CHAPTER : 1
INTRODUCTION
1.1 DEVELOPMENT OF INLAND FISH FARMING: SOCIO-ECONOMIC RELEVANCE IN INDIAN CONTEXT.

The impact of fish farming can well be visualised in terms of Indian economic development in general and upliftment of rural economy in particular. There is little doubt that fisheries sector has a vital role to play in mitigating the protein deficiency in a developing country like ours. This sector also ensures good amount of export earnings and creates employment opportunities, specially for the rural mass (Chavan, 1984; Patel & Khankhoje, 1985; Dev, 1986; Mishra, 1986).

The importance of this sector has been projected in the successive Five Year Plans of the country since independence where emphasis has been laid on allocation of more and more funds for the improvement of fish. Several provisions have been made in the Five Year Plans for the development of infrastructural facilities (Singh & Sampath, 1984: Jhingran, 1990). Thus, it appears that plan outlay for fisheries sector in the Seventh Plan has shown a considerable increase of about 106 times over the first plant allocation (Handbook on Fisheries Statistics, 1988).

This is followed by the Government's active attention to this sector whereby several organisations and institutions are established to promote the development of this sector throughout the country (Kalawar & Dandekar, 1988). Among the institutions, some are concerned with the research and development pertaining to training of personnel, exploration of resources, creation of infrastructures etc. and some are engaged exclusively in export promotion activities.

In this connection the role of Fish Farmers' Development Agencies (FFDA) is worth mentioning particularly in the light
of economic upliftment of the country. FFDAs have been set up not only to encourage the rural people for self-employment but also to operate with an aim to utilise optimally the available local resources for fish production (Singh & Sampath, 1984; Dev, 1986). Precisely then, generation of employment opportunities by providing financial and technical assistance to the potential fish farmers and by utilising small tanks and ponds is the major objective of FFDAs.

The integrated effort of the Central Government, State Governments and some international organisations, like the World Bank and the Food and Agricultural Organisation, for the development of this sector has resulted in a remarkable increase in inland fish production from 2.18 lakh tonnes in 1950-51 to 14.60 lakh tonnes in 1989-90. Similar trend has been reflected in the export earnings for the country from fish products where a substantial increase of about 215 times has been noticed in 1987-88 compared to 1950-51 (Handbook on Fisheries Statistics, 1988).

The contribution of this sector to the national economy is also noteworthy. During 1980-81 this sector had contributed (at current prices) about 0.8% to the net national product (Kalawar & Dandekar, 1988).

Therefore, fisheries sector has been playing an important role in propelling the Indian economy. Simultaneously, this sector provides an opportunity to improve the socio-economic condition of the fishermen living in rural areas (Mishra, 1988).
Particularly from the Sixth Plan, this important aspect is considered as the major objective of the fisheries development (Chavan, 1984).

1.2 LEASING: AN IMPORTANT ASPECT OF INLAND FISH FARMING

Development of inland fish farming, however, depends, to a large extent, on the availability of adequate water reservoir to the potential fish farmer. It is a fact that most of the individuals, who are opting for this particular venture, have virtually got no adequate water reservoir of their own. To them, leasing is the only means of acquiring water reservoir. Thus, leasing plays an important role in inland fish farming (Paul, 1983; Singh & Sampath, 1983).

Vast majority of water areas are privately owned. However, some water bodies are owned by the Panchayats, Fisheries, Department, FFDAs and others. Though there is no standardized leasing policy in inland fish farming, all of them leased out the water bodies to the interested fish farmers. The survey conducted by Gupta (1984) revealed that Panchayats, Fisheries Department, FFDAs, private owners and others leased out about 51%, 20%, 15, 9% and 5% respectively of the total leased ponds in India.

A package of promotional programmes relating to inland fish farming undertaken by the FFDAs include the leasing of tanks and ponds to the suitable fish farmers on long term basis in order to enhance the total fish production. However, lease
period is an important determinant of both yield and income (Gupta, 1984). It is reflected, from the study of Gupta, that longer the lease period, the higher would be the amount of yield but no such significant relationship has been found in respect of farmer's income.

Though leasing is an important phenomenon in inland fish farming, no comprehensive leasing policy has been framed yet by a majority of the State Governments. Demand for financial assistance from the external sources by the fish farmers is increasing due to advancement in fish farming technology. But many of the financial institutions are reluctant to advance any loans mainly due to the absence of comprehensive leasing policy and standardised lease documents (Paul, 1983). One of the important conditions laid down in the Banking plan formulated for the free flow of credit from financial institutions to the fish farmers for the improvement of fish pond and inputs in intensive fish farming activities under the inland Fisheries project with the World Bank assistance was that those beneficiaries who have been granted a minimum lease period of 10 years would be eligible for loan (Singh & Sampath, 1983).

Therefore, appropriate leasing policy would not only help to increase the fish production but also to provide full time avocation in fish farming ensuring stable employment opportunities to the unemployed rural youths.
Leasing involves the acquisition of the economic use of an asset for a specified period of time through a contractual commitment on payment of an agreed amount of periodical rent to the owner of the asset. Before the acquisition of a particular asset through leasing, the prospective lessee is to consider various available alternatives and is required to choose the most beneficial one which definitely requires an effective decision.

However, controversy exists regarding the availability of the various types of decision alternatives pertaining to leasing. Such controversy mainly arises owing to differential views expressed by many over the concept of leasing (Johnson & Lewellen, 1972; Carlson & Wort, 1974; Clark, 1978). Some researchers argue that leasing is a way of acquisition of the use of the asset, some are of the opinion that leasing is the way of financing that acquisition, still some others consider leasing both as a way of acquisition and a way of financing. Such differential views have led to generate a rather large and complex literature on this subject. Leasing is viewed as a financing decision when it is argued that in case of leasing, choice is to be made between leasing and borrowing (Ghosh, 1987; Van Horne, 1988). On the other hand, when the choice is to be made between leasing and buying, it is a combination of both investment and financing decision (Scarman, 1976). However, Raghunathan (1986) claims that leasing is an investment decision as, the choice between leasing and buying, according to him, could arise only when the decision has already taken that the asset would be acquired.
The controversy as outlined above has encouraged the development of various analytical techniques mainly to evaluate lease proposals which ultimately depends, to a large extent, on the exact type of decision required to be taken in case of leasing. But it is interesting to note that all the techniques developed by many researchers consider future stream of expected outflows and inflows associated with the specific leased asset. All such endeavours are directed either to determine the cost of leasing or to ascertain the net benefit from leasing. Obviously then, the prospective lessee will seek the most beneficial alternative in terms of cost or benefit out of all available alternatives. In doing so, the lessee perceives beforehand the consequences of various decision alternatives each of which is evaluated in terms of cost or benefit and chooses that alternative which will minimise the cost or maximise the benefit.

It, therefore, appears that acquisition of the use of an asset through leasing requires a decision, whatever be its type—financing or investment.

1.4. PSYCHOLOGICAL AND SOCIAL FACTORS: SUCCESS IN DECISION MAKING

Psychological literature pertaining to decision making has depicted the important role of psycho-social factors in general and personality factors in particular in making decisions (Pickle, 1964; Atkinson, 1965; Carroll & Tosi, 1970; Bray et al; 1972; Rao, 1985). A decision maker perceives beforehand the consequences of various decision alternatives and chooses
the most beneficial alternatives which can best suit his/her conditions in relation to personal objective evaluation. In doing so, the decision maker perceives the required information from the environment and processes the same in accordance with the self-need structure and arrives at a particular decision with the help of cognitive mechanism. Individuals differ in respect to the way of acquisition of information and the method processing the information (Mitroff, 1983). Thus, individual differences play a key role in decision making. Different decision makers having more or less the same objectives and working under the same environmental and market conditions make different decisions.

A number of studies has attempted to explain the relationship of n-Achievement and personality factors with the success in decision making (Lim & Javillonar, 1968; Taylor & Dunnette, 1974; McGaffey & Christy, 1975; Casson, 1982). In an illuminating paper of Ivancevich et al. (1977), it has been discussed that emotions, motives, feelings etc. influence the decision making behaviour of an individual within the organisational framework. The decision making ability of an individual along with his desire to carry out his job with a standard of excellence can lead to an overall success in the decision making.

The studies of Mason & Mitroff (1973), Henderson & Nutt (1980) and Hunt et al. (1989) require special mentioning in this context. They have tried to explore the impact of cognitive factors on decision making behaviour. Cognitive make-up of an individual determines the process behaviour which is exhibited
In course of acquisition, analysis and interpretation of information. Thus type of information acquisition and mode of data processing mostly depend on the cognitive style of the individual and they ultimately have an impact on the quality of the decision taken. The study of Hunt et al (1989) clearly establishes the relationship between the decision process and decision maker's personality.

The importance of personality in relation to decision making is well described by Cattell & Butcher (1972), MacCrimmon & Taylor (1976) and Rao (1985). They have discussed personality as a factor which not only shapes the decision making process of an individual but also determines the risk taking propensity of the same. It is now well recognised that risk taking propensity, an important psychological trait, influences the decision making process of an individual. This contention has also been widely propagated in the psychological literature pertaining to decision making where relative contributory effects of a number of psychological attributes like perceptual ability, risk-taking propensity and level of aspiration have got much prominence (Schroder et al, 1965; McClelland, 1966).

Development of personality, however, depends, to a large extent, on some social factors affecting the social environment. Luthans (1985) has highlighted the role of family in this context. He has observed that the family has a vital role in dispensing the culture and it has an impact on the early development of personality. Similarly, Caste system is also an important determinant factor of effective decision and economic
success (Epstein, 1964). Cognitive interaction with the social environment determines the moral standards of a child. Therefore, social and environmental factors which have an impact on the development of personality also play a crucial role for the success in decision making.

1.5. BROAD OBJECTIVES OF THE STUDY:

The present study tries to explore the factors, psychological, social and environmental, associated with success in inland fish farming which, in its turn, assesses the success in decision making of the respective lessee.