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RESEARCH ARTICLE

STATUS OF INSURANCE IN THE FISHERIES SECTOR OF INDIA

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Abstract

India's fisheries sector has grown rapidly during the last six decades. Risks associated with capture fisheries include trawler damage or destruction, equipment and gear failure, catch loss, and maritime casualties. With the exception of a few tiny local public sector insurers and cooperatives, neither the federal nor state governments have paid attention to this industry. Since the Insurance Regulation and Development Authority liberalised the insurance industry, about 35 private enterprises have been registered (IRDA). A range of obstacles and concerns usually arise as a result of the adoption of fisheries insurance. Combined with governance reforms, technology has the potential to significantly improve efficiency, transparency, and moral hazard in fisheries insurance.

Introduction:-

Fish farming and small-scale fishing in Asia are more vital to overall output than they are in many other places, and they contribute significantly to the region's food supply, employment, and foreign exchange profits.In the six decades since independence, the Indian fisheries industry has expanded dramatically, going from a little business that contributed less than a million tonnes of fish in the 1950s to a multi-billion-dollar industry that gathers more than 10 million tonnes of fish annually. During this time, fishermen were able to extend their fishing efforts from single-day operations to multi-day operations thanks to the modern fleetwhich are equipped with improved processing and packing technology as well as withstand the harsh sea condition **(Ramachandran, 2004).**The dangers associated with capture fisheries involve a number of things, including damage or destruction to fishing trawlers, equipment and gear in use, loss of catch, and maritime fatalities. Due to disease occurrence, climate change and weather-related factors (cyclones, heavy and unprecedented rains, flooding/drought, etc.), harmful algal blooms (HAB), and other natural calamities (earthquakes, tsunami, etc.), among others, the risks associated with the aquaculture sector are even higher.Insurance is one of the most widely used methods of managing risks because it provides effective means of controlling a wide variety of hazards, including asset risk, production and management risk, as well as market risk and personal health risk.

Current Status of Insurance in India

Unlike crop and livestock insurance in India, fisheries insurance does not have a long history or an organized structure. Neither the central government nor state governments have paid much attention to this sector, except for a few local public sector insurers and cooperatives. Fishermen's co-operatives have assisted in implementing accident and life insurance programs, and these programs have strengthened fishermen's co-operatives where they exist.To reduce risks for both insurers and shrimp farmers, the National Bank for Agricultural and Rural Development

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(NABARD) has proposed the creation of a regulatory body by the government to control the further expansion of shrimp culture and to monitor farmers' compliance with regulations. In 1999, the Insurance Regulatory and Development Authority (IRDA) liberalized the insurance industry in the country, resulting in the registration of over 35 private companies **(Pal et al, 2007).**The Agricultural Insurance Company Limited (AIC) administers and implements public insurance schemes in agriculture and allied sectors in India.ICICI Lombard, Bajaj Allianz, IFFCOTOKYO, HDFC ERGO and Royal Sundaram have also been active in this field since 2002.Life Insurance Corporation of India Limited (LIC) handled life insurance and General Insurance Corporation of India Limited (GIC) handled general insurance in India until 1999.To reduce the risks that disease outbreaks pose to banks and insurance companies, appropriate culture management practices must be adopted. Among the available options, the 'GroupAccident Insurance Scheme for Active Fishermen'is the only major program presently in operationthat covers the life/disability risks of the boat crew. A similar scheme in operationunder the patronage of Matsyafed in Kerala provides compensation of ` 5 lakhs to the dependents offishermen who die in accidents.Other significant risks associated with the sector are only partially covered, with the exception of the accident risks faced by marine fishermen in the southern states of Kerala and Tamil Nadu. For fishermen who are members of Matsyafed and acquire vessels under their subsidized loan scheme, Matsyafed also provides ship insurance.Nearly 75,000 coastal residents in Tamil Nadu received microinsurance through the "Disaster Risk Insurance Product for Coastal Communities" scheme, which was launched by Bajaj Allianz with support from CARE India. This insurance was useful during the 2008 cyclone Nisha.

Problems and Constraints in India

A number of difficulties and problems often arise with respect to the introduction of fisheries insurance. The most important of these are the following:

1) Limited financial resources;
2) Exclusion of small-scale fishermen and fish-farmers from insurance;
3) Lack of well-established village institutions, such as co-operatives, to act asinsurance agents;
4) Lack of legal framework for fisheries insurance;
5) Difficulty in promoting insurance policies, designing sustainable insurance programmes and coordinating the work of the agencies concerned;
6) Difficulty of covering credit projects under insurance schemes;
7) High cost of premiums and providing appropriate levels of benefits;
8) Speed and transparency of claims settlement;
9) Lack of trained personnel;
10) Lack of understanding of the value of insurance; and
11) Lack of reliable actuarial data for establishing premium rates.

Suggestive options

The development of fisheries insurance can be initiated if certain conditions are met. These include the following:

1) All parties (policy- and decision-makers, banking institutions, insurance agencies, and fishermen and fish-farmers) must understand the benefits and obligations of the beneficiaries of fisheries insurance.
2) The legal and policy environment of the country should be favourable to the fisheries insurance.
3) The management capacity of fishermen's organisations and local entities should be sufficient to sustain such initiatives.

Where these conditions do not already exist, the actions could be taken at government, development agency, and community level to support countrywide programmes. The suggested actions may vary, depending on national policies and the stage of development of the fishing industry and aquaculture, as well as of fisheries insurance in each country.

Advantages and Benefits

The advantages and benefits provided by fisheries insurance vary from scheme to scheme.

However, in general, the principal benefits of fisheries insurance are:

1) Protecting fishermen and fish-farmers against accidents and natural hazards beyond their control;
2) Providing basic compensation for the loss of or damage to fishing vessels, gear and catch (or harvest), thus contributing to stabilisation of incomes within the fisheries sector;
3) Reducing the risk to financial institutions, which providing credit to fishermen and fish-farmers, in relation to fisheries credit;

4) Reducing the risk for fishermen and fish-farmers in investing their own resources in the adoption of new technologies and acquiring improved equipment;
5) Fostering mutual assistance and co-operation among fishermen, fish-farmers and their organisations;
6) Reducing the unpredictable burden on government of providing emergency assistance in the wake of natural disasters;
7) Promoting stability in fishery enterprises and contributing to the general welfare of fisheries communities;
8) Stabilizing the contribution of the fisheries sector to national economy.

Together with reforms in governance, technology can play a vital role in improving efficiency, bringing transparency and reducing moral hazards in fishery insurance.

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