FISHERFOLK ORGANIZATIONS IN SRI LANKA[8]

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ABSTRACT

The paper traces the historical background to the evolution of fishery cooperative organizations in Sri Lanka. It describes the creation of village level societies in the late 1950s, the recommendations of the Royal Commission of 1968 and the subsequent structural re-arrangements made in the 1970s, followed by the more recent further re-organization based upon Gramaseva level societies, secondary unions at divisional, district and provincial levels and the establishment of a National Fisheries Cooperative Federation. The very negative consequences for fisheries of the Open Economic Policy and, later, the disastrous effects of the civil disturbances since 1983 are examined. The author discusses the advantages and disadvantages of the most recent structural and policy re-alignments and reviews the future prospects for fishery cooperatives in Sri Lanka. Special emphasis is given to the need for leadership and efficient management by skilled, experienced personnel, for the expansion of fish marketing functions in cooperatives and for the availability of adequate finance and credit facilities. The paper concludes with the hope that the present difficult circumstances facing the Sri Lankan fishing sector may eventually help to promote a greater spirit of cooperation and acceptance of the benefits of cooperative principles.

1. Historical Background

Traditionally, fisherfolk in Sri Lanka have been small-scale fishermen operating at subsistence level. Active fishermen were mainly the coastal fishermen resident in fishing villages along the coastal belt engaged in coastal fishing with traditional craft and gear. Mechanized craft and deep-sea fishery were unknown. Freshwater fisheries were minimal, undertaken occasionally when irrigation tanks went dry. Lagoons around the coast line had a number of fishermen mostly engaged in prawn fishing. Under these circumstances, the fishermen were more individualistic in their operations and did not think beyond fishing for subsistence. The only fishery that required more investment and the cooperation of others was the beach seine fishery. This was the situation at the beginning of the present century. It did not change much even with the inauguration of the general Cooperative Movement in 1911. The fishermen continued to be satisfied with their traditional arrangements until 1941 when the initial attempts were made to involve them in the Cooperative Movement. During the early part of this century the State did not place emphasis on the development of fisheries on an industrial basis. Instead, revenue generating activities such as pearl fishery received more attention. Later in the 1940s, with the enactment of the Fisheries Ordinance, emphasis was placed on food fishery. Its economic importance in the generation of employment was recognized. These factors postponed until 1941 any attempt to form Fishermen's Cooperative Societies.

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The original Societies were organized at village level to reflect the subsistence level fishing operations. The objectives were limited mainly to credit and marketing. Gradually educational and extension work programmes were undertaken to persuade more fishermen to join the movement. The implementation of this programme was facilitated by help offered by a Canadian Mission in 1955. Village Level Cooperative Study Circles were established at places where local leadership emerged. The extension programme expanded and as a result 265 Fishermen's Cooperative Societies were formed. The main objectives of these Societies were:

(i) Provision of credit facilities to members;
(ii) Increased production;
(iii) Processing of fish;
(iv) Marketing;
(v) Educational and extension work.

One underlying purpose in all these activities was to free the members from middlemen.

Societies so formed, however, could not maintain the enthusiasm of the membership and were soon found to be functioning at a reluctant pace. By 1963 many Societies formed were inactive. In 1968 out of the Societies formed under this programme, 50 percent were defunct. The main reason attributed for the failure was lack of understanding of cooperative principles by the members at the grassroots level.

This situation led to an attempt to re-organize these Societies. In particular, the need was felt to form apex organizations. Consequently three Regional Cooperative Unions covering three geographical areas were formed (Chilaw, Kalmunai and Jaffna). Each had a membership of about 30 Primary Societies.

These three Unions covered the West Coast, East Coast and the Northern Coast respectively. The above Unions and the active primary Societies joined to become members of the National Level Cooperative Fish Sales Union in Colombo. The latter formed in 1952 as an apex organization of Primary Fishermen's Cooperative Societies, its main activity being marketing fresh fish in Colombo. These developments brought about a three tier structure in the Fisheries Cooperative Sector, i.e. Primaries, Regional Unions and National Fish Sales Union.

The Fish Sales Union, in addition to marketing of fish in Colombo, initiated a variety of other activities, including importation of fishing gear, export of fish and education and extension work.

Although the Fish Sales Union made good progress, most of its activities were taken over in 1964 by the Ceylon Fisheries Corporation. The activities left over were only Education and Extension work. This led to the conversion of the Fish Sales Union into the Sri Lanka Fisheries Cooperative Federation in 1979, as recommended by a Royal Commission in 1968.

The Royal Commission, appointed to study the Cooperative Movement in Sri Lanka, made a number of recommendations in respect of Fishery Cooperative Societies.

(i) After a comprehensive survey, inactive and unrevivable Societies to be liquidated.

(ii) Amalgamation of Village Level Societies to be encouraged and a smaller number of primary Societies to be established over a long period.

(iii) The existing Regional Unions, along with a new Union for the Southern Coast, to continue until the new structure is properly stabilized.

(iv) The apex Fishery Cooperative Fish Sales Union to be revived and developed under a new name, the Ceylon Fishermen's Cooperative Federation.

(v) The institutional credit schemes for fishermen and Fisheries Cooperative Societies to be revised to match those available in agriculture and small industries sectors.

Contrary to recommendation (ii), i.e. amalgamation over a lengthy period, the 292 Village Level Societies in existence at the time were quickly converted into Large Primaries by 1972. Forty-five Large Primaries were established, with the following objectives:

(i) Establish comparatively more economically viable units;

(ii) Increase membership;

(iii) Maximum use of State assistance to the fisheries sector to be channelled through the Large Primaries;

(iv) Take the leading role in mechanization of the fishing industry;

(v) To expand activities in respect of production, distribution, marketing, and post-harvest technology;

(vi) To provide training and extension facilities to fishermen.

However, in many respects, the re-organization did not bring the expected results. The more effective Village Level Units felt that their resources were transferred to less viable units. Most assistance to the industry, including credit, were channelled through the large Primaries. But poor loan repayments as well as problems in the areas of production and marketing, led to the expectations thrust upon the Large Primaries being unfilled.

This position changed in 1978 with the advent of open economy policies. Fishery Cooperatives had to compete with the private sector. Unless resources were used efficiently, the alternative was liquidation. This challenge was met by a few Societies but the majority did not possess the strength to compete. The State policy to channel all the institutional finance to the industry through the State Commercial Banks did not have the expected results. The State Banks were reluctant to provide assistance to the Societies in view of the poor loan repayment under credit schemes operated by the Ministry of Fisheries. They provided limited credit facilities only in 1985.

Meanwhile, continued civil disturbances resulting from ethnic violence, terrorist activity and military operations adversely affected the fishing industry after 1983. In certain fishing areas, the State had to pay subsistence allowances to fishermen consequent to restrictions imposed on fishing due to security requirements. Fishing craft and gear were destroyed and fishermen were displaced. The Societies in the North-East especially suffered. The effects of the Open Economic policy and the civil disturbances on the fishery cooperatives were devastating. Many Societies continued to exist only in name.

Although the 45 Large Primaries registered in 1972 had increased in number to 81 subsequently, 40 of these Societies are totally moribund and only a few of the others are really active. Twenty Freshwater Fishery Cooperative Societies registered earlier received a set back with the change in State policy to stop State assistance to this sector and now exist only in name.

One of the few active organizations is the Sri Lanka Fisheries Cooperative Federation which has as its members 40 Large Primary Fishery Cooperative Societies. Regional Union, Boat Builders Society and 25 Women's Units. The new feature initiated by the Federation in establishing Women's branches in the Large Primaries is fairly effective; 35 such branches have been set up in the area between Hambantota and Kalpitiya. There are 1965 members. Money has been advanced to commence self employment projects.

One major area where cooperation has not been forthcoming effectively is in beach seine fishing. Around 900 beach seines operate in the Island, and the help of a gang is required for the operation. No Societies have been formed. The owner remains a trader and the gang remain labourers. However, the beach seine owners have formed themselves into a Union and have been a force in making demands from the State. This Union again is mainly confined to migrant operators and has not been effective in cooperative efforts either to improve the industry, operations of the welfare of the actual workers.

With this background, the Ministry of Fisheries and Aquatic Resources has undertaken a complete re-organization of Fishery Cooperative Societies.

2. Re-Organization of Fishery Cooperative Societies

The Ministry of Fisheries and Aquatic Resources together with the Ministry of Food and Cooperatives is implementing a programme of re-organization of fisheries cooperatives societies. This re-organization involves structural changes.

New Societies are being established at Gramaseva level. These Societies in turn will form Unions at Divisional, District and Provincial levels.

2.1 Gramaseva Level Societies

The target is to form 700 Gramaseva Level Fisheries Cooperative Societies.

The main objectives of these Societies are to:

- Develop Societies of a level to meet the normal eligibility requirements to obtain credit, grants and services from the State, Banks and other Institutions.
- Provide credit, grants and other services to the members of the Societies on established cooperative principles in order to improve their economic, social and cultural status.
- Promote thrift and self help among the members.
- Make the Societies self reliant by maximising capital reserves and minimizing dependence on credit.

Gramaseva Division will be the area of operation of a Society under normal circumstances. Minimum membership is to be one hundred. If membership exceeds 200, more than one Society is to be formed. If potential membership is less than one hundred, the adjoining Gramaseva Division is to join in. However, each Society should have a defined geographical area of operation.

Residents over 18 actively engaged in fishing or related activities will be eligible for membership. Migrants for fishing into the area can obtain membership. Those below 18 but actively engaged in fishing can be associate members.

Value of a share is Rs. 100/-. Minimum number of shares per member is one, and the maximum number of shares per member is one-fifth of the total number of shares.

Share capital, deposits of members, deposits and loans from non-members, profits on commercial activities of the Societies and grants from the State or Non-Governmental organizations will form the funds of the Society.

A committee of seven members selected by the general body will manage the Society. Two members of this Committee will be females. A President, Vice President, Treasurer and Secretary will be selected from among the Committee Members.

The main objectives of the Societies have been further expanded and the following functions have been identified and specified for the new Societies.

(a) Help members to obtain Orus, Teppams, Marine engines, boats and fishing gear required for their fishing operations.

(b) Arrange for marketing of the fish caught by members and their fishery products at a better price.

(c) Collection, processing, transport, marketing and export of fish and other aquatic products.

(d) Provision of technical know-how and financial assistance to the members to enable them to improve their fishing operations.

(e) Operate depots for the sale of fishing gear, spare parts for engines and fuel.

(f) Inculcate among the fisherfolk and their families saving habits and promote savings.

(g) Start a programme to provide common facilities such as health, lands, houses, water, electricity to members.

(h) Provide technical know-how and credit for family members to be self employed.

(i) Enlistment of members to the Fishermen's Pension and Social Security Benefit Scheme and to arrange to pay the premia on their behalf.

(j) Enlistment of members to employees trust fund and arrange to pay their contributions by the society.

(k) Support the Janasaviya Programme for alleviation of poverty by improving incomes of Janasaviya Entitlement Certificate holders and other low income groups by engaging them in gainful employment.

(l) Arrange for insurance of the members and their assets and arrange to pay the premia on behalf of the members.

(m) Undertake any other activities for achieving the objectives of the Society.

(n) Bring about peaceful settlement in case of fishery disputes/conflicts in the area of operation, land or sea.

On the performance of individual societies, the best societies will receive special concessions.

2.2 Unions at Secondary Level

To strengthen the work of the Gramaseva Level Societies, secondary level unions are being established. The Unions will be at Divisional District and provincial levels. The Unions are expected to undertake those activities which cannot be undertaken individually by the small societies. The main functions of these unions have been identified.

(a) Act as an organization to undertake activities which member societies cannot manage at their level.

(b) Be a forum for expression of collective ideas of small societies.

(c) Provide guidance to small societies in the areas of fishing, marketing, processing collection of other aquatic resources and their processing, obtaining fuel, ice and fishing gear.

(d) Provide financial and material assistance to enable societies to continue their activities successfully.

(e) Arrange for necessary training to member societies.

(f) Initiate activities with the assistance of Governmental and other organizations to promote economic, social and cultural upliftment of members of member societies.

(g) Organize women in member societies and establish Advisory Committees of women and plan and implement programmes for their economic, social and cultural improvement.

(h) Help member societies in all their activities and guide them in all their problems and difficulties.

Areas of operation of these unions will be areas covered by Divisional Councils, Districts and Provincial Councils. Any Fishery Cooperative Society is eligible for membership. One Union is expected to have at least 10 member societies. The value of a share is Rs. 500/-.

2.3 National Level Federation

The present Sri Lanka Fisheries Cooperative Federation will be re-organized to accommodate all Secondary Level Unions as members. The main aims of the Federation will be to:

(a) Organize and develop the fishing industry on cooperative principles. To achieve this, the Federation will provide knowledge, guidance and assistance for the improvement and development of societies and unions.

(b) Formulate and launch a joint programme with governmental, non-governmental, foreign and financial organizations for the development of fishing industry through the fishermen who have joined the cooperative shop.

(c) Organize and implement a national programme for the development of fisheries through cooperative efforts and implement the programme through the member societies.

(d) Undertake central marketing and export of fishery products at national level. Maintain processing centres and stores. Distribute fishing gear and fuel. Arrange for working as agencies in the import of engines and spare parts and their distribution. Where possible, undertake management of anchorages of boats. Manage ice factories and fishing gear facilities and provide for member needs in these items.

(e) Participate in all activities for the improvement of fishing community through the member societies.

The new Fishery Cooperative Societies are to be provided with facilities to obtain fishing craft under subsidy schemes. The two main types of craft programmed are 32' multi-day boats and 18' fibre glass boats with out-board motors.

Bank loans will be available for the purchase of non-mechanized craft and for self employment projects as well. Insurance schemes will be in operation to cover both fishermen and the craft.

The original fifty percent subsidy given on the cost of the above mechanized craft by the Ministry of Fisheries and Aquatic Resources has been revised to 25 percent. Banks will provide concessional loans to cover 75 percent of the cost of the craft. The Society has to bear an equity contribution up to 25 percent of the cost of the craft. The benefit of the subsidy will accrue to the Society only after the total cost of the craft is repaid. The previous practice of transferring to ownership of the craft to the skipper will continue once the total cost of the craft is repaid.

Formation of the new societies is progressing well. By end 1990 a total of 665 Gramaseva Level Societies had been formed with a membership of 60,560 in the coastal fisheries sector. The inland fisheries sector has a total of 69 societies with a membership of 3,416. Secondary level societies have been created at a slower rate, with only nine formed by end 1990. The National Level Society had to entertain 28 Gramaseva Level Societies as members in the absence of adequate progress in the formation of Regional Unions. However, steady progress is anticipated in the establishment and subsequent performance of societies at all levels.

3. Prospects for Future Development of Fisherfolk Organizations in Sri Lanka

It is useful to examine the advantages and disadvantages of the recent re-organization.

3.1 Advantages

(a) The emphasis upon stronger societies at Gramaseva level is welcome. This will enable the active fishermen themselves to join in and organize their society through their leadership. The involvement is direct.

(b) Strong societies at this level would provide a good base for effective unions at the secondary stage.

(c) Direct membership of a far off Union or Large Primary would lose personal contact with members. Members therefore will not feel lost in the new set up.

(d) Re-organization does not require dissolution of existing societies. They will operate simultaneously and efficient societies can continue without hindrance.

(e) On the whole, re-organization becomes useful from time to time to reactivate societies existing only in name. Either they can disappear totally or become absorbed into new societies.

(f) Membership of new societies is not only for active fishermen. It is open to all engaged in related activities. Further membership extends to even migrants into the area. Women are members as well.

(g) A number of established societies will try to develop without State assistance.

3.2 Disadvantages

(a) Although the existing societies are tolerated within the areas of operation of new societies, old ones, especially the weaker ones, have a tendency to whither away.

(b) Two types of societies will operate in the same area. There may be conflicts of interest and unnecessary competition harmful to the industry.

(c) State assistance may be confined only to the re-organized societies. Since one main purpose in forming and maintaining societies is to obtain State assistance, even the successful old societies may be forced to dissolve unless they are totally self reliant.

(d) The two types of societies may appear as Government vs. cooperative sector.

(e) The benefits of the re-organization are mainly confined to coastal fishing. The inland fishing brackish water sector are not expected to receive State assistance even though new societies are formed.

(f) The Divisional District and Provincial Unions are not forthcoming as envisaged. It may be that the National Federation will have to entertain more Gramaseva Level Societies as members although this was not the original intention.

(g) When Fisheries Cooperatives are subject to frequent re-organizations, it often appears as if the societies are products of State intervention rather than societies set up by members.

4. Prospects for the Future

The Fisheries Cooperative Movement in Sri Lanka has not adequately contributed to the development of industry as envisaged. The movement had its ups and downs and as a whole had only a marginal effect on the industry and the fishermen. Numerous problems which led to this situation have been identified. Remedial measures in these areas would strengthen the future prospects of the Fisheries Cooperative sector in Sri Lanka.

4.1 Viable Units to be Encouraged

Amalgamation of Village Level Societies into Large Primaries in 1972 had a bad effect on the successful small societies. Local leadership was replaced by outsiders, some of which were not engaged directly in fishing. Sri Lanka could benefit more through Village Level Societies. This would encourage economic viability. More small societies should be encouraged and, where viable, Federations could be formed at various levels. At the same time successful old Primaries should be given recognition by the State.

4.2 Management of Societies by Skilled Personnel

Management by active fishermen will prove very effective if it does not affect the fishing operations. The tendency for inactive and retired fishermen and others with less involvement in the industry to manage societies has had a bad effect on the development of societies. Care will have to be taken in future in the selection of personnel to manage societies. At least, a fair proportion of the management personnel will have to be knowledgeable active persons.

4.3 Expansion of Marketing Activities

Fisheries Cooperatives in Sri Lanka do not engage in direct marketing of the catch. Disorganized individual marketing has been of major drawback for the efficient functioning of societies. In other countries, most of the successful societies are actively engaged in marketing. This provides the basic income for society activities. Even if the societies engage in other income earning activities, marketing of the catch should receive priority. This would prevent exploitation by traders and stabilize member's income.

4.4 Additional Activities to Strengthen Cooperatives

Supply of fuel, repair facilities, operation of ice plants and cold storage, could be undertaken by the societies as they progress. The stronger Societies will have to be encouraged to initiate at least some of these activities.

4.5 Availability of Institutional Finance

Non-availability of adequate finance is a major constraint in the development of Fisheries Cooperatives. Unsatisfactory repayment of loans given to Cooperatives has led in the past to almost a complete stoppage of credit facilities. Operational costs, marketing, trading and insurance will have to be covered in addition to capital items in future. Loan

recoveries will have to be given priority to facilitate continuance of assistance programmes. Hesitancy on the part of banks in extending credit will have to be remedied.

4.6 Providing Assistance to All Members

It is difficult to provide craft and gear to all the members under subsidy schemes. To meet the requirements of the members who do not receive State subsidies and assistance, societies will have to be provided with facilities to commence short-term loans. A few societies have experience in this area with the help of the Sri Lanka Fisheries Cooperative Federation. The societies in future will have to gear themselves to meet these needs.

4.7 Reconsider State Involvement in Freshwater and Brackish Water Fishery

Non involvement by State has been declared as policy for future. It leaves out a fair portion of the industry outside the range of State assistance. It badly affects the brackish water sector as well. This may have to be reconsidered because the initial heavy investment in freshwater sector is likely to go waste. Furthermore, under the new re-organization scheme freshwater societies are also being formed. It appears illogical to exclude this sector from State assistance.

4.8 Avoid Ill-Effect of Dual Control of Fishery Cooperative Societies

This can create problems, as witnessed in Taiwan, where local Government supervises the organization and non-economic activities whereas Central Government supervises technical and economic aspects. Similar problems may arise in Sri Lanka with the new Provincial Councils set up. Delay in the registration of newly formed Fisheries Cooperative Societies has already posed a problem to the Ministry of Fisheries and Aquatic Resources in the implementation of its National Re-organization Programme. Aspects of national interest should receive priority and care will have to be taken to safeguard the national interests of the fishing industry and the Fisheries Cooperatives from likely ill-effects of dual control arising from decentralization.

4.9 Introduce Exclusive Legislation for the Fisheries Cooperatives

In Japan and Korea, for example, separate legislation for fisheries cooperative sector has been created. In Sri Lanka the present legislation for multi-purpose cooperative societies is applicable to fisheries cooperatives as well. Functionally, the two types of societies are basically different. Separate legislation for fisheries cooperatives would facilitate future programmes.

Finally, ethnic violence, terrorist activity, security operations and consequent civil unrest since 1983, by displacing people, destroying property, have drastically affected the fishing industry. Many fishermen were killed and some injured. Craft and gear were destroyed and most of the active migrant fishermen including the beach seine operators are displaced. Some societies in the affected areas operate with difficulty; in some cases no information is available on their activities. Cooperative motivations will have to be re-introduced to the fishermen in the face of the general breakdown in community feelings among people due to civil unrest. Indeed, a way out from the present disaster is to change attitudes more towards cooperative principles. The fisheries sector could utilize the disaster situation in the country to educate the fishermen in cooperative principles and feelings. The future of the whole fishing industry may depend to a great extent on the success of the societies.