

# Non-Timber Forest Products & Forest Governance

A REPORT





# **Non-Timber Forest Products and Forest Governance**

## ***Synthesis Report***

Based on three state-level studies carried out during 2006-07:

Andhra Pradesh: M Gopinath Reddy  
Madhya Pradesh: Prodyut Bhattacharya  
Orissa: Sanjoy Patnaik

## ***Synthesised by***

Sushil Saigal

**Forest Governance Learning Group – India  
2008**

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## Preface

This report synthesises findings of three state-level studies on governance issues related to selected Non-Timber Forest Products (NTFPs), which were carried out in three Indian states. The three state-level studies on which this report is based are:

1. **Andhra Pradesh:** *Technical Study on Selected NTFP Based Enterprise Governance* by M. Gopinath Reddy, Centre for Economic and Social Studies, Hyderabad.
2. **Madhya Pradesh:** *Technical Study on Selected NTFP Based Enterprise Development* by Prodyut Bhattacharya, International Centre for Community Forestry, Indian Institute of Forest Management, Bhopal.
3. **Orissa:** *Study on NTFP Policies, Production and Management with Special Focus on NTFP Enterprises in Orissa* by Sanjoy Patnaik, Regional Centre for Development Cooperation, Bhubaneswar.

These studies were supported by the Forest Governance Learning Group – India (FGLG – India), which is part of a wider international initiative coordinated by the International Institute for Environment and Development (IIED), London. Under the FGLG initiative, different activities to improve forest governance are being carried out in seven African and three Asian countries. The work in Asia is being supported by the Regional Community Forestry Training Center for Asia and the Pacific (RECOFTC), Bangkok, in addition to IIED. The national FGLG groups develop and exchange practical ideas and tactics to promote just and sustainable forest use. The focus is on specific practical action points for implementation rather than adding to the already long list of general prescriptions. The list of members of FGLG – India is provided in the Appendix.



## Executive Summary

Non-Timber Forest Products (NTFPs) play an important role in the life and economy of people living in and around forests. Many NTFPs are important subsistence products while others are a valuable source of income. India presents a compelling case for the study of NTFPs and their governance. Not only are India's forests richly endowed with NTFPs, it also has one of the largest populations of forest-dependent people in the world.

This report synthesises findings of three state-level studies on NTFP governance carried out in Andhra Pradesh, Madhya Pradesh and Orissa. The studies focus on five key NTFPs that are important both economically and ecologically, viz. bamboo (mainly *Dendrocalamus strictus* and *Bambusa spp.*), tendu leaves (*Diospyros melanoxylon*), mahua flowers (*Madhuca latifolia*), tamarind fruit (*Tamarindus indica*), and sal seeds (*Shorea robusta*).

### Product-specific Issues

#### Bamboo

Bamboo is a versatile NTFP with a wide range of domestic, commercial, and industrial uses. A large number of rural artisans also depend on bamboo for their livelihood. Although there is great demand for bamboo, the production is far below its potential. The constraints faced by private bamboo growers are a major reason for low production. These include mandatory registration with the Forest Department (FD) in some areas and cumbersome procedures for obtaining transit permits for transporting the produce.

Although special provisions have been made by all three state governments to supply bamboo to the traditional bamboo artisans, such artisans still face a number of problems. First, the supply itself is limited. For example, while artisans in Orissa are supplied bamboos from 'protected forests', most bamboo coupes are in the 'reserved forests'. Second, no felling is permitted for several months every year though artisans require bamboo all year round. Most importantly, however, artisans require green bamboo but bamboo felling rules specify that only mature bamboo should be harvested.

In spite of its great potential, bamboo-based enterprises have not developed adequately in the country. There are a number of promising bamboo-based enterprises that could help in tapping the potential of this versatile NTFP to improve income and livelihood security of some of the poorest sections of the society. The practical feasibility of such enterprises at the local level has been shown in Andhra Pradesh where about 500 Vana Samarakshana Samithi (VSS) are involved in producing nearly 150 tonnes of bamboo incense sticks per month. It is hoped that the recent establishment of two national bamboo missions would help in promoting the bamboo sector in the country.

#### Tendu Leaves

Tendu leaves are used for rolling country cigarettes or beedis. These provide seasonal employment to millions of collectors every year. The trade in tendu leaves has been nationalised in all three study states and only government or its authorised agents can procure these leaves from the collectors or growers.

There are a number of governance issues related to tendu leaves. One of the most important issues is that tendu leaf collection is not a very remunerative activity. At the procurement rate set by the government, the collectors hardly, if ever, manage to get the official minimum wage. In many areas, even this amount is paid to them only after several months.



Although state governments have introduced a number of progressive measures such as establishment of collectors' cooperatives, collectors' group insurance and sharing of net profit with the collectors, the field-level impact of these measures has been diluted due to various reasons.

### **Mahua Flowers**

Mahua flowers are used to brew country liquor and are also consumed as food. Although a large number of people are engaged in mahua collection, they do not even manage to get the official minimum wage. For example, in Andhra Pradesh it has been estimated that at the minimum wage rate, the value of labour input for collecting one kilogram of mahua flower is Rs 7.15. However, the procurement rate is only Rs 6 per kilogram. In many cases, the collectors do not get even these rates as they are exploited by the local traders who use a barter system rather than cash payment and rarely use proper measurements.

Another major issue is storage. Drying and proper storage of flowers requires considerable skill. The quality of improperly stored flowers deteriorates rapidly. Due to their inability to store flowers properly, many collectors sell their produce immediately, though if they are able to hold on to their stock for a few months, they can get a much better price in the off-season period. Apart from technical difficulties in storage, there are several policy restrictions as well. For example, in Orissa each family is allowed to store only up to five quintals of mahua flowers in the season and just one quintal during the off season. The removal of such restrictions can have a positive impact on mahua-based enterprises. Such an impact is evident in Madhya Pradesh, where several restrictions, such as transit permit requirement, on mahua were lifted in 1996.

Another area that needs urgent attention is value addition and product diversification. Although the bulk of mahua is used for making liquor, it can be processed into several other products such as candies, squashes, pickles, and vinegar.

### **Tamarind Fruit**

India is the world's largest producer of tamarind, which is collected from trees growing on all types of lands – forest, common, and private. Tamarind has a huge domestic and overseas market and commands a good price from the end-consumers. However, primary producers and collectors get very low prices and the bulk of the value is captured by the middlemen. Many collectors in Orissa and Madhya Pradesh are forced to sell tamarind at very low rates to petty traders. Some traders barter tamarind with low value items resulting in a major loss for the collectors. Many collectors also have credit linkages with the traders and use tamarind to clear their dues. In this arrangement too, the collectors end up getting a raw deal as the interest rates are usually quite high.

In Andhra Pradesh, the Girijan Cooperative Corporation (GCC) has been granted monopoly over the tamarind trade in the entire state though its operations are focussed on the scheduled (tribal) areas. Therefore, it is able to procure only about 5% of the total tamarind available in the state. Another important issue relates to the transit permit. Although panchayats in Orissa have been empowered to issue transit permits to transport tamarind (and several other NTFPs), transporters still face harassment at the forest check points as FD staff (especially those of other states) refuse to accept permits issued by the *panchayats*.

Although tamarind can be processed into a number of value-added products such as powder, granules, concentrate, blocks, and drinks, it is usually sold in the raw form by the primary collectors. There is great potential to enhance the income of the collectors and producers by setting up tamarind-based enterprises in the areas of production. There has been some effort by GCC in this regard but much more needs to be done.



## **Sal Seeds**

Sal seeds are collected in the sal belt of central, eastern, and northern India. The sal seed trade was nationalised in 1977 in Madhya Pradesh and in 1983 in Orissa. It was subsequently denationalised in Orissa in 2006. The main issue in the case of sal seeds, like many other NTFPs, is the extremely low price obtained by the collectors. It is estimated that a collector earns less than half the official minimum wage.

Sal seed has many uses in the food industry. It is a natural product grown without using any fertilisers or pesticides. This could have been its unique selling point. However, due to improper collection and storage this advantage is usually lost. The collectors put the seeds in used fertiliser or chemical bags, thus contaminating them. More seriously, pesticides are used during storage by the traders. Due to this reason, export market of sal seeds has been adversely affected.

The quality of sal seeds also depends on their moisture and Free Fatty Acid (FFA) content. The price of the seeds depends on these parameters as well on the extent of contaminants. Although these aspects can be easily tested, neither collectors nor *panchayats* have much awareness of these issues. Unscrupulous traders often take advantage of their ignorance and pay low rates for their produce, citing poor quality on these parameters. The FFA content should ideally be below 5%. In order to keep sal seeds' FFA percentage low, they should be processed within 72 hours. However, due to various bottlenecks, this period is often as long as five months. This reduces the quality of the product and affects its market.

Sal fat is a good substitute for cocoa butter and it could potentially have a huge market in the chocolate industry. However, the Indian Prevention of Food Adulteration Act forbids use of substitutes such as sal butter.

The collection of sal seeds is presently (March 2008) suspended in Madhya Pradesh due to problems of sal borer attack and regeneration. This has resulted in the loss of livelihood for millions of poor people who used to get employment for up to 80 days a year.

## **Overarching Issues**

### **The potential of NTFPs to address poverty**

Although a very large number of people are engaged in NTFP collection, it is actually not a very remunerative activity for them. The daily income from collecting NTFPs is usually below the official minimum wage rate. Most people collect NTFPs for sale or barter simply because of lack of alternative employment opportunities. Unless this issue of low remuneration is tackled, it will be difficult to address poverty through the NTFP route.

### **Opportunities to increase value addition**

A related issue is value addition. An attempt needs to be made to capture as much value addition as possible at the level of the primary collectors. The NTFP supply chains are unduly long and primary collectors get only a fraction of the price paid by the end-consumers. For example, collectors in Andhra Pradesh get only about 10% of the price paid by end-consumers in major cities. The current product base is narrow and there is a need to look for various alternative uses of NTFPs to improve collectors' returns and reduce future uncertainty (e.g. in case of tendu leaves). While there is scope for value addition in all NTFPs, bamboo in particular seems to have vast untapped potential.

### **Over-regulation impedes enterprise development**

There is over-regulation in the case of several NTFPs, especially those that are commercially



important. One of the biggest bottlenecks for the development of NTFP-based enterprises is the requirement of transit permit for many products. A permit is required each time the produce is transported and each permit is valid for only a few days. Although a number of steps have been taken by different state governments in recent years to reduce bureaucratic hurdles, a lot more needs to be done.

### **Need for holistic planning along the supply chain**

Many primary collectors and local traders are unaware about the end-use and quality requirements of NTFPs that they collect and trade in. Due to this reason, they do not follow correct collection and storage methods and consequently marketability of their products suffers. There is a need for holistic planning across the entire supply chain.

### **How can nationalisation best meet its original objectives?**

Several NTFPs have been nationalised with the twin objectives of (1) preventing over-exploitation of the resource and (2) safeguarding the interests of primary collectors and local communities. These are no doubt laudable objectives. Unfortunately, nationalisation has not always met them. As considerable field experience is now available, it is important to assess the efficacy of nationalisation to meet its original objectives.

### **Commercial-industrial focus favoured over artisans**

The National Forest Policy (1988) clearly states that the local communities' subsistence needs have a much higher priority than commercial-industrial production on forest lands. Although it has been nearly two decades since the issuance of the policy statement, the commercial-industrial focus continues in the case of many NTFPs. This is clearly seen in the case of bamboo, which is used by both local artisans and industries.

### **Devolution needs to be complemented with capacity building**

In the past few years, Panchayati Raj Institutions (PRIs) have been devolved greater powers over NTFPs. For example, in Orissa control over 69 NTFPs has been transferred to PRIs. In Madhya Pradesh, PRIs have been authorised to issue transit permits for transporting certain NTFPs. However, the impact of such progressive measures has been rather limited so far. The two major reasons for this are (1) lack of an enabling environment and (2) inadequate focus on capacity development.

### **Opportunities for mutual benefits through inter-state coordination**

There is a need to enhance inter-state coordination on issues related to NTFPs. There is not only considerable movement of NTFPs across states but policies adopted in one state often affect collectors and enterprises in other states as well. A mechanism should be developed for regular dialogue and sharing of experience between states at regional and national levels.

### **Sustainable NTFP management critical for livelihoods**

Considering that many NTFPs are critical for livelihoods of millions of people and also play an important role in forest ecosystems, it is important that these are sustainably managed. There is a need to assess production potential as well as current extraction levels of various NTFPs. Similarly, there is a need to assess current collection and management techniques, especially extensive use of fire to encourage regeneration (e.g. tendu leaves) and collection (e.g. mahua flowers and sal seeds). The focus of these assessments should be broader than NTFPs under consideration. One option that could be examined to promote sustainable production is certification.



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