000
1st class fireproof	750,000	750,000
Complete fireproof	1,000,000	1,000,000

(4) Period of the insurance contract.

The period of contract shall be one year in principle. However, the short-term contract for less than one year and by an unit of 15 days or a month, or the daily contract for less than 2 years and by an unit of a day, shall be accepted by the special exception.

(5) Damages to be covered by the insurance.

(a) The dwelling house - Damages caused by fire, thanderbolt, burst and explosion.

(b) The general objects - Damages caused by fire, thunderbolt, burst and explosion.

(6) Payment of the insurance money.

(a) In case of the dwelling house.

(i) If an amount of the insurance should be 80% or more of the insurance value (market value), total amount of a damage shall be covered within the limit of an amount of the insurance.

(ii) If an amount of the insurance shall be less than 80% of the insurance value (market value), the insurance money shall be paid according to the following formula.

$$\text{Insurance money} = \frac{\text{Amount of Damage}}{\text{Amount of Insurance}} \times \frac{80\% \text{ of Insurance Value}}{\text{Insurance Value}}$$

(Within the limit of an amount of the insurance)

(b) In case of the general objects.

(i) If an amount of the insurance should be equal or more of the insurance value, total amount of a damage shall be covered within the limit of an amount of the insurance.

(ii) If an amount of the insurance should be less than the insurance value, the insurance money shall be paid according to the following formula.

$$\text{Insurance Money} = \frac{\text{Amount of Damage}}{\text{Amount of Insurance}} \times \text{Insurance Value}$$

(c) Expenses for clearing the leftovers.

Expenses needed to clear the leftovers and scraps shall be paid in addition to the insurance money mentioned in the paragraph (a) or (b) above, within the limit of an amount equivalent to 6% of the insurance money.

(d) Temporary expenses.

The temporary expenses equivalent to 20% of the insurance money shall be paid in addition to the insurance money mentioned in the paragraph (a) or (b) above. However, its maximum amount shall be limited to One Million Yerr.

(e) Expenses for prevention of the damage.

In case the insured object being partially damaged, the damage prevention expenses needed to prevent the spread of damage shall be paid in addition to the insurance money.

Note: 1) The insurance value means a substantial value of the existing property such as a building, and a remaining amount of the cost of re-building subtracted by the depreciation in case of a building, and a remaining amount of the cost of re-purchasing subtracted by the depreciation in case of a movable personal property, shall be regarded as the insurance value.

2) The amount of damage means the cost of re-building or repairing made with the same materials subtracted by the depreciation in case of a building, or the cost of re-purchasing subtracted by the depreciation in case of a movable personal property.

(f) Gift money for sympathy.

When the insured object being damaged for more than 50% of the market value caused by a natural disaster, the gift money for sympathy shall be paid within the limit of 3% of the insurance money.

However, the maximum amount of such a gift money shall be limited to One Million Yen.

(g) Price Agreement Special Contract.

This is the special contract to cover the total amount of damages within the limit of the agreed insurance amount of which prices (re-procurement price for building and market price for household personal properties) were arranged at the time of contract, in case of the insured objects being damaged by fire, thunderbolt, burst and explosion.

5. The General Home Insurance "KURASHI".

Damages effected on the insured object caused by fire, miscellaneous perils, storm, flood, snowslide or earthquake disaster, and a death or sequela effected on the insurant or family thereof caused by contingency, shall be insured by this insurance scheme. And, when the maturity is completed, the maturity insurance shall be paid.

This insurance scheme is an insurance system started in October 1978 which comprehensively compensates a variety of unforeseen damages and losses effected literally on daily life as it covers damages on dwelling house caused by fire, storm, flood, snowslide or earthquake and death or casualty of family.

And, the casualty not-secured special contract could be supplemented to the insurance contract.

(1) Feature of the insurance scheme.

The scheme is the overall living secured insurance with maturity system which insures damages of the house and properties caused by fire or natural disaster, life and casualty of the family.

(2) The objects to be insured.

The exclusive dwelling house, combined dwelling house and the household properties place therein.

(3) The period of the insurance.

The period of the insurance shall be four different periods as 5 years, 10 years, 15 years and 20 years.

(4) Limitation of the contract amount.

The maximum amount of the insurance contract shall be as follows within the limit of a market value.

(a) Dwelling house - 20 Million Yen.

195

(b) Household properties - 10 Million Yen.

(5) Payment of the insurance money.

(a) The fire insurance money.

(i) Grounds of payment.

When the insured object being damaged by an accident such as fire (excluding those by an earthquake, storm, flood or snowslide), the insurance money shall be paid.

(ii) The amount of payment.

The amount of the fire insurance money shall be as follows.

- 1) If the amount contracted is equivalent to 80% or more of the market value, the total amount of damage shall be covered within the limit of an amount of the contract.
- 2) If the amount contracted is less than 80% of the market value, the insurance money calculated by the following formula shall be paid within the limit of an amount of the contract.

$$\begin{array}{r} \text{Amount of} \\ \text{Damage} \end{array} \times \begin{array}{r} \text{Amount of} \\ \text{Contract} \end{array} / \begin{array}{r} 80\% \text{ of} \\ \text{Market Value} \end{array}$$

(b) The temporary expenses insurance money.

(i) Grounds of payment.

When the fire insurance money is to be paid, this money shall be paid as the temporary expenses (temporary lodging expense, purchasing costs of living necessities, etc.) in addition to the fire insurance money.

(ii) The amount of payment.

The amount of the temporary expenses insurance shall be as follows.

$$\begin{array}{r} \text{Amount of Fire} \\ \text{Insurance} \end{array} \times 20\%$$

(Within the limit of 1,700,000 Yen for one incident, one premises)

(c) The insurance for leftovers clearing expenses.

(i) Grounds of payment.

This money shall be paid as the expenses for clearing leftovers (the expenses needed for demolition, clearing, cleaning and carry-out) when the fire insurance money is to be paid.

(ii) The amount of payment.

The actual amount of clearing expenses (within the limit of 6% of the fire insurance money).

(d) The Insurance covering the gift money for an accidental fire.

(i) When the insurant inflicts damages on properties of the others by an accidental fire of his own, the fire sympathy gift insurance shall be paid.

(ii) The amount of payment.

An amount equivalent to 100,000 Yen multiplied by a number of suffered household (within the limit of 10% of the contract amount).

(e) Damage prevention expenses.

When the object insured being damaged partially, the damage prevention expenses needed to prevent a spread of damage shall be paid in addition to the insurance money (within the limit of 10% of the contracted amount).

(f) The insurance money for storm, flood and snowslide disasters.

(i) Grounds of payment.

When the dwelling house and household properties being damaged by a natural disaster such as storm, flood or snowslide (excluding earthquake, volcanic eruption and tidal wave), this insurance money shall be paid.

(ii) The amount of payment.

The amount of the insurance for storm, flood and snowslide shall be as follows.

- 1) If the damaged amount is equal or more of 30% of the market value, the amount shall be calculated by the following formula.

$$\frac{\text{Amount of Damage}}{\text{Market Value}} \times \text{Amount contracted} \times 50\%$$

(Within the limit of 10,000,000 Yen for a building, 5,000,000 Yen for household properties, for one incident one premises)

- 2) When the damage is less than 30%, and flooded above the floors,

The amount contracted $\times 5\%$ (within the limit of one Million Yen for one incident one premises).

- 3) When the damage is less than 30%, and damaged by storm or snowslide,

$$\frac{\text{Amount of Damage}}{\text{Market Value}} \times \text{Contracted Amount} \times 50\%$$

(Damage less than 200,000 Yen each on a building or household properties shall be exempted from the obligation).

(g) The earthquake insurance money.

(i) Grounds of payment.

When a building and household properties being damaged completely or partially by fire, destruction, buried or outflow effected by an earthquake, volcanic eruption or tidal wave, this insurance shall be paid.

(ii) The amount of payment.

- 1) In case of building.

- a) In case a building being completely destroyed.

$$\text{Contracted amount} \times 20\%$$

b) In case a building being partially damaged.

Contracted amount x 10%

2) In case of household properties.

a) Completely damaged.

Contracted amount x 20%

(iii) Payment of sympathy gift money.

When the household properties being damaged for more than 50% but not completely damaged by an earthquake, volcanic eruption and tidal wave, the sympathy gift money shall be paid.

(h) The death insurance money.

(i) Grounds of payment.

When the person insured for casualty being suffered on body thereof caused by a contingency, and eventually died by such a reason directly within 200 days after the incident, this insurance shall be paid.

(ii) Sphere of the person insured for casualty.

1) Registered person insured for casualty (the name must be registered as the registered person insured for casualty on the insurance policy).

2) Spouse of the registered person insured for casualty.

3) Any relatives lived with the registered person insured for casualty or spouse thereof, and live in the house registered on the insurance policy.

4) Child, grand-child, brother or sister who is supported by the registered person insured for casualty, whose age is under 20 years and who is unmarried. (exclude those fallen into 3) above.)

(Note: 2) - 4) above shall be called as the family insured for casualty)

(iii) The amount of payment.

The amount of the death insurance money shall be as follows.

- 1) Death of the registered person insured for casualty
- Amount contracted x 50%
- 2) Death of the family insured for casualty -
Amount contracted x 25%

However, if the casualty insurance money has already been paid to the same person insured for casualty for the same contingency, such a money already paid shall be deducted from the death insurance money and the remainders shall be paid.

(j) The casualty insurance money.

(i) Grounds of payment.

When the person insured for casualty being suffered on body thereof caused by a contingency, and eventually becomes a sequela indicated in the casualty classification table affected directly by such a casualty within 200 days after the incident, the casualty insurance money shall be paid.

(ii) The amount of payment.

- 1) For sequela of the registered person insured for casualty,

Amount contracted x 50% x Rate concerned in the Casualty Classification Table.

- 2) For sequela of the family insured for casualty,

Amount contracted x 25% x Rate concerned in the Casualty Classification Table.

However, the accumulated total of the payment rate for the same person insured for casualty shall be limited to 100%.

(k) The maturity insurance money.

(i) Grounds of payment.

This money shall be paid when the maturity is completed.

(ii) The amount of payment.

The amount contracted x 10%

6. The Organization Credit Insurance "DANSHIN".

The scheme is the insurance started in September 1978 to secure the credit of the co-operative financial and banking institutions and the debt of the co-operative fishermen.

The co-operative financial and banking institution such as fisheries co-operatives and their credit federations shall be the insurants, and the fishermen (members of fisheries co-operatives) who borrow money needed for the fishery business fund and the house building fund from these credit organizations shall be the insured.

When the insured should die or becomes an highly unabled, the scheme shall pay the insurance money in an amount equivalent to the outstanding debt of the insured to these fisheries co-operatives or their credit federations (creditors).

(1) Feature of the scheme.

The scheme secures the outstanding debts of a person who borrowed the fund from a fishery co-operative or a credit federation of fisheries co-operatives in case of an unforeseen incident effected on him, in order to maintain smooth operation of the co-operative credit business, and in the same time, to secure a sure means of living of the debtor (fisherman) during the repayment period of his debt.

(2) The insurant (creditor).

- (a) Fisheries co-operative performing the thrift and credit business.
- (b) The credit federation of fisheries co-operative associations.
- (c) Fishery products processing co-operative or the federation thereof performing the thift and credit business.

(d) Federation of fisheries co-operatives carrying out the introductory experiment activity for the fishing vessels leasing business.

(3) The insured (debtor).

Any person who borrows a fund in an installement agreement from a fisheries co-operative or a credit federation of fisheries co-operatives, and who holds on lease of fishing vessels from a federation of fisheries co-operatives according to the introductory experiment activity for the fishing vessels leasing business, who is fallen into any of the following items.

(a) A person who is not a juridical person.

(b) Age should be 70 years or less, however, the age must be 15 years or more and 65 years or less when entering into a contract (participation).

(c) Must be healthy and engage into business normally, and must be suited to the standards lay down by the Federation.

(d) Whose repayment period of the installment debt must not be less than one month.

(4) The beneficiary.

The beneficiary shall be the insurant. The insurant must appropriate the insurance money received in accordance with the loan agreement to settle the outstanding debt of the insured.

(5) The loan to be insured.

Any loan provided by fisheries co-operatives and credit federation of fisheries co-operatives shall be covered by the scheme "DANSHIN". (i.e.) Housing loan, business operation loan, fishing vessels construction loan, living improvement loan.

- (6) Contract and contract date (participation).
- (a) The contract shall be agreed at the first day of each month and all persons concerned shall be participated.
 - (b) The additional participation - All of subsequent persons shall be participated at the qualification acquisition date (the loan execution date) after the date of contract.
- (7) The determination criteria of the insurance amount.
- (a) For the month of the opening date of the insurance obligation, an amount equivalent to the outstanding balance of the debt at the opening date of the insurance obligation shall be the insurance amount.
 - (b) For each month in and after the next month of the month of the opening date of the insurance obligation, an amount equivalent to the outstanding balance of the debt shall be the insurance amount.

However, the maximum insurance amount of each insured shall be limited to 30 Million Yen, and in case of the joint surety, an amount equivalent to the outstanding debt balance divided by a number of the insured shall be the insurance amount.

- (8) Term of the insurance.

The scheme "DANSHIN" is an insurance having no stipulation of the term (period) in the policy, however for each insured, separate insurance term adjusted to the installment loan repayment period counted from the participation date shall be fixed.

- (9) The premium of the insurance.

- (a) Calculation of the premium.

(i) The rate of premium shall be 28 Yen per month for every 100,000 Yen of the insurance amount. (In case the premium shall be born by the insured, 0.336% shall be added to the annual loan interest rate).

(ii) The amount of premium shall be calculated in multiplying the total amount of the insurance for all of each insured mentioned in the paragraph (7) above by the premium rate.

(b) Payment date of the premium.

(i) The payment of the premium shall be monthly payment, and the premium shall be paid on the 10th day of every month in principle.

(ii) The report of the outstanding loan balance at the last day of every month shall be made at the time of premium payment in the settled means.

(10) The insurance failure.

When the insured should die during the insurance period (death by a contingency or death by a sickness), or the insured has been missed and the Federation judged him to be dead, or the insured became sequela or highly unabled during the insurance period caused by an accident or sickness effected after the date of participation, such a case shall be recognized to be the insurance failure and the insurance money shall be paid.

(11) The insurance money to be paid.

The insurance money to be paid to the insurant as the beneficiary effected by death or highly unabled of the insured shall be paid after the interest (by loan interest rate in the loan agreement) effected for the period from the next day of occurrence of the insurance failure to the day the Federation should make the payment to the beneficiary (within the limit of 60 days in case it exceeds 60 days) to be added to the outstanding loan balance of the insured concerned at the installment date prior and nearest to the date of the insurance failure.

Note: In case the amount of the principal outstanding loan added to the interest should exceed 30 Million Yen, the insurance money shall be 30 Million Yen.

7. The Automobile Insurance "KURUMA".

The scheme has been established since September 1974 which insures against liability for bodily injury to third party caused by an automobile accident of the insured, and the scheme also includes a special contract secured for risks of the companion thereto.

(1) Feature of the scheme.

When a bodily injury accident being caused by an automobile of the insured, this insurance scheme insures the indemnity against liability for bodily injury to pedestrians and the riders of another automobiles, and also covers the disorder of the driver of the automobile insured and the companion causing the accident.

(2) Types of the insurance.

(a) The compensation insurance for bodily injury to third party.

This scheme is a supplemental insurance of the Automobile Compensation Liability Insurance (the public insurance) which insures the compensation in excess of an amount of the Automobile Compensation Liability Insurance, in case the automobile insured inflicts bodily damages such as a death or an injury on the pedestrians and/or the boarders of another vehicles and being claimed legally the compensation therefor.

And, temporary expenses (fixed amount) such as the sympathy gift money and the obituary gift money shall also be paid.

(b) The self-damaged insurance.

In case a person driving the automobile insured sustained a death or an injury by a self-damaged accident such as an accidental collision with a telephone pole or a fall over a precipice, and in case the payment shall not be made by

the Automobile Compensation Liability Insurance, this insurance shall be paid.

(c) The casualty caused by non-insured vehicle insurance.

In case a person driving the automobile insured and a companion therewith sustained a death or an injury (limited to a death or a sequela) caused by an accident with another vehicle, and could not be compensated sufficiently due to the assailant vehicle unsecured by any compensation insurance for bodily injury to third party, this insurance shall be paid in place of the compensation obligor within the limit of an amount of the compensation insurance for bodily injury to third party.

(d) The companion casualty insurance. (Special contract).

The insurance shall be paid for a death or an injury of the driver and the companions on the insured automobile.

(3) Term of the insurance.

The term of the insurance shall be one year in principle. (Short-term contract by an unit of month may be accepted).

(4) Limitation of the insurance amount (contract amount).

The compensation insurance for bodily injury to third party - 80 Million Yen per person, 240 Million Yen for one accident.

The self-damaged insurance - 14 Million Yen per person.

The casualty caused by non-insured vehicle insurance - as same as the compensation insurance for bodily injury to third party.

The companion casualty insurance - 5 Million Yen per person.

(5) Discount on the premium.

(a) The non-accident discount.

In case the previous insurance was one-year contract and the automobile insured being non-accident for certain period of time, the following rate of discount shall be applied on premium for the subsequent insurance contract.

Period of non-accident	Rate of discount to be applied continuously
Non-accident for one year	10 %
Non-accident for 2 years	20 %
Non-accident for 3 years	30 %
Non-accident for 4 years	40 %
Non-accident for 5 years and more	50 %

(b) Driver restricted discount.

(i) In case the automobile insured is for a private use in its registered status of the use and the type (ordinary, small-sized, light-weight four wheel), 10 % discount on the premium shall be applied if the driver should be restricted.

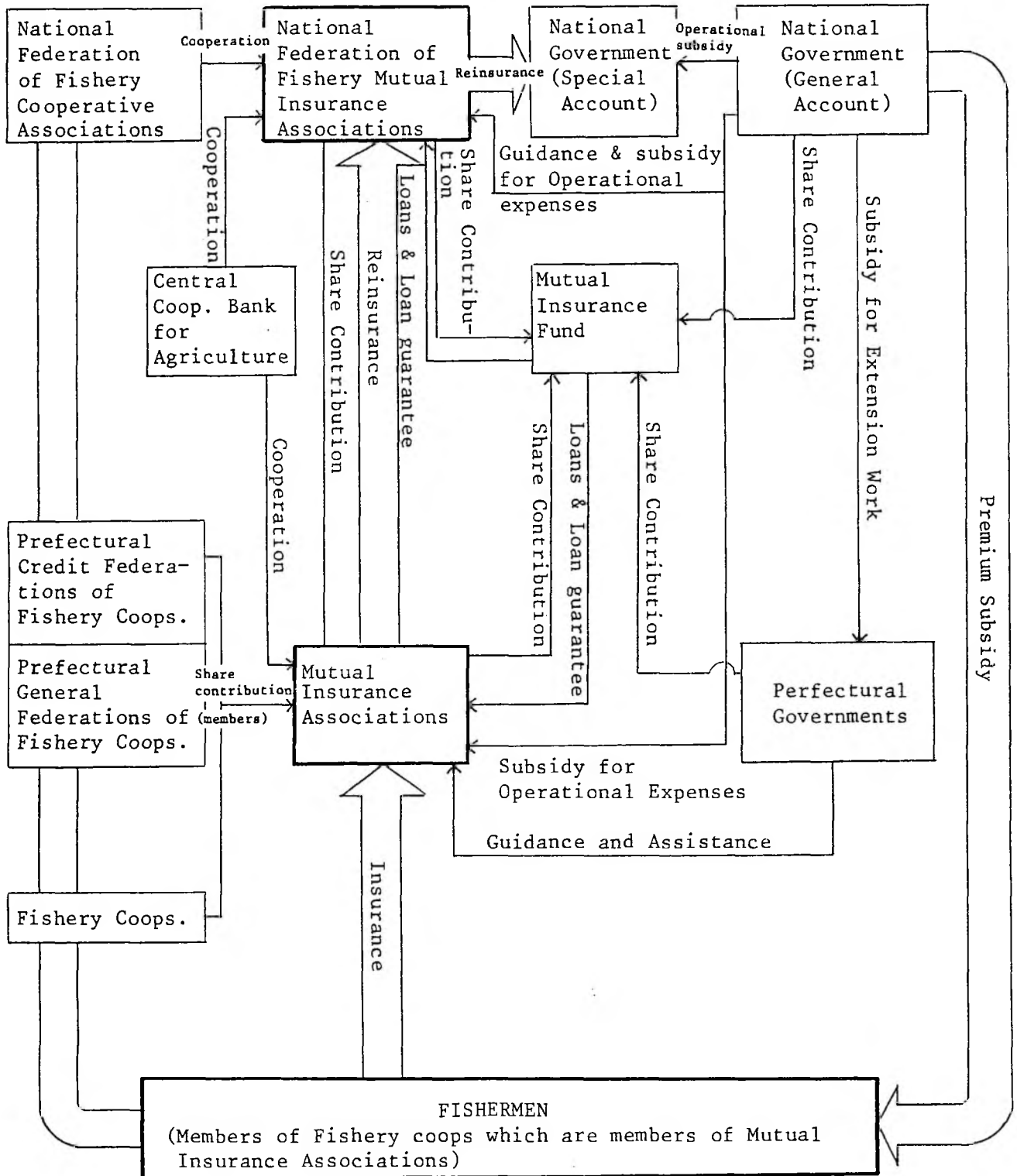
(ii) Restriction of the driver.

1) Register system - The number of driver shall be limited within three including the principal driver of the automobile insured, and those names and their ages shall be entered in the appropriate column on the application form of the insurance contract.

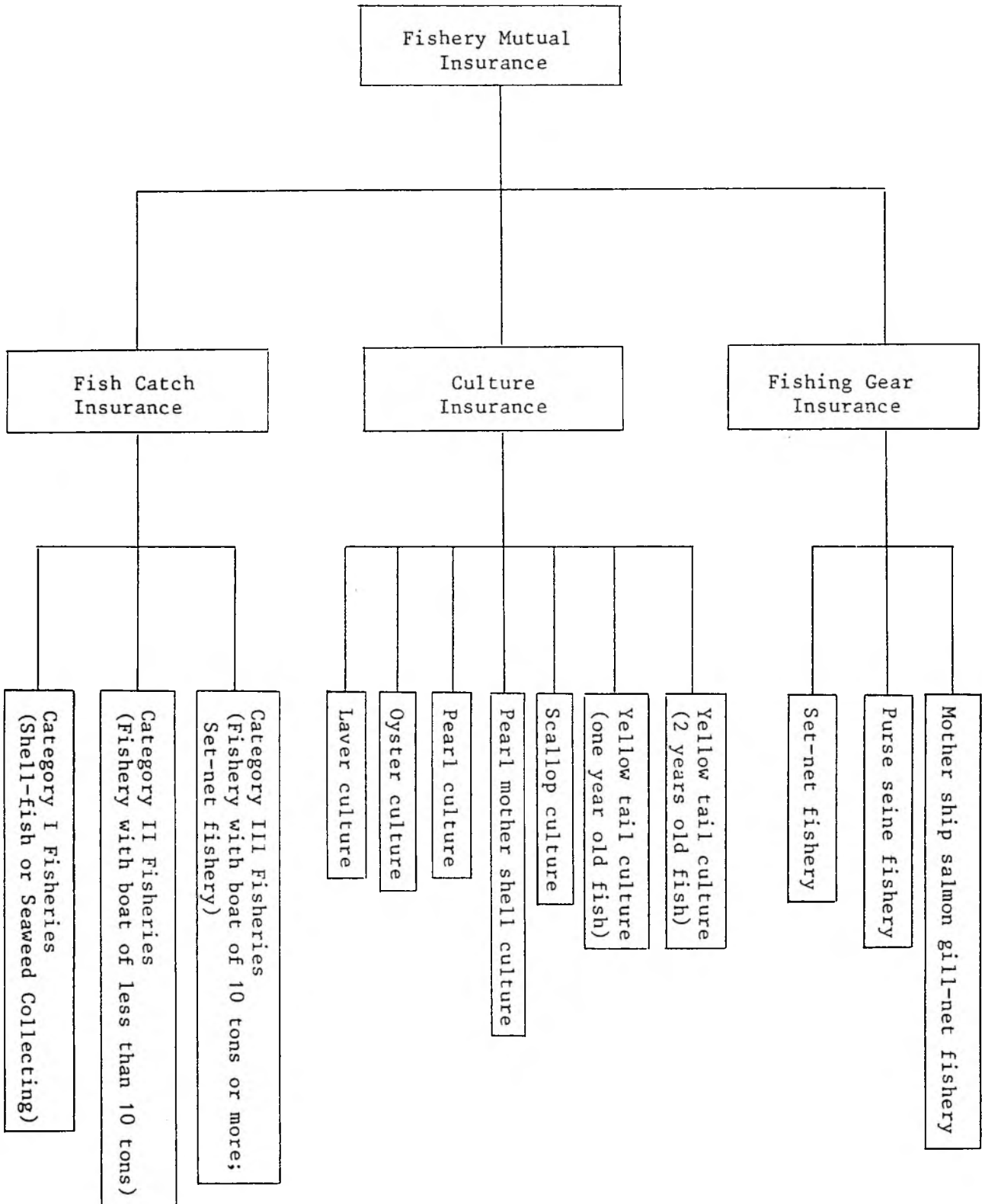
2) Family restriction system - The driver shall be restricted to the registered insured person and the family lived therewith, and such an effect shall be entered in the appropriate column on the application form of the insurance contract.

III. National Federation of Fishery Mutual Insurance Associations.

ORGANIZATION CHART OF FISHERY MUTUAL INSURANCE SYSTEM



TYPES OF INSURANCE COVERED BY THE FISHERY MUTUAL INSURANCE SYSTEM



A. Fish Catch Insurance.

1. Fisheries covered by Catch Mutual Insurance

Fisheries are divided into the following three categories for the purpose of the Catch Mutual Insurance.

(1) Category I.

Fisheries to collect Shell-fish or Sea-weed. Included are fisheries to collect Kelp, Agar-agar, Wakame (*Undaria pinnatifida*) or Abalone based on common fishing rights and the fishery to culture Wakame based on demarcated fishing rights.

(2) Category II.

Fishery with a small fishing boat of, in principle, less than 10 gross tons. (*1)

(3) Category III.

Fishery with a fishing boat of 10 gross tons or more as well as set-net fishery.

Remarks:- (*1) purse seine, boat seine, trawl or lift net fishing, where it is operated with two or more boats, total tonnage of which amounts to 10 tons or more, is excluded from Category II and comes under Category III.

2. Qualifications for Participation in the Catch Mutual Insurance

- (1) Members of fishery cooperatives are qualified to participate in the catch mutual insurance scheme, provided that the fishery cooperatives are members of Mutual Insurance Associations.
- (2) As far as the Category I Fisheries are concerned, however, fishery cooperatives themselves participate in the catch mutual insurance scheme, on behalf of their members who are engaged in fishing.
- (3) In the cases of Categories II and III, individual fishermen are qualified to participate in the catch mutual insurance scheme.

3. Obligatory Participation

- (1) Obligatory participation is applicable to Categories I and II Fisheries as well as those of Category III Fisheries carried out with fishing boat of less than 100 gross tons, and also set-net fishery (where purse seine, boat seine, trawl or lift-net fishing is operated with two boats or more, the total tonnage should be less than 100 gross tons).
- (2) All the fishermen who live in the area defined by the Prefectural Governor concerned and are engaged in the fishery designated by the Prefectural Governor are obliged to apply for the participation in the catch mutual insurance scheme, if and when more than two-thirds of them have agreed to such participation.
- (3) Obligatory participation in catch mutual insurance for Category I Fisheries
 - (a) The obligatory participation will be by types of fisheries (*1) and by areas (*2).
 - (b) Procedures for obligatory participation are as follows:-
 - a) Two or more eligible fishermen (*3) act as promoters and ask the rest of the eligible fishermen whether they agree to the participation.
 - b) If and when agreement is obtained from more than two-thirds of the eligible fishermen, rules are drawn up by them, including details of premium payment and distribution of insurance money.
 - c) On completion of the rules, the fishery cooperative is obliged to apply for the participation in the catch mutual insurance.

Remarks:- (*1) Types of fisheries of Category I are (1) fishery to cultivate or collect Wakame, (2) fishery to collect Kelp, (3) fishery to collect Agar-agar, and (4) fishery to collect Abalone.

(*2) Areas are defined, by types of fisheries, based on either fishing grounds or areas of fishery cooperatives.

(*3) "Eligible fishermen" means those who are members of the fishery cooperative, have residence in the area of the cooperative and are engaged in the specified type of fisheries.

(4) Obligatory participation in catch mutual insurance for Category II Fisheries

- (a) Obligatory participation will be according to areas (*1) defined and types (*2) of fisheries designated by the Prefectural Governor concerned.
- (b) Procedures for the obligatory participation are as follows:-
- a) Two or more eligible fishermen (*3) act as promoters and ask the rest of the eligible fishermen whether they agree to the participation.
 - b) If and when agreement has been obtained from more than two-thirds of the eligible fishermen, all the eligible fishermen are obliged to apply for the participation.

Remarks:- (*1) Areas are, in principle, defined according to the areas of fishery cooperatives. However, the area of the fishery cooperative may be divided into two or more areas, when the cooperatives area is very large. The area may cover two or more areas of fishery cooperatives, when they are very small or the number of the eligible fishermen residing there is very small.

(*2) Several types of fisheries may be designated by area.

(*3) "Eligible fishermen" are those who (1) have residence in the area, (2) are engaged mainly in the specified type of fisheries with a powered boat of one of more gross tons, and (3) are engaged in the fishery more than 90 days a year.

(5) Obligatory participation in catch mutual insurance for Category III Fisheries

- (a) Obligatory participation will be according to the areas and types of fisheries to be defined by the Prefectural Governor concerned. The obligatory participation is applicable only to the fisheries with fishing boats of less than 100 gross tons as well as set-net fishery.

- (b) The procedures for obligatory participation are as follows:-
- a) Two or more eligible fishermen act as promoters, by areas (*1) and by types of fisheries (*2), and seek agreement to the participation from the rest of the eligible fishermen.
 - b) If and when more than two-thirds of the eligible fishermen (*3) agree to the participation, all the eligible fishermen are obliged to apply for the participation.

Remarks:- (*1) Areas are defined as in the case of Category II Fisheries.

(*2) If the number of fishermen engaged in a certain type of fisheries is very small, two or more types of fisheries can be grouped into one for the purpose of the participation.

(*3) Eligible fishermen are those who are engaged in the fisheries of the defined type with a fishing boat of less than 100 gross tons, and those who are engaged in set-net fishing.

- (6) The Contract for obligatory participation is valid for 4 years.
The participation, therefore, has to be renewed once every 4 years.
- (7) Premium subsidy is given by the National Government for obligatory participation.

4. Collective Participation (Voluntary participation by all or more than an half of the eligible fishermen)

(1) Collective participation by Category II Fishermen

Where participation has not become obligatory in Category II Fishery, collective participation can be arranged by areas and by types of fisheries, for more than one half of the eligible fishermen. Premium subsidy is given by the National Government, although the subsidy rate is 50% of that for obligatory participation.

(2) Collective participation by Category III Fishermen

Category III Fisheries to which obligatory participation has not been realized. (Those with boats of less than 100 tons, and set-net fisheries)

More than ~~an~~ half of the eligible fishermen may, by areas and by types of fisheries, participate collectively. The National Government grants premium subsidy, the rate of which, however, will be 50% of that for the obligatory participation.

5. Individual Participation

Fishermen of Category III Fisheries may participate also individually. Participation by fishermen engaged in Category III Fisheries with boats of 100 gross tons or more shall, at any rate, be individual. In both cases, no premium subsidy is given by the National Government.

6. Procedures of Application

Application for the participation shall be made by submitting to the mutual insurance association a completed application form at least 5 days before the insurance period commences.

7. Insurance Period

(1) The Insurance period shall be defined, by types of fisheries, by the mutual insurance association, in such a way that all the fishing seasons (one year if the fishery is carried out all the year round) are covered.

For Category I Fisheries, the period shall be so defined that it commences immediately before the time when the fishing conditions can be foreseen.

- (2) For the Category II Fisheries, one uniform insurance period shall be defined, by areas and by types of fisheries.

8. Limit of Insurance Amount (Level of compensation)

Limit insurance amount is decided upon, for each participant, according to the following formula:-

Limit Insurance Amount = Standard Catch Proceeds × Maximum Rate (*1)

The Standard Catch Proceeds are, normally, participant's average yearly catch proceeds of the preceeding 3 years multiplied by a modifying coefficient. (*2)

Remarks:- (*1) The Maximum Rate to be used to determine the limit insurance amount is fixed by types of fisheries as shown in attached table 1.

(*2) Modifying coefficient is fixed by types of fisheries as shown in attached table 1.

9. Choise of Types of Compensation

Regarding Category III Fisheries, there are three choices of coverage to be selected by the participant.

- (1) Choice A: Proportional Coverage in which compensation is paid proportionally to the decrease of the proceeds.
- (2) Choice B: Limited Coverage in which decrease of the proceeds are insured up to the extent of 20% or 30%. The participant selects in the contract either 20% or 30%. The premium rate is lower accordingly. This choice is recommended to the fisheries in which great fluctuation of yearly catch is unlikely.
- (3) Choice C: Major Damage Coverage in which only major decrease of the proceeds is covered. There are two types of contract, one covering 70% or more decrease and another covering 80% or more decrease. The premium rate is lower accordingly as compared with the proportional coverage. This choice is recommended to the fisheries either where the yearly catch is likely to fluctuate considerably or where

the participants wish to be compensated only for the major decrease of proceeds from the view point of their fishery business management.

10. Contracted Rate of Coverage

As a rule, the participant can decide upon the Contracted rate of coverage. However, 40% is the minimum for the fishermen in Categories I and II. For individual participants of Category III Fisheries, 80% is the maximum rate,

Remarks:- For the contract in which the limit insurance amount exceeds 30,000 thousand yen, the maximum insurance amount is fixed separately.

11. Premium

The premium consists of normal premium and additional premium.

- (1) Normal premium rate shall be fixed by the mutual insurance association in its by-laws, but not less than the standard premium rate fixed by the Minister of Agriculture, Forestry and Fisheries
- (2) Additional premium rate which is to be determined as a rate to the normal premium shall be fixed by the mutual insurance association in its by-laws.

12. Premium Subsidy by the National Government

- (1) Obligatory participants are given two times as much subsidy as that given to collective participants. Premium subsidy is granted only to those participants whose contracted rate of coverage is at least 40%. (30% and more for fishing vessels more than 20 tons and less than 100 tons and set-net fishery).

		Maximum Subsidy Rate	Subsidy Rate	
			Obligatory Participation	Collective Participation
Category I Fisheries		80 %	65 %	
Category II Fisheries		80	60	30 %
Category III Fisheries	less than 10 tons	80	60	30
	10 - 20 tons	80	50	25
	20 - 50 tons	65	45	15
	50 - 100 tons	60	35	10
	small set-net	80	60	30
	large set-net	65	40	20

Remarks: - If the standard catch proceeds exceed 140,000 thousand yen (in the case of set-net fishery conducted by the fishery cooperatives and fishermen's productive associations, 700,000 thousand yen), subsidies will be given only to the premium portion for the initial 140,000 thousand yen (in the case of set-net fishery conducted by the fishery cooperative and the fishermen's productive associations, 700,000 thousand yen).

13. Payment of Premium

- (1) Total Amount of the premium shall be paid as a rule, by the day preceding the first day of the insurance period, to the mutual insurance association. Premium subsidy, if any, can be subtracted from the amount of the premium to be paid.
- (2) Premium can be paid in installments, if the amount of the premium (excluding subsidy, if any) exceeds the amount specified by the by-laws of the mutual insurance association. When the premium is paid in installments, 50% shall be paid by the first installment and the rest during the first half of the insurance period.
- (3) For the fisheries conducted all the year round, catch proceeds of the preceding year may not be determined in time for the premium payment. Should it be the case, tentative payment of approximate amount shall be made subject to the settlement to be made later on.

14. Insurance Policy

Insurance policy will be handed to the participant at his request, when the policy is needed for establishment of right of pledge, etc.

15. Obligations of the Participants

(1) Items which require daily recording

- (a) Daily catch by species and by fishing ground
- (b) Daily amount of sale by buyers and amount of proceeds by species.
- (c) Daily amount of fish by species disposed other than sale and the pattern of the disposition
- (d) Dates and ports of departure, call and return

Remarks:- (*1) Those fishermen who land their catch only to the fish market designated by fishery cooperatives, their federation, or mutual insurance association, may record only items in (c) and (d).

- (*2) In cases of failure to record the prescribed items or untrue recording, whole or part of the insurance money may not be paid.

(2) Monthly Reporting

The participants shall inform the mutual insurance association of the following _____, for every month.

- (a) Amount of Sale and proceeds by buyers
- (b) Amount of daily disposition of catch other than sale and its pattern

Remarks:- (*1) If the participant ships all his catch to the fishery cooperatives of which he is a member, reporting may be made immediately after the insurance period has expired.

(*2) Reporting should be made, preferably, through the fishery cooperative.

(*3) In cases of failure to submit the report of untrue reporting, whole or part of the insurance money may not be paid.

(3) Reporting on changes of fishing grounds, fishing boats, etc.

Changes concerning the following items during the insurance period shall be reported to the mutual insurance association:

- (a) Site, area, terms of license, etc. of the fishing ground
- (b) Capacity, size, equipment, etc. of the fishing boats
- (c) Capacity, size, etc. of the fishing gears
- (d) Number of workers
- (e) Captains or Master fishermen responsible for fishing operation
- (f) Period of fishing
- (g) Fishing methods
- (h) Limitations on fishing

Remarks:- (*1) If a considerable decrease of catch proceeds is obvious because of the change of items mentioned here, the insurance contract will be cancelled.

(*2) The reporting should be made, preferably through the fishery cooperative.

(*3) In cases of failure of reporting or untrue reporting, whole or part of the insurance money may not be paid.

(4) Reporting on any changes of items submitted in application form

Any changes on the items written in the application form and other than those mentioned in 3 above shall be communicated to the mutual insurance association within one month.

16. Transfer of Fishery Enterprise

The insurance contract can be, subject to the agreement of the mutual insurance association, transferred, when the fishery enterprise is transferred in its entity. This is also applicable to the successor, when the participant dies or firms merge into one firm.

Remarks:- (*1) Successors shall report to the mutual insurance association within 15 days.

(*2) The mutual insurance association shall not disagree to the transfer of the insurance contract without due reasons.

17. Claims for Insurance

When the catch proceeds did not reach the limit insurance amount, the participant shall report to the mutual insurance association immediately after the fishing season.

18. Nullification or Cancellation of Insurance Contract

(1) Void contract

In the following cases, the contract is regarded void:-

- (a) The participant knew before the commencement of the insurance period that he would not operate the fishery.
- (b) The participant proved to be neither a fishery cooperative which is a member of the mutual insurance association nor a member of such cooperative.
- (c) The contract was made for somebody else's fishery enterprise.
- (d) There was a duplicate insurance contract regarding the same fishery enterprise.

Remarks:- (*1) When the contract proved void, the paid premium will be returned, only when there was no grave faults on the part of the participant.

- (2) The insurance contract will expire in the following cases:
- (a) Failure of the participant to pay the premium by the prescribed date.
 - (b) Discontinuance of the insured fishery enterprise.
 - (c) Failure to report to the mutual insurance association within 15 days by the successor of the insured fishery enterprise.
 - (d) Failure of obtaining agreement from the mutual insurance association with respect to the transfer of the insurance in case of (c) above.
 - (e) Dissolution of the mutual insurance association due to the reason except for merger.

Remarks:- (*1) When insurance contract expires due to the reasons mentioned in (b), (c), (d) or (e) above, the paid premium will be returned to the participant, unless the catch proceeds have already exceeded 90% of the limit insurance amount.

(3) Cancellation of Insurance Contract

Participants may not cancel the insurance contract. The contract will be cancelled by the mutual insurance association, when insurance claims are foreseen due to the decrease of catch proceeds because of change of fundamental conditions of fishery operation.

Remarks:- (*1) The participant shall inform the mutual insurance association of any changes of fundamental conditions of fishery operation.

(4) Amount of Premium to be Returned

When the insurance contract expires during the insurance period, or is cancelled and when the participant is entitled to the reimbursement of the premium, only the normal premium will be reimbursed. When the insurance contract proves void and when the participant is entitled to the reimbursement of the premium, all the premium paid by the participant will be reimbursed.

19. Payment of Insurance Money

- (1) Insurance Money will be paid, when the catch proceeds of the participant do not reach certain level.
- (2) In the case of Choice A (proportional coverage), amount of insurance money will be determined according to the following formula:-

$$\text{Insurance Amount} = (\text{Limit insurance amount} - \text{Catch proceeds}) \\ (*1) \times (\text{Rate of coverage}) (*2) \times (\text{Contracted} \\ \text{rate of coverage})$$

Remarks:- (*1) Limit insurance amount minus catch proceeds is called "damage".

(*2) The rate of coverage is 70% for Category I Fisheries and 80% for Categories II and III Fisheries.

- (3) In the case of Choice B (limited coverage), the insurance amount will be determined according to the following formula:-

(a) "30% limited coverage"

- a) In case the damage is 30% or less of the limit insurance amount:

$$\text{Insurance Amount} = (\text{Limit insurance amount} - \text{Catch proceeds}) \\ \times (\text{Rate of coverage}) \times (\text{Contracted rate} \\ \text{of coverage})$$

- b) In case the damage exceeds 30% of the limit insurance amount:

$$\text{Insurance Amount} = (\text{Limit insurance amount} \times 30\%) \\ \times (\text{Rate of coverage}) \times (\text{Contracted rate} \\ \text{of coverage})$$

(b) "20% limited coverage"

- a) In case the damage is 20% or less of the limit insurance amount:

$$\text{Insurance Amount} = (\text{Limit insurance amount} - \text{Catch proceeds}) \\ \times (\text{Rate of coverage}) \times (\text{Contracted rate} \\ \text{of coverage})$$

b) In case the damage exceeds 20% of the limit insurance amount:

$$\text{Insurance Amount} = (\text{Limit insurance amount} \times 20\%) \\ \times (\text{Rate of coverage}) \times (\text{Contracted rate of Coverage})$$

(4) In the case of Choice C (major damage coverage), the insurance amount will be determined according to the following formula:

(a) "30% reduction coverage"

Payment is made when the damage exceeds 30% of the limit insurance amount, as follows:-

$$\text{Insurance Amount} = [(\text{Limit insurance amount} - \text{Catch proceeds}) \\ - (\text{Limit insurance amount} \times 30\%)] \times (\text{Rate of coverage}) \times (\text{Contracted rate of coverage})$$

(b) "20% reduction coverage"

Payment is made when the damage exceeds 20% of the limit insurance amount, as follows:-

$$\text{Insurance Amount} = [(\text{Limit insurance amount} - \text{Catch proceeds}) \\ - (\text{Limit insurance amount} \times 20\%)] \times (\text{Rate of coverage}) \times (\text{Contracted rate of coverage})$$

TABLE 1. MODIFYING COEFFICIENTS, MAXIMUM RATES, ACTUAL MAXIMUM RATES AND COVERAGE RATES

Types of Fisheries		Modifying Co-efficients a	Maximum Rates b	Actual Maximum Rates a × b	Coverage Rates	
Category I Fisheries	Kelp	1.05	0.75	0.7875	0.70	
	Wakame	1.00	0.75	0.7500	0.70	
	Agar-agar	1.00	0.75	0.7500	0.70	
	Abalone	1.10	0.80	-	0.70	
Category II Fisheries		1.20	0.85	1.0200	0.80	
Category III Fisheries	Boat Fishing	1. trawling	1.15	0.90	1.0350	0.80
		2. dolphin fishing with bamboo shelter	1.05	0.80	0.8400	0.80
		3. purse seine	1.05	0.85	0.8925	0.80
		4. puffers, Branquillos longline	1.15	0.90	1.0350	0.80
		5. stick-held dip net	1.00	0.90	0.900	0.80
		6. salmon gill-net	1.10	0.80	0.8800	0.80
		7. salmon long-line	1.05	0.75	0.7875	0.80
		8. Alaska pollack gill-net or longline	1.05	0.80	0.8400	0.80
		9. other gill-nets	1.00	0.70	0.7000	0.80
		10. tuna, skip-jack	1.05	0.90	0.9450	0.80
		11. squid jigging	1.05	0.85	0.8925	0.80
		12. mackerel angling	1.00	0.80	0.8000	0.80
		13. yellow tail angling	1.00	0.75	0.7500	0.80
		14. other angling or long line	1.15	0.75	0.8625	0.80
		15. boat seine	1.10	0.80	0.8800	0.80
		16. crabs fishing with baskets in Hokkaido	1.10	0.80	0.8800	0.80
		17. lift net	1.05	0.85	0.8925	0.80
		18. other fisheries	1.10	0.80	0.8800	0.80
	Set-net Fishing	19. large set-net	1.15	0.75	0.8625	0.80
		20. small set-net	1.10	0.75	0.8250	0.80

B. Aquaculture Insurance.

1. Aquaculture Operations Covered by Aquaculture Mutual Insurance

The following Aquacultures commercially operated are covered by the Aquaculture Mutual Insurance:

1. Laver culture
2. Oyster culture
3. Pearl culture
4. Pearl Oyster culture
5. Scallop culture
6. One-year-old yellowtail culture with net pens
7. Two-year-old yellowtail culture with net pens
8. One-year-old seabream culture with net pens
9. Two-year-old seabream culture with net pens
10. Three-year-old seabream culture with net pens

2. Objects of Insurance

(1) The Aquaculture Insurance does not insure harvest as in the case of Fish Catch Insurance, but insures damages to culture facilities and aquatic animals or plants in the process of cultivation. The following table shows objects covered by the Aquaculture Insurance by different culture operations:

Kind of aquaculture	Aquatic animals and plants under cultivation	Culture facilities
Laver culture	Laver (only those growing on split bamboo screens or nets constructed in sea waters)	
Oyster culture	Oysters (only those set in sea waters for cultivation)	(1) Raft (except for bamboo raft, and excludes fastening rope, anchor, hanging line, etc. Hereinafter, the same in the table.) (2) buoy, trunk line, cages, etc. in the case of long line culture system

(Cont'd)

Kind of aquaculture	Aquatic animals and plants under cultivation	Culture facilities
Pearl culture	Pearl oysters (only those operated and hung in waters)	(1) Raft (2) buoy, trunk line, cages, etc. in the case of long line culture system
Pearl oyster culture	Pearl oysters	same as above
Scallop culture	Scallops (only those hung in waters)	same as above
Yellowtail culture with net pens (one-year-olds)	Yellowtail (only those up to 31 May of the year following the hatching year)	
Yellowtail culture with net pens (2-year-olds)	Yellowtail (only those up to 31 May of the year following the hatching year)	
Seabream culture with net pens (one-year-olds)	Seabream (only those up to 31 May of the year following the hatching year)	
Seabream culture with net pens (2-year-olds)	Seabream (only those during one year period following the above)	
Seabream culture with net pens (3-year-olds)	Seabream (only those during one year period following the above)	

(2) Transfer of insured objects to other areas

- (a) Insured objects transferred out of the originally contracted area can also be covered by the Insurance, if the transfer for the culture purpose was foreseen and an agreement was obtained from the mutual insurance association, with the payment of 20% extra premium.

- (b) In case that an agreement can not be obtained from the mutual insurance association as mentioned in (1) above, a separate contract to that effect can be made, as far as pearl or pearl oyster cultures are concerned.
- (c) The Insurance also covers those objects (plants or animals under cultivation or culture facilities) which have been transferred to the areas adjacent to the contract area in order to prevent or minimize insured damages.

3. Insured Damages

(1) The following damages are insured:

(a) For plants or animals under cultivation:

Death, poor germination, total loss, loss by wash away, escape, and decay

(b) For culture facilities in use:

Total or partial damages, loss by wash away, and sinking

(2) However, the following cases are not covered:

(a) For laver culture, when the loss of the laver is not total with respect to each SAKU* for one harvesting time.

(b) For oyster culture, when the loss of the oyster is not total regarding each collector.

(c) Damages caused by war or similar disturbances

(d) Theft

(e) Damages caused by water pollution arising from sewage, discharged wastes or other pollutants.

(f) Damages caused by red tide. However, special contract can be made to cover such damages, except for laver culture in designated areas.

(g) Damages which occurred outside the contract area, except for the following cases:

- a) Emergency transfer of plants or animals or culture facilities to adjacent areas to avoid or minimize possible damages
- b) Transfer of plants or animals or culture facilities, as envisaged in the contract
- (h) Damages caused by the insured or third parties
- (i) Except for the insurance for laver culture, damages less than 15% of the total quantity.
- (j) Claims for damages less than 1,000 yen.

Remarks:- (*) Several nets are connected with each other under practical operations, and the connected line of nets is called SAKU.

4. Participation in the Insurance

- (1) It is required that all the people engaged in the given kind of culture in the area should apply for the participation.
- (2) Initial contract shall include also those plants, animals and culture facilities which are planned to be added during the contract period.
- (3) The contract rate shall be same for all the participants regarding insurance for plants and animals under cultivation.
- (4) Participation in the insurance for culture facilities is voluntary, being incidental to the insurance for plants and animals under cultivation. However, the contract rate shall be uniform for all participants in a given area.
- (5) Contract period is fixed by contract areas and shall be uniform for all participants in a given area.

5. Insurance Period

Insurance period is fixed by mutual insurance associations in their by-laws with respect to different kinds of cultures. Within the range of the insurance period fixed as above, a specific period is agreed upon for

each contract. In case of the culture operations which are carried out all the year round, the period shall be one year from the date designated by mutual insurance associations.

6. Insurable Value

- (1) The insurable value is determined by multiplying the insurable value for the unit quantity with the total quantity of the insured objects.
- (2) The unit insurable values are fixed by the mutual insurance associations in their by-laws, with respect to each kind of aquaculture, which are as follows:

(a) Plants and Animals

Kind of culture	Unit	Insurable value per unit
Laver	1 SAKU	15,000 Yen
Oyster	1 collector	45 Yen
Pearl	1 shell	160 Yen
Pearl Oyster	"	50 Yen
Scallop	"	21 - 34 Yen
One-year-old Yellowtail	1 fish	950 Yen
Two-year-old Yellowtail	"	3,700 Yen
One-year-old seabream (June - May following year)	"	380 Yen
Two-year-old seabream (June - May following year)	"	780 Yen
Three-year-old seabream (June - May following year)	"	1,500 Yen

(b) Culture Facilities

Insurable value per unit of culture facilities will be determined by the mutual insurance association based on the value of the facilities at the commencement of the insurance period.

7. Contract Rate of Coverage

The contract rate for the insurance for aquatic animals and plants shall be uniform for all the contracts in a given area. This is also the case for the insurance of culture facilities, although the participation is voluntary.

8. Special Contract for Red Tide

- (1) Except for the laver culture in certain designated areas, damages caused by unusual red tide can also be covered, provided that a special contract to that effect is made.
- (2) The red tide is considered unusual, if it meets any of the following conditions:
 - (a) The red tide persists for 10 days or more in the area.
 - (b) Fifty percent or more of the aquatic animals or plants under cultivation in the area eligible for red tide insurance perish due to the red tide.
 - (c) The red tide is considered unusual with respect to the range of occurrence or kinds or density of causing organisms.

9. Premium

The premium consists of normal premium and additional premium.

- (1) The normal premium rate shall be fixed by the mutual insurance association in its by-laws, but shall not be less than the standard premium rate fixed by the Minister of Agriculture, Forestry and Fisheries.
- (2) The additional premium rate which is to be determined as percentages of the normal premium rate shall be fixed by the mutual insurance association in its by-laws.

- (3) Total amount of the premium arising from the special contract regarding red tide shall be borne by the National Government and Prefectures, i.e. two-thirds and one-third of the premium, respectively. No additional premium is required for this part of the premium.

10. Premium Subsidy by the National Government

National Government subsidies are granted in the following cases:

- (1) If the contract rate is 40% or more in the case of aquaculture insurance for laver, pearls or pearl oysters.
- (2) If the contract rate is 30% or more, for other insurances than mentioned in 1. above.
- (3) If the scales of the culture operations are smaller than certain specified scales, regarding each contract.

11. Payment of Premium

- (1) As a rule, total amount of the premium shall be paid to the mutual insurance association by the day preceding the first day of the insurance period.
- (2) Premium can be paid in installments, if the amount of the premium (excluding national government subsidy) exceeds the amount specified by the by-laws of the mutual insurance association. When the premium is paid in installments, 50% shall be paid by the first installment and the rest during the first half of the insurance period.

12. Insurance Policy

Insurance policy will be handed to the participant at his request, when the policy is required for establishment of right of pledge, etc.

13. Obligations of the Participants(1) Participants shall record the following:

- (a) Laver culture: Dates of construction of each SAKU and dates of harvesting
- (b) Oyster culture: a) Number of collectors and culture facilities at the commencement of the insurance period
 b) Increase or decrease of collectors and culture facilities during the insurance period
- (c) Pearl culture: a) Number of pearl oysters and culture facilities at the commencement of the insurance period
 b) Increase or decrease of the pearl oysters and culture facilities during the insurance period
- (d) Pearl Oyste culture: a) Number of pearl oysters and culture facilities at the commencement of the insurance period
 b) Increase or decrease of the above during the insurance period
- (e) Scallop culture: a) Number of Scallops and culture facilities at the commencement of the insurance period
 b) Increase or decrease of the above during the insurance period
- (f) Yellowtail or a) Number of the fish for each net
 Seabream culture: pens at the commencement of the insurance period
 b) Increase or decrease of the fish during the insurance period

(2) Monthly reporting

- (a) Except for laver culture, the participants shall report for each month, to the mutual insurance association of increase or decrease of the objects covered by the insurnace.

- (b) The reporting should be made preferably through the fisheries cooperative.
 - (c) In cases of failure to submit the report or false reporting, whole or part of the claims may not be paid.
- (3) Reporting on any changes of grounds or methods of the culture
- (a) Any changes of conditions of culture grounds or culture methods shall be reported to the mutual insurance association.
 - (b) If the above changes clearly increase insurance risks, the contract will be cancelled.
 - (c) The reporting should be made preferably through the fisheries cooperative.
 - (d) In cases of failure to submit the report or false reporting, whole or part of the claims may not be paid.
- (4) Reporting on any changes on items mentioned in application form:
- Any changes on the items written in the application form and other than those mentioned in(3) above shall be communicated to the mutual insurance association within one month.

14. Transfer of Aquaculture Enterprises

- (1) The insurance contract can be, subject to the agreement of the mutual insurance association, transferred, when the aquaculture enterprise is transferred in its entity. This is also applicable to the succession, when the participant dies or firms merge into one firm.
- (2) Transferees or Successors shall report to the mutual insurance association within 15 days. The mutual insurance association shall not disagree to the transfer of the insurance contract without due reasons.

15. Claims

If and when the objects (aquatic plants or animals or culture facilities) covered by the insurance have suffered from damages eligible for payment of claims, the participant shall report immediately to the mutual insurance association.

16. Nullification or Cancellation of Insurance Contract(1) Void contract

In the following cases, whole or part of the contract is regarded void:

- (a) The participant knew beforehand that he would not operate the aquaculture.
- (b) The participant was not qualified for the participation in the aquaculture mutual insurance.
- (c) If the sum insured exceeded the insurable value (over-insurance), the exceeding part is considered void.

(2) The insurance contract will expire in the following cases:

- (a) Failure of the participant to pay the premium by the prescribed date.
- (b) Discontinuance of the insured aquaculture enterprise.
- (c) Failure to report to the mutual insurance association within 15 days by the successor of the insured aquaculture enterprise.
- (d) Failure of obtaining agreement from the mutual insurance association with respect to the transfer of the insurance in case of (c) above.
- (e) Dissolution of the mutual insurance association due to the reason except for merger.

(3) Cancellation of insurance contract

- (a) The mutual insurance association may cancel the contract only when changes of conditions of culture grounds or culture methods may considerably increase insurance risks.

Participants may not cancel the insurance contract.

- (b) The participant, in case the cancellation is not due to his fault, is entitled to the reimbursement of the premium.

(4) Amount of premium to be returned

When the insurance contract expires or is cancelled and when the participant is entitled to the reimbursement of the premium, only the normal premium will be returned.

When the insurance contract proves void, all the premium paid by the participant will be reimbursed.

17. Claims to be paid

(1) Laver culture insurance

- (a) Claims are paid, if the damages during the whole insurance period exceed 30% of the insurable value.
- (b) The claim to be paid is calculated according to the following formula:

$$\text{Claim payment} = [(\text{total of damages including all harvesting times}) - (\text{insurable value} \times 30\%)] \times (\text{contract rate})$$

$$\text{Damages at each} = (\text{no. of SAKU damaged}) \times (\text{insurable value per unit}) \times (\text{rate of harvesting}) \times (\text{investment rate}^*)$$

Remarks: (*) percentages of the total investment, made by the given time. Prescribed by by-laws.

(2) Insurance for aquatic animals and plants other than laver

- (a) The claim is paid, if the damages for each participant arising from the same cause exceed 15% of the quantity of the animals or plants immediately before the occurrence of the damages.
- (b) The claim payment is calculated as follows:

$$\text{Claim Payment} = (\text{number or quantity damaged}) \times (\text{insurable value per unit}) \times (\text{investment rate}) \times (\text{survival rate}) \times (\text{franchise}) \times (\text{contract rate})$$

(3) Insurance for culture facilities

(a) Claims are paid regarding the adjusted amount of damages (number of facilities immediately before occurrence of the damages minus number of facilities reconstructed with remaining materials after the occurrence of the damages).

(b) The claim to be paid is calculated as follows:

$$\text{Claim Payment} = (\text{number or quantity damaged}) \times (\text{insurable value per unit}) \times (\text{survival rate}) \times (\text{contract rate})$$

A N N E X

1. Standard premium rates

- (1) Laver culture: 10.4% - 12.6%, depending on areas. Discount or increase of the rate is to be made in the light of the results in the preceding 3 years.
- (2) Oyster culture:
- a. Oysters: 7.9% - 17.6%, depending on types of culture facilities.
 - b. Culture facilities: 5.5% - 6.7%
Discount or increase of the rate is to be made in the light of the results in the preceding 3 years.
- (3) Pearl culture:
- a. Pearl oyster: 4.1% - 5.5%
 - b. Culture facilities: 3.0%
- The rate is discounted or increased in the light of the results in the preceding 3 years.
- (4) Pearl oyster culture:
- a. Pearl oysters: 5.6%
 - b. Culture facilities: 3.0%
- The rate is discounted or increased in the light of the results in the preceding 3 years.
- (5) Scallop culture:
- a. Scallops: 8.0%
 - b. Culture facilities: 2.9%
- (6) Yellowtail culture:
- a. One-year-old fishes: 4.9% - 9.1%
depending on the results in the preceding 3 years.
 - b. Two-year-old fishes: 1.8% - 7.9%
depending on the results in the preceding 3 years.
- (7) Seabream culture: 7.8% for one-year-old fish.
4.0% for 2-year-old fish and 2.8% for 3-Year-old fish

2. Rates of premium subsidies by the National Government

The rates of the subsidies range from 25% to 55%, depending on the kinds of aquaculture as well as on the scale of the operations.

3. Investment rate and residual value

(1) Laver culture: (Example for investment rate)

Period elapsed	Investment rate
less than 1 month	50 %
one month - 2 months	90 %
more than 2 months	100 %

(2) Culture facilities:

Period elapsed	Residual value
less than 3 months	100 %
3 - 6 months	90 %
6 - 9 months	80 %
more than 9 months	70 %

C. The Fishing Gear Insurance.

The fishing gear insurance is the scheme to cover damages of the fishing gears effected during the period of their use.

1. The objects to be insured.

The objects to be insured by the fishing gear insurance a net portion of the set of fishing net (excluding a part of straw-net).

The attachments such as float (buoy), sinker and rope shall not be insured.

- (1) The set-net (limited only to those composed of the leader (fence) net and the body net).

However, the set-net eligible to be insured shall be limited to those of which the insurance value must be 60% or more of the market value for new product, and 60% or more of the leader net portion and whole part of the body net should be made of synthetic fiber.

- (2) The surrounding-net (limited only to Agruri-net, purse-seine and Nuikiri-net).

- (3) The drift-net (limited only to those used for the mother-ship type salmons fishery).

However, the net eligible to be insured shall be limited to those of which the insurance value must be 60% or more of the market price for new product, and the whole part of net portion should be made of synthetic fiber.

2. Insured damages.

- (1) Insured damages mean the complete damage, total loss and loss by wash-away of the fishing gears insured effected during the fishing operation. Accordingly, the damage of fishing gear during its transportation shall not be determined to be the insured damage.

Note: The complete damage shall be limited, in principle, to such extent that the repairing cost of damaged gear to restore it to the original state before the damage may be higher than market price of the gear.

- (2) For large-scale set-net, surrounding-net and salmons drift-net, the complete damage, total loss and loss by wash-away caused on a part of the gear shall be treated as the insured damage by the special contract (partial damage contract).

In case of the partial damage contract was made, the following cases shall be eligible to be insured.

- (a) The set-net 30% or more of the size of each portion constitute the set-net such as leader net and body net being damaged.
- (b) The surrounding-net 30% or more of the net portion being damaged.
- (c) The drift-net 16 Tan (16 pieces) or more of the net being damaged.

- (3) Even in the aforementioned cases of the insured damage, the following cases are not covered by the insurance.

- (a) Damages caused by war or similar disturbances.
- (b) Theft.
- (c) Damages caused by the insured or third parties.
- (d) For the fishing gears boarded on the fishing vessel, damages caused by total damage of the fishing vessel itself or other damages for which the Fishing Vessels Insurance shall be applied.

3. Qualification for participation in the fishing gear insurance.

Like the fish catch insurance, any member of fishery cooperatives are qualified to participate in the fishing gear insurance, provided that the fishery cooperatives are members of Mutual Insurance Associations.

4. Procedures of application.

Application for the participation shall be made by submitting to the mutual insurance association a complete application form at least 5 days before the insurance period commences.

5. Insurance period.

The insurance period of the fishing gear insurance shall be defined, based on the fishing season for the fishery for which the insured fishing gears are to be used, by the mutual insurance association.

6. Insurance value.

The mutual insurance association shall determine, for each insurance contract, the insurance value of fishing gears after an evaluation of such value at the beginning of the insurance period being made, taking the materials, size and duration of use of the fishing gear into account.

7. Insurance amount.

(1) The insurance amount of the fishing gear insurance shall be the insurance value multiplied by the rate fixed on the insurance contract (contract rate), within the limit of the insurance value.

(2) The maximum limit of the insurance amount shall be a lower either of an amount equivalent to 80% of the insurance value or 10 million yen.

8. The insurance premium.

- (1) The premium consists of normal premium and additional premium, and each premium rate shall be fixed by the mutual insurance association in its by-laws.
- (2) The normal premium rate shall be fixed by the mutual insurance association in its by-laws, but shall not be less than the standard premium rate fixed by the Minister of Agriculture, Forestry and Fisheries.
- (3) The standard premium rate fixed by the Minister of Agriculture, Forestry and fisheries is as follows.

The normal premium rate shall be the sum added up rate for each month in the insurance period as indicated in the table (a) below for the set-net, and the sum multiplied by rate for each month in the insurance period as indicated in the table (b) below for the surrounding-net.

(a) Set-net:

Area distribution of month Partial damage contract	Other than Hokkaido		Hokkaido		
	Jan - Jul & Nov	Aug - Oct & Dec	Jan - Jul	Aug	Sept - Dec
with contract	1.0 %	3.3 %	1.0 %	3.3 %	4.0 %
without contract	0.4 %	1.0 %	0.4 %	1.0 %	1.2 %

(b) Surrounding-net:

Sea area Partial damage contract	Japan Sea	Yellow Sea East China Sea	Seto Inland Sea	Pacific Ocean
With contract	2.1 %	1.4 %	0.8 %	0.9 %
Without contract	0.7 %	0.4 %	0.2 %	0.2 %

Note: In case the insured suffered by damage for which the insurance payment was made during previous 3 years, rate of premium shall be increased in accordance with the number of year involved the damage.

- (4) Total amount of the premium shall be paid to the mutual insurance association by the day preceding the first of the insurance period. In this case, such payment shall be made after the government premium subsidy, if any, deducted.

9. Premium subsidy by the National Government.

If the fishery, using the fishing gear to be insured, participated in the fish catch insurance and such insurance contract being granted the government premium subsidy, the government premium subsidy shall also be granted on the fishing gear insurance contract within the limit less than an half of the normal premium.

10. Obligation of the participants.

(1) Items which require daily recording.

- (a) Date, time, size of damage and its extent, in case damage of the net was effected during the insurance period.
- (b) Date, time, size of replacement or mending and its extent, in case replacement or mending of the net was made during the insurance period.
- (c) In case of surrounding-net and drift-net, the site of fishing operation where the net insured being used.

(2) Reporting on any changes.

Any changes on the items such as site of fishing grounds where the insured fishing net is to be used, other conditions of fishing grounds and the fishing vessel on which the insured fishing net is to be boarded, shall be notified to the mutual insurance association.

11. Claims.

If and when the fishing gears covered by the insurance have suffered from damages eligible for payment of the insurance money, the participant shall report immediately to the mutual insurance association.

12. Payment of the insurance money.

The insurance money to be paid varies in accordance with a kind of fishing net (set-net, surrounding-net or drift-net) and the partial damage special contract, however, in principle, an amount of the insurance money shall be calculated in such way that the insurance amount multiplied by a rate (residual rate) fixed in its by-laws by the mutual insurance association according to the period lapsed (in case of the special contract for partial damage was made, an amount of the insurance multiplied by the proportion of damage).

IV. THE JAPANESE FISHING VESSELS INSURANCE SYSTEM

A. HISTORY OF FISHING BOATS INSURANCE SYSTEM IN JAPAN

1. Before the Start of the Fishing Boats Insurance System

1-1. Aids to Fishing Boats

The beginnings of the old insurance date back to ancient Babylonian age.

There was some fire-insurance in about B.C. 2,500.

The Babylonian king 'Hammlabi' made up horse-insurance in about B.C. 2250.

The famous king 'Solomon' of Habray established ship-insurance by tax of transport, in about B.C. 1,000.

But, the modern presental insurance system were bigan in 14 centuries, at the Medititerranean sea, and after, established in England, 19 centuries.

There was no insurance in Japan until 1868.

It was called 'Tokugawa age' from 1568 to 1868.

The head of a clan had his teritorial sea.

If a fisherman to invade the other's teritorial sea, may be he was cutoff his head by Japanese aword.

So, most fishing boats in Japan were very small in that ages, and these fishing boats did not use any iron nail.

Many fishing boats were constracted by woods and wooden wedge.

Fishermen had only 'Aid' for their fishing boats.

1-2. Commercial Insurance Companies

I said the was only mutual aid in Japan till 1868.

A company which is one of a modern insurance system in Japan was established in 1879.

The company's name was 'Tokyo marine insurance company'.

The company to became larger and larger, and it is one of big companies in the world, now.

By and by, many companies were established.

But, these commercial companies didn't like to make a contract for any fishing boats or they want very expensive premium.

1-3. Preparation for Establishment of Fishing boats - Insurance Law

Fishing vessels in Japan to become the larger and the modern, because of a modern imported ship-construction techniques.

So many fishermen need some ship-construction money.

But, it was very difficult problem for them.

Because, fishing boats did not protected by any insurance.

Any banking organs did not to rent for fishing boat's owners.

Japanese government to make deep study about insurance system of the other countries for long times.

At last, fishing boats - insurance law was established in 1937.

The law was 2nd system of Japanese governmental insurance, moreover 1st system was a livestock insurance.

2. Until Enactment of Fishing Vessels Compensation Law

2-1. Brief Review of Fishing Vessels insurance Law

The fishing boats insurance law had not any subsidy.

And it's premium was very expensive, so, contract of this insurance did not to magnify.

2-2. Creation of Insurance Associations

A first fishing vessels insurance association was established in 1937, and 11 fishing vessels insurance associations was created in fiscal year 1937.

A business of insurance associations to make progress, smoothly.

The numbers of fishing vessels associations to become 60 members in 1940.

2-3. Difficulties During the Second World War

The 2nd world War was opened in 1941.

The violence of 2nd world war to became increase more and more.

Many Japanese people gone to battle fields, even few businessmen of fishing vessels associations.

The other side, middle or large fishing vessels was hunted to battle seas, and almost of them were sunked by submarines or aircrafts.

A business of fishing vessels insurance associations had to bring down.

2-4. Reconstruction of After the War of the Fishing Boats Insurance System

Economic condition of after the war was very had in Japan.

A destructive power of the war destroyed many things, for example, Industries, Properties, Electrical, Industries, and Labour, too.

Revival of fishing boats insurance were completed in about 1949.

2-5. Establishment of the Fishing Boats Insurance Central Association

The competent authorities of fishing boats insurance was nothing between 1941-1948, by 2nd world war.

But it was revived in July 1948.

A section of fishing boats of fisheries government proposed to need a fishing boats insurance central association, and it was established at 30th of Mar. in 1949.

2-6. Creation of Special Insurance

Special insurance was established in 1942, and it was abandon in 1947, because of the end of the 2nd world war.

In Jun. 1950, Korea war began.

Japanese fishing boats need to protect for the new war's risks.

So, special insurance were re-established in 1950.

Moreover, fishing vessels crew payment insurance law was established in 1952, too.

2-7. Movement to Create New System

Fishing boats insurance central association held a council for reformation of fishing boats insurance system in Oct. 1950.

The council were organized by the fishing boats insurance central association, a section of fisheries government and a fisheries inquiry section of a national assembly.

2-8. Negotiation with G.H.Q.

An official in charge of a section of fisheries government gone to G.H.Q. in 1951.

G.H.Q had all authority in Japan at that time.

They refused the plan of reformation system.

Changed new plan could pass the barrier of G.H.Q., in 1951, at last.

3. History of the Fishing Vessels Loss Compensation Law

3-1. Brief Review of the Law

The new law had the following solid contents;

- a) Subsidies of all expenses of governmental reinsurance.
- b) Establishment of compulsory affiliation.
- c) Subsidies of expenses for fishing cooperative association about fishing vessels insurance business.
- d) Subsidies of expenses for fishing vessels insurance associations.
- e) Fishing vessels insurance central association was established by this law.

3-2. Transition to the New System

Old fishing boats insurance associations to make new associations of another, and fishing vessels insurance central association was established, too.

It needed only 8 months by this law.

New 53 fishing vessels insurance associations was established.

3-3. Establishment of the Maturity Insurance

There was an idea for the maturity insurance system from about 1942.

Fishing boats insurance central association published a book about maturity insurance by Dr. Kenichi Miyazaki.

And a council was held for establishment of this insurance.

At last, this maturity insurance was created in 1953 by revision of fishing vessels loss compensation law.

The maturity insurance is a very uniquely insurance in the world.

It is a life insurance for fishing vessels.

3-4. Amendment of the system

Fishing vessels loss compensation law was amended many times, one of them was establishment of maturity insurance.

- a) Subsidies of premium amended from less than 20 gross tons to less than 100 gross tons in 1954.
- b) Great amendment of the system in 1960.
 - 1) All subsidies of unusual premium.
 - 2) Establishment of premium rate system in law.
 - 3) Establishment of collective affiliation.
 - 4) Others.
- c) Amendment of maturity insurance in 1966.
- d) ¥1,200,000,000 (in 1966) and ¥3,500,000,000 (in 1973) was delivered to fishing vessels insurance central association from special re-insurance account of government.

It is applying for fishing vessels owners.

4. Fishing Vessels Damage etc. Compensation Law

4-1. Start of Fishing Vessels Cargo Insurance

This law was established in 1973, by requirement of fishing vessels owners of Tuna, Skipjack and salmon.

This system is enforcing by the temporary law.

4-2. Protection and Indemnity Insurance Temporary Law

'Water Quality Improvement Act of 1970' was established by U.S.A. in 1971.

Moreover, the name of this law was changed to 'Water Pollution Control Act of 1972', and 'Clean Water Act of 1978'.
(The last law was a partial revision of 'Water Pollution Control Act of 1972')

When Japanese fishing vessels want to go to the territorial sea of U.S.A., they must need to contract for P.I. insurance or a fixed deposit money for a bank of U.S.A., by these law.

So, Japanese fishing vessels need to protect for the risk of P.I. insurance.

The P.I. insurance need a recognition of F.M.C. that is a direct section of president of U.S.A.

This is the background for the law.

P.I. insurance were established in 1976.

Many Japanese large fishing vessels to contract this P.I. insurance and these vessels are raving a lisenze of F.M.C.

4-3. Integration with the Fishing Vessels Damage Etc. Compensation Law.

As both temporary laws were established for five years time limit, the Protection and Indemnity Insurance Law was included in the Fishing Vessels Damage Compensation Law, and its title was changed to the Law 26 "Fishing Vessels Damages Etc. Compensation Law".

The Fishing Vessels Cargo Insurance, after its trial period had been extended for one more period, will also be included in the Law in October 1983, and will regularly be enforced since then.

4-4. Summary of the Fishing Vessels Damage Etc. Compensation Law.

The features of this newly established scheme are as follows;

- a) The law became an integrated law of the Fishing Vessels Insurance, the Owners' Liabilities Insurance, the Boarded Owners' Insurance and the Fishing Vessels Cargo Insurance.
- b) The damage indemnity caused by collision of fishing vessels in the Fishing Vessels Insurance was combined in the Fishing Vessels Owners' Liabilities Insurance.

- c) The government subsidies on the premiums of the Fishing Vessels Owners' Liabilities Insurance and the Fishing Vessels Cargo Insurance were newly granted.
- d) The Fishing Vessels Owners' Liabilities Insurance was revised in its terms that 90% of its amount insured will be re-insured by the Central Federation of Fishing Vessels Insurance Associations, and the government will re-insure on the exceeding amount of damage.
- e) The Central Federation of Fishing Vessels Insurance Associations has re-insured on the amount insured of the Fishing Vessels Cargo Insurance, however, such a re-insurance will be taken over by the government.
- f) 10% of liabilities which should be beared by each fishing vessels insurance association on the Fishing Vessels Owners' Liabilities Insurance and the Fishing Vessels Cargo Insurance will be re-insured by the Central Federation of Fishing Vessels Insurance Associations for dispersal of risks within the country.

B. ORGANIZATION

1. Fishing Vessels Insurance Associations

1-1. Fishing Vessels Insurance Associations

We have 53 fishing vessels associations, on the coast of Japan, now.

There is two types of these associations.

One of them is regional insurance associations, and another type is insurance associations for special fisheries.

The later is 6 associations that is insuring for special fishing vessels owners ----- tuna, skipjack and others.

1-2. Qualifications for the Membership

Those who are qualified for the membership this association shall be owners or charterers of fishing vessels less than 1,000 gross tons having their adress or main base-port within the area of this association.

1-3. Business of the Association

The fishing vessels insurance association shall conduct the following business;

a) Fishing vessels damage etc, compensation law

Fishing Vessels Damage Ins.	General Ins.	General Loss Ins.
		Maturity Ins.
Protection & Indemnity Ins. (P.I. Ins.)	Special Ins.	
	Special Agreement regarding fishing Gear	
Fishing Vessels crew man owner's Life Ins.	Collosion Liability	
	General P.I. Ins.	
Fishing Vessels Cargo Ins.	Crews Life Ins.	

b) Fishing Vessels Crew Payment Insurance Law

Fishing vessels crew payment Ins.

2. Re-insurance by the Government

2-1. Rate of re-insurance

Rate of re-insurance is 90% or 80% except special cases.

90%; 37 associations

80%; 16 associations

95%; Special large vessels

50%; Saving part of maturity Insurance

90%; Cargo Insurance

80%; P.I. Insurance (for fishing vessels Central Association)

2-2. Business of the Government

Business of re-insurance is employing by Japanese Government.

If the contract of the fishing vessels insurance for the fishing vessels owners or charaterers has come into existence between the association and the policy-holder, the re-insurance contract reinsuring the insurance liabilities borne by the association due to said insurance contract shall be deemed to come into existence between the Government and said approved association.

3. Fishing Vessels central Insurance association

3-1. Qualification for the Membership

Those qualified to be a member of the central federation of fishing vessels insurance association shall be the fishing vessels insurance association.

3-2. Businesses of the Central association

The central federation of fishing vessels insurance association shall conduct the following business;

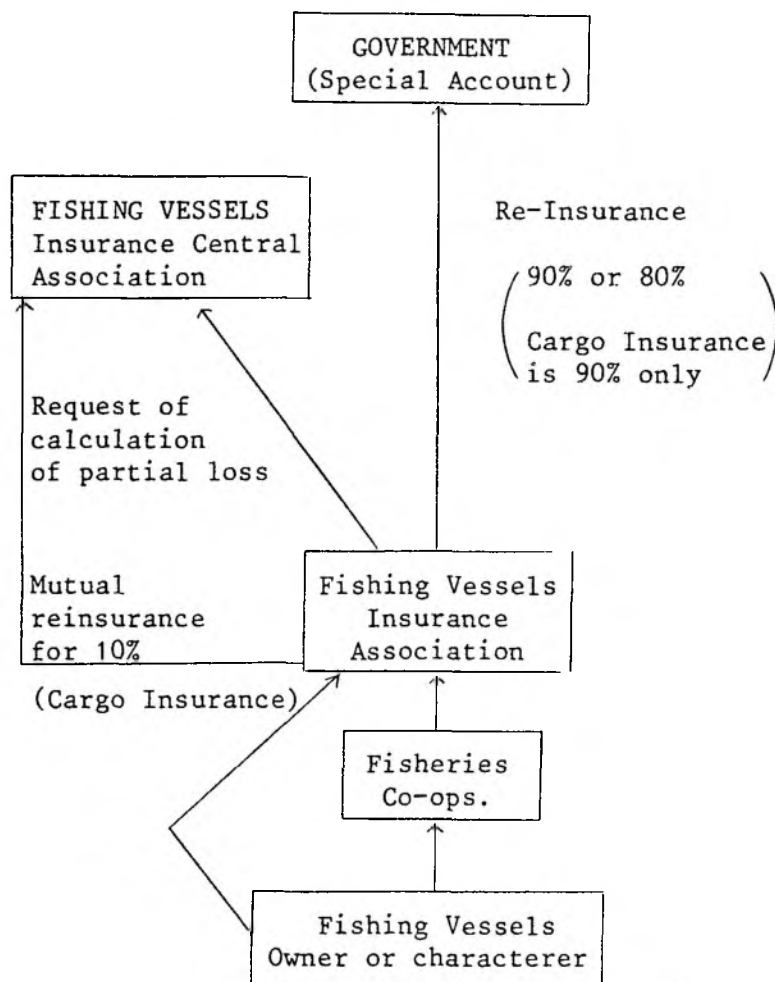
a) Computation of insurance premium rate.

b) Investigation, guidance and furtherance of the matters relating to precaution of occurrence of damages.

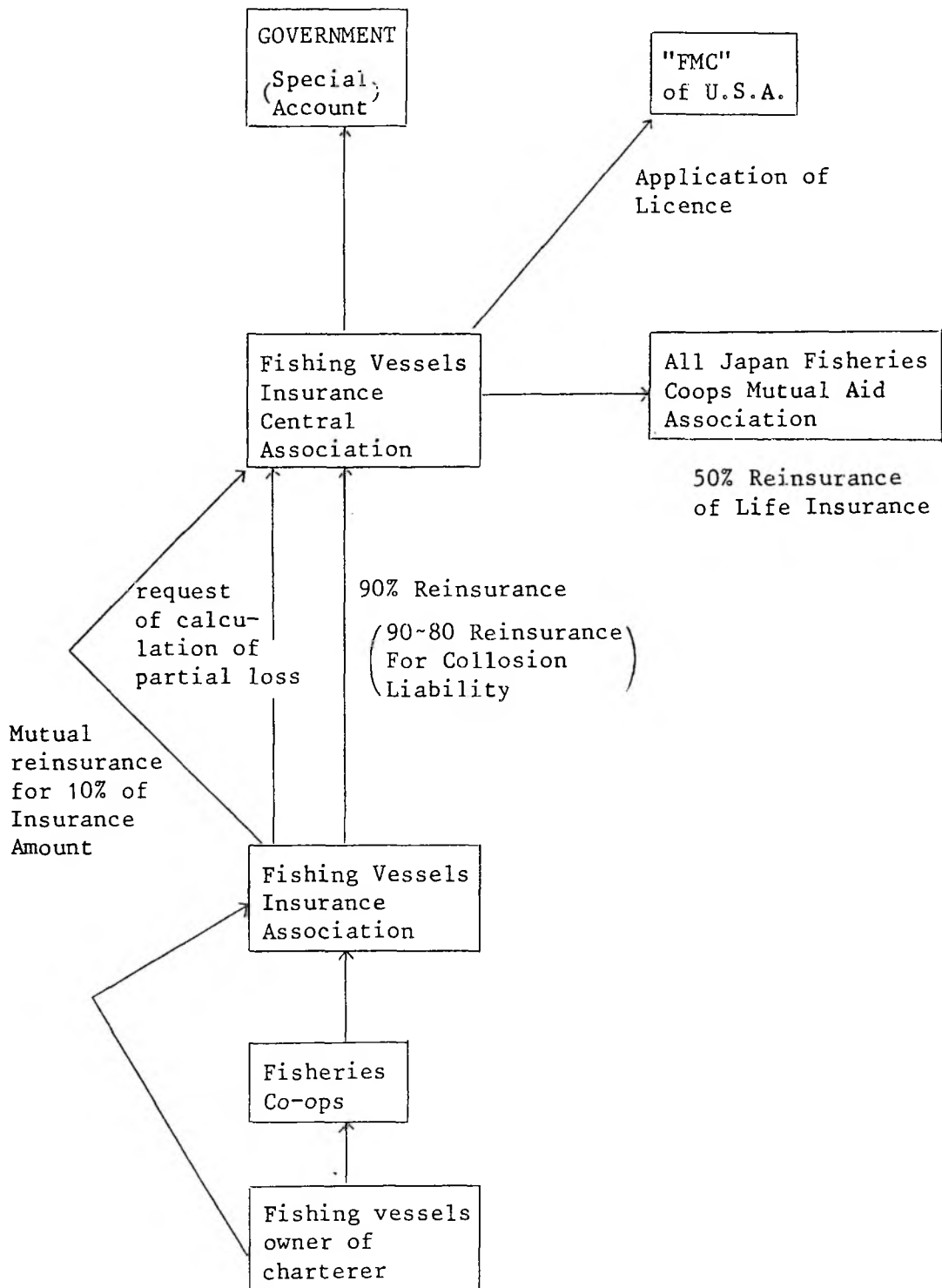
- c) Investigation of fishing vessels at the request of a member for acceptance of insurance, and investigation of damage caused to insured fishing vessels.
- d) Diffusion and publicity of the fishing vessels insurance.
- e) Other investigation, guidance and furtherance for the sound development of the fishing vessels insurance business.

ORGANIZATION CHART OF FISHING VESSELS
INSURANCE & REINSURANCE SYSTEM

A) Fishing vessels damage & cargo insurance



B) P.I. Insurance



C. OUTLINE OF SUBSIDY OF JAPANESE GOVERNMENT

1. Subsidies by the Government for Fishing vessels Damage Insurance

1-1. Obligatory Subscription

Compulsory affiliation is associated with the 3,000 or so fishing co-operatives which operate along the coast of Japan.

The governor of each prefecture designates the geographical area of each co-operative under his jurisdiction.

If two thirds of the owners of powered vessels of 1 to less than 100 gross tons of such an area vote for joining the insurance cooperative system, then all the owners of vessels under 100 gross tons within the area must purchase general loss insurance, which should represent at least 30 percent of the insurance value of each insured vessel.

1-2. Group Subscription

If, half the owners of powered or nonpowered vessels of less than 20 gross tons but involving no less than 15 vessels in such an area carry general loss insurance representing at least 30% of the insurance value of each insured vessels, then it is said that the insured vessels owners are under collective affiliation.


1-3. Government's Assistance to Reduce Premium

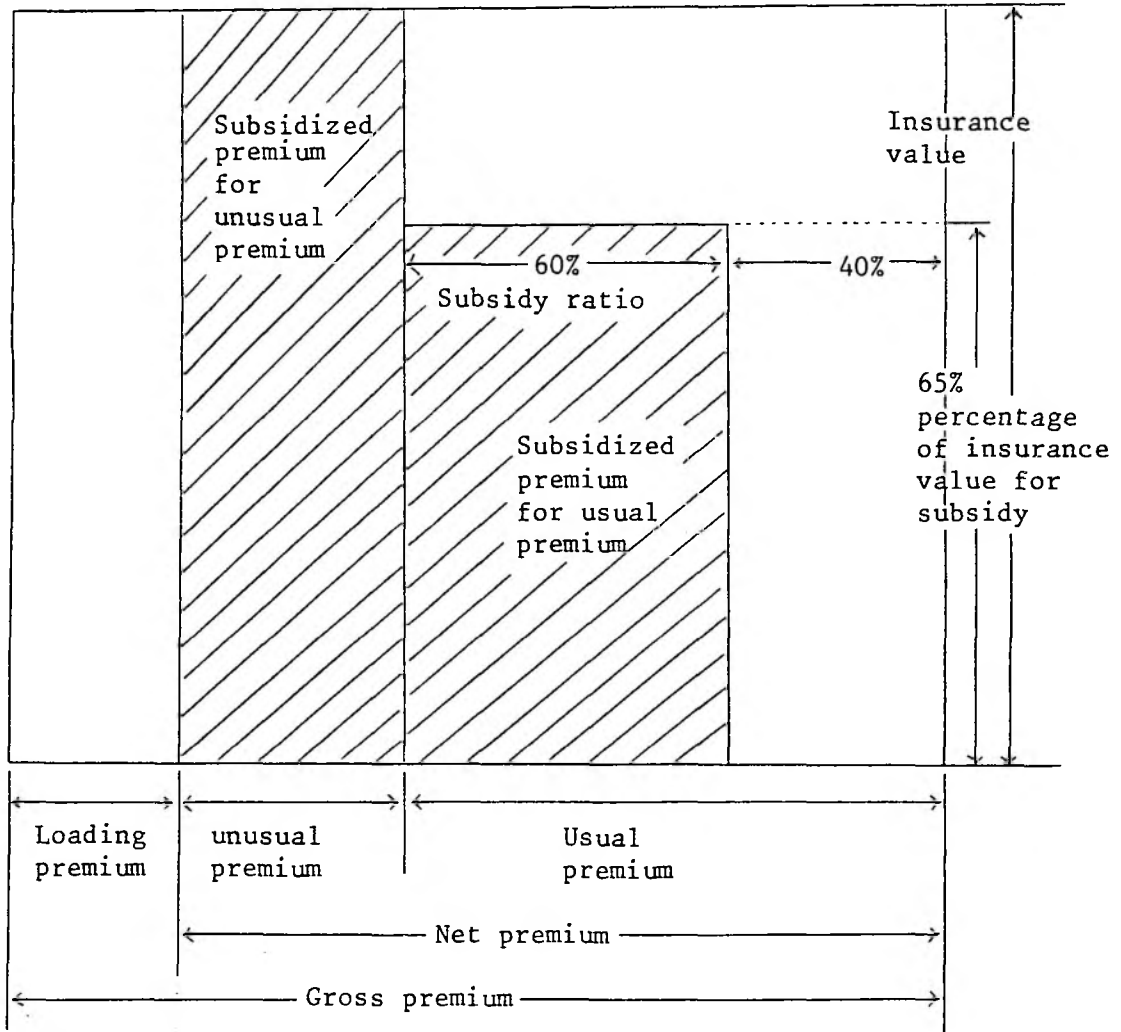
For 1982, the No. of vessels carrying insurance was estimated at 232,559 under compulsory, 1248 under collective, and 3,933 under voluntary affiliation, representing about 53% total No. of all registered commercial fishing vessels of less than 1,000 gross tons.

Total subsidized premium was ¥6,108,219,000 in 1982 fiscal year.

It was about 32.7% of total net premium ¥18,680,916,000 less than 100 gross tons.

NONPOWERED & POWERED LESS THAN 5 TONS

 Subsidized Premium



SUBSIDY RATIO (GENERAL DAMAGE INSURANCE)

Vessel category	Premium		
	Usual	Unusual	loading
Nonpowered vessels powered Less than 5 tons	60%	100%	no subsidy
5 to " " 20 "	50%		
20 to " " 50 "	45%		
50 to " " 100 "	40%		
100 to " " 1,000 "	No subsidy		

PERCENTAGE OF INSURANCE VALUE FOR SUBSIDY

Vessels category	Percentage
Nonpowered vessels	65%
Powered Less than 20 tons	
20 to less than 50 tons	50%
50 tons	49.8%
⋮	⋮
⋮	⋮
⋮	⋮
99 tons	42.4%

2. Government subsidy on the Fishing Vessels Owners' Liabilities Insurance.

2-1. Damage by collision.

The government subsidy of the premium on the collision damage shall entirely be same as the Fishing Vessels Insurance. However, the limitation was set up to 60% of the vessel's value for fishing vessels of non-powered and of powered less than 5 gross tons.

2-2. General damages.

The government subsidy will be granted at the following rate of the net premium of the general damages.

Class of tonnage	Rate of subsidy
Non-powered & 0 - 5 tons	35%
5 - 20 tons	30%
20 - 50 tons	20%
50 - 100 tons	15%

2-3. Others.

There is no subsidy granted from the government on the premium of insurances for life.

3. Government subsidies on the Fishing Vessels Cargo Insurance.

The government subsidy will be granted at the following rate of the net premium on the Fishing Vessels Cargo Insurance.

Class of tonnage	Rate of subsidy
Non-powered & 0 - 5 tons	20%
5 - 20 tons	20%
20 - 50 tons	15%
50 - 100 tons	10%

4. Other government subsidies.

The government subsidies a part of the administrative expenses related to the fishing vessels insurance, and a part of the administrative expenses granted to fisheries cooperative associations from the fishing vessels insurance associations.

D. OUTLINE OF INSURANCE

1. Fishing Vessels Damage Insurance

1-1. Different types of Insurance

The present system offers three types of insurance protection.

One type, called general loss insurance.

And the other types called general maturity insurance and special insurance.

1-2. Outline of Each Insurance

General loss insurance is corresponds to the general marine insurance.

The insured vessels owner or charterers is protected against total loss or partial loss.

General maturity insurance is a life insurance for fishing vessels.

Special insurance is corresponds to the war insurance of fishing vessels.

In terms of vessels and tonnage, general loss insurance of the three types of insurance offened by the system.

During the fiscal year 1982 (1 April 1982 to 31st March 1983), the latest for which final counts are available, 237,740 vessels representing 1,637,027 gross tons carried general loss insurance.

By contrast, only 13,214 vessels representing 42,679 gross tons carried maturity insurance, while the figures for special four-month insurance were 812 vessels and 25,519 gross tons.

Since general loss insurance is of primary importance to the system, we shall pay closer attention to this than to the other types of insurance.

1-3. Normal Insurance for Loss

The present offers three types of insurance protection.

One type, called general loss insurance, corresponds to the general marine insurance which can be purchased from private insurance companies.

The insured vessel owner or charterer is protected against total loss of his boat, abandonment and partial loss, which includes damage to hull and loss or damage to the engine, insuration, refrigeration, electric and electronic installations, fishing equipment and other accessories on board the vessel; also, it covers rescue expense, which includes the expense of tugging the vessel to the nearest port of safe anchorage as well as the loss of the catch or equipment if such expenses occurred for the purposes of preventing or reducing more serious damage to the insured vessel.

1-4. Maturity Insurance

Of special interest is the so-called general maturity insurance, which is available to owner of wooden vessels less than 15 years old and steel vessels less than 25 years old.

In addition to the protection given by general loss insurance, at the expiration of the insurance term, which is for three, six, or nine years, the insured vessel owner receives a sum of money which is equal to the contractually determined fair market value of his vessel.

This type of insurance is a kind of endowment insurance where the vessel owner is induced, by paying the required premium, to accumulate a sum of money in lieu of the depreciated value of his vessel.

1-5. Special Insurance

Finally, the system offers special insurance.

It gives protection against total or partial loss due to extraordinary causes such as war, rioting, raids, seizure, detention.

1-6. Special agreement regarding fishing gear

Fishing gear shall be contract with the fishing vessel special contract.

But this contract against for only total loss by total loss of vessel.

1-7. Contract and Compensation of loss (General loss insurance)

a) Total loss

The insured vessel owner is protected against total loss (stranding, sinking, constrictive total loss, subrogation) and abandonment of his boat.

b) Partial loss

The partial loss includes damage to hull and loss or damage to the engine, insulation, refrigeration, electric and electronic installations, fishing equipment and other accessories on board the vessel.

c) Salvage charge

It covers rescue expense, which includes the expense of tagging the vessel to the nearest port of safe anchorage as well as the loss of the catch or equipment if such expenses occurred for the purpose of preventing or reducing more serious damage to the insured vessel.

d) Particular salvage charge (general average)

This is available against loss of cargo by stranding of the fishing vessel.

2. Fishing vessels protection and indemnity Insurance

2-1. Collision liability

2-2. P.I. General Liability

This insurance is like an automobile liability insurance.

2-3. Crew's Life

This is life insurance for Fishing Vessels, life insurance by the crew's employer.

3. Fishing Vessels Crewman Owner's Life Insurance

This is Life Insurance for Fishing Vessels crewman Owners.

4. Fishing Vessels Cargo Insurance

The assured is proprietor of a fishing boat's cargo.

The assured is protected against total loss of his cargo and partial loss which includes damage to fish, fuel oil, lubrication oil, bait, crew's foods.

This insurance offers three types of insurance terms.

a) One year

b) Term of fishing (for only salmon)

c) Term of the homeward voyage

The assured to be contract special agreement regarding quality of freezing fishes by an accident of freezing machine.

Re-insurer is Government and it's rate is 90%.

5. Fishing Vessels Crew's Payment Insurance

5-1. Characteristics of the Remuneration Insurance

The assured of this insurance is a promoter of enterprises which is employer of fishing vessel's crew.

But he can not shall be member of fishing vessels insurance association.

The employer of fishing vessel's crew is insured by this insurance, but this insurance is covering about life of crew's family of fishing vessels, so it is thinking the insurance for life of crew's family of fishing vessels, because fishing vessels insurance association must to pay this insurance money for a crew's family, directry (except tax).

5-2. Brief review of the Remuneration insurance

Parenthetically, under the existing legislation, a vessel owner may purchase special protection against seizuer of the crew.

In case of seizure, the crew members are entitled to between 60 and 100% payment of their salaries.

But these payments to the relatives of the seized crew do not include the foregone income which the crew could have earned by sharing the catch; also, payments are made during the duration of the seizure but not for periods longer than 76 months.

SUB REGIONAL SEMINAR ON FISHERY COOPERATIVES

MAY 29TH 1984 - JUNE 8TH 1984

BETTER LIVING ACTIVITIES OF FISHERY COOPERATIVES

BY

A. DEREK T. DE SILVA

PRESIDENT

SRI LANKA FISHERIES COOPERATIVE FEDERATION LTD.

* * *

Introduction

The Island has a coast line of approximately 1,100 miles of which the straight length is about 750 miles. The coast line is punctuated intermittently with the outlets of a number of rivers and streams which flow down to the sea from the central highlands.

The continental shelf, though narrow, is estimated to cover an area of 12,500 square miles. This is about half the land area of the Island itself. The resources of the inland fisheries consist of 344,000 acres of fresh water and 300,000 acres of brackish water bodies. The inland capture fishery in Sri Lanka is wholly non-mechanised and very often gill nets and cast nets are operated from indigenous craft. Production has doubled during the last six years due to the increase in productivity following a systematic stocking of fingerlings by the Ministry of Fisheries. The Ministry of Fisheries has further assisted those engaged in inland fisheries by the issue of fibre-glass craft (orus) on a 90% subsidy scheme. According to the latest census of marine fisheries in Sri Lanka, a total of 50,000 households were enumerated as engaged in fishing and processing, and living in 969 fishing villages. There are approximately 79,000 persons actively engaged in fishing which generated job opportunities for another 14,000 persons in processing and distribution of fish.

A socio-economic survey of the fishing population in Sri Lanka revealed that 54% were living in temporary structures where the walls constructed were of wattle and daub, palmyrah

or straw. A large majority of the fishing population live in households where the floor area is less than 300 square feet. In fact, the dwellings had been constructed along the coast, and in most cases they cannot claim ownership to the land. As they are unable to claim ownership to the land, they are prevented from mortgaging or hypothecating the property in order to borrow money from lending institutions to purchase fishing craft and other requisites for fishing.

The back-log of houses for the fishermen is in the region of 10,800 units. The requirement of wells has been estimated at 1,350, while the latrines required are estimated at 7,000.

As in many other developing countries, the fishing population belong to the poorer strata of the society. A recent survey indicated that only 20% of the households had their own wells for drinking water. The same survey revealed that 60% of the households have a monthly income of less than Rs.500.

Working fishermen who are engaged in a high risk activity, are among the least educated and socially helpless members of the community. Majority of them are migrants with no homes but their boats. Few can read, write or do even the simplest accounts. Few have any experience of organisation.

In Sri Lanka the first fishery Cooperatives were established in the beginning of the nineteen-fourties. Fishermen were encouraged to form cooperative societies, through which loans for increased were channelled . By 1970, the number of cooperative fishery societies, which were mostly established at village level, had grown to 292 with approximately 24,000 members. Cooperative Societies owned 40 per cent of the total fleet of 3.5 ton boats, which were obtained through Government loans. Other societies organised members who fished on individual basis, obtaining credit and fishing gear through the society.

In order to create more viable units, the Government initiated in 1972 an amalgamation of the 292 societies into 45 rather large societies. This was however not in accordance with the wishes of the memberships. These societies which by now number about 60, have not been able to make any substantial gains for the approximate 34,000 members, as the Government loans are channelled through the two State Banks, which are reluctant to issue loans.

Some societies have been able to develop other services, such as auction floors, and fuel stations. Present Apex organisation of the fishery cooperatives - Sri Lanka Fisheries Cooperative Federation Ltd - started as a National Cooperative Fish Sales Union in 1952. It purchased fish from the cooperative fishermen at 22 buying points and marketed it through 85 retail outlets. The Union also solely imported fishing gear, which was sold to the members via the cooperative societies. The peak turnover of this latter activity was

reached in 1964 when the Union sold fishing gear for approximately 2.3 million rupees. The commercial activities of the Union were taken over by the Government when the Ceylon Fisheries Corporation was established. This Union which was re-named Sri Lanka Fisheries Cooperative Federation in 1979 has been more modest in its activities, and besides being the spokesman of the movement, had confined itself to training, sales of stationery, operating an ice plant on the east coast and sales of fishing gear on a very modest scale.

Better Living Activities in Fishery Cooperatives

I have given in the foregoing pages an outline of the fishery cooperatives in Sri Lanka. The fishery cooperatives were organised and developed with Government action which took the form of generous finance coupled with assistance afforded through government officials. The end result in most instances was the dependence of the societies to leave all responsibility to the government officials for the running of the business. It had been my experience during the several years when I was involved as a government official in the development of fishery cooperatives, that inspite of continuous education afforded to the members, the societies leaned heavily on the government official for leadership. Thus when I was afforded an opportunity by the I.C.A. Regional Office and Education Centre to study fishery cooperatives in Japan, it was found that the ideal way to strengthen the societies was to get the women involved and interested in the activities of the societies.

Therefore, the Sri Lanka Fisheries Cooperative Federation formed womens' groups in selected areas as demonstration units to :-

- (a) promote family health.
- (b) organise pre-schools for children.
- (c) raise the economic standard of the family by setting up cottage industries.
- (d) build up the concept of savings and thrift.
- (e) elevate cultural and social habits.

Promotion of Family Health.

With the cooperation and assistance of Government Agencies, education on health, family care, and nutrition have been afforded to the member families, at the request of the womens' group the Ministry of Fisheries has provided wells and latrines.

Pre- schools for Children

The pre- schools which were started on a voluntary basis have now made considerable progress. Buildings to house the pre- schools have been temporarily provided by the members. The Ministry of Social Services and the Department of Probation and Child Care Services have registered the pre- schools. A grant of Rs.15/= per child is paid by the Government and the Department has trained the pre- school teachers at the School of Social Work. Further, issues of free milk powder have been made by the Ministry of Social Services and the Department of Probation and Child Care Services.

Certain womens' groups have organised open air variety shows by the pre-school children on festive occasions.

Cottage Industries

The members of the womens' groups engage in cottage industries which are suited for their different districts. Cottage industries for the making of dried fish, coir rope, bobbin lace, fruit processing (wine making) and poultry breeding are some of the activities undertaken by the womens' groups to supplement their family income.

Savings and Thrift

The members of fishery cooperatives had failed to practise savings and thrift in spite of the education programmes that were conducted earlier. But with the action taken by the womens' groups, savings have been effected by the women in Banks.

Insurance

The Insurance Corporation of Sri Lanka afforded to the fishery cooperatives in 1969, at my request, life insurance and accident cover at very low rates of premium. Soon after the implementation of the scheme, death occurred to a member of a fishery cooperative society in the South in 1970 while engaged in fishery. The Insurance Corporation of Sri Lanka granted exemption from the normal rules governing loss of life at sea, and compensation was paid to the members' family. In addition compensation was paid to injured members. Womens'

groups have been encouraged to have a continuity of the Insurance scheme.

Regional Meeting - Cum Workshop for Women
Cooperative Leaders - (July 4 - 17, 1982)

Two representatives from the Cooperative Fishery Women's groups participated at the Regional Meeting - Cum Workshop for Women Cooperative Leaders organised by the I.C.A. Regional Office and Education Centre at Hikkaduwa in Sri Lanka. Several delegates attended the Workshop from the South East Asian Region, and valuable experiences were gained by the two representatives. Their participation at the Workshop has been a source of encouragement to the womens' groups and it has enhanced their involvement in the groups' activities.

As shown above, various better living activities organised by the womens' group have played an important role in creating the foundation of self-reliant fisheries cooperatives during the last two years. The members of fishery cooperatives are taking a keener interest in the affairs of the societies.

In Sri Lanka, we have been able to implement various better living activities for the benefit of the members, due to the experiences gained from Japan. Similarly it is hoped that the participants to the seminar will carry with them any new impressions, if any, that they have witnessed during the study tours, and implement them to re-vamp the fishery cooperatives in their countries.

Promotion of Cottage Industries and other
Income Generating Activities among women
in Fishing Families

Women comprise 49.6% of the population in Sri Lanka. Of this, 80% live in rural areas. Approximately 60% of them are still engaged in agricultural activities, including fisheries. An analysis of the age distribution of the female population indicates that 39.6% are under 14 years of age and 48.8% are in the reproductive span of life.

The fisheries sector in Sri Lanka has a relatively high importance in the economy compared, to that of most other countries. The total value added by domestic fish production to the gross Domestic product in 1978 was Rs. 69.9 million. Total full time employment in the sector is about 80,000 persons. There are in addition a considerable number of part-time employees in distribution and in ancillary services like boat building. The industry supplied 63% of animal protein consumed by the population. About 3% of the population is engaged in fishing industry.

Before discussing about promotion of cottage industries and other income generating activities, it is important to find out the socio-economic conditions of women in the fisheries sector.

Socio-economic Conditions of the Women

The level of literacy in the fishing communities is much below than the national average.

Level of education

No schooling	11.35%
Primary (grades 1-5)	54.62%
Middle school	25.21%
Passed GCE (O/L)	1.26%
Passed GCE (A'L)	-
Not indicated	7.5%

The children in these communities are not education oriented, mainly because the parents themselves have no educational background.

Health

The healthiness of 70% of the fisheries household has been judged as being fair. The main sickness prevailing in the fisheries sector is Bronchial infections which is prevalent among adults as well as children. Diarrhoea, worm troubles and skin diseases may be mainly due to the lack of child care and lack of clean drinking water and latrines.

74% of the fishing communities have no way of sewage disposal and the beach is used for this purpose. 75% of the fishing communities have no access to safe drinking water. Boiled water is not used for drinking.

92% of the households consume protein in the form of wet fish or processed fish daily. The striking factor in the dietary habit is the insufficient amount of fruits, vegetables and green leaves consumed.

78% of the women in the fisheries sector are aware of family planning. But only 24% use any of the methods of family planning.

in this sector.

Infant mortality is also high/ Of the children that die 75% die before they are one year old.

The following table gives the age composition of women in the fisheries sector.

<u>Age</u>	<u>%</u>
1 - 20	3.46
21 - 25	8.23
26 - 30	18.18
31 - 35	16.88
36 - 40	15.15
41 - 45	14.75
46 - 50	7.36
51 - 55	6.93
56 - 60	3.90
61 - 65	2.60
65	2.59

Contd

The fertility rate in the fisheries sector is 4.1 and therefore is much higher than that of the national average. Women get married when they are between 19-20 years of age.

Daily Activities of Women in the Fisheries Sector

Only about 8% of women in the fisheries sector are engaged in some form of income generating activity. The reason for this is the low level of education coupled with the lack of vocational training, 60% of the women in the fisheries sector are solely occupied in cooking and looking after children. Apart from this role performed by women, in the case of migrant fishermen it also includes full responsibility of providing and managing household chores single handed while the man is away.

Participation of women in fishing activities is minimal in the eastern and north-eastern coasts. In the southern coast where there is lagoon fishing, women go out for fishing in the lagoon sometimes with the men-folk.

Cottage Industries in the Fishing Village

Women were revealed to play a major role in the production of handicrafts in the fisheries sector. Some women earned a supplementary income making baskets, table mats etc. Out of the raw materials available in the area, the palm that is mostly used for this purpose is called 'Watakeiya' growing by the sea-side. This type of activity generating an additional income needs little capital. They also incorporated traditional artistic features of the area of production. Women use traditional technologies to produce these handicrafts and engage in these activities during their spare time.

But there are certain constraints to the development and expansion of this type of occupation. Inability to obtain greater supplies of raw-materials and credit facilities and the lack of marketing outlets are some of them.

Contd

The 'Watakeiya' leaf that women depend on as a raw-material is quickly exhausted if not replenished. Since no effort what-so-ever is taken to replant the growing of this palm, women have to buy them usually at the rate of 10 cts. a leaf from other villages.

This is difficult due to lack of capital. Apart from this, due to lack of proper marketing outlets middlemen buy the finished goods from the women at very low prices - a table mat is usually bought at the rate of Rs. 2.50 each and ends up in the tourist shop at Rs. 15/= each.

Specially in the southern coast women were engaged in lace-making. In Koggala(Galle) which is strongly influenced by the tourist - industry, women are engaged in lace-making during their leisure time. They earn an income selling the hand-made lace to the tourists. But culturally and otherwise, they are not influenced by the tourists. Here again sometimes middleman shop owners buy the lace from the fisher-folk and sell it for a higher price to the tourists.

Many women expressed their interest in commencing poultry farming. But could not fulfil their aspirations due to lack of capital.

The majority of women in the fisheries sector are engaged in the coconut fibre industry. The coconut husk is left to soak in inland waters for a period of 8-9 months. The husks are then fetched out of the water, beaten and then processed. Fibre is used to make coir-ropes, brooms, door-mats etc. This industry is done traditionally as a cottage industry. Women have been engaged in this type of activity for centuries. The hand beating of the coconut husk is hard, laborious and time consuming.

This industry is existent particularly in the south-western coast where there are inland waters and lagoons (e.g. Koggala).

Apart from selling the processed fibre and finished goods, women also earn an income fetching the soaked husks out of the water. Rs. 3/= is earned per trip for fetching about 150 husks from the water.

Contd

Even school girls earn as much as Rs. 10/= a day beating coconut husks. But this occupation is seasonal due to the insufficiency of coconut husks to work throughout the year. In the south-western coast women sometimes went to the nearby villages during day time, to beat, coconut husks when it was not available in their own villages.

Once more the problems cited as obstacles to the expansion of the industry were the lack of raw-materials and non-existence of proper marketing facilities. Middlemen bought processed fibre at a low price from women and sold it at a higher price to the coir industries in the nearby urban areas.

Programme for the Socio-Economic Upliftment of Women in the Fisheries Sector :

For the women in the fisheries sector, there are three on going programmes geared towards socio-economic development.

1. Female Resource Development in the Fisheries Sector carried out by the Women's Bureau of Sri Lanka.
2. Mahila Samithi project carried out in collaboration with the Ministry of Fisheries.
3. Programme carried out by the Sri Lanka Fisheries Co-operative.

Women's Bureau Programme

The Women's Bureau of Sri Lanka in the Ministry of Women's Affairs & Teaching Hospitals in charge of promotion and co-ordination of development activities for women has included the fisheries sector in its overall country programme for rural women.

The Women's Bureau conducted a survey in eight fishing villages predominantly engaged in coastal fishing in order to obtain information on women in the fishing communities. This study entailed the identification of ways and means of enhancing women's role, contribution and data pertaining to the living conditions and work at household and village levels in the fishing communities..

Contd.....

Considering the facts given above the Women's Bureau of Sri Lanka launched a project for women in eight villages selected for the survey in collaboration with the Welfare Division of the Ministry of Fisheries. In 1984, it was intended to cover more villages.

Objectives

1. To create new income generating opportunities for women of all ages and train them in productive skills, home-gardening and other skills associated with the fishing industry and gear towards income generation.
2. To select women leaders from the fisheries sector.
3. To develop the women on the Fisheries Sector as a potential resource for national development.
4. To introduce appropriate technology which help women in easing their burdens and responsibilities in day to day household chores.
5. To train women in family-health education with a view to improving leadership skills in family-health education e.g. child care, maternity care - both pre-natal and post-natal, health education environmental improvements, use of boiled drinking water use of clean toilets, improving the nutritional status of the family, avoidance of waste, financial management (both in the home and in the enterprise)
6. To arrange adult literacy programmes

Activities

1. Setting up of a steering committee, with the Ministry of Fisheries.
The committee comprising the following -
 - i. A representative from the M/Fisheries (Welfare Division)
 - ii. A representative from the Institute of fish technology
 - iii. Director, Women's bureau of Sri Lanka.

Meetings will be held at regular intervals for the purpose of reviewing the progress.

Contd

2. Meetings of the Fisheries Inspectors and Development Officers in consultation with the Ministry of Fisheries in order to explain the project.

The ultimate aim of the project is to improve the living conditions of families in the fishing communities. This can be achieved by involving these women in a training programme geared towards income generation. This involves training of women and girls of the fisheries population and also provision of technical and financial assistance for income generating activities for women who are employed. The impact of these projects has been amply demonstrated by the programmes in the fisheries areas in Sri Lanka already identified specially - Matara, Galle, Puttalam, Kalutara, Tangalle, Amparai, Batticaloa and Trincomalee. The results of these programmes indicate that the training which the women received has had a great impact on their attitudes about development and about themselves. Thus in evaluation sessions, most of the women pointed out that they had greater confidence in themselves and in the role indicated and that their position in their families and their family life in general had notably improved as a result.

The second stage of the training programme is the selection of women leaders, women leaders will be selected on the ratio of one per 50 families. Selection will be done by the development officers and Fisheries Inspectors in consultation with the existing fishing societies.

Training Activities in the First Phase

Training programmes are conducted in the village identified. The duration of the course being approximately 30 days. At the end of the training programme the trainees identify for each village the possible income generating activities. In doing so priority is given to availability of marketing facilities and local resources. The training of the women is the responsibility of the Development Officers,

Contd

the Fisheries Inspector and the staff of the Women's Bureau. Resource persons from relevant institutions are drawn and field workshops are organised. The women selected are given a training in the following :-

- (a) Adult Education
- (b) Family Health Education
- (c) Income Generating Activities
- (d) Community Development
- (e) Role of women in the fishing Industry

Training activities in the second phase :-

Identification of needs in community development through the selected women leaders.

- (a) Health Improvement
- (b) Educational requirements
- (c) Income generation
- (d) Community services

The women leaders will participate in these specialised short courses.

Evaluation :

Evaluation is done through monthly meetings, field visits, progress reports, seminars and steering committee meetings.

Importance of promoting income generating activities among women:

1. Women can earn an additional income while, being at home looking after children and attending to household chores.
2. This would facilitate to minimise the poverty among fisher folk. Studies have revealed that women's contribution to household income, provides the means to meet basic survival needs such as food, clothing and shelter.

Contd

3. Women's contribution makes possible the improvement in the , health and nutritional status of young household members.
4. It would facilitate to preserve the traditional skills.

Organising Women

- A. Identify an implementing agency. It can be a co-operative, Non Governmental Organisation or a government agency.
- B. In the first instance it is important to select areas where these activities could be carried out more effectively, When selecting these areas the following have to be considered.
 1. Areas where traditional handicrafts prevail
 2. Availability of time of the fishing women to engage in income generating activities.
 3. Literacy of the women
 4. Availability of marketing facilities.
- C. A feasibility study has to be carried out in these areas, in order to find out the needs of the women and to ascertain whether it could be achieved.
- D. Selecting a target group
- E. Training of women

Training should be done to :

- Enhance their returns potential in income generating activities
- Increase their productive activity in new sectors and ensure the availability of complementary resources (e.g. Land & credit)
- Create and strengthen community level associations, co-operatives and unions to increase women's collective access to productive resources.

F Provision of Credit Facilities

Credit facilities could be provided through banking institutions. For this purpose women could be organised into co-operative societies.

Contd

G. Marketing

Marketing of the product could also be done through the co-operatives. It is important that the women should get the information regarding market trends and demands.

The co-operative is the only grass root level organisation which up to now, has had a big impact on the fishfolk by providing credit and fishing crafts, and marketing facilities.

The co-operative movement has also made an important contribution in the field of small scale and cottage industries. The labour intensive character of small-scale industries has also, helped to expand the employment potential and has naturally, added to the income of the women who individually were not able to take measures for improving their economic life.

Therefore the Fisheries Co-operative Union, should take up the cause of organising women, in promoting income generating activities and providing facilities, in improving the conditions of women.

Through the experience gained by working with rural women, I would like to say, it is the self-reliance of the individual which ultimately, leads to the success of any activity.

S.M. SUMANASEKERA
Acting Director,
Women's Bureau of Sri Lanka

SUB REGIONAL SEMINAR ON FISHERY COOPERATIVES
COLCMBO - SRI LANKA

G R O U P A

Participants:-

1. Mr. A. Barman - Chairman.
2. Mr. Iqbal Hussain - Joint Secretary.
3. Mr. Soetrisno Iman - Joint Secretary.
4. Mr. Narin Chutivisuti.
5. Mrs. Sudsawat Tansiripattanakul,
6. Mr. S.K.K. Barakkattulla.
7. Mr. E.G.A. Somasiri.
8. Mr. Roy Fonseka.

PROBLEMS OF FISHERY COOPERATIVES

The group discussed in depth the problems faced by the Fishery Cooperatives in the region in carrying out their activities.

The following problems have been found to be common to the Fishery Cooperatives in all the participating countries. The problems have been discussed under four major heads namely Human Resources, Infrastructure facilities, Management structure of Fishery Cooperatives, and Cooperative Systems vis-a-vis the government policy.

HUMAN RESOURCES

1. Lack of awareness among the fishermen about the basic rules and laws of the Coop. Management.
2. Lack of motivation among the fishermen in Coop. venture.
3. Lack of awareness among the fishermen about the modern technology in aquaculture, both in fresh water fisheries and Brackish Water fisheries.

4. Lack of awareness of the fishermen members about modern design of vessels and gears - their operation and services.
5. Lack of basic education of fishermen members.
6. Indifference and detachment of fishermen members towards improvement of their living condition.
7. Lack of saving habit of the fishermen members.

INFRASTRUCTURE FACILITIES.

1. Lack of marketing facilities.
2. Lack of storage facilities including cold storage and of processing plant.
3. Non availability of institutional finance.
4. Non availability of fishery requisites and fishing inputs locally and on time.
5. Non existence of community shelter and canteens near the fish landing centres.

MANAGEMENT STRUCTURE OF FISHERY COOPERATIVES

1. Lack of trained personnel in the fishery cooperatives.
2. Lack of dedicated members in organisational activities.
3. Lack of awareness of the Board of Directors of Fishery Cooperative Societies about the rules and laws of Fishery Cooperatives.
4. Lack of awareness of Board of Directors in the modern and scientific aquaculture and also the design and operation of fishing crafts and gears.
5. Exploitation of poor members of Fishery Cooperatives by the middlemen.

COOPERATIVE SYSTEM VIS-A-VIS THE GOVERNMENT POLICY

1. Lack of government interest in the successful functioning of fishery cooperatives in some cases.
2. Rigid control and undesirable interference by the Govt. in the Cooperative system in some cases.
3. Lack of adequate government policy with regard to over exploitation of fishery resources & conservation of Fishery resources.
4. Lack of proper govt. policy with regard to the leasing leasing out of inland fishery resources owned by the govt. to the Fishery Cooperatives.
5. Absence of economic assistance by the government in improving the condition of Fishery Cooperatives.
6. Absence of the proper government policy with regard to the training of the personnel engaged in Fishery Cooperatives.
7. Struggle of power between fishery ministry and coop. ministry in controlling the fishery cooperatives in some cases. i.e. dual control of the cooperatives by two ministries.
8. Lack of motivated and dedicated government servants in guiding the Fishery Cooperatives.
9. Absence of any clear cut definition of membership of Fishery Cooperatives.
10. Lack of adequate survey by the Government with regard to fishery resources, particularly in relation to the Fishing grounds in marine fisheries.
11. Lack of proper government policy with regard to the fishing rights of inland Fishery resources owned by private individuals.
12. Absence of any government policy with regard to prevention or control of pollution of Fishery resources, particularly in inland Fishery.

13. Absence of any government policy for giving preferential treatment to fishery Cooperatives over others engaged in fisheries.

RECOMMENDATIONS:-

I. ORGANISATION OF FISHERY COOPERATIVES

The participants feel that the Cooperative structure in each country should be designed in such a manner that it fulfils the expectations of Coop. Movements. The members favoured the dynamic rather than the conservative approach to the Coop. structure. Most of the members of work subscribe to the view that the Cooperative should have three tiers namely Primary, Secondary and Apex.

The participants feel that the relation between the Primary, Secondary and Apex level Society should be so formulated that one supplements the functions of the other. The participants further feel that the functions of each tier should be well defined. So that there exists no scope in overlapping the functioning of one with the other.

The participants make the following recommendations:-

1. The area of operation and the size of the Primary Society should be such that it can carry on the economic development programme expected of Cooperative Movement.
2. The Primary Society should be so organised that it is economically viable in the sense that it can employ sufficient technical and managerial persons in carrying on its economic and other activities.
3. While organising Primary society the resource position & the infrastructure facilities available in the area should be kept in mind.

4. Only the persons who are genuine fishermen by profession should be enrolled as members of the the Primary society.
5. The members feel that the Secondary Society should not be just a loss federation to which primary society are affiliated. The Secondary Society should have the power to guide and influence the decisions of the Primary Society make some positive contribution towards national development.

(b) MANAGEMENT

The participants made the following recommendations in respect of the management of the Primary Society.

1. The Board of Directors should be elected from among the members of the society. There may be directors nominated by the Government in case where the Government aids are there.
2. The Directors should be there in Coop. system of management in inland and marine fisheries.
3. The Government office may be attached to the Primary societies to act as the chief executive officer to help the Board of Directors in technical and managerial matters.
4. The employees of the Primary society should be ~~trained~~ in Coop. Management. The Primary societies should engage skilled personnel to carry on day to day activities of the societies.

(c) Member Participation

1. There should be effective participation by all the members of the societies in decision making process.
2. The Annual General Meeting of the Society be held regularly.
3. The members should regularly meet at least **once** in every month to discuss the various

4. No member of the society should be engaged as an employee of the society. The group feels that in that case the master servant relationship between these members and the Board of Directors will be developed thereby jeopardising Coop. spirit.

(d) Member Relation

The group made the following recommendations with regard to the relations among the members.

1. There should be commonness of mind among members.
2. No member should look down upon other members.
3. There should be friendly relations among the families of the members.
4. Each member should share the feelings of the others.
5. The Coop. gain should guide members in there relations to one another.
6. Each member should feel that he is a part and parcel of the Organisation.

II. SUPPLY OF FISHING GEARS AND OTHER REQUISITES

The group discussed various issues relating to the supply of fishing gears and fishery requisites by the cooperatives and made the following recommendations:-

1. In most of the countries it is found that the Fishery Cooperative has got three tier system.

It is further found that the task of supplying fishing gears is not entrusted with the same tier of the fishery cooperatives in all the countries. This group feels that the Primary responsibility of procuring and supplying fishing gears and other fishery requisites should rest with the Apex Society. The Apex Society should channelise the fishery requisites to the primary society or the members of the Primary Society through the central Society within whose jurisdiction that Primary Society falls.

2. The Government should give preference to the Fishery Cooperative to other organisations with regard to the import of fishing gears and other requisites.
3. It is found that most of the participating countries import fishing gears. This group recommends that fishing gears should be manufactured by the Fishery Cooperatives of the respective country. Towards that end, the Cooperative Society should be allowed by the Government to import necessary machines liberally.
4. The Fisher women should be trained by Cooperatives in making nets.
5. This group recommends that the Apex Society should ensure that not more than 10% commission is charged by the Apex Society or Central Society in supplying the fishing materials to the primary society or its members.

6. This group recommends that the gears whose worth are more than \$ 100 supplied should be insured.
7. The Apex Society should undertake experiments from time to time with regard to the new design of gears so that the most productive and effective gears are supplied to the Primary Society or its members.
8. It is found that there is over exploitation of marine fishery resources in most countries. The group recommends that the govt. of every country formulates a policy whereby the persons who are not fishermen by profession are not allowed to procure fishing gears.
9. The Government and the National Cooperative Union should undertake programmes for training the personnel engaged in Fishery Cooperatives in fishing material Management.

III. MARKETING OF FISH AND PROCESSING

The group recommends the following with regard to the marketing of fish and processing:

1. The Primary and each of the Secondary societies should ensure that there is no distress sale of catch by the fishermen members.
2. The Primary and or the Secondary society should directly participate in/auction of fisheries wherever necessary.
3. In some cases the Primary and or Secondary Society may act as wholeseller where necessary.
4. The Society should supply fish directly to the consumers on reasonable prices, which needs the societies to open retail stores.
5. The societies should provide storage facilities including cold storage to the fishermen members.
6. Ice plant and freezing plant should be set by the Society where necessary.
7. The Societies should provide transport facilities to the members. The transport facilities may include insulated boxes, vans etc.,

8. The market prices of different kinds of fish should be communicated by the societies to the fishermen members regularly.
9. Some of the fishermen members should be trained in marketing management.
10. The societies should set up processing plants where necessary.
11. The Apex Society should be given the responsibilities of promoting exports of fishery products processed by the Primary societies.
12. The Apex society should have a qualify control unit to examine ^{that} fish and the fisheries products supply by the Primary and Secondary societies are of desirable quality. Some of the Secondary societies may also have their own quality control units if their financial position so permits.

IV. CREDIT FACILITIES

1. The group feels that credit is the most important input in effective and smooth implementation of economic development programmes to be undertaken by the Fisheries Cooperatives.
2. The group makes the following recommendations in relation to the availability of credit to the Fishery Cooperatives:
 - (a) It has been found in all the participating countries that the fishermen members of the Cooperatives are invariably exploited by the middlemen and private money lenders by lending money to the members at exorbitant rate of interest. Hence, the group feels that the government of every country formulates a suitable policy whereby the Private money lenders are prevented from operating in the Zones of Fishermen's Societies.

- (b) It has been found that the Primary and the Secondary societies do not bear any credit Banks with the Cooperative Banks operating in the area. Hence, the group recommends that the Primary and the Secondary Fisheries Cooperatives should have banking relations with the Cooperative Bank or Banks in each country.
- (c) It has been observed that unlike the Primary agriculture cooperative society which can draw loan from the cooperative Bank's or the Nationalized banks for channelising the same to its members the Fishery Cooperatives do not have such facilities. Hence, the group feels that there should be a definite government policy by which the fishery Primary and Secondary societies can work along the line of agricultural cooperative societies.
- (d) The Government should ensure that top most priority is given by the Cooperative and nationalized banks in financing the Fishery Cooperatives.
- (e) It has been observed ^{that} the Fishermen of all the participating countries constitute the most economically and ~~socially~~ backward community of the country. Hence, the Government should ensure that the Cooperative and the Nationalized Banks provide credit at nominal rate of interest. In some cases the Government may subsidise the interest to encourage the societies to take ~~to~~ vital economic development programmes.
- (f) The Cooperative and nationalized banks must not insist on co-lateral security from the Fishery cooperatives while financing them.
- (g) There should be two types of credit facilities namely short term and long term.

- (h) As most of the Fishermen members of the Fishery Societies are illiterate, it is essential that there should be simplified procedures in getting bank loans.
- (i) To make the schemes undertaken by the societies economically viable it is necessary that at every stage of implementation of the schemes, bank, supervisions and guidance are there.
- (j) It has been found that most of the fishermen members are very conservative and orthodox in their approach to new programme.

Hence, to attract the members to the bank's doors the Government should give some subsidy on new programmes.

- (k) The areas in which the credit facilities should be available to societies should include capital investment on purchase of crafts and gears, construction of stores, Ice plants and of processing plant and purchase of tracks, insulated vans etc.
- (l) As Marine Fisheries are seasonal in nature the Government may enumerate a policy whereby the Bankers may provide consumption loans to the members of the Marine Cooperative Societies during the off season.
- (m) In order to supplement the income from the fisheries, the Bankers should provide loans for carrying on viable economic activities by the fishermen or by the members of their families.
- (n) The Government should ensure that the inland Fishery Resources namely tanks and ponds owned by the Government are leased out to the societies in such a manner that Bank Credit is available for aquaculture purposes.

V INSURANCE

It is found that insurance of boats etc is rather a new concept in most of the participant countries. The group feels that insurance should be treated as one of the important inputs in the economic Development of the Fishery Cooperatives. The Group makes the following recommendations regarding the insurance:-

- (a) Insurance coverage should be given top most priority by the Government by laying down policies for the Fishery Cooperatives.
- (b) As the insurance programme is yet to take any definite shape in most of the participating countries it is essential that to start with the Government should subsidise the premium to be paid by the Fishery Cooperatives or their members in respect of different insurance schemes.
- (c) It is found that in some participating countries Insurance company is not coming forward to formulate and take up insurance schemes in Fishery Cooperatives. The Government should ensure effective participation of Insurance companies, in Fishery Development programmes.
- (d) As the Marine Fisheries are capital intensive, it is essential that the crafts, gears and other accessories used by the members of Fishery Cooperatives in marine fishery are properly insured.
- (e) The Marine Fishery / ^{being} hazardous in nature, the lives of the fishermen members should be insured against accident, resulting in loss of lives, permanent disability, ill health etc.

- (f) As the culture fisheries are susceptible to disease of the fish, inadequate rain fall etc. it is essential that culture fisheries are brought under insurance programmes.
- (g) The successful farming in Brackish water fisheries depends on the optimum water salinity of the tanks and ponds. If there is ^{heavy} inadequate rainfall the salinity may decrease or increase to such an extent that the production is greatly hampered. Hence the insurance coverage in brackish water fisheries should include inadequate rainfall, heavy rainfall resulting in loss of crops.
- (h) Insurance may be against the inputs used or against the production of crops expected.
- (i) The Insurance Coverage should also include Disease of brood stock, Fingerlings, and of fish including shrimps in brackish water fisheries.
- (j) Similarly fresh water fisheries should be properly insured against accident, disease etc, resulting in damage of Crops.
- (k) Business activities carried out by the Fishery Cooperatives should be brought under insurance contract.
- (l) There should be an old age welfare insurance scheme for the fishermen members.
- (m) The development activities carried on by the Fishery Cooperatives should also be brought under Insurance contract.
- (n) The group feels that the methodology, the quantum of premium to be paid, the eligibility criteria etc., may differ from country to country depending on the local situations. Hence, the group does not recommend fixed and rigid formula on these points.

VI BETTER LIVING ACTIVITIES BY FISHERMEN

The group makes the following recommendations in respect of better living activities by fisherwomen.

- (a) As the women basically run the households, the involvement of the women in decision making process of family activities is a must.
- (b) With a view to making the participation of the women in the decision making process effective and productive it is necessary that each and every fisherwoman becomes conscious of her duties and responsibilities. Towards that end, adult education and children education programme should be taken up in the fishermen's villages by the women's wing of the fishery cooperatives.
- (c) To strengthen the voice of the women in decision making process, it is necessary that the fisherwomen also actively involve themselves in the generation of the family income.
- (d) The Fisherwomen may participate in the income generation machinery by involving themselves at certain stages of the production of fish in aquaculture, fish catching in marine fisheries, in the processing of fish and in marketing the fish or in fisheries products. Towards that end, the fishery cooperatives should undertake necessary programme.
- (e) The fisherwomen may supplement the family income by taking up new schemes on cottage industries, agro-based industries and the like. The fishery cooperatives with the assistance of the technical officials of the Govt. should take up suitable programme for training the fisherwomen in cottage and agro based industries.

- (f) Imparting training to the fisherwomen in cottage and agro-based industries does not by itself itself signify any thing unless it is followed up ^{by} credit and marketing facilities. The Fishery Cooperatives may make necessary credit available to the fisherwomen for taking up such production oriented activities. As regards marketing of the products, the Govt. should help the Cooperatives in as many ways as possible.
- (g) Saving habits among the fisherwomen should be cultivated so that in the off season the households can fall back upon the savings for their livelihood. Not only that, such savings may also lead to the formation of the capital necessary for undertaking supplementary income generating activities.
- The Fishery Cooperatives should give top most priority for organising the fisherwomen towards this goal.
- (h) The Fishery Cooperatives with the close cooperation of the Govt. officials should impart necessary training to the fisherwomen in health and hygiene and family planning. The group feels that unless the women are made aware of the fundamentals of the family health and family planning all round rapid development of fishermen's households are not possible. Hence, this should also be given priority by the fishery Cooperatives while organising the fisherwomen.

SUB REGIONAL SEMINAR ON FISHERY COOPERATIVES
COLOMBO - SRI LANKA

G R O U P B

Participants:-

1. Mr. Anton Atapattu - Chairman.
2. Mr. Pedro Balundo - Joint Secretary.
3. Mr. Mongkol Watcharangkul - Joint Secretary.
4. Mr. Kittikam Nakabut - member.
5. Mr. Parasetya Hadi - member.
6. Mr. Mofizur Rahman - member.
7. Mr. Ahamad Ridzuan Nasir - Member.
8. Mr. A.F.W.Silva.

PROBLEMS FACED BY THE FISHERY COOPERATIVES IN THE REGION

1. Fishing Organisation

Absence of fishermen organisations which act a media between the government and fishermen.

2. Fishing Boat.

Insufficient capital for the procurement of boat and engine or a larger boat instead of purely technical improvement of old fishing boats.

3. Fishing Gear and fishing technique

Generally fishing boats used by fishermen are more or less primitive in nature which do not anymore suit to the condition of the area in helping up with the demand for more production.

4. Fishermen

Fishermen lack the necessary skills training necessary for the kind of fishing activities in the the area. Although there are training institutions but the kind of training being offered is centered more on trawls and long line fishing techniques only.

5. Fishery Infra-structure

Fishery infrastructures such as fishing harbours, fish marketing facilities, ice making factories, freezing plants, cold storage and engine shops are not given much attention most country's fishery development plans do not incorporate fishery infrastructures as mentioned above.

6. Fish Preservation and Processing.

The most common methods of processing fish in most countries are sun drying, salting and fermenting. These methods are only good for fish consumed locally but not for export purposes which is an important component in the development of fishery industry.

7. Fishery marketing systems

There is no network of fishery cooperative societies that take charge in the marketing activities nationally and even internationally. So that fishery cooperatives can be protected from the manipulations of local and foreign middlemen.

8. Fishery legislation

Most fishery legislation has been worked out mainly to secure a good budget for maintaining national fishery offices, instead promulgating laws relevant to the conservation of fishery resources and education of fishermen. If there are laws in most cases they are not properly implemented by the proper agency.

There is also a fragmented legislation for inland off shore and in shore fishery, which leads to unbalanced development of fishery industry.

9. National fishery offices

Almost every country has a national fishery office but the personnel/officers of that office are biased towards law enforcement and other fishery support activities such as biological research and the like thus, the national office becomes an enemy of the fishermen and fishery industry itself.

10. Insurance Coverage.

Some countries do not have adequate cooperative insurance systems for the fishermen including fishing paraphernalia, especially exclusive for the cooperative society members.

RECOMMENDATIONS:

i. ORGANISATION OF FISHERY COOPERATIVES

1. Structure:

The group recommends that all Cooperative Organisations must follow or abide to the provisions stipulated in the 1948 Cooperative Law as illustrated below:

MEMBERSHIP

- INTERNATIONAL LEVEL - NATIONAL/APEX ORGANISATION
- NATIONAL LEVEL - SECONDARY ORGANISATION.
- SECONDARY LEVEL - PRIMARY ORGANISATION
- PRIMARY LEVEL - INDIVIDUAL MEMBERSHIP.

2. Management.

The group recommends that the management of fishery cooperatives shall be governed by the management staff in accordance with the policies, instructions, regulations and by-laws of the respective cooperative organisation, made by the board of directors and the general membership or as agreed by the registrar of cooperatives.

3. Member participation and member relations

It is recommended that fishermen may be admitted to a fishery cooperative provided that he complies with the following conditions:

- (a) Pay entrance/membership fee;
- (b) Subscribe and holds share capital to a minimum one share;
- (c) be of legal age and possess good moral character.
- (d) Abide by the rule and regulations of the Cooperative Organisation and other issuances;
- (e) Such participation is subject to the approval and other conditions specified by the board of Directors /Management or the registrar of Cooperatives;
- (f) Willing to participate in any activities of the primary cooperative including its federations and unions;

II. SUPPLY OF FISHING GEARS AND OTHER REQUISITES

1. Fishing gears and spare parts should be freely available in the market. If possible distribution must be handled by the Cooperative Societies network from the primary, national and international level federations.
2. Importation fishing gears, engines and spare parts and other fishery cooperative requirements such as oil, fuel and raw materials must be exempted from taxes of whatever nature.
3. Because of the capital intensive nature of fishing boats, engines etc., the capital cost of these items should be subsidized by the government. The fishery cooperatives should be given a longer grace period for the repayment of loans.
4. Institutional credit facilities for the fishermen's cooperatives should be made available at low rates of interest.
5. License for modern and sophisticated communication systems including radar and /or satellites must be approved and issued to cooperative network such as fishing boats, fish landing area, fishing headquarters, lorries and other transportation facilities owned and managed by cooperatives.

I. MARKETING OF FISH AND PROCESSING.

1. In this context, all catches by the member fishermen must be brought/landed at the places/base selected by the respective organisations for either trading, auction or consignment.
2. Considering that most of the members of the fishing cooperatives are poor, the Government must provide financial support in terms of initial capital to fishery infrastructure, marketing, processing plants, ice plants, fish cold storage, and Blast freezer and the like in any suitable terms and conditions.

3. Marketing of fish and fishery products should be undertaken exclusively by cooperative organisations and their federations.
4. Supply of fish and fishery products for the use of government agencies and institutions such as armed forces, Ministry of Health (Hospitals) police depots etc.- priority must be given to the fishing cooperative organisations, the price of which is guaranteed by the cooperative marketing system.
5. Governments foreign trade policy must provide security measures for marketing of fish and fishery products of fishery cooperative to other countries based on prevailing institutional market price.

IV. CREDIT FACILITIES.

1. Primary Cooperatives should establish special savings scheme for the capitalization of Cooperative Banks established at a certain political unit level, i.e. Province, District etc. Cooperative Bank avails of rediscounting privileges of the Central Bank and give out loans to the primary and secondary organisation members.

2. Financial assistance from whatever source given to fishery cooperatives should be strictly limited only to a very sound and functional organisation to avoid problem of collecting loan repayments.

Intensive feasibility study on the specific project to be undertaken by the Cooperatives must be a basic requirement for a loan application.

3. Government institutions implementing and supervising the Cooperative programme should provide in its yearly budget separate allocation for loans outlay, i.e. a Cooperative development loan fund. This fund should not be used for any other purpose except for loaning

purposes following the procedure in recommendation 2 there should be some kind of soft loan with a very minimal rate of interest.

4. The Government must give authority to the national cooperative unions/federations to negotiate financial assistance from local or foreign sources. This national Organisation must be guaranteed by Govt. banks in securing foreign assistance. (Off shore loan).
5. Members of fishery cooperatives must have an account in a Government bank, fishery cooperative bank or any cooperative bank and any government guaranteed share market.
6. Loan assistance from whatever source must be in the name of Cooperative Organisations instead of giving it directly to member fishermen.

INSURANCE FACILITIES

1. Primary fishery cooperatives must set aside special fund to capitalize cooperative insurance system to be organised at the national level. Whatever amount initially contributed by the different primaries will be augmented by loans given to the insurance system coming from the Government.
2. The Cooperative insurance system should be registered by the Government through its authorized agency.
3. The Cooperative Insurance systems should be exclusively for the members of the fishermen's Cooperatives.

4. The coverage of the insurance must include all aspects such as life, accident, boat insurance, fishing gear and fishing paraphernalia credit insurance infrastructure facilities and the like.
5. The countries which do not have fishermen's cooperative insurance must adopt and implement insurance systems for the members of the fishery Cooperatives.

VI BETTER LIVING ACTIVITIES

1. Promotion of Savings

- (a) At least 1% of the gross catch must be compulsorily saved by individual fishermen under a separate savings account specifically for better living activities. This must be incorporated in by-laws of the Primary cooperative organisation. In case of emergency a member fisherman concerned is entitled to apply for a loan upto 75% of his savings without any interest.
- (b) At least 1% should be automatically retained from production loans obtained by member fishermen from financial institutions. The proceeds should be credited to the savings account stated in item(a).

2. Supplementary Income Generation

- (a) Government institutions like the Ministry of Agriculture, Livestock Industries, Cottage Industries, etc. should formulate and implement small scale integrated semi commercial projects with the participation of the member fisherman's family as a source of supplementary income generation.

3. Education

(a) For better living, educational facilities are essential to member fisherman, his wife and for the children. Fishermen's Cooperatives should undertake informal education member fisherman, and the formal education of children should be undertaken by Government institutions. In the formal educational institutions students Cooperatives should be promoted and subjectes on cooperatives must be incorporated in school curricula.

4. Health and Hygiene

- (a) Public health authorities and the cooperative / societies must educate member fishermen in maintaining good hygenic conditions and to be aware of cleanliness of the environment.
- (b) Government institutions should provide proper housing and sanitation system in fishing villages. The fishermen's Cooperative societies should assist fishermen in self-help housing schemes, construction of village roads etc.
- (c) Foreign and local assistance must be provided in health care schemes of fishing villages.

SUB REGIONAL SEMINAR ON FISHERY COOPERATIVES
COLOMBO - SRI LANKA

E V A L U A T I O N

1. The Seminar was (a) Very useful.
(b) useful
(c) not useful.
2. The study visits were (a) Very useful
(b) useful
(c) not useful.

If the answer is a or b please give at least 3 observations you have made during the Seminar which came useful and may be implemented in Fishery Cooperatives in your country.

If the answer is c please state the reasons.

3. Any other comments or suggestions in the Seminar and study visits: