



## FISHERMAN – FINANCIALLY LITERATE OR NOT? A KERALA PERSPECTIVE

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### ABSTRACT :

*Kerala is one of the fastest developing state in India. The overall development in Kerala is far ahead when compared to other states in India. Because of which Kerala is known as a second generation state. People of Kerala have been very much uplifted in various spears of life such as socio-economic activity and education. Even though the state is said to be highly developed, there are various deprived social groups who are far behind from the mainstream of development. Fishermen community is one of the prominent group in Kerala social system but they are deprived of various socio-economic amenities. The central Government, State Government, RBI and NGO's have conducted various measures to uplift the standard of living of fishermen community through financial inclusion. Social audits show that these measures are not as effective as expected in connection with fishermen community. They are still unaware of modern financial market, financial instruments and intermediaries. The various policies taken by various bodies are ineffective and does not have a positive impact among the fisherman community as expected. The study thus tries to evaluate the financial literacy of these deprived groups and also try to measure the efficacy of the financial literacy programs implemented by RBI and Central Government.*



**KEYWORDS :** Financial literacy , fisherman , financial literacy programmes ,RBI , Deprivation .

### 1.INTRODUCTION

Financial literacy is the ability to understand how money works in our day to day activities and how an individual manages it, how he invest it and how a person offers it to others. It refers to the set of skills and knowledge that allows an individual to make informed and effective decisions with all of their financial resources. Financial literacy can be achieved through only financial education. According to Pennsylvania State University Sokolov-Miller Family Financial and Skills Centre there are five competencies of financial literacy which are Earnings, savings and investing, Spending, Borrowing, Protecting.

As you make financial decisions each and every day, you should use these five building blocks for managing and growing your money. As an Individual needs to make financial decision in their day to day activities they should use these five benchmarks for effective managing your funds.

Since India is the second populated nation in the world, it's a herculean task for the central bank to educate the financially illiterate. Central bank of India is RBI.

India is home to 17.5% of the world's population but nearly 76% of its adult population does not understand even the basic financial concepts. RBI has formulated and implemented many projects in order to inculcate the financial literacy the needy. But the real fact is majority of the adult population is not at all aware of formal organised financial system. They don't know the benefits of being involved in formal financial system. The main objective of this study is to analyse the role of financial literacy initiatives by RBI.

A hub-and-spoke approach to strengthen the financial capabilities of communities has been adopted wherein CFL function as a hub for training and learning, creating trained human resources from communities within the block. Subsequently, these trained human resources drive outreach in their respective communities as spokes.

NGOs work with low income communities to build their financial capabilities. The trainers and community financial health workers engage with the community and deliver financial education. Anganwadi teachers, Asha workers and self-help group leaders who demonstrate good communication skills are recruited from amongst the community. Peer learning and participatory learning methods are among the key components of the pedagogy.

A mass awareness campaign is initially conducted targeting 100 people in a village. Subsequently, interested participants are divided into batches of 25 and focused 3 day training programmes are conducted for these participants for about 3-4 hours per day. This reinforcement helps the participants build knowledge and skill to choose appropriate financial products and services.

As a first step, influencers, viz., members of SHGs, farmer's federations, panchayati raj institutions and health workers are identified and named as "Change Agents - CAs". They are then nurtured and equipped with knowledge, and ways of behavior change, through a series of multiple and repeated literacy sessions.

A suitably designed digitally equipped vehicle is being utilized to reach out to ensure that both illiterate people and people in far-flung areas are targeted. This Digital Financial Literacy Vehicle contains financial literacy material, audio/ video (power point, demo equipment, etc.) and is managed by a block counselor.

## 2. OBJECTIVES OF THE STUDY

1. To analyse the level of financial literacy of fisher man community
2. To find out the effectiveness of financial literacy centres on financial literacy of fisher man community.

## 3. STATEMENT OF THE PROBLEM

The fisher man community is the one of the prominent social group in the Kerala. There are also one among the deprived community in the nation as whole and Kerala as specific. The fisher man community is not up to the main stream socio economic level of Kerala's social system. Not only in the social aspects but also in the economic dilemma they are far short when comparing to the urbanised society. In the modern diversified era financial system become increasingly competitive due to technological advancements and rapid development of economy, the level adoption from the part of educated people itself is very low on the hands the the deprived community are very much struggled on the modernisation and complexity on the financial aspects, hence Central Governments, RBI and NGO's are put forward the idea of financial literacy . there are various schemes are implemented to improve the financial literacy of various social groups but its efficacy not properly determined . This is the time to social audit the impact of schemes on financial education on the fisher man community. Hence the study carried out.

## 4. METHODOLOGY

**4.1 Method of study:** The method of study is analytical as well as descriptive

**4.2 Data Source:** The study uses both secondary and primary data

**4.2.1 Secondary data:** The data were collected from newspaper reports, Central government publications, and articles published on various national international journals etc.

**4.2.2. Primary Data:** primary data collected from the fisher man community

**4.3 Sampling technique:** Purposive Sampling

**4.4 Sample design.**

Total of 120 samples are selected through a multistage process at the last stage adopted a purposive sampling.

**Table no.1**

KERALA					
ALAPUZHA		THIRUVANANTHAPURAM		ERNAKULAM	
MARINE	INLAND	MARINE	INLAND	MARINE	INLAND
30	10	30	10	30	10

The fishermen population of the state for 2015-16 is estimated as 10.24 lakh based on the projected population of Kerala as on October 1, 2015. Population of the state as per Census 2011 is 33.4 million. Hence the fishermen population is around 3.1 per cent of the state population. They reside in 222 marine fishing villages and 113 inland fishing villages of the state. Out of this, 7.88 lakh fishermen belong to Marine sector while 2.36 lakh fishermen belong to Inland sector. Alappuzha (1.90 lakh) is the district with largest fishermen population, followed by Thiruvananthapuram (1.70 lakh) and Ernakulam (1.36 lakh). . The number of Active fishermen in the state during 2015-16 was 2,33,126. Active fishermen are those fishermen who are engaged in fishing for their livelihood and are registered with Kerala Fishermen's Welfare Fund Board. During 2015-16, the number of allied workers in fisheries was 77,694. Allied workers are those engaged in fishery related activities for livelihood and are registered with Kerala Fishermen's Welfare Fund Board.

**4.5 Tools used for collection of Data:** Primary Data was collected by using an Interview Schedule specifically developed for the purpose.

## 5. DATA ANALYSIS AND INTERPRETATION

### General Financial Awareness

**Table 2**

Financial products	Fully aware	Aware	Unaware
<b>Banking services</b>			
Savings bank	65 (54.17)	49 (40.83)	6 (5)
Fixed deposit	39 (32.5)	52 (43.33)	29 (24.17)
Zero balance account	58 (48.33)	53 (44.17)	9 (7.5)
ATM	34 (28.33)	31 (25.83)	55 (45.83)
Housing loan, gold loan etc	42 (35)	33 (27.5)	45 (37.5)
Online banking	28 (23.33)	31 (25.83)	61 (50.83)
Mobile banking	22 (18.33)	29 (24.17)	69 (57.50)
<b>Social security</b>			
Insurance	36 (30)	38 (31.67)	46 (38.33)
Pension funds	18 (15)	23 (19.17)	79 (65.83)

**Literacy on Savings****Table 3**

Awareness	Fully aware	Aware	Unaware
<b>Institutional awareness</b>			
Commercial banks	15 (12.5)	49 (40.83)	56 (46.67)
Co-operative banks	38 (31.67)	49 (40.83)	33 (27.5)
Post office savings	29 (24.17)	74 (61.67)	17 (14.17)
Self Help Groups	57 (47.5)	34 (28.33)	29 (24.17)
<b>Awareness on Products</b>			
Awareness on opening a savings account	19 (15.83)	67 (55.83)	34 (28.33)
Awareness on operating an account	23 (19.17)	30 (25)	67 (55.83)
Awareness of nomination facility	27 (22.5)	29 (24.17)	64 (53.33)
Awareness on prevailing interest rates	19 (15.83)	29 (24.17)	72 (60)

**Literacy on Spending****Table 4**

	Strongly Agree	Agree	Disagree
My income is sufficient to meet my expenses	39 (32.50)	58 (48.33)	23 (19.17)
I have an estimate on my future expenses	13 (10.83)	62 (51.67)	45 (37.5)
I'm careful with my expenses	50 (41.67)	46 (38.33)	24 (20)
I continuously monitor my expenses	54 (45)	40 (33.33)	26 (21.67)
My financial situation limits my ability to spend on things that are important to me	36 (30)	57 (47.5)	27 (22.5)

Spending pattern (Average monthly expense)

**Table 4.1**

Food	Housing	Electricity	Education	Clothing	Social functions	Total
30	22	11	16	13	8	100

**Literacy on Borrowings****Table 5**

Source of Borrowings	Fully aware	Aware	Unaware
Commercial banks	12 (10)	56 (46.67)	52 (43.33)
Co-operative society	37 (30.83)	58 (48.33)	25 (20.83)
Self help groups	34 (28.33)	69 (57.5)	17 (14.17)
Fisheries board assistance	26 (21.67)	31 (25.83)	63 (52.5)
Private money lenders	53 (44.17)	37 (30.83)	30 (25)

**Table 6**

	Fully Aware	Aware	Unaware
Procedure for obtaining loan	17 (14.17)	53 (44.17)	50 (41.67)
Filling of application forms	15 (12.5)	48 (40)	57 (47.5)
Rate of interest	16 (13.33)	37 (30.83)	67 (55.83)
Number of installments	12 (10)	47 (39.17)	61 (50.83)
Security given	29 (24.17)	32 (26.67)	59 (49.17)

**Literacy on Investment****Table 7**

Investment avenues	Fully aware	Aware	Unaware
Fixed deposit in banks	21 (17.5)	61 (50.83)	38 (31.67)
Chitty (KSFE)	17 (14.17)	19 (15.83)	84 (70)
Chitty (SHG/Private)	57 (47.5)	39 (32.5)	24 (20)
Gold	79 (65.83)	33 (27.5)	08 (6.67)
Insurance	33 (27.5)	63 (52.5)	24 (20)

**MULTIPLE REGRESSION MODEL**

Combination method is used for grouping of different sets of Predictor Equations . There will be  $nC_x$  combinations in which 'n' stands for number of variables and 'x' for number of success (variables) in each combination.

Sets of Predictor equations from different combinations of independent variables viz, seven as total number of equations. From each of such combinations, the best fit predictor equation is taken on the basis of the highest values of Multiple Correlation ( R ) and Multiple Correlation Square (R<sup>2</sup> ) .

**V1 . Effectiveness of Financial Literacy Education Program**

- V1.1 .Sources of financial education,
- V1.2 .Influence of financial literacy education programs on fisher man’s investment decision behaviour,
- V1.3. financial education service package and consumer protection

**Table 8**  
**Best fitted Model summary**

Variables	Predictor Equations	R	R <sup>1</sup>
V1.1	$\widehat{v1} = 20.803 + 0.419V1.1 + 7.784$	0.701	0.492
V1.1 , V1.2	$\widehat{v1} = 12.781 + 0.389V1.1 + 0.266V1.2 + 5.898$	0.846	0.716
V1.1 ,V1.4 ,V1.3	$\widehat{v1} = 0.0001 + 0.33V1.1 + 0.33V1.2 + 0.33V1.3 + 0$	1	1

The Model of Predictor equation is :  $\widehat{v1} = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 \dots + \beta_n x_n + \epsilon$

$\beta_0 =$  Constant;

$\beta_1, \beta_2, \beta_3 \dots \beta_n$  are the Beta Co-efficient of the respective independent variables; and  $\epsilon =$  Estimation Error

One variable predictor equation shows Source of financial education is prominent in Effectiveness of Financial Literacy Education Program. Two variable predictor equation shows Source of financial education and Influence of financial literacy education programs on fisher man’s investment decision behaviour is prominent in Effectiveness of Financial Literacy Education Program

**V2 .Financial Literacy Knowledge**

- V2.1. The bank keeps customers informed about financial Frauds
- V2.2 The bank shows sincere interest in solving financial problems
- V2.2 The banks’ activities are accessible
- V2.4. Courtesy of customer service personnel on financial matters
- V2.5 Behaviour of banks’ personnel instils financial confidence

**Table 9**  
**MULTIPLE REGRESSION PREDICTOR MODEL**

Variables	Predictor Equations	R	R <sup>2</sup>
V2.2	$\widehat{v2} = 22.94 + 0.104V2.2 + 5.27$	0.249	0.122
V2.2 , V2.4	$\widehat{v2} = 26.478 + 0.149V2.2 + 0.124V2.4 + 4.785$	0.542	0.295
V2.2 ,V2.4 ,V2.5	$\widehat{v2} = 21.46 + 0.150V2.2 + 0.155V2.4 + 0.111V2.5 + 4.204$	0.667	0.445
V 2.2 , v2.4 , v2.5 , V2.1	$\widehat{v2} = 12.867 + 0.185V 2.2 + .157 v2.4 + 0.140 v2.5 + 0.159V2.1 + 2.252$	0.80	0.672
V2.2,V2.4,V2.5,V2.1,V2.2	$\widehat{v2} = 8.882 E-16 + 0.2V 2.2 + 0.2 v2.4 + 0.2 v2.5 + 0.2V2.1 + 0$	1	1

The Model of Predictor equation is :  $\widehat{v2} = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 \dots + \beta_n x_n + \epsilon$

$\beta_0 =$  Constant;

$\beta_1, \beta_2, \beta_2 \dots \beta_n$  are the Beta Co-efficient of the respective independent variables; and  $\varepsilon =$  Estimation Error.

One variable predictor equation shows the bank shows sincere interest in solving financial problems is prominent in Financial Literacy Knowledge. Two variable predictor equation shows the bank shows sincere interest in solving financial problems and Courtesy of customer service personnel on financial matters are prominent in Financial Literacy Knowledge. Three variable predictor equation shows the bank shows sincere interest in solving financial problems, Courtesy of customer service personnel on financial matters and Behaviour of banks’ personnel instils financial confidence are prominent in Financial Literacy Knowledge. Three variable predictor equation shows the bank shows sincere interest in solving financial problems, Courtesy of customer service personnel on financial matters, Behaviour of banks’ personnel instils financial confidence and the bank keeps customers informed about financial Frauds are prominent in Financial Literacy Knowledge.

**V3. Financial Literacy Programs**

**Table 10  
MULTIPLE REGRESSION PREDICTOR MODEL**

Variables	Predictor Equations	R	R <sup>3</sup>
V3.3	$\widehat{v3} = 29.729 + 0.202V3.3 + 5.022$	0.625	0.391
V3.3 , V3.5	$\widehat{v3} = 25.075 + 0.194V3.3 + 0.130V3.5 + 4.447$	0.732	0.535
V3.3 ,V3.5 ,V3.1	$\widehat{v3} = 18.743 + 0.201V3.3 + 0.172V3.5 + 0.126V3.1 + 3.966$	0.8	0.64
V 3.3 , v3.5, v3.1, V3.4	$\widehat{v3} = 9.901 + 0.230V 3.3 + .187 v3.5 + 0.161 v3.1 + 0.139V3.4 + 3.014$	0.893	0.798
V 3.3 , v3.5, v3.1, V3.4 , V3.3	$\widehat{v3} = 3.553 E-15 + 0.2V 3.3 + 0.2 v3.5 + 0.2v3.1 + 0.2V3.4 + 0.2V3.3 + 0$	1	1

The Model of Predictor equation is :  $\widehat{v3} = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_2 x_3 \dots \dots + \beta_n x_n + \varepsilon$

$\beta_0 =$  Constant;

$\beta_1, \beta_2, \beta_2 \dots \beta_n$  are the Beta Co-efficient of the respective independent variables;

and  $\varepsilon =$  Estimation Error

One variable predictor equation conveys that the behavior of customer service personnel inculcate financial confidence among the customers is prominent in financial literacy programs. Two variable predictor equation shows that the Behavior of customer service personnel inculcate financial confidence among the customers and their bank is continuously helping them to learn how to make fruitful spending decisions is prominent in financial literacy programs. Three variable predictor equation explains that the Behavior of customer service personnel inculcate financial confidence among the customers , their bank is continuously helping them to learn how to make fruitful spending decisions and their concern banker has helped them learn how to conserve fund for business expansion is prominent in financial literacy programs. Four variable predictor shows that the Behavior of customer service personnel inculcate financial confidence among the customers , their bank is continuously helping them to learn how to make fruitful spending decisions , their concern banker has helped them learn how to conserve fund for business expansion and their banks has helped the customers to learn more about banking and financial institutions products and services is prominent in financial literacy programs. Five variable predictor shows

that the Behavior of customer service personnel inculcate financial confidence among the customers , their bank is continuously helping them to learn how to make fruitful spending decisions , their concern banker has helped them learn how to conserve fund for business expansion and their banks has helped the customers to learn more about banking and financial institutions products and services and the bank keeps customers informed about when services will be performed is prominent in financial literacy programs

### FINDINGS

- On financial awareness the majority of the respondents are aware about the saving bank account and zero balance account ,there awareness on mobile banking and online banking was far behind ,in case of social security aspects the awareness on pension fund was too limited.
- Fisherman community generally aware on various institutions like SHG's,Cooperative banks and post office savings but the awareness on commercial bank was low compared to others. On the other hand awareness on financial products are limited, they are aware on opening bank account but they are not aware on how to operate it.
- Major part of the income spent for food followed by housing, education etc. ..they spending a limited amount of money on the social functions
- They are fully unaware on various aspects of formal borrowing like procedure for obtaining loan, security given, number of installment, rate of interest and filling application so there increasingly approaching private money lenders and SHGs.
- They invest in formof gold or chitty compared to other means, because of these are flexible form of investment, if the money require they borrow using gold loan or collect the chits fund the auction process.
- The regression model shows the extend of relationship between variables one the predictor models all the variables are contributed to the main variable. The extend of the dominance are showed through the single predictor and other various combinations.

### CONCLUSION

Now a days the financial system in India is complexly complex in nature. It is an necessity to coping with radical change which is a herculean task for the deprived group in Kerala, so the various initiatives taken by the governments , RBI, as well as various agencies are to up to mark for the upliftment on the standard on financial literacy. The fisherman community is one of the prominent group in the social structure of Kerala's society they are facing lots of socio economic problems. These problems are overcome through increased government inventions, the government of India and RBI implemented lots of programmes in order strengthen the financial literacy among the fisher man community. These programmes are effective up to limit not in full. The bottle neck generally seen that the resistance to change and illiteracy. The modern generations are shown an positive attitude towards the financial aspects but majority was still depends on traditional financial practices. In short there is a change in the attitude but which not enough is for educate and practice the modernized financial activities. But the good sign that the upcoming generations they will become more competitive on the modernized era.

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