



## VSS MEMBERS' WELFARE AND DEVELOPMENT FUND (VMWDF)

- how effective channelisation of forest returns can help communities protect the forest and enhance livelihoods

An initiative jointly facilitated by CPF, Vanasamakhyā and the FDA Nellore

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### INTRODUCTION

In Andhra Pradesh, the first Government Order (GO) on Joint Forest Management was issued in 1992, which subsequently was revised several times. The GO 176 issued in 1996 formed the basis for the formation and functioning of VSSs in the state for quite some time. In 2002, as per the requirement of the World Bank-supported APCFM project, a GO on Community Forest Management was issued after a series of consultations with the concerned stakeholders, i.e., the communities, local and state-level NGOs and the officials of the Forest Department. This GO has several pro-community measures. An addendum has been issued to this GO in 2004, following a demand from the communities on the need to clearly define the benefit-sharing mechanism.

<sup>1</sup> CEO of Vanasamakhyā, who is a member of VSS



## Modalities of benefit sharing to VSS members as per CFM GO & Addendum

Vana Samrakshana Samithi shall be entitled to the following forest produce obtained from forests managed by them:

- All non-timber forest produce
- Hundred per cent of the incremental volume of timber and bamboo harvested from the forest
- All intermediate yields obtained from silvicultural operations in natural forests
- A teak plantation whose silvicultural rotation age is 50 years, if allotted to a Vana Samrakshana Samithi when it was 40 years old, upon its final harvesting, if the total yield obtained is 100 cu m of timber, the Vana Samrakshana Samithi will be entitled to share of  $100 \text{ (final yield obtained)} / 50 \text{ (total age of the plantation at the time of harvesting)} \times 10 \text{ (period of management by VSS)} \times 2 = 40 \text{ cu m}$ . The same yardstick will apply to yield from thinning.
- In case of other plantations, whose age is known, 50 per cent of harvest (including thinning) if the period of management of plantation by Vana Samrakshana Samithi is less than 50 per cent of the rotation period and 100 per cent of volume harvested if such period of management by the Vana Samrakshana Samithi is more than 50 per cent of rotation period of the plantation.
- A plantation other than teak whose silvicultural rotation age is 10 years, if allotted to a Vana Samrakshana Samithi when it was six years old: upon its final harvesting, if the total yield obtained is 100 cu m of timber, the Vana Samrakshana Samithi will be entitled to share of  $100/2 = 50 \text{ cu m}$ . If a similar plantation was allotted to a Vana Samrakshana Samithi when it was two years old, the Vana Samrakshana Samithi will be entitled to a share of 100 cu m total yield. The same yardstick will apply to yield, if any, obtained from thinning.
- Domestic requirement of the forest products will be set apart and distributed among all the VSS members as per the norms evolved by the Managing Committee. The surplus quantity may be disposed of as decided by the Managing Committee.
- Expenditure necessary to sustain the productivity of the forests as per the micro-plan shall be deposited in the VSS joint account. This amount shall not be less than 50 per cent of the net income.
- Balance income shall be deposited in the VSS account and utilised as per decisions taken by the General Body of the Vana Samrakshana Samithi.





CPF promoted and nurtured Vanasamakhyas at forest-range and state levels. In Nellore division, six range-level federations were present. CPF noted that the harvest of Eucalyptus and Casuarina plantations took place in VSSs of Nellore division and the amount was deposited in the VSS joint account, which needs the signature of a forest official, too, for withdrawals. From this, the 50 per cent that needs to be ploughed back for forest development activity too, has been spent creating wage work to the members. However, the community share was not transferred into the second account. The local Vanasamakhyas and the VSSs approached CPF to see that the 50 per cent amount which has to be transferred to the second account of VSS be transferred and the amount be distributed to the VSS members. CPF, along with Vanasamakhya, made efforts and the Forest Department at state, division and range levels responded and facilitated the process. In most of the VSSs, the members individually shared the amount. However, in some VSSs where the amount was too low for sharing by individuals, it is still lying in the second account and the VSS members have been losing interest as the Forest Department became passive after the conclusion of the APCFM project in 2010. On the other hand, the VSS members were facing difficulty in accessing funds for their small needs and had to depend on private moneylenders who charge exorbitant interest. With this background, in order to make the VSSs active and make them remain relevant, and to create an opportunity for them to use the money they received from forest as their share effectively, it has been proposed to facilitate the creation of a fund at VSS level with some of the amount they received as their share of returns.

## VSS Members Welfare Development Fund VMWDF

### Formation

When the concept was first discussed with the Divisional Forest Officer (DFO) Nellore, it was agreed to in principle but it was suggested to seek approval from the head office and also come up with a detailed plan of how it will be operated and so on. CPF then approached the head office and the response was positive. It was mentioned that the VSSs are free to do whatever they wish to do with their share of the returns, but the process of creating a fund like this has to be transparent and based on a General Body resolution. CPF then had elaborate discussions with the VSS members, the range-level Vanasamakhyas' representatives and the field-level forest officials, and came up with a detailed plan of action. Simultaneously, a consultant was engaged to develop a manual for the operation of this fund and also provide training in book keeping and record maintenance to the VSS members. The manual, titled *VMWDF – Manual of Operations* is in Telugu.

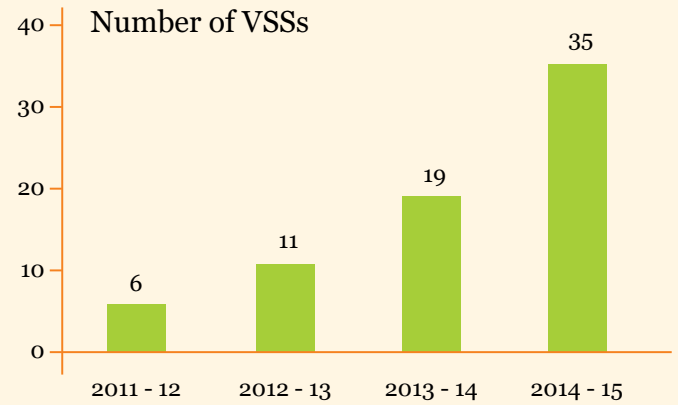
On 28 June 2011, in the Venkatapuram VSS in Udayagiri range, the VSS Members' Welfare Development Fund (VMWDF) was launched and the manual was released formally. The FRO, Udayagiri, launched the training poster made on informing the members about the rules and working of VSS Members' Welfare Development Fund and the functions of the committee. Training was provided to the committee members of six VSSs, which initiated this process. Later the manual and poster were widely disseminated among the VSSs of Nellore division.

<sup>2</sup> Vanasamakhya has a membership of around 40 range-level networks of VSSs comprising around 600 VSSs

## Norms of the VMWDF

- VSS General Body to decide for the creation of this fund at VSS level, through a resolution stating the amount to be transferred to the VMWDF account
- General Body constitutes a five-member (three women and two men) VMWDF Executive Committee consisting of President, Vice President, Secretary, Joint Secretary and Treasurer
- The Executive Committee opens a bank account in the name of VMWDF with President, Secretary and Treasurer as signatories.
- Operate at VSS level only (not to pool the amount at range or cluster levels)
- Both men and women are members
- The resolution has to be shared with the DFO through proper channels
- DFO will then issues orders to the concerned VSS to transfer amount from VSS account to VMWDF account

Though there were around 90 VSSs which received benefits of returns from the harvest, VMWDF was taken up only in the VSSs which showed interest in creating such fund. It took time for the members of VSSs to get convinced with the idea of VMWDF and the number of VSSs operating this fund, as of now, is 35. The figure below shows the expansion over the years.

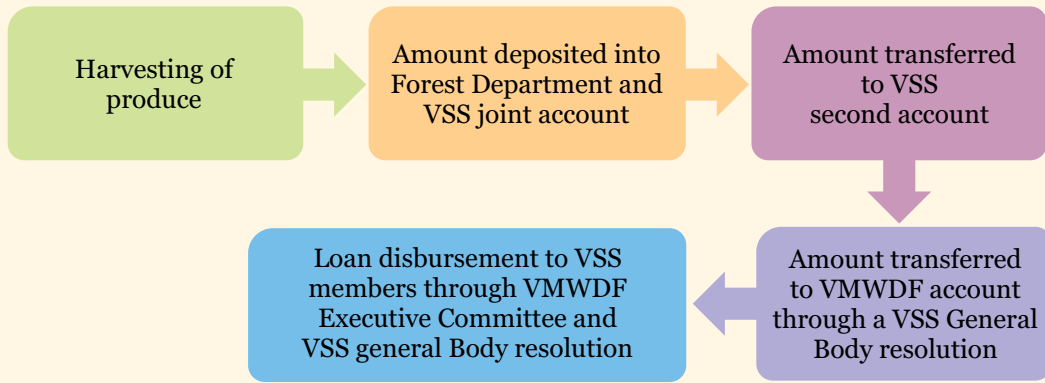


The VSSs decide on how much amount they intend to transfer into the VMWDF account. Most of them started with a lakh of rupees. Some of them had amounts of only up to Rs 50,000 or so and that was all they could transfer. The total amount transferred to the VMWDF account by 35 VSSs is Rs 31,50,286.

No. of VSSs	Amount in Second (VSS) Accounts in Rs	Amount transferred to the VMWDF accounts in Rs
35	61,56,661	31,50,286

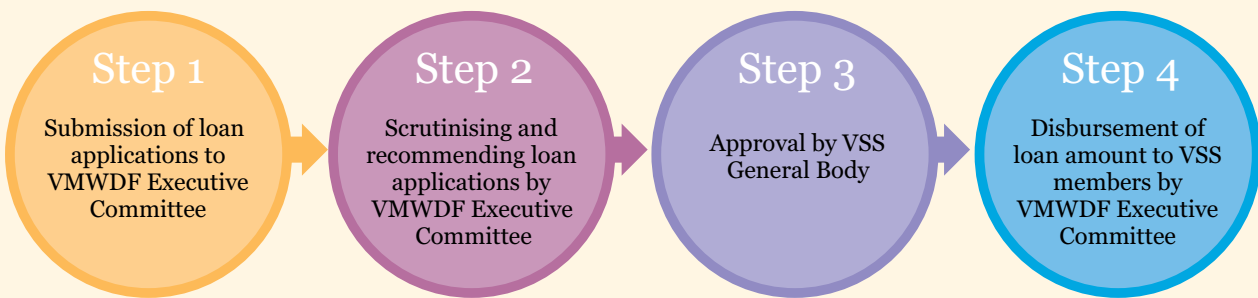


### Steps involved in VMWDF activity



### Functioning

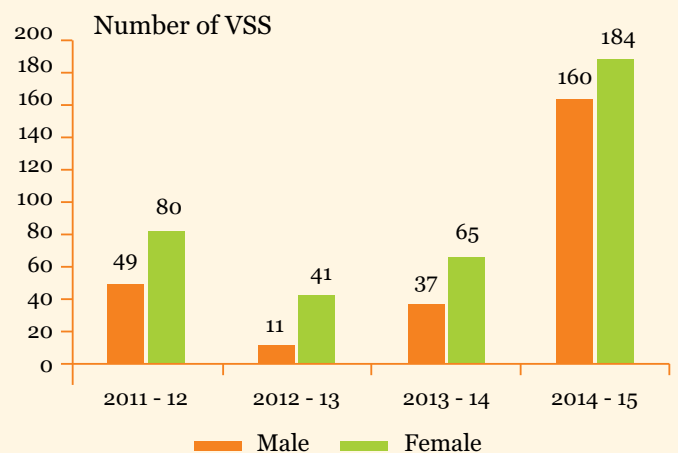
The members who wish to take a loan from the VMWDF need to make an application to the Executive Committee mentioning the purpose of the loan. All such applications received will be put before the General Body Meeting of the VSS. After discussions on needs and priorities of members, loans will be sanctioned. Interest will be charged at the rate of one rupee per 100 per month on the amount taken. After the first month, the interest will be calculated for the current principal amount only. The loan has to be repaid in 12 months. Each month the borrower has to pay one-twelfth of the principal plus the interest amount. A fine will be charged for delayed payment of instalments.



### Impact of VMWDF

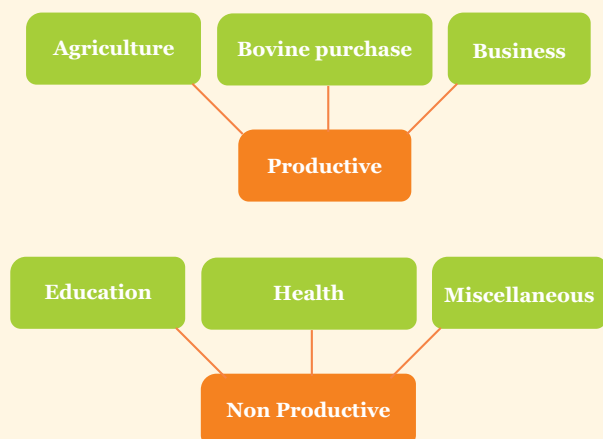
There are 618 loan receivers since 2011 who have actively participated in VMWDF. The students conducting the survey for CPF sampled 10 per cent of the total, covering five ranges of Nellore district, viz Udayagiri, Atmakur, Kavali, Venkatagiri and Rapur, for the study. The categories of the purpose of loan were: livestock purchase (includes buffalo, cattle and goats), agriculture, small business, miscellaneous, and health and education.

### Graphical representation of total number of loan receivers



## Categories under “Income generating” and “Non-productive” heads

Out of 62 receivers sampled, 15 took loans for agriculture, 11 for business, 8 for livestock purchase, 10 for miscellaneous, 8 for education and 17 for health.



### Productive Use

#### Agriculture

In this category, the total number of loan receivers interacted with were 16 members from around 11 VSSs. In total there has been an increment of 54.25 per cent in their income due to the timely loans they got. The maximum amount taken by the receivers was Rs 9000 and the minimum, Rs 1700. The loans were mainly taken for bearing the cost of production and cultivation, costs for buying seeds, pesticides, fertilisers, and hiring tractors and labour. On interaction, it was clear that they are happy with the income they earn presently and enjoy better living conditions than before.

### Business

In this category, the total number of loan receivers interacted with were 18 members from around 10 VSSs. On interaction, it was clear that they are satisfied with the amount they earn now compared to what they earned before starting or extending their business. The percentage increment here is 41.43 per cent more than the earnings they had before taking a loan. They are benefitted and content. The maximum amount taken was Rs 5000 and the minimum, Rs 1700.

Loan receivers under this category opted for businesses like tiffin centres, provisions shops, *kirana* shops, beauty parlours, etc. and a few opted for extension of their existing business.

### Livestock purchase

In this category, the total number of loan receivers interacted with were 10 members from around seven VSSs. On interaction, it was clear that they are content and earn fairly well. There has been an increment of 26.66 per cent in their income. The maximum amount taken by receivers was Rs 5000 and the minimum, Rs 2000.



### Non-Productive

#### Health

In this category, the total number of loan receivers interacted with were six members from around six VSSs. The loan receivers here took loans mainly for meeting costs of their grandchildren's, children's or parents' health problems or for their own treatment. The maximum amount taken was Rs 5000 and the minimum, Rs 1700.

<sup>3</sup>Information in this section is sourced from the study report titled “A STUDY ON VMWDF AND ITS PROCESS AND IMPACT ON INCOME OF LOAN RECEIVERS” of the student interns Ms Vaishaly and Ms Kanan from NIT Rourkela, who came to CPF for two-and-half months from May to July 2015.

<sup>4</sup>Out of the 5153 (male 2564; female 2589) total General Body members of these 35 VSSs.

## Education

In this category, the total number of loan receivers interacted with were four members from around four VSSs. The loan amount was utilised by the loan receivers for purposes such as the education of their son studying in college or grandchildren in school. The maximum loan amount taken by the receivers here was Rs 5000 and minimum amount was Rs 4000.

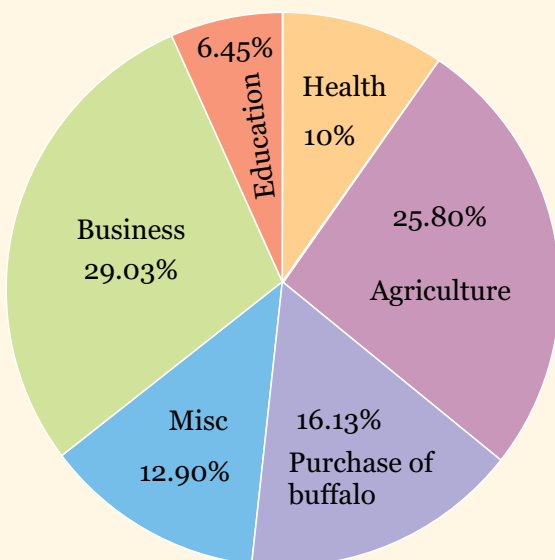
## Miscellaneous

In this category, the total number of loan receivers interacted with were seven members from five VSSs. This category includes loans for construction of house/ bathroom, repayment to third party, loan amount taken twice for different purposes, etc. The main purpose for the loan mentioned here was for construction of bathroom. In general, the maximum amount taken as loan was Rs 5000 and the minimum amount was Rs 2000.

### Graphical representation of loan receivers under different categories

(The graph represents the category percentage out of 62 loan receivers sampled).

### Relationship between VSS and the Forest Department and the role played by Vanasamakhyas



The relationship between VSS and the Forest Department (FD) in general is good, where 25 out of 30 villages have good rapport with the department

and five out of 30 have conflicting relations with them. Vanasamakhyas played the role of facilitation and establishing good rapport between the member VSSs and FD. The Vanasamakhyas representatives communicate the work requirements to the VSSs and keep accurate, complete data of amounts deposited and loans granted out of VMWDF to the members. They also conduct cultural activities like motivational songs and plays to keep the member in touch with their responsibility of protecting the forest.



### Scenario before and after VSS formation

The students conducting the survey interacted with 18 VSSs, viz. Venkatampeta-Mahila VSS, Nandipadu, T. Cheruvupalli, Chowdepalli, Indiranagar, Durgampalli, Rangannapadu, Rajavolu, P. Bitragunta, Singaragiripalem, Dubagunta, P.P. Palem, Singapeta Chelika, Bangarupeta, Turimerla, Thummalathalapur, Cherlopalli and Kandhamur, regarding the scenario of forest protection and regeneration, pre- and post-formation of the VSSs. Most VSSs had had no relations with the Forest Department but directly or indirectly, for something or the other, they were dependent on forests. This included for firewood, roots and bushes for broom-making and selling, *beedi* leaves, honey, etc. When asked whether, before the formation of VSSs, they took any measures for safeguarding the forest as they were dependent on it, in general the answer was negative, as most of them were unaware of the need to take care of the forest's regeneration process.

But after the formation of VSSs in their respective villages, they have started taking proper care of forests as they make their major earnings out of it. Vanasamakhyas has played a prominent role in shaping and motivating the VSS members to become responsible towards protection and regeneration of forests. Since the formation of VSSs they are active in afforestation, plantation, cleaning of forests, preventing damage to check dams and rock fill dams, and removing dry parts of the flora. Before formation of VSS only one



of the sample VSSs took protection measures – the Rajavolu VSS, where the chairperson worked with the Forest Department as watcher, guarding the forest. After formation, all the VSSs took major measures for protection by taking up the responsibility of watch and ward as well as other measures for preventing its degradation.

### Conclusion and the way forward

From the above, it can be noted that if sustained efforts are made, the communities continue to be involved in forest protection and development. In this case, the intervention of CPF and Vanasamakhyas played a vital role in the continued engagement of the Forest Department with the VSS communities even after the conclusion of the World Bank-supported APCFM project in 2010. The facilitation done by Vanasamakhyas in taking forward the idea of VMWDF has helped 618 needy members of 35 VSSs so far, to enhance their livelihoods. This activity is also acting as a binding thread between the VSS members and sustaining them as an institution. The quality of engagement these VSSs have with the Forest Department is commendable and as such, the FDA Nellore is now thinking of expanding this to the entire division.

It may be noted that out of 5153 members of 35 VSSs, 618 availed loans from the VMWDF. The average membership of VSSs is 147. Whether all the GB members are active or only a few are showing interest in the VSS and its activities need to be assessed. Based on such participatory reviews, it is important to reconstitute the General Bodies with members who have been actively participating in forest protection and development activities. The Nellore FDA has to take proactive measures and initiate action in this regard.

More and more FDAs have to emulate this model and proactively promote and nurture range-level VSS federations. For this, they can source the services of Vanasamakhyas. The FDA has to discontinue the practice of nominating VSS representatives and start taking representatives sent by the respective range federations following due process. The state FDA too should have considerable representation from the range- or state-level Vanasamakhyas. This is the only way to maintain the organic linkage between the VSS communities and the forest on which they depend, and the effective and productive engagement between the VSSs and the forest Department. The real fruits of the J/CFM programme can be reaped only through sustained and perseverant efforts by all stakeholders.

