

**ADDRESSING RURAL POVERTY THROUGH NTFP: A CASE STUDY OF
MADHYA PRADESH**

RESEARCH STUDY REPORT

FOR

KRISHNA RAJ FELLOWSHIP PROGRAM, 2011

SUBMITTED BY

DHEERAJ KUMAR MAHADULE

&

VIMMY

UNDER THE SUPERVISION OF

PROF. ANIRBAN KAR

DELHI SCHOOL OF ECONOMICS

TABLE OF CONTENTS

ACRONYMS	3
CHAPTER ONE: INTRODUCTION	
1.1 Terminology and Definitions	4
1.2 Forest-Poverty relationship in India and world	4
1.3 Tendu leaves: Source of livelihood for poor tribals	5
CHAPTER TWO: STUDY OBJECTIVES, METHODOLOGY AND STUDY AREA	
2.1 Aims & Objectives	6
2.2 Approach and Methodology	7
2.3 Study area, the Setting	8
CHAPTER THREE: NTFP POLICIES AND IMPACTS: A CASE STUDY OF TENDU LEAVES	
3.1 Introduction	11
3.2 Tendu leaf: A Source of Livelihood	11
3.3 Tendu leaf: A Source of Revenue Generation	11
3.4 Production and Trends	14
3.5 Trade Aspects and History	16
3.6 Critical points/findings	18
CHAPTER FOUR: KEY LESSONS AND CONCLUSION	
4.1 Conclusions	23
4.2 Recommendations	24
REFERENCES	30

ACRONYMS

BCW	Beedi and Cigar Workers (Condition of Employment) Act
CIFORE	Centre for International Forestry Research
CSIR	Council for Scientific and Industrial Research
FAO	Food and Agricultural Organisation
FD	Forest Department
FDCs	Forest Development Corporations
FRP	Forestry Research Programme
FFPMD	Forest and Forest Products Marketing Department
FSI	Forest Survey of India
GP	Gram Panchayats
GS	Gram Sabha (Village Assembly)
ICCF	International Centre for Community Forestry
JFM	Joint Forest Management
JFMC	Joint Forest Management Committees
KCC	Kisan Credit Card
MFP	Minor Forest Products
MPMFPCF	Madhya Pradesh Minor Forest Produce Cooperative Federation
MPRLP	Madhya Pradesh Rural Livelihoods Project
NTFPs	Non-Timber Forest Products (previously known as MFP or Minor Forest Products); also know as Non-Wood Forest Products
NWFPs	Non-Wood Forest Products
PESA	Panchayats (Extension to Scheduled Areas) Act, 1996
SB	Standard Bags
VFPC	Village Forest Protection Committee
WRI	World Resource Institute

CHAPTER ONE: INTRODUCTION

Non-timber forest products (NTFPs) feature highly in discussions of poverty alleviation vis-a-vis rural development and participatory forest resource management.

The perception about the greater accessibility of NTFPs to rural populations, especially to forest dependent communities, coupled with their profitability has led to NTFPs becoming an economically acceptable ecological option of development¹. NTFP-based development was part of a new development model, which focused on accommodating local livelihoods and the sustainable development of forest resources. In this new development paradigm, NTFP's are seen to play a critical role in poverty alleviation, yet the ground reality has not always indicated this. India's National Forest policy clearly states that the requirements of local communities have a higher priority than those of industry, but the field reality is often somewhat different. Despite poor populations receiving a high prioritization within policy objectives, evidence from the state of Madhya Pradesh (MP) reveals widespread and growing poverty among the poor who depend on NTFPs for their livelihoods and survival. This short term research project is an attempt to discuss the implications of NTFP in India (with a case study of the state of MP) on the poor and on poverty alleviation vis-a-vis the discourse, policy changes and real field situations.

1.1 Terminology and Definitions

Non-Timber Forest Products (NTFPs) which are also referred to as Non-Wood Forest Products (NWFPs) by FAO have been in use since the beginning of human civilization. NTFPs are a collection of biological resources derived from both natural and managed forests and other wooded areas. Examples include a variety of fruits, nuts, seeds, oils, spices, gums, medicinal plants and many more products specific to the particular areas from which they originate.

1.2 Forest-Poverty Relationship in India and World

There is a close relationship between forests and poverty. Approximately one fourth of the world's poor and 90% of the poorest rely significantly on forests for their livelihoods².

¹ Saxena, 2003

² World Bank, 2001

India's forests are richly endowed with NTFPs and the country also has one of the largest forest dependent populations (c.400 million) in the world³. India also has perhaps the largest population of poor (c.260 million) and tribal (c.80 million) in the world¹. The dependence on NTFPs is greatest among the poor for whom these products often serve the safety net function during period of stress, particularly in states like Madhya Pradesh (MP), where drought is general phenomenon every two to three years over the last two decades.

1.3 Tendu Leaves: Source of Livelihood for Poor Tribals

In India, the state of MP presents a particular case for the study of NTFPs because it has the largest forest area⁴ (FSI 2003) and highest number of people engaged in NTFPs activities for their livelihoods in all of India (Kumar, 2003). Recently some research studies conducted by the World Bank and DFID in MP state recognized two NTFPs (1) Tendu leaves and (2) Mahua flowers as the best sources of income generation for local communities, specifically for the most marginalized groups. But a recent study (Vira, 2005) suggests that in Madhya Pradesh, mahua availability has declined and the number of collection days for tendu leaves has also diminished. Declining availability has a direct impact on the loss of income of poor forest dwellers, who rely on mahua and tendu as their only source of income in forest areas.

Because NTFPs like tendu and mahua are critical for the livelihoods of millions of poor in MP, there is the need for research to further address specific issues and field-level experiences related to the management of both nationalized and non-nationalized NTFPs in the state. Over the two last decades, many policies have been formulated regarding NTFPs, but due to problems related to effective implementation, poverty remains pervasive among primary collectors. The exploitation by cooperatives and different agents of the forest department of local collectors, and other pressing issues (such as problems associated with marketing NTFPs and a lack of awareness over policies for the forest resources) in this field require much further investigation. Our research has tried to address this gap.

³ Mahapatra et al.,1997

⁴ 83,629 Square Kilometres or 27% of the state's geographical area

CHAPTER TWO: STUDY OBJECTIVES, METHODOLOGY AND STUDY AREA

2.1 Aims & Objectives

Main research question:

What has been the impact of NTFP management policies on addressing the question of poverty alleviation in Madhya Pradesh?

Sub-questions:

(1) What processes have led to communities being marginalized under government NTFP programmes even as they are stated within policy to be a top priority?

(2) How do value chains and trade negotiations affect the marginality of poor groups?

Our research focused on the policies, regulation and institutional issues surrounding a key NTFP that is important both economically and ecologically in the state of MP. Specifically, we have conducted a detailed analysis of issues surrounding trade of tendu leaves and conflict of interests of various stack-holders in this business. To get to the root cause of widespread loot from poor gatherers' pockets, we have tried to find out loopholes in the governance system and policy issues and their impact on the lived experiences of local populations who depend critically on this little source of survival from forests. The broad aim of the study is to analyze the experience with NTFPs related policies and to draw some lessons of wider relevance.

The specific objectives are to:

- Analyse the policies and trade environment of NTFPs in MP.
- To identify the gaps in the NTFP trade from the NTFP collector's perspective vis-a-vis government restrictions.
- Examine the field-level experiences of policy of nationalization, and the obstacles that hold back marginalised local groups from benefiting from NTFP regulations and the poverty alleviation programmes.
- Suggest promising approaches for poverty alleviation involving the use and regulation of NTFPs and village administrative reforms.

The findings of the study should help policy makers and academics to understand the complex relationship among various institutions and how regulations fail to achieve the desired objectives of poverty alleviation through NTFPs.

2.2 Approach and Methodology

This research study includes description and analysis of the situation, roles and interests of various stakeholders as well as problem areas related to NTFP governance, regulation and trading vis-à-vis people's livelihoods.

The research was conducted in 2 stages:

(I) Desk Work

(ii) Data Collection/Field Work:

Primary Data Sources

Semi-structure interviews were conducted with key respondents being selected on the basis of their close involvement and knowledge of NTFPs. The primary source (key interviews) consisted of the heads/educated members of tribal households, forest protection members, local collectors, commercial business people and cooperative members at the village and district levels, as well as individuals from the key institutions, including Forest Department (FD), Village Forest Protection Committee (VFPC), Panchayati Raj Institutions (PRI), and the Madhya Pradesh Minor Forest Produce Cooperative Federation (MPMFPCF).

Secondary Data Sources

The survey and in-depth interviews are supplemented with a review of secondary data and the collection and examination of official records and policy documents from:

1. Village level information from the Sarpanchs' record of the studied village.
2. Census of Betul district, 2001(2011 census data not accessible).
3. Records of the local district level officers.
4. Books, journals, articles and reports on the subject of NTFPs.

Information was also collected from websites of various national and international NGOs and forestry organizations.

2.3 Study Area, the Setting

A small case study in Madhya Pradesh was conducted. The criterion for selection of the state of MP was due to strong dependency of the tribal community on NTFPs in this state. The case study of Musakhedi, Siwanpat and Borpani villages community in Athner block of Betul district (40.67% of total district is covered with forests), which lies in the southern MP, has been selected.

Although literacy level in the District is 70.14% it lags behind on the economic front. The lack of infrastructure, remote location of most of the villages, poor market linkages inadequate power supply and near absence of “Rule of Law” has resulted in very slow pace of industrial development in the District.

The economy of the region is very backwards and mostly dependent on agricultural labor and NTFPs. Agriculture is monsoon dependent and so is the fate of poor villagers. Agricultural land holding is very marginal (1.5 acres). Quality of soil is not such that agriculture alone could support the hunger of the family. Also, due to shortage of water in the area, at most places only one crop per year is grown (soybean). Other major sources of income are NTFP collection (mostly tendu leaves and mahua flower) and landless labor.

Betul provides an excellent location for this research because it has one of the largest concentrations of tendu leaf collectors in all of India⁵, thus making it an ideal district for examining field-level experiences of policies and regulations for tendu leaves. The study of the tendu policy and its impact in this region promises to bare the truth of a plethora of issues- from governance, political clout, and sustainable economic development to rights of forest dependent communities (other people as well) and environmental concerns.

As one of us had the advantage of growing up in the same district, we had some awareness about NTFP activities in this area. We were familiar with potential study sites, cultural and class norms, and local groups and populations.

⁵ ILO, 2003 report and MPMFPC website

Table 2.1: Profile of the Studied Villages

<u>Contents</u>	<u>Borpani</u>	<u>Musakhedi</u>	<u>Siwanpat</u>
Gram Panchayat	Borpani	Musakhedi	Musakhedi
Total Population (No. of Households)	684(119)	586(112)	359(66)
ST (SC) Population	485(67)	287(197)	353(5)
Others Population	132	102	1
Average Family Size	6	5	5
Working persons per HH(Inc. children)	5	4	4
% HH engaged in NTFP collection	37	40	53
% HH engaged in agriculture	27	28	17
% HH engaged in wage earning	36	32	30
% HH under 'Below Poverty Line'(BPL)	86	90	95
Literacy status	47%	45%	38%
Average land holding size	1.8 Acres	1.5 Acres	1.2 Acres
Weekly market & Distance (in km)	Athner(8)	Athner(10)	Kolgaun(10)
Trading centre (For Tendu Leaves)	Tapti	Tapti	Tapti
Trading centre (For others like agriculture)	Athner(8)	Athner(10)	Kolgaun(10)

Table 2.2: Economic Profile of the Villages

<u>Source Of Income</u>	<u>Average Contribution To Village Economy</u>		
	<u>Borpani</u>	<u>Musakhedi</u>	<u>Siwanpat</u>
Agriculture	32%	30%	23%
Agricultural/land-less & other labor	38%	35%	42%
NTFP	25%	30%	32%
Animal Husbandry and others	5%	5%	3%

Source: Sarpanchs' Records and calculations based on our survey (Average contribution to the village economy is approximated by taking average of the corresponding calculated figures for the surveyed households).

TABLE 2.3: Profiles of the Household Economic/Work Status

<u>CATEGORY</u>		<u>NUMBER OF HOUSEHOLDS</u>		
		<u>Borpani</u>	<u>Musakhedi</u>	<u>Siwanpat</u>
Income Levels from Tendu Leaves Collection (Per Season)	<1000	2	2	4
	1000-2000	6	4	7
	2000-3000	11	10	7
	3000-4000	1	3	2
	>4000	0	1	0
Number of Work Days Spent in Collection Activity (Per Season)	<40	1	3	5
	40-50	5	4	6
	50-60	12	11	9
	>60	2	2	0
Income Levels from Agriculture (Per Year)	<4000	1	0	2
	4000-6000	5	6	9
	6000-8000	9	10	8
	8000-10000	4	2	1
	>10000	1	2	0

Source: Field survey. Figures are as number of HHs falling in a particular category (20 HHs surveyed from each of the villages).

CHAPTER THREE: NTFP POLICIES AND IMPACTS: A CASE STUDY OF TENDU LEAVES (DIOSPYROS MELANOXYLON)

3.1 Introduction

Tendu leaves (TL) are one of the most important sources of income for tribal communities and rural people living near forests in central India. They occupy a significant place among all NTFPs. The tree is called Blackwood (Indian ebony), and is of less significance than its shrub, whose leaves are used for making *beedis* (an indigenous cigarette, which uses the tendu leaf instead of paper).

3.2 Tendu Leaf: A Source of Livelihood

Throughout India, tendu leaves and beedis are estimated to provide 106 million person days of employment in collecting activities and 675 million person days in secondary processing⁶. In the state of MP, tendu leaf collection generates, at an average, more than 45 million person days of employment per year for six million poor tribal people and scheduled castes, especially women and children⁷. MP is the largest producer of tendu leaves in the country, accounting for 25% of the country's total production⁸. MP produced nearly 2.5 million Standard Bags⁹ (SB) of around 10 million tendu leaves collected all over India¹⁰ annually.

3.3 Tendu Leaf: A Source of Revenue Generation

Tendu leaf is one of the most valuable and important NTFP from the state's revenue point of view. In the state of MP, the collection and sale of tendu leaves alone fetch the state government the revenue of Rs. 4500 Million¹¹. Total turnover of trade in tendu leaves in the state is estimated to be around Rs. 1.845 billion¹².

⁶ World bank 2006

⁷ www.banajata.org

⁸ MPMFPC website

⁹ 1 standerd bag contains 1000 bundles of 50 leaves each = 50,000 leaves

¹⁰ MPMFPC website

¹¹ Prasad 1998

¹² MPRLP 2006 Report; Saigal et al.,2008

Potential of Producing Leaves

The average potential of producing tendu leaves in the study area (Betul) is 90,000 (SB) annually. The annual process of tendu leaf collection starts during February when tendu trees/bushes are pruned to improve the quality and quantity of leaves and matured leaves are collected after about 50/55 days of pruning. Depending on the geographical location of districts, the collection season may commence any time from the second week of April to end of May.

Though officially at any phad, collection period should last at least one month, the study tells that in reality collection is done for only 12-15 days.

The Production Process

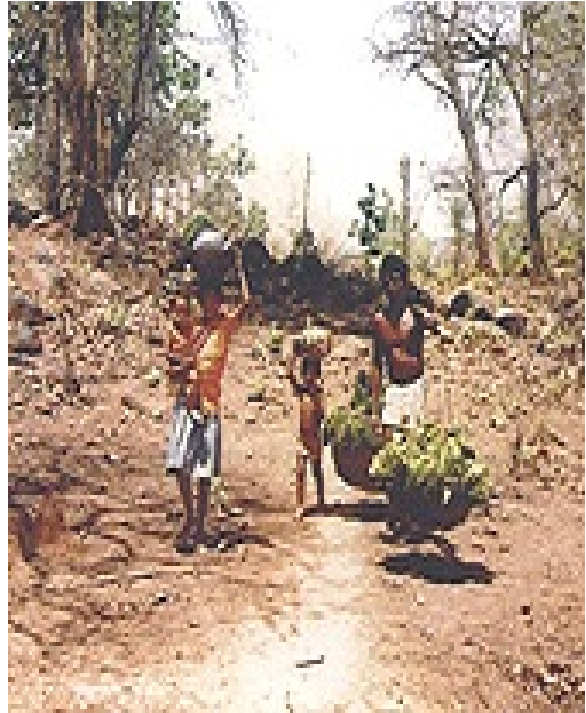
Collection and Processing

The procedure for collection and processing of tendu leaves has almost been standardised and almost the same procedure is used everywhere.

The process of plucking involves four to five steps- walking to and fro from tendu growing area, plucking of leaves, sorting and tying in small bundles and delivery of the bundles to collection centres. After the collection of leaves at the collection centre, leaves are spread over the ground for drying. After two to three days of drying, the counted bundles are put into gunny bags and finally transported to city centre godowns (brick walled sheds), by local transports like tractor. From city godowns bundles are sold by MPMFPF, the Apex state level organization, to traders and manufacturers. To see the different stages, see photographs below.



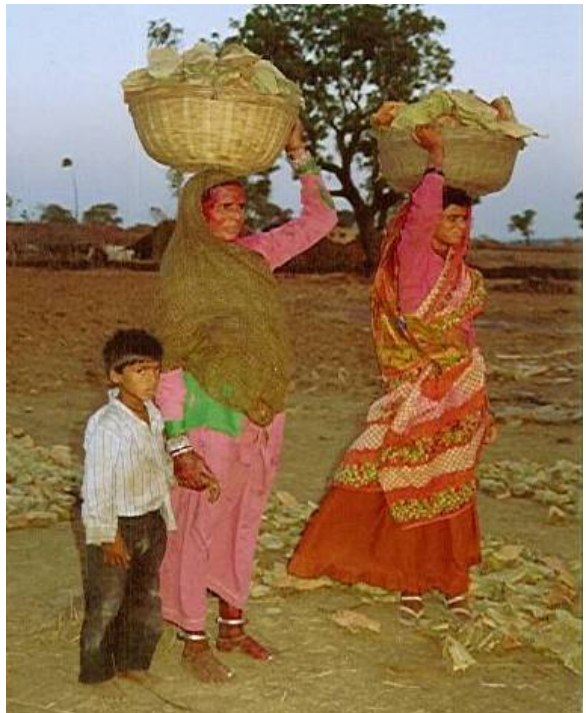
Plucking of leaves from forest.



Bringing leaves from forest.



Counting and bundling of leaves at home.



Taking bundles of leaves to Phad.



Purchase of leaves at Phad (collection/purchase centre) and spreading them out in the open field for sun drying.

The collection of tendu leaves is done by the Primary Co-operative Societies. There are over 15,000 collection centres in MP¹³.

3.4 Production and Trends

To know better the trends and different phases of the tendu trade in MP, we must first see the detailed figures of production of tendu leaves since 1989 given in the table below, as posted on MPMFPC website. From 2000 season, figures are for the new state of M.P. Figures in million SB and Rupees.

¹³ MPMFPC website

Table 3.1: Data of Tendu Leaves Trade

Year	Collection	Collection Rate per S.B	Collection Wages	Quantity Stored	Quantity disposed off	Sale Price	Expenditure	Net receipt
1989	43.61	150	65.42	43.58	43.58	405.15	114.70	290.45
1990	61.15	250	152.88	60.57	60.57	248.47	209.12	39.35
1991	46.16	250	115.40	45.79	45.79	298.07	180.00	118.07
1992	45.06	250	112.65	44.64	44.64	285.99	201.47	84.52
1993	41.31	300	123.93	40.98	40.98	252.77	198.29	54.48
1994	42.38	300	127.14	42.08	42.08	299.40	210.95	88.45
1995	39.56	300	118.68	39.36	39.36	289.39	197.80	91.59
1996	44.60	350	156.10	44.43	44.43	338.85	269.38	69.47
1997	40.14	350	140.49	39.95	39.95	338.69	244.05	94.64
1998	45.47	400	181.84	45.23	45.23	407.66	280.39	127.27
1999	49.37	400	194.20	49.12	49.12	402.20	283.87	118.33
2000	29.59	400	114.78	29.49	29.49	176.31	160.08	16.23
2001	21.28	400	83.09	21.22	21.22	111.05	136.07	-
2002	22.74	400	89.04	22.65	22.65	165.77	143.83	21.94
2003	22.25	400	87.56	22.21	22.21	152.95	140.71	12.24
2004	25.77	400	101.61	25.72	25.72	167.71	145.86	21.85
2005	16.83	400	66.37	16.82	16.82	131.41	106.90	24.51
2006	17.97	400	71.88	17.97	17.97	151.33	100.56	50.77
2007	24.21	450	108.95	24.21	24.21	373.64	136.89	236.75
2008	18.25	550	100.35	18.25	18.25	211.26	136.57	74.69
2009	20.49	550	112.67	20.49	20.49	265.49	149.86	115.63
2010	21.24	650	138.09	21.24	21.00	330.11	165.81	164.30

“The collection and production of tendu leaves in MP comprises 3 distinct phases. In the first phase (1965-1980), leaf collection ranged between 2 to 3 million standard bags, with a 1% growth rate. The second phase started in 1981 when sharp fluctuations were evident, but collection more than doubled from 3 million standard bags in the beginning of the decade to a record 7 million SB in 1988, with a growth rate of 5.93%. But after the co-operatisation of the trade in 1989, the collection rate fell until 1995”(Prasad et al), and then stabilised between 4-5 million SB. Since 2000 collection has stabilised around 2 million SB.

Table 3.2: Phases in Collection of Tendu Leaves in MP

<u>Phase</u>	<u>Total Period (Years)</u>	<u>Collection Per Year(mil.SB)</u>	<u>Growth Rate</u>
1965-1980	15	2-3	+1.0
1981-1988	8	6-7	+5.93
1989-1996	8	4	-1.87

Source: Prasad, Shukla and Bhatnagar, 1996

3.5 Trade Aspects and History

3.5.1 The Nationalization of Tendu Leaf

The 1960s was the first decade when governments realized the commercial value of tendu leaves in MP. Initially, the leaves were sold un-plucked to the contractors through the employment of local people as laborers¹⁴. However, the government observed that the contractors were cheating both the government (by under reporting and over harvesting) and the laborers (by underpaying)¹⁵. Therefore, in 1964 the state government nationalized the trade in tendu leaves with the twin objectives of ensuring the maximum revenue for the government and procuring better returns to the tribal collectors.

3.5.2 Lump-sum Payment System

After nationalization, government appointed agents collected and delivered the produce to buyers. But the agents and buyers were from the same business interests, and thus underreported and misrepresented the collection and sale figures to cheat the government's royalties¹⁶. Hence, the loss of government revenue and collectors' wages continued unabated. Therefore, the government shifted to the lump-sum payment system in 1980 that resulted in an increase of production and government royalties¹⁷. This addressed the issue of the government's revenue loss to some extent but the problem of exploitation of the collectors by government agents still remained¹⁸.

3.5.3 Madhya Pradesh Minor Forest Produce Cooperative Federation (MPMFPCF)

In order to address the issue of exploitation, the government decided to promote cooperatives of leaf collectors and created the MPMFPCF in 1984 and developed a three-tier structure consisting of a Primary Cooperative Society (PCS) at the village level, District Union at district level and Federation at state level¹⁹. The federation became fully operational in 1989²⁰. Following a tiered structure, the federation, which is organized as a

¹⁴ Saigal et al.,2008

¹⁵ Saigal et al.,2008

¹⁶ Down to Earth Vol:Feb, 2003

¹⁷ Lal and Dave 1991

¹⁸ Saigal et al.,2008

¹⁹ www.banajata.org

²⁰ www.banajata.org

cooperative, is comprised of 1,947 primary cooperative societies²¹ in which all the NTFP collecting families are members, formed into 58 district cooperative unions, and an apex federation at the state level – MPMFPCF.

3.5.4 Empowerment of PRIs (Panchayati Raj Institutions)

The 73rd Amendment to the constitution has provided for the devolution of power to the PRIs²². In landmark legislation, the parliament enacted the provisions of the Panchayats (Extension to Scheduled areas) Act (PESA) in 1996, which has provided for endowing Panchayats at the appropriate level with the ownership of NTFPs²³. Consequently, in 1998, an executive order was passed in MP to implement the PESA²⁴. Under this, the net profit of the tendu trade was to be returned as bonus to the collectors, the “owners” of NTFP under PESA²⁵. Now, according to PESA, 60% of the net profit should go directly to the primary collectors as incentive wages, 20% to the primary cooperative societies for infrastructure development, and the remaining 20% is to be used for the purpose of regenerating forests and the development of NTFP resources²⁶.

3.5.5 Impact of Policy on the Production of Leaf and Poor Gatherers

Research suggests that the production level and incomes from the sale of NTFPs declined severely in MP state following nationalization and cooperatisation²⁷. For example, production of tendu leaves in MP declined from 4.361 million SB in 1989 to 2.124 million SB in 2010 – a decrease of 51.29%. Also research suggests that nationalization is significantly reducing the remuneration to collectors of NTFPs²⁸.

Further, nationalization leaves a space for the black market, where traders sell and supply produce illegally just to make a large profit²⁹. All these factors ultimately hamper incomes of underprivileged primary gatherers severely.

²¹ With a total membership of 5 million MFP gatherers

²² Gol website

²³ MPMFPCF website

²⁴ GoMP website

²⁵ Down to Earth Vol: 11 Issue: 20030228 Feb 2003

²⁶ MPMFPCF website

²⁷ See also Campbell et al.,1995; Tiwari, 2006

²⁸ See also Campbell et al.,1995

²⁹ As in case of tendu trade leaf is going to other state like Andhra Pradesh where traders get higher profits. Based on the telephonic interview with a trader.

3.6 Critical Points/Findings

3.6.1 Devolution of Power to Local Communities

No doubt, the nationalization of tendu has laudable objectives. However, findings suggest that neither the cooperative structure nor the provision of PESA were implemented truly³⁰. After cooperativisation of the tendu trade, the MFP Federation became a “cash cow”, and the government did not in reality surrender control in the way that was mandated. For example, as told by surveyed people, the administrative control of the three-tiered cooperative structure is still with the forest department, as primary cooperatives are largely excluded from the decision making process of the tendu trade. As per the survey done, primary collectors and cooperatives are not aware and not informed about the rules and regulations of the tendu trade. In fact, 27 years since its creation (MFP Federation), the members of the state-level coordinating body are nominated, not elected (from survey)³¹. Further, there remains no role for PRIs and NGOs since tendu leaf is a nationalized product and the MFP Federation has a monopoly to deal with the tendu leaf collection through authorized agents. Even in the case of price fixing, the district unions and the primary collectors do not have any role (from survey).

3.6.2 The Current System of Benefit Sharing is Inefficient

Although the objective of the MPMFPC Federation is to provide the maximum benefit to collectors, the question of whether or not the profit reaches collectors is concerning. The ground reality tells that collectors are hardly able to get 30- 35% of the total bonus amount. (As per latest official data from MPMFPCF website, in Betul region average sale rate was Rs.222.63 per bag. If wage rate of gatherers, i.e., Rs.65 is subtracted, Rs. 157.63 would be total bonus per bag and hence Rs.94.57 (=157.63*60%) per bag should be the bonus meant for gatherers) In fact, they are not able to understand system and policies because of a general lack of education and knowledge. The operation is completely non-transparent to the primary collectors and most of the collectors are misinformed and exploited. The managers give bonus amounts as per their will and villagers have no idea what's their

³⁰ Down to Earth, Feb 2003

³¹ Also see Down to Earth, Feb 2003

rightful claim. Field research suggests that villagers are not clear on the actual sharing ratio or how the actual revenue share is derived. The ground reality reveals the fact that the tendu trade policy treats the poor pluckers as mere wage labourers (as against the spirit of PESA, official website of MPMFPC calls bonus as-“Incentive Wages To Tendu Leave Pluckers”) and not owners of the produce. Poor collectors are being denied their due share of profit and dignity to which they have a rightful claim.

3.6.3 Gross Ignorance about Policies for Gatherers

“A group insurance scheme for the Tendu leaves pluckers was launched in 1991. It is the biggest insurance scheme of its kind in the whole of Asia. All tendu leaves pluckers between 18 and 60 years of age (about 24 lakh) are insured free of cost under this scheme. The scheme is run by the Life Insurance Corporation of India. Following insurance amounts are paid under this scheme.

- In case of death of any plucker covered under this scheme, his nominee is paid Rs. 3500/-.
- In case of disability due to accident, the plucker is paid an amount of Rs. 12500/-
- In case, the death or permanent disability caused is due to accident, the amount of insurance is Rs. 25000/-.

Till now, 207445 claims have been settled and an amount of Rs. 82.07 Crores paid to the nominees of the deceased pluckers.”³²

Given the level of corruption and opportunism in the system and ignorance on behalf of deprived tribals, it’s not surprising that only two people in all three surveyed villages had heard about this insurance policy (only heard that there is something like such scheme but didn’t know). No hard guesses where the money is going.

³² MPMFPCF website

SURVEY TABLE SHOWING PEOPLES' AWARENESS ABOUT CRITICAL THINGS

<u>Awareness About</u>		<u>Borpani</u>	<u>Musakhedi</u>	<u>Siwanpat</u>
Official Collection Rate	Yes	70	80	65
	No	30	20	35
	Not Clear	0	0	0
Incentive-wages to Pluckers	Yes	0	0	0
	No	5	0	0
	Not Clear	95	100	100
Group Insurance Policy	Yes	0	0	0
	No	95	95	100
	Not Clear	5	5	0
Election in & Powers of Primary Cooperative Society	Yes	15	20	10
	No	0	0	0
	Not Clear	85	80	90
Proceedings and Powers of Gram Sabha	Yes	0	0	0
	No	0	0	0
	Not Clear	100	100	100
Provisions of MGNREGA	Yes	0	0	0
	No	0	0	0
	Not Clear	100	100	100
Govt. Policies of Free Health Care, Housing Subsidy etc.	Yes	10	5	0
	No	15	15	20
	Not Clear	75	80	80

Source: Field survey. Figures are in percentage of the HHs surveyed (20 HHs surveyed from each of the villages).

A 'Yes' means correct knowledge about the scheme.

'No' means no idea at all whereas.

'Not Clear' means either heard about it and/or know very few details correctly.

3.6.4 The Poverty of Gatherers

Tendu leaf collection is not a very remunerative activity³³. Although nationalization has allowed the government to set a standard procurement rate for collectors, the ground reality suggests that collectors are hardly, if ever able to get the official minimum wage for their work.

According to local collectors in the studied villages, despite the official rate being Rs.65 per 100 bags(100*50=5,000 leaves), they are paid with the rate of Rs.60. This shows that pluckers get a price that is up to 10% lower than the government norm. This highlights the stark reality of the chronic under-payment to tendu leaf collectors in MP, even within the government controlled trade process.

The collection centers accept leaves only for a certain period of time decided by the government. The phad munshi³⁴ and the contractor however keep discontinuing the collection process several times and as a result out of 30 days' official time for the process, it goes only for 12-15 days. According to villagers, this is one of the major reasons making tendu collection non profitable. However, poor collectors are usually helpless in this process and left with little choice except to wait for the God to do justice.

3.6.5 Real Scenery of the Village- State of Lawlessness

Perhaps the grip of the corruption (financial & moral) on whole system can best be gauged in this part of the country.

Agricultural and Banking: Agricultural land holding is very marginal (1.5 Acres). Credit is easily available but by sucking poors' hard toiled income. One gets money either by paying big advance bribes to cooperative banks {**1000/- for taking a loan of 8000/-**} or other banks {**20% of the principal sanctioned for KCC³⁵ in local branch of Central Bank of India**} or by paying big interests to local *baniyas* after the crop season {**returning 1500/- for borrowing 1000/- for six months**}. State government had decided some relief allowances (1500-2300/- per household in the area) after the drought last year. But corrupt bank manager and his agents didn't feel shame in asking 250-300/- for clearing checks and even aware people after trying their way did give in to this demand.

³³Interview. See also- Saigal et al.,2008

³⁴ Collection centre clerk

³⁵ KCC is heavily subsidized loan from state government for agricultural purposes

MNNREGA: Though both center and state governments remain in constant tussle to take the credit for magical effects of NREGA into their coffins, the reality of ground bares it all. Our survey found that people could not get work for more than 30-40 days in a year. Forget about the allowances, they didn't get even their full wages for the works completed. **For works on the digging water wells, all villagers were paid as little as 39/- per day.** They tried to raise voice but the complexities in the process, cost of going to district offices again and again and total absence of "Rule of Law" suppressed the voices as always. Nobody in any of the surveyed village had any bank pass book (which is mandatory for all job card holders, officially) and everybody is paid by showing job card in the bank!! No wonder where the loot is going.

Health and Education: None of the studied villages had even a single primary health centre or a practicing doctor. Govt. flagship programs like ICDS hardly come here. Education is no better. School buildings are deceptive of education and child development. Most of the teachers remain absentee most of the time of a year. Apparently no action could ever be taken against them mainly because of lack of care on part of Panchayat and also because the teachers know which officers to contact.

Other Government Policies: The "Corruption Raj" in the entire area blocks every single welfare scheme meant for poor. For example, like many others, one family had applied and urged several times over the last one year for monetary grant announced by government for house-repairing to BPL card holders. Sarpanch has been refusing their plea on the grounds that they'll drink liquor with the money. It should be noted that his claim is actually "what if" argument and nobody among tendu leaves' pluckers has ever been able to get this money. And given the situation of his house in the hilly terrain, as we saw and as he described too, he would have to keep awake in rainy nights with a *Phawda* in the hands and a *Loolgi* on the body, to save his house from heavy incoming water from the road above.

Selling of Firewood: Tribals cut fire-woods from jungle and with heavy load on the heads walk ten kilometers to reach weekly bazaar of Athner or Kolgaun. This fetches 50-65/- for the family and the poor little kids (who too carry the wood loads- *lakdi ke gatthe*).

Large Scale Unemployment: Unavailability of the work in nearby villages and towns coupled with heavy transporting cost to Betul make living increasingly difficult. They get manual labors not more than four days a month. For school drop-out kids, available jobs

are either of cattle grassing in bigger villages or at tea stalls in Betul or Athner. A very few young men who are in “job” are agricultural helpers (*naukar*) in the bigger villages in area.

Unjustified Returns to Labor: A *naukar* earns Rs. 15000-20000 for one year of tiring bonded labor in the fields and for caring cattle stocks. For a family, around 45-50 work-hours put in by the entire family for tendu leaves collection fetches some Rs. 180-240 in a day.

3.6.6 Revenue Vs Poverty alleviation

Looking at the huge benefits made by the state government of MP from the leaf trade, there is no doubt that if the profit is shared equitably with the hundreds of thousands of poor gatherers who are involved in leaf collection, important steps would be made towards poverty alleviation and the improvement of the poor’s livelihoods. However, an analysis of the ground reality reveals that the state does not possess such an intention (of equitable profit sharing) and, in practice, the major thrust area of tendu leaf policy has been revenue maximization and not the welfare of the poor gatherers³⁶. This is, of course, despite the fact that, according to PESA (1996), complete rights over minor forest produce is reserved for the Panchayat. Under this act, since ownership rights are with the PRI, all the benefit must go to the communities. Thus, in the case of tendu, the distribution is 60 per cent of the net profit to the collectors, 20 per cent to the primary co-operative society and 20 per cent for the regeneration of the forest (by the FD). But examining carefully, one finds that FD is straightaway taking 40 per cent, as these primary cooperative societies are controlled by FD personnel in reality. Added to that, the actual distribution to the collectors, which is given as a bonus, is not more than 35 per cent of the total cake size.

3.6.7 Ecological Aspects

Pruning is a very important activity that enhances the productivity and quality of leaves. This field study suggests that no proper pruning activity has been carried out in the study area, as well in nearby areas. It’s for around 15-20 years in some areas. Although money is always sent by the state government to hire local labours for pruning the trees, our research found that this money is engulfed by the local forest department and its agents.

³⁶ As per available data in 2001, 60% the total forest revenue collected from tendu leaf and state of MP earned INR 4500 million (Prasad, 2006)

Further, local level forest agents often take short-cut by repeatedly pruning designated areas that are most convenient to access (resulting in over-tending particular areas while neglecting others). No plantation of any sort is ever done in area while exploitation continues unabated implying harsh results for the biodiversity and the ecosystem.

3.6.8 Employment Diversification: A Major Threat to Forest Ecosystem & Forest Dwellers

If the income from NTFPs continues to remain very low for poor forest dwellers, the chances of them shifting to other livelihood options like daily wage labour are high. Field research reveals that, for the case of tendu leaves, because of the very low price offered by the government (65/-) and still lower by agents (60/-), the primary gatherers in the study area stopped collection. Worse is the case for non-nationalized NTFPs like mahua, gulli and char. Collectors often found collecting economically unviable, thus adversely affecting the livelihood of the poor primary collectors, resulting in them moving towards urban areas in search of work.

If these forest dwellers start abandoning forests for their livelihood, then this could adversely affect the long-term relationship between the tribal people and the forests. This will lead to more and more unsustainable forest exploitation and affect the livelihood of other forest dependent people.

3.6.9 Overall Analysis of NTFP-Livelihood Linkage in MP

The analysis of NTFP-livelihood linkages in MP presents a picture of inadequate benefit realization to the poorest. The situation of hunger levels in MP is comparable to sub-Saharan African countries like Ethiopia and Chad in spite of MP having the maximum forest area with highest NTFP potential and pioneering legislations around NTFPs in India. At present 69.5% population of MP is below poverty line (Estimates based on a study by the Oxford Poverty and Human Development Index using a multi-dimensional poverty index (MIP)). Notably, rural poverty among forest dwellers is even higher. The income from NTFPs is very low and proves insufficient to lift these people out of poverty. No doubt, after looking into the state revenue earned from the NTFP sector, we can say that the NTFP sector has a great unrealized potential for helping to reduce poverty.

Overall, we observe that condition of the poor forest dwellers has not changed significantly; they are living in extreme poverty due to getting a very low return from NTFPs in spite of the present shifts toward NTFP-focused policies induced by the discourses.

CHAPTER FOUR: CONCLUSIONS AND RECOMMENDATIONS

4.1 Conclusions

Despite an abundance of forest resources in Madhya Pradesh, people still continue to live in abject poverty. A few important reasons for this include improper utilization of the resources, corruption at alarming levels, near absence of rule of law, and the exploitation of poor gatherers.

In the state, non-timber forest produce is monopolized either by state agencies or by merchants/traders. Due to such monopolies, the collectors are compelled to sell their produce at the prices decided by the state agents and the traders.

Our analysis of the ground reality in Betul shows that the main objectives of bringing NTFPs under the state monopoly - to reduce exploitation of primary poor gatherers through elimination of private traders and to promote sustainable management of NTFPs - are not being realized. After the nationalization and cooperativisation of NTFPs, state forest revenues have increased³⁷. However, the situation of primary collectors has not improved. In practice, intermediaries have not been eliminated but have been replaced by the agents of the monopoly leaseholders³⁸.

Even after four and half decade of implementation of this policy, the state government still continues to treat revenue maximization as its primary objective in the tendu trade, which is based on the labor of primary poor tendu leaf collectors totally.

Further, research suggests that primary collectors of NTFPs across central India do not get fair remunerative prices due to a combination of various factors such as: the lack of opportunity for value addition, lack of awareness during collection, ignorance about various government policies and huge levels of corruption. On the other hand, there are some specific problems of NTFP-based community enterprises such as: an absence of an enabling environment, governance, capacity to add value and trade, and ignorance about sustainable harvesting and quality control.

Concluding, the state monopoly over the tendu leave trade has often resulted in non-remunerative returns to the collectors. Overall, our case study from Madhya Pradesh suggests that state NTFP policies have failed terribly and need immediate overhaul.

³⁷ Prasad, 2006

³⁸ Also see Tiwari, 2003 in case of Orissa

4.2 Recommendations

Numerous initiatives need to be taken, if the incomes of tribal people and forest dwellers are to be maximized. To address poverty through NTFPs, there is a strong need of a more strategic exploitation of NTFPs through appropriate policy and market facilitation.

The forest bureaucracy from the top to the bottom does not have a holistic view of forests and forest resources. There is a strong need for some positive change in policy formulation and implementation in the forestry sector, which ultimately can help in poverty alleviation programmes by using and effectively regulating NTFPs. Drawing from the experiences of successful initiatives, promising ideas and recommendations of related studies, as well as our own experiences and analysis, the following broad suggestions are given to enhance return to the poor gatherers:

1) Tenureship/Ownership Rights over NTFPs

The first positive step that needs to be taken is in regard to property rights. In India, poverty is generally associated with property rights. There is the urgent need of facilitating proper ownership/rights over NTFPs/forest resources. No doubt, in the past 8 decades (since 1927 to the 2008 Forest right Act) many acts related to forest rights have been launched but these have not been implemented well.

2) Devolution of Power to Local Communities

Second, there is the need of the proper implementation of the “devolution of power.” The decentralisation of resources is not enough. PRIs, and village level institutions, particularly GS and GP, should facilitate capacity building and should be given adequate authority to make decisions regarding the NTFP trade. Further, there is the need to create a facilitating environment for the GPs and GSs to understand their rights and duties assume responsibilities and build up their own capacity around the management of NTFPs. Also, proper coordination and cooperation between the PRIs, FD and other concerned departments involved in the process of NTFP trade needs to be stressed.

3) Awareness of Government Policies

There have been introduction of good policies like ‘group insurance scheme’ for the Tendu leaves pluckers, launched in 1991. But study shows that these schemes are being implemented well on paper and near none in reality because most of the people have no

idea about such scheme. So it is very necessary that policies are not just formed but also implemented with same good intentions. This is also to say that people are made aware about different policies and transparency in the system is brought. Putting various data on internet too can help in bringing some transparency.

4) Food Security of NTFP Gatherers

Sometimes the availability of NTFPs like Mahua and tendu depend on climatic conditions/factors and it has been observed that due to poor and adverse climatic conditions these crops can be affected negatively. Climatic conditions can thus have an adverse impact on the livelihoods of forest dependent populations, increasing the insecurity in their income levels. In this situation, the state needs to ensure its commitment to the livelihoods and food security of NTFP gatherers.

5) Corruption 'The Major Bottleneck'

The issue of corruption, which is the major bottleneck in the success of poverty alleviation programs and rural development, must be taken very seriously. The interviews with various stockholders suggest that in the case of both types of NTFPs, mismanagement and corruption is prevalent at every level. While government officials and traders are mostly beneficiaries, poor gatherers are the only victims of this corruption. No policy can be successful at the ground level until and unless the issue of corruption is taken care of. Restoration of "Rule of Law" will bring about glorious results in every desired direction. Governance has to be accountable directly to people. This requires a very strong political will and the holistic vision.

6) Sustainable Harvesting of NTFPs

The next issue is that of the un-sustainable harvesting of NTFPs. Research reveals that, since poor gatherers are paid very low price for produce, they cut trees unsustainably to sell as fire woods just to earn the minimum price for their livelihood. This affects the forest ecosystem and ultimately, in the long term, it affects the livelihood of poor forest dependent communities. Hence there is the need to undertake efforts to promote sustainable harvesting practices. The government must extend the MGNREGA to the forestry sector, so that issues of sustaining the forest ecosystem and the poverty of poor tribal people can be tackled together.

7) Value Chain

There is the strong need of a comprehensive value chain analysis of key NTFPs. Through the policy framework there is the need to plug the existing deficiencies across the value chain so as to pass on higher returns to poor primary collectors without undermining appropriate gain to corporate and consumers. Some local level institutions such as cooperatives and collectives (for example Self Help Groups (SHGs)) and their networked structure should not only be promoted with desired skills in order to take on different activities along NTFP value chains but also monitored regularly via independent institutions like NGOs etc.

8) Alternative Sustainable Use of NTFPs

There is also the urgent need to explore alternate sustainable use of NTFPs, as in case of tendu leaves. Tendu leaves are only used for beedi making (country cigarettes) and due to anti-tobacco campaigning and awareness against smoking, the beedi industry is expected to decline very soon. This decline will have a very negative impact on the livelihoods of thousands of poor leaf collectors and beedi workers, particularly, on women and children who are engaged in this industry.

9) State Revenue Vs Poverty Alleviation

The state should change its policy of the maximization of revenue through NTFP, as in the case of tendu trade. Rather the tendu leaf trade must be seen as a poverty alleviation measure. Further there is also the strong need to change the policy framework related to income distribution, in order to ensure that profits from the trade are shared fairly with poor tendu leaf collectors. Also there is the need for the formulation of a better policy for non-nationalised NTFPs like the mahua flower, amla, char etc.

10) Streamlining and Reforming Institutional Framework

The current monopoly system in the trade of NTFPs is not good from the point of view of welfare of poor gatherers. Research reveals that, when the government deals with marketing, it is inefficient (for example, in case of nationalised NTFPs like tendu leaves); and when NTFPs are left to private trade (for example, in case of non-nationalised NTFPs like Mahua flower), the process becomes more exploitative. Before anything, the government must first take an overhaul of the whole administrative system and take serious measures to strengthen castism free democracy at village level bodies. After that,

rather than be a monopoly buyer of NTFPs or trying to regulate prices through administrative mechanisms, the government should consider the option of adopting market-friendly policies, facilitate private trade, and act as a watchdog rather than eliminate the trade. It should look at encouraging local bulking, storage and processing and bringing large buyers in touch with gatherers, so as to reduce the number of layers of intermediaries.

These changes could improve market access and bargaining power for poor gatherers, which are major causes behind the exploitation of NTFP collectors.

Finally we would like to emphasize that the findings of this study paper should be taken as tentative and exploratory. More serious and long-term research studies and policy debates are needed to answer many vexatious questions relating to the interactions between policy, people and markets for NTFPs. But to honor the real spirit of the constitution, emphasis must be given to priorities of poor and exploited forest dependent communities going through a phase of great level of distress.

REFERENCES

Campbell J.Y. and Tewari D.D. (1995) Increased development of non-timber forest products in India: Some issues and concerns. *Unasyva*-No.187- Forest conservation and utilization.

Down to Earth, Vol: Feb, 2003.

ILO 2003. Making ends meet: Bidi workers in India today: A study of four states. Sectoral Activities Programme, Working Paper. ILO, 2003.

Kumar, N., 2003. 'Sustainable management of NWFPs through their sustainable utilization: Madhya Pradesh experience', pp.61-67, *in proceedings of the national workshop on Non-Wood Forest Products: New Mechanism and Strategies*. Organized by the Ministry of Environment and Forests, Government of India and the Madhya Pradesh State Minor Forest produce Co-operative Federation Ltd., 29-30 May 2003, Vigyan Bhavan, New Delhi.

Lal, J.B. and Dave, R.K. 1991. 'Tendu leaves trade in Madhya Pradesh: a big cooperative venture', *Indian Foresters*, 117 (9), pp.728-732.

Mahapatra A.K. & Shackelton, Charlie M. 1997. Environment and Poverty: Exploring relationship between trade in natural products, cash income and livelihood in Sub tropical forest regions of Eastern India.

Madhya Pradesh Rural Livelihood Project, 2006. Prospects for Non-timber Forest Products Final Report.

Prasad, R. and Bahtanagar, P., 1991. Socio-economic Potential of Minor Forest Produce in Madhya Pradesh, State Forest Research Institute, Bulletin No.26, Jabalpur.

Prasad, R. and Bahtanagar, P., 1998. Non-Wood Forest Products of Central India. Paper presented to Workshop on Sustainable NTFP Management, 27-30 November 1998, IIFM.

Saigal, S., Reddy, M.G., Bhattacharya, P., Patnaik, S., 2008. Non-Timber Forest Products and Forest Governance, FGLG-India.

Saxena,N.C. 2003. Livelihood Diversification and Non-Timber Forest Products in Orissa: Wider Lessons on the scope for policy Change? ODI Working Paper No. 223. London, UK: Oversees Development Institute.

Tewari D.D. (2006) The effectiveness of state forest development corporations in India: an institutions analysis. ELSEVIER Forest Policy and Economics 8 (2006) 279-300.

Vira,B. (2005) Cambridge-Harda project policy paper 03. Cambridge University Press, Cambridge, UK.

World Bank 2001. Attacking Poverty: Opportunity, Empowerment and Security.

World Bank, 2006. Unlocking opportunities for forest-dependent people in India. Main report Vol 1, Agriculture and Rural Development Sector Unit, South Asia Region. World Bank, February 2006.