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AN ANALYTICAL STUDY OF KCC IN DEVELOPMENT OF FISHERIES SECTOR IN BIHAR

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INTRODUCTION:

India continues to be a predominantly agricultural economy with agriculture's contribution of about 17 per cent to the GDP and about two-third in terms of employment of the rural population. Moreover, when Indian agriculture is rapidly undergoing transformation from a subsistence occupation to a commercial proposition with increasing dependence on purchased material inputs, assets, services and infrastructure on the one hand, and on highly demanding distant markets, on the other; the need for timely and adequate credit assumes special significance. The facilitating role of credit in agricultural, development has more significance in today's context since Indian agriculture is confronting a number of fresh problems. Obviously, the need of the hour is not a mere increase in quantum of credit, but rapid increase in quality credit. Over the years, the share of informal sector in total agricultural credit declined from 92.7 per cent in 1951 to 30.4 per cent in 2019 and a sharp rise in the same for institutional sources from 7.3 per cent in 1951 to 69.6 per cent in 2019 (77th Round NSSO, 2019).

In the meanwhile, against the backdrop of economic reforms initiated in 1991, *Narasimhan Committee* formed by RBI provided the blueprint for carrying out overall financial sector reforms during the 1990s, of which reforms in agricultural credit formed an integral part. This led to launching of the *Kisan Credit Card (KCC)* in 1998. The KCC is an interesting innovation in credit instruments that improved the reach of formal credit significantly to the last mile, in a timely and effective manner. The idea behind the concept was to make easy, hassle free and timely disbursement of credit to farmers as well as to give them flexibility to utilize loans for various purposes. The scope of the scheme was enhanced in 2004 to include investment credit viz., allied and non-farm activities and some consumption requirement. KCC provides a self-regulatory mechanism and revolving cash credit facility that allows any number of withdrawals and repayment within the sanctioned credit limit by the farmers (*Satish, 2012*). Accordingly, allied activities of the agriculture sector such as animal husbandry and fishery sector can reap the benefits from the same.

Fisheries and aquaculture play a very important role in ensuring nutritional and food security of the nation as well as for employment creation in the country. Recent estimates from the states show that there are about 28 million people including fishers and fish farmers engaged in fisheries, which is about 2.04 per cent of the population of India, signifying the importance of the sector in generating remunerative livelihoods in the far-flung areas. In India, the fisheries resources are rich and diverse, making it one of the leading fish producing countries in the world. Currently India is the third largest fish producing country after China and Indonesia in the world and accounts for 7.96 per cent of the global production. The fishery sector in India contributes around 1.24 per cent in the overall National Gross Value Added (GVA) during 2021-22. The total fish production is estimated at 16.25 million metric ton (MMT). The contribution of the exports of fish and

fisheries products in overall exports of the country is nearly 2 per cent (Ranjan & Yadava, 2021). Recognizing the importance of fisheries to the economy of the country and for focused and holistic

development of the sector with the socio-economic wellbeing and welfare of fishers, fish farmers and fish workers at the core, the Government of India in February, 2019 created a separate Department of Fisheries and followed up with the creation of a new Ministry of Fisheries, Animal Husbandry and Dairying in June, 2019. All this, indeed, marks a new beginning for the fisheries sector.

FISHERIES IN BIHAR

Traditionally, Bihar's economy is dominated by rural sector. Around 89 per cent of the population lives in the rural areas. In fact, the agricultural sector in Bihar occupies a central place in the state's overall economy. The important reasons are first, about 74 per cent of the workforce in Bihar depend on agricultural and allied activities for their livelihood; second, the rich natural resources of the Gangetic plains offer opportunities for agricultural development and about 3.8 per cent of its geographical area endowed with water resources, which offers adequate water bodies such as rivers, ponds, lakes, reservoirs and flood plain wetlands for development of fisheries and aquatic biodiversity. During the last five years (2017-18 to 2021-22), the growth rate of GSDP for fishing and aquaculture in Bihar have registered a compound rate of 6.7 per cent against the 4.5 per cent of primary sector. The total fish production in the state steadily increased from 2.40 lakh tones in 2000-01 to 7.62 lakh tones in 2021-22, more than three-fold increase. The last two decades have been more spectacular as 5.22 lakh tones were added to the basket against less than half of the added quantity in first 50 years.

Moreover, capture and culture of fish are traditional activities in the state. Both traditional communities and new entrepreneurs are engaged in such activities. Capture fisheries resources are evident in vast span of aquatic ecosystems like; rivers, reservoirs and flood prone wetlands in the form of ox-bow lakes/mauns and chaur. These water bodies usually get connected with the main course of the river floods or rainy season. However, some ox-bow lakes have permanently lost their connection with the river of their origin. Mauns are perennial aquatic ecosystems with rich and highly productive fisheries resources. Besides maun, there are other wetland aquatic resources, which are locally known as chaur. These flood plain wetland ecosystems are also considered as lifeline of riverine fisheries. In addition to flood plain wetland fisheries, there are 35 small and medium size irrigation reservoirs in the state. During 1960s and 1970s, Bihar was the biggest supplier of Indian major carp seed from its riverine resources to the entire country to meet the seed requirement. Unfortunately, the riverine fisheries have collapsed due to overfishing and destructive fishing, population pressure, pollution, siltation and reduction in water flow. The main culture fishery resources of Bihar lie in ponds and tanks of available sizes, which are distributed through the state. Most of the ponds are seasonal while some are perennial. They offer vast potential for development of aquaculture. Fisheries and aquaculture resources of the state are depicted in table -1, as below:

Table 1: Fisheries and Aquaculture Resources in Bihar

Aquatic Ecosystem	Resources	Number	Water area/ Span (In ha)
Ponds-Jalkars (Govt.)	Aquaculture	31643	54797.86
Ponds (Private)	Aquaculture	66777	38419.94
Reservoir	Enhanced fisheries	35	26303.77
Ox-bow lakes (Maun)	Culture based fisheries	---	9000.00
Chaur	Culture based capture fisheries	---	941000.00
River system	Capture fisheries-depleted resources (In km)	---	3200.00

Source: Department of Fisheries, Govt. of Bihar & Agriculture Road Map (2017-2022), GoB.

At the eve of independence, fishery was largely artisanal and localized. This prompted the Government to focus on the fisheries sector for two reasons:

- i. to promote fisheries production in order to ensure food safety, and;
- ii. socio-economic development of the fishers and fish farmers,

As a result, starting from a purely traditional activity in the 50s, both aquaculture and fisheries have now transformed to commercial enterprises and contribute substantially to the state's economy, food and nutritional security, employment and also as a stimulus for the growth of a number of subsidiary industries, in both upstream and downstream segments of the sector. The employment potential of fisheries has always remained a major objective of the development process. Fishing as such is a means of livelihood in India and state also, as opposed to its pre-dominantly commercial nature in the developed countries. Fisheries have successfully absorbed additional members from the fishermen community owing to population growth. As in 2019-20, the state has the largest population of fishermen i.e., 6.027 million, accounts for 21.48 per cent of the total population of the fishermen in the country. Besides, the state has 467 *Matsyajeevi Co-operative Society* comprising 4.10 lakh members (www.fisheries.bihar.gov.in).

In Bihar, aquaculture resources available in the form of ponds and tanks are being utilized, yet a large area has to be brought under improved aquaculture. As of now, there is a wide gap between demonstrated potential yield with technologies currently available and the average fish yield being realized in the state. The fourth Agriculture Roadmap (2023 to 2028) envisaged the state's fish production at 12.70 lakh tones by 2028 for which may development schemes have been outlined towards providing financial and technical support for growth of the fisheries sector in the state. No

doubt, credit is a critical input for ameliorating the fishermen and fisheries as well, which has traditionally suffered a lot.

STATUS OF KCC FOR FISHERIES SECTOR IN BIHAR

In the budget 2018-19, the Union Government announced to extend the facilities of KCC to Animal Husbandry Farmers and Fisheries (AH&F) to help them meet their working capital requirements for rearing of animals, poultry, birds, fish, shrimp, other aquatic organisms and capture of fish. The RBI in February, 2019 issued guidelines for the extension of the KCC facility to fisheries and animal husbandry farmers include individuals and groups (SHGs), Joint Liability Groups (JLGs) and women groups. The existing KCC holders will get a credit limit of Rs. 3 lakh for fisheries activities and the new cardholders will have a limit of Rs. 2 lakh, exclusively for fisheries. Under the scheme, Interest Subvention Scheme (ISS) is made available for AH&F farmers @ 2 per cent per annum at the time of disbursal of loan and additional interest subvention @ 3 per cent per annum in case of prompt repayment as Prompt Repayment Incentive (PRI). This implies that the farmers paying promptly would get short term loans @ 4 per cent per annum. The table 2 presents the number of beneficiaries in fisheries sector that availed benefit of KCC in Bihar vis-à-vis All India level during the period 2021-22 and 2022-23, which are as below:

Table 2: Number of KCC Beneficiaries in Fisheries Sector

Year	Bihar	India	% share for Bihar
2021-22	163	32960	0.49
2022-23 (Till 10/02/2023)	256	59729	0.43
Total	419	92689	0.45

Source: 53rd Report, Lok Sabha Secretariat, New Delhi, March, 2023.

Above table reveals that despite special drives, as a part of ATMANIRBHAR BHARAT PACKAGE (2020-21) and Nationwide Fishery KCC Campaign (2021-23), Bihar has the share of less than half-per cent of the total KCC issued in fisheries sector in the country whereas in 2021-22 Andhra Pradesh, Tamil Nadu, Maharashtra, Uttar Pradesh and Gujarat together constitute 58.7 per cent and in 2022-23 Madhya Pradesh, Tripura, Andhra Pradesh, Uttar Pradesh and Karnataka 63.5 per cent. Moreover, as per SLBC's latest data available for the financial year 2022-23 (till 3rd quarter), 1014 KCC were sanctioned and of which 944 KCC disbursed. The total disbursed amount stands for Rs. 9.29 crores, which is distressing because it stands for 1.27 per cent only of the targeted amount i.e., Rs. 730 crores (SLBC, 2023). Interestingly, the overall target for issuing new KCC in Bihar has come down from 15 lakh cards in 2017-18 to 8.75 lakh cards in 2021-22. Despite this, the overall achievement rate of

these targets has come down from 35.3 per cent in 2017-18 to 20.5 per cent in 2021-22, which may be seen from table - 3.

Table 3: Number of New KCC issued during 2017-18 to 2021-22 in Bihar

Year	Target	Achievement	% of Achievement
2017-18	15,000,00	529210	35.3
2018-19	10,000,00	219185	21.9
2019-20	10,000,00	166434	16.6
2020-21	10,000,48	251271	25.1
2021-22	8,750,84	179437	20.5

Source: Economic Survey: Bihar (2022-23)

The performance of the formal lending institutions particularly the Co-operative Banks and Regional Rural Banks are more distressing, as the achievement rates were 4.8 per cent of Co-operative Banks, 7.1 per cent of Regional Rural Banks and 31.4 per cent of Commercial Banks in 2021-22 against 14.1 per cent, 20.9 per cent and 45.2 per cent respectively in 2017-18. Such a low performance in issuance of New KCC for agricultural and allied sector in general and fisheries sector in particular prompted us to examine the status and performance at micro level and thus, a case study has been undertaken during March, 2023 in Bhagalpur Division comprising two districts viz., Bhagalpur & Banka of Bihar.

A CASE STUDY OF BHAGALPUR DIVISION (BIHAR)

With a view to assess the access of KCC to fisheries sector, a case study was done in Bhagalpur division of Bihar. The study comprised of field visits, meetings with the District level fisheries officials, and lead bank officials. Bhagalpur division is one of the nine divisions in Bihar, fall under Agro-climatic zone-III A (*South-East Alluvial*

Plain). The division has 1627 jalkars spread in 1386 hectare of water area and 4934

private ponds spread in 3411 hectare of water area constituting 5.14 per cent of the total jalkars and 2.53 per cent of the total water area of jalkars and 7.39 per cent of the total private ponds and 8.89 per cent of total water area of private ponds respectively.

In the division, 4 Focused Group Discussions (FGDs) with the fish farmers and General Secretaries of Block Fishermen Co-operative Society Limited viz., Sakhund and Kahalgaon blocks in Bhagalpur district and Amarapur and Sambhuganj blocks in Banka district were arranged to capture the field level issues relating to coverage of KCC among fishermen and challenges as well. Followings were emerged from the discussions:

- i. At the instance the nodal department at the district i.e., District Fisheries Office, altogether 15 fishermen were submitted applications for KCC during last 2 years but none of them could succeed to get the same sanctioned. The reasons of their applications' status are also not known to them.
- ii. Most of the fishermen are landless and so they do not have their own ponds. This disqualifies them to be the applicants for KCC.
- iii. The KCC is sanctioned to the fishermen only when the applicant submits his/her leasing (Patta) or owning papers of jalkars/ponds. In case of jalkars, the election of the General Secretary was due in 2021, but held in June, 2022 due to COVID-19 pandemic factor. So, their patta paper was not considered by the Banks as it was expired in 2021 and further extended for a year, against the requirement of 5 years patta paper, issued by the General

Secretary of Block level Fishermen Co-operative Societies. So their applications were not considered as illegible applicants for KCC.

- iv. Those who were owning the ponds not shown their interests in fetching the KCC due to lack of financial literacy and interference of the middlemen who usually charge very high commission to get the KCC sanctioned by the formal credit institutions.

On the basis of collected information and interactions with the officials of the Nodal Department i.e., District Fisheries Office and Lead Bank Officials, followings were emerged:

Nodal Department (DFO)

Officials of the district level nodal department i.e., office of the District Fisheries Officer (DFO) reported that they sought applications from the fishermen and after scrutiny, forwarded to the branches of service area banks. For the last 02 years i.e., 2021-22 and 2022-23, they did so but as per available report, only 02 fishermen have confirmed about the sanctioning of KCC against about 1500 applications. They were unaware about the reasons for pendency or rejections of the applications, despite they participate regularly in quarterly meetings of District Level Advisory and Review Committee of the Lead Bank, headed by the District Magistrate.

Lending Institutions

Followings were emerged from the interactions with the Bank Officials:

- i. As per the policy of the banks, KCCs are valid for five years period subject to annual review, but the settlement with the fishermen members of the society are done annually and one year patta or settlement of the fishermen is not considered by the lending institutions for granting KCC facility.
- ii. The AHD&F application status and the reasons of rejection of applications by the lending institutions for Bhagalpur division are as below:

(As on 17/03/2023)

SN	Particulars	Bhagalpur District	Bank a District	Total
i.	Number of total branches	275	115	390
ii.	Applications received	6753 (100.00)	2491 (100.00)	9244 (100.00)
iii.	Sanctioned KCC	1778 (26.33)	801 (32.16)	2579 (27.90)
iv.	Rejected	4893 (72.46)	1618 (64.95)	6511 (70.43)
v.	Pending	82 (1.21)	72 (2.89)	154 (1.67)

Source: Lead Bank Office of respective districts. In brackets percentage to total is given.

Above table clearly reveals that on an average per branch 24 applications for sanctioning KCCs for AHD&F sub-sectors were received by the lending institutions and out of total applications (9244), about 28 per cent sanctioned, 70 per cent rejected and less than 02 per cent pending. Almost the same scenario was found among the studied districts. Responding to the reasons of rejections, the lending institutions stated followings:

SN	Particulars/Reasons	Bhagalpur District (N=4893)	Bank a District (N=1618)	Total (N=6511)
i.	NPA Borrower/Defaulter	308 (6.29)	162 (8.78)	450 (6.91)

ii.	Already having KCC/unawareness about the application/Non-traceable/unwillingness/ Incomplete application, etc.	4503 (92.03)	1404 (86.77)	59.07 (90.72)
iii.	Pending	82 (1.68)	72 (4.45)	154 (2.37)

Source: Lead Bank Office of respective districts.

In brackets percentage to N is shown

Above table further reveals that out of the total rejected applications (6511), about 07 per cent were NPA defaulters, 90 per cent already having KCC or unwillingness to get the KCC sanctioned, apart not traceable as per the given address and incomplete applications. Due to these reasons they failed to avail the facility of KCC.

- iii. The NPA of Banks in Bihar is lowest in the country due to low scale of financing.
- iv. KCC is best but followed worst.

CONSTRAINTS

Following constraints were perceived in course of the study:

- Prevalence of Financial Illiteracy among the fish farmers,
- The state is vulnerable particularly in recent years, to a number of natural calamities like, floods, droughts, thunderstorms and heat waves due to diverse geographic locations and hydro-meteorological unpredictabilities.
- Lack of hand holding of Banks. Officials and staff members of the lending institutions feel themselves unsecured due to naxalism, though it has substantially reduced; law & order issues etc. This restrict them in enquiries, collection/recovery etc., apart hampering the fisheries activities.

SUGGESTIONS

- Financial Literacy Campaign (FCL) should be launched at village level in mission mode. For this role of JEEViKA/NGOs may be instrumental.