FOREWORD

For numerous forest dwellers across India, particularly people from Scheduled Tribes, Minor Forest Produce (MFP) has significant economic and social value. Its uses range from subsistence to raw material for handicrafts, from medicinal purposes to construction, from self-consumption to trading. PESA 1996 and FRA 2006, therefore, conferring ownership of MFP to the Gram Sabha.

2. While good statistics of value of MFP gathered, people dependent on MFP as a significant source of livelihood, percentage of income from MFP particularly during the lean season, prices they get as compared to the market value or time/efforts made, are not available; the common knowledge is that this important source of livelihood is on the decline. The reasons are: MFP resource depletion, substitutes for MFPs, progressive loss of ownership/control of the people, issues related to efficiency and transparency of the State agencies, deficient marketing, unfair pricing, little or no local value addition and inequitable value sharing among various stakeholders.

3. MFP and Left Wing Extremism (LWE) have also got entangled in various ways. Ensuring better prices for MFP is often the plank used by LWE for popular support as well as a significant source of funds. Incidentally, 75% of MFP come from 6 States of MP, Chhattisgarh, AP, Orissa, Jharkhand and Maharashtra, the States affected by LWE.

4. In this background, as per recommendations of the Committee Secretaries on implementation of PESA in LWE areas, this Ministry set up a Committee. Its Terms of Reference included: ownership of the Gram Sabha, fair prices, institutional mechanism, value addition, etc. The Committee after intensive deliberations and field study has finalized its report.

Definition and Ownership of MFP
5. While FRA 2006 have removed ambiguity about the definition of MFP, it need to be reflected in State Acts and IFA. Ownership of the Gram Sabha/people has been interpreted and applied in various ways, often to their exclusion or marginalization, especially in the case of Bamboo. The key MFPs like Bamboo & Tendu are State monopolies, which need to be managed by the Gram Sabha and people’s organizations. As regards Bamboo, the Committee

Value Addition
9. Generally no or little value addition of the traditional type is done by the gatherers and thereby an important portion of the value chain is lost to them. Organizing gatherers and training them in primary processing and also encouraging local entrepreneurs for higher level of processing, need concerted efforts.

Sustainability and Regeneration
10. Often extraction practices are not sound and adversely affect regeneration of these resources. Gatherers need to be properly trained in the best practices. Moreover, regeneration and creation of new MFP resources through afforestation would be necessary. The Forest Working Plan and the plantation programmes should have this component, to be discussed in the Gram Sabha for its approval. Do’s and don’ts, better seeds & saplings etc. should be disseminated.

Action points and Role of Ministries/States:
12. Within the overall goal of enhanced incomes and sustainable livelihood for the gatherers and ownership of the Gram Sabha, the Union Ministries and the State Govts would have the following role:

(a) Planning Commission: provide funds for MSP and also for enabling Gram Sabhas;
(b) MoTA: establish CPFC, strengthen TRIFED as a resource institution for providing technical support to CPFC and to State agencies for organizing gatherers, marketing, value addition, etc; and upgrade knowledge base on MFP.
(c) MoE&F: ensure regeneration of MFP; amend IFA to provide ownership rights to Gram Sabhas over MFP as defined in FRA, and develop do’s and don’ts regarding extraction of MFPs in consultation with Gram Sabhas;
(d) MoPP: activate Gram Sabhas and Gram Panchayats;
(e) States: amend State Laws to reflect definition of MFP as per FRA and ownership of Gram Sabha; strengthen State agencies to provide MSP including storage facilities, market intelligence etc; promote people’s organizations & train gatherers for value addition; ensure central role to Gram Sabhas and Panchayats in all MFP related activities; remove barriers to access; and rationalize barriers for transportation of MFP.

Institutional Structure
7. Nature and role of the Cooperative Federations and State Corporations in MFP trade vary from State to State and across MFPs. (a) Given the dispersed & remote nature, varying production & quality across regions & years, seasonability & perishability of MFP on one hand and (b) market failure & exploitation due to poor bargaining capacity of the gatherers on the other; strategic role of the State agencies would continue to be important. The gatherers should, however, be free to sell to any trader. Efficiency and transparency in the operations of the State agencies need to be ensured through measurable criteria and indicators. Moreover, these agencies must develop high quality marketing mechanism since prices of MFP are often volatile and the markets are under-developed.

8. Federations/Corporations need to be provided highly professional manpower, infrastructure and autonomy while making them clearly accountable to the Gram Sabha.
13. I have worked as Secretary in the composite Deptt. of Welfare (which included Tribal Welfare) and Secretary, Forest & Environment in the undivided Bihar and in tribal districts of erstwhile Palamu and Gumla (now in Jharkhand) and therefore, can see a great value in this document.

(A.N.P. Sinha)
Secretary, Ministry of Panchayati Raj,
Govt. of India

PREFACE

Minor Forest Produce (MFP) are an important source of livelihood for millions of tribal families in both Scheduled and Non-Scheduled areas. Unfortunately however, several issues relating to ownership, access to remunerative prices, value addition, regeneration and sustainability of MFPs remain still unresolved, particularly from the points of policy perspective and public intervention. This report addresses all such relevant issues and makes policy recommendations for sustainable and inclusive growth of local communities in both PESA and Non-PESA regions.

The Committee is extremely grateful to Shri A.N.P. Sinha, Secretary, Ministry of Panchayati Raj, Govt. of India, for his guidance, encouragement and moral support. The Committee is grateful to all those who provided valuable inputs to the progress and completion of the report. The Committee in particular wishes to thank Shri B.D. Sharma, former Commissioner of Scheduled Castes and Tribal Affairs, GOI, Shri P.K. Mathur (Commissioner, TRTF-Pune), Smt. Sehlata Kumar (MD-TRIFED), Shri R.S. Meena (Executive Director-TRIFED), Dr. A.K. Mishra (Executive Director-TRIFED), Dr. Keshwar Ojha (Director, National Bamboo Mission), Shri Shankar Gopalakrishnan ('Campaign for Survival and Dignity', New Delhi), Shri Bikash Rath (RCDC, Orissa) and Shri Vidhul Upadhyay (Advocate and Legal Consultant, Dept. of Environment, GOI).

References have been taken from the ‘Report of Committee of Officers on Issues Relating to Minor Forest Produce in PESA States’ (February 2007) submitted under the chairmanship of Shri A.K. Sharma and the ‘Report of the National Committee on Forest Rights Act’ (December 2010) submitted under the chairmanship of Dr. N.C. Saxena. The Committee acknowledges with gratitude the light thrown upon by both the aforementioned reports on the issues of minor forest produce with respect to tribal livelihoods.

The Committee is also thankful to Ms. Charu Singh and Ms. Ankita Gupta, both of whom were appointed as Consultants to Ministry of Panchayati Raj, for their research support to the Committee. Also, the administrative support received from Shri S. K. Chakravarty and Ms.

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Susan D. George – Directors, Ministry of Panchayati Raj, Shri Deepak Singh and Shri Deepak Prasad (Office Assistants, Ministry of Panchayati Raj) is gratefully acknowledged.

11th May 2011
(T. Haque)
Chairman
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A Committee was constituted under the chairmanship of Dr. T. Haque by the Ministry of Panchayati Raj (MoPR) vide order No. 11012/14/2010-PESA dated 23/08/2010 to suggest appropriate measures for the implementation of provisions regarding ownership of Gram Sabha of Minor Forest Produce (MFP) under the Provisions of the Panchayats (Extension to Scheduled Areas) Act, 1996 and The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 in letter and spirit.

Composition of Committee

The members of the Committee are as follows:
- Chairperson – Dr. T. Haque
- Members from:
  - Planning Commission
  - Ministry of Tribal Affairs
  - Ministry of Environment and Forests
  - Ministry of Rural Development
  - Ministry of Agriculture
  - Ministry of Micro, Small and Medium Enterprises (MSME)
  - Ministry of Home Affairs
  - CEO, National Medicinal Plants Board (NMPB), Deptt. of AYUSH, Ministry of Health and Family Welfare
  - Government of Madhya Pradesh
  - Government of Orissa
  - Government of Andhra Pradesh
  - Government of Maharashtra
  - Shri A.K. Sharma (Indian Forest Service)
  - Mrs. Rashmi S. Sharma, Joint Secretary, Ministry of Panchayati Raj
  - Dr. P.Prabhu (National Institute for Rural Development)
  - Representaive from PRADAN (NGO)

EXECUTIVE SUMMARY

A. The Committee: Terms of Reference

The Committee constituted on “Ownership, Price Fixation, Value Addition and Marketing of Minor Forest Produce” had the following Terms of Reference, which laid the guidelines for the report:

- To suggest the best possible framework and modality whereby the ownership of the Gram Sabha of minor forest produce (MFP) can be exercised, protecting and enhancing the livelihoods of the people.
- To suggest modalities and criteria for fixing the minimum support price (MSP) for MFP.
- To study the present institutional structures for collection and marketing of MFP and suggest changes and improvements to ensure transparency and efficiency.
- To suggest modalities whereby value addition to the MFP can be taken up by local people to enhance the livelihood opportunities.
- Any other issue incidental to the objective.

B. Methodology Adopted

The Committee began its work with an initial meeting on 25th August 2010. Subsequently a detailed questionnaire was prepared and sent to the nine PESA States, i.e. Maharashtra, Madhya Pradesh, Chhattisgarh, Jharkhand, Orissa, Andhra Pradesh, Rajasthan, Gujarat and Himachal Pradesh. The Committee held meetings on 26th October 2010, 29th December 2010, 22nd February 2011 and 10th May 2011. Field visits were made to Madhya Pradesh, Andhra Pradesh, Maharashtra, Jharkhand, Orissa, Gujarat and Chhattisgarh to study ground realities. Group discussions as well as in-depth interviews were conducted with MFP gatherers, Panchayat Representatives, members of SHGs, members of MFP gatherers’ cooperatives and NGO workers active in the area. Discussions were also held with Forest Department officials (CCFs, DFOs, Forest Rangers), Federation/Corporation heads and Panchayati Raj department officers.

C. Major Findings

1. People living in forest areas, particularly Scheduled Tribes, who are among the poorest people in the country, depend significantly on MFP for their livelihoods.
2. As per provisions of the Panchayat Extension to Scheduled Areas (1996) Act and Forest Rights Act 2006, the Gram Sabhas are the owners of MFP, including bamboo. However, this ownership by the Gram Sabha is not reflected in State Acts.
3. While bamboo is simply not recognized as MFP in practice, State Government Corporations/Federations exercise monopoly over the most lucrative MFPs, including tendu. The MFP economy provides poor returns to gatherers, who have little control, as they either participate in markets that are poorly developed or under conditions of monopoly. While government supported Corporations and Federations trade in some MFPs, a large number are traded ‘freely’ in the market. But the ‘free’ market in MFP works against the interests of gatherers as MFP production is highly dispersed spatially and because of the poor accessibility of these areas, a competitive market does not exist. There are a large number of intermediaries linking the gatherers to the end-users. Gatherers are not aware of the price in larger markets and may be indebted to the buyers and thus forced to sell at low prices. Moreover, gatherers are mostly poor and unable to bargain for fair prices.
4. The functioning of Corporations and Federations engaged in MFP trade is not optimal for various reasons. While the Federations in Madhya Pradesh and Chhattisgarh are gatherers’ cooperatives, formed under the Cooperative Act, in other States, the Corporations are managed by appointed officials. In principle, Federations/Corporations should be accountable to the Gram Sabha but in practice it is not always so. Various Corporations and Federations often lack appropriate infrastructure including storage facilities and resources as well as requisite marketing and other skills. Also, while the stated goals of these agencies are to provide fair returns to gatherers, the assumption...
across States appears to be that these ought to be at least ‘self-sustaining’ and ideally, profit-making. At the same time, the administrative costs of the Corporations tend to be quite high, partly because their operations spread over vast geographical areas. Consequently these Corporations/ Federations take up the trade of only the more viable MFPs, leaving the rest for free trade.

5. There is not only lack of communities’ access to bamboo, but also access to all other MFPs in reserved and protected forests, in general, is limited. Several barriers in intra and inter-state movement of MFP also prevail.

6. Most of the value addition to MFP takes place outside the regions where these are collected. Consequently, the tribal people get a very low price for the raw products. The lack of appropriate value addition for increasing the shelf life of the product reduces the bargaining power of the tribals because they have to dispose of their produce within a stipulated time-period.

7. MFP resources are dwindling. The threat on maximum extraction rather than sustainable harvesting has been a major reason for the dwindling resource base of MFP, thus further reducing incomes from MFP. Since the threat of the relevant departments has been on timber, the regeneration of MFP has not been given adequate importance.

D. Key Recommendations

1. Amendment in State Laws and Indian Forest Act, 1927
State laws as well as the Indian Forest Act, 1927 (IFA) should be amended to clearly reflect the ownership of minor forest produce by the Gram Sabha. Further, as per the Forest Rights Act, 2006, bamboo should be included within the definition of MFP. In fact, the ownership of all MFPs should vest in the Gram Sabha with necessary provisions for capacity building of the local people in both PESA and Non-PESA regions for sustainable management of forest resources.

2. Strategic Government Intervention
While development of competitive market for MFP and capacity building of MFP gatherers through formation of self-help groups/ co-operatives and producer companies would be the key to elimination of traders’ exploitation in the long run, strategic government intervention would be necessary in the short and medium term in the form of minimum support price (MSP) for at least 14 main MFPs, namely tamarind, mahua flower, mahua seed, tendu leaf, bamboo, sal seed, myrobalan, chirionji, lac, gum karaya, honey and seeds of karanja, neem and pumad. The MSP will be extended to other MFPs as early as possible. This is intended to ensure a basic minimum income for MFP gatherers.

3. Agency for Fixation of Minimum Support Price
The minimum support price should be fixed at the national level by a specially constituted Central Price Fixation Commission, comprising one chairperson who will be an expert in the field of tribal and rural development and three other members having experience in the relevant field. The broad functions of the Commission would be the following:-

i. Fixation of minimum support price as bench-mark and setting quality standards.
ii. Formulation of broad guidelines for effective implementation of the MSP scheme.
iii. Monitoring and evaluation of the aforementioned scheme; suggesting corrective measures from time to time.

While fixing MSP for each crop season, the Commission shall have in depth consultation with the Ministry of Tribal Affairs, Ministry of Panchayati Raj, Ministry of Environment & Forests, Department of AYUSH, tribal leaders from all the concerned regions, representatives of national level merchant/ trade and industry associations dealing with MFPs, state level agencies and the TRIFED. The administrative ministry for the Commission will be the Ministry of Tribal Affairs.

4. Role of TRIFED
TRIFED can work as a technical support unit of the Central Price Fixation Commission and assist the Commission by providing relevant information like estimated production potential, prices of MFPs in local, national and international market, demand – supply gaps, quality standards/specification etc. However, in order to enable TRIFED to play its new role, it would be necessary to strengthen TRIFED in terms of trained manpower and infrastructure.

5. Procurement Agency to Defend MSP at State Level
It will be obligatory for the State Government to ensure payment of MSP through its agencies such as GCC (Andhra Pradesh), JHAMC/OFED and JTEC (Jharkhand), MSCTDC (Madhurai), MPMFP Federation (Madhya Pradesh), ODSC (Orissa) GSFD (Gujarat), RTADCT (Rajasthan) etc. Such agencies should be strengthened to trade in MFP on adequate scale by way of providing skilled manpower, finance and infrastructure. In fact, all such government supported agencies should function autonomously in a professional manner. However, the centrally fixed MSP should be the bottom line to be offered, although these designated agencies can offer a higher price if they find it feasible and profitable to do so. Also any private agency(s) can offer higher prices than MSP for procuring the selected MFPs. All administrative and operational costs of agencies defending the MSP shall be borne by the Government, as envisaged under first proviso to Article 275(1) of the Constitution or any other provision. All profits shall accrue to the gatherers.

6. Accountability to Gram Sabha and Panchayats
Accountability to Gram Sabha and participatory decision making has to be built in the mandate and structure of all Corporations as well as Federations. All agencies that undertake MSP operations have to be accountable to the Gram Sabha. In order to ensure transparency and accountability, the activities of the agencies as well as local accounts have to be placed in the Gram Sabha for social audit. District Panchayat can become focal points for monitoring the activities of Corporations/Federations, including redressal of grievances.

7. Basis for Calculation of MSP
While the Commission would develop appropriate methods for calculation of MSP for selected MFPs, some important factors to be considered are (i) labour time used in the collection, (ii) the prevailing wage rate, (iii) transportation cost, if any (iv) market prices and (v) demand – supply analysis. Under no circumstances, the gatherers of MFP should be paid less than the existing minimum wages under the MGNREGA or minimum wages in agriculture sector, whichever is higher.

8. Funds for Providing MSP
The designated agencies may at times incur loss in the process of procurement of MFPs at minimum support prices and their disposal. Therefore, the agencies concerned should be compensated for the loss incurred. The MSP operation in the tribal areas should be seen as an anti-poverty measure, as it addresses the livelihood of the poorest people in the country. Losses incurred if any, shall be borne by the Government, as envisaged under first proviso to Article 275(1) of the Constitution or any other provision. The existing budgetary provisions under article 275(1) of Constitution and under existing schemes of the Ministry of Tribal Affairs are committed. Support to the administrative costs, operational costs, compensating losses of State level procurement agencies, support to strengthen TRIFED, administrative expenses on the proposed Commission for fixing MSP of MFPs shall come as additionality under the first proviso to Article 275(1) of the Constitution or any other new budgetary provision.

9. Building Marketing Intelligence Regarding MFP
Market information system will be needed for proper planning of the procurement, value addition and marketing of MFP by the stake-holders. The existence and dissemination of complete and accurate market information is the key to achieve both operational and pricing efficiency. Therefore, it is necessary to develop advanced information and communication technology based schemes, which may be called MPFNET or any other nomenclature, with the basic objectives to establish nationwide information network for speedy collection and dissemination of market information/data, for its efficient and timely utilization. Building marketing intelligence would also enable these procurement
agencies to dispose the procured MFPs at competitive market rates and not suffer losses due to lack of information.

10. Organization and Training of MFP Gatherers

In order to improve the bargaining power of the MFP gatherers, to enable them to get market-based better prices in the long run and also to ensure sustainable management of MFPs, it would be necessary to organize the gatherers in self-help groups or co-operatives or producer companies. These collectives can be linked to more lucrative markets and consequently, they can play an important role in cutting out the long chain of middlemen and ensuring better prices to the gatherers. In addition, they can take up regeneration and value addition activities. They would also be able to access finance from banks. The government should support such collectives through relevant government and non-government agencies who can act as facilitators for such activities.

Besides, livelihood projects can be taken up on priority basis under the National Livelihood Mission. Moreover, appropriate training for resource generation, improved practices for extraction and value addition need to be taken up on a large scale.

11. Value Addition of MFP

Currently government Corporations such as GCC in AP and GFDC in Gujarat have taken up some value addition activities on small scale. In fact, value addition activities at the local level, involving the MFP gatherers would be essential for ensuring payments at par with market-based better prices. Therefore, promotion of MFP based value addition activities in a participatory manner should be accorded priority. Once collectives of gatherers are formed, they can be supported in undertaking appropriate value addition activities.

12. Expanding the Knowledge Base on MFP

To ensure sustainable regeneration, marketing and value addition, detailed information about the MFPs is needed and a systematic data base on these MFPs should be generated. All the major MFPs in each State need to be studied in terms of occurrence, possible end use, marketing and regeneration. Creating a knowledge base about MFPs would require a multi-pronged approach with the help of research institutions concerned with forestry, project development and marketing. Further, findings emerging from the field would have to be documented and disseminated. A national initiative in this regard would be necessary and may be taken up by Ministry of Tribal Affairs in collaboration with Ministry of Environment and Forests. TRIFED can be a nodal agency for this initiative with the purpose of collecting as well as disseminating knowledge. Gram Sabhas/Gram Panchayats can play an important role in creating such a data base.

13. Sustainability and Regeneration of MFP

Regeneration of MFP has to be a major focus area in forestry programmes. A village level plan for the forest regeneration and management should be prepared by the Gram Sabha in consultation with all line department functionaries at the local level. Appropriate nurseries could be set up to provide seeds and saplings to gatherers. Improved varieties of tamarind, mahua, medicinal plants, and other MFPs significant to gatherers’ livelihoods should also be promoted. It is recommended that regeneration of MFP be made an integral part of the Forest Working Plans. MGNREGA projects can fund MFP regeneration activities for which specific sensitization and training campaigns for Gram Sabhas, Panchayats and JFMCs can be taken up. It is important to ensure maximum participation from the community in all regeneration activities. For various MFPs, ‘dos and don’ts’ in terms of sustainability would also have to be defined and can be incorporated in policy, to be followed by government, non-government agencies and the people.

Value Addition of MFP

MFPs can be understood from Table 1.

MFPs provide essential nutrition to people living in forested areas, and are used for household purposes, thus forming an important part of their non-cash income. For many tribal communities who practice agriculture, MFPs are also a source of cash income, especially during the slack seasons. The economic dependence of tribal communities on MFPs can be understood from Table 1.
1.2.3. As Table 1 shows, MFPs are seasonal. Also, while most MFPs, for example Mahuwa flower, have a very low shelf-life; some such as bamboo have a comparatively higher shelf-life. The MFP economy further needs to be understood against the fact that the amount of produce varies significantly from year to year. In fact, for most MFPs, a good yield in one year is followed by a poor yield in the subsequent year. In addition, MFPs vary a great deal in terms of quality from one region to another.

1.2.4 MFPs are especially important for the poorest households living in forested areas, especially women. A recent research study (The Livelihood School, BASIX, 2010) shows that in Chhattisgarh, the involvement of women in the MFP economy is very high, tribal households depend on the MFP economy more than non-tribal households and poorer households more than comparatively better-off ones. The MFP economy is a critical one for the most vulnerable sections of society.

1.2.5. A list of the 10 most important MFPs in terms of livelihoods as reported by States is provided in Annexure 3 in terms of quantity collected. Overall, the most important MFPs along with bamboo and tendu leaf are: mahuwa (flower and seed), sal leaf and seed, gum karaya, kului gum, lac resin, aonla/amla fruit, tamarind, chironji, bahera fruit, myrobalan, honey, nuxvomica, hara/ hirda and adda leaf. Further, a list of the important MFPs, in terms of their collection potential besides importance for livelihood, as reported by TRIFED is given below in Table 2.

Table 2: Economically Important MFPs in terms of Livelihood and Collection Potential

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Commodity</th>
<th>Estimated Production Potential</th>
<th>Estimated Collection Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Qty in Lakh MTs</td>
<td>Value in Rs Crores</td>
<td>Qty in Lakh MTs</td>
</tr>
<tr>
<td>1</td>
<td>Neem Seed</td>
<td>0.10</td>
<td>25.00</td>
</tr>
<tr>
<td>2</td>
<td>Gum Karaya</td>
<td>0.10</td>
<td>12.00</td>
</tr>
<tr>
<td>3</td>
<td>Wild Honey</td>
<td>0.10</td>
<td>35.00</td>
</tr>
<tr>
<td>4</td>
<td>Honey</td>
<td>0.10</td>
<td>80.00</td>
</tr>
<tr>
<td>5</td>
<td>Sandalwood</td>
<td>0.10</td>
<td>40.00</td>
</tr>
<tr>
<td>6</td>
<td>Sandalwood</td>
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<td>25.00</td>
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<td>7</td>
<td>Sandalwood</td>
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<tr>
<td>8</td>
<td>Sandalwood</td>
<td>0.10</td>
<td>10.00</td>
</tr>
<tr>
<td>9</td>
<td>Sandalwood</td>
<td>0.10</td>
<td>5.00</td>
</tr>
<tr>
<td>10</td>
<td>Sandalwood</td>
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<tr>
<td>11</td>
<td>Sandalwood</td>
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<td>1.00</td>
</tr>
<tr>
<td>12</td>
<td>Sandalwood</td>
<td>0.10</td>
<td>0.50</td>
</tr>
</tbody>
</table>

Source: TRIFED

(Note: The above figures are based on the data collected from different sources like Task Force report of MoEF, States Agencies, gessecoutes based on TRIFED’s past procurement & marketing experience etc.)

1.2.6. The most important States with regards to MFP trade are Madhya Pradesh, Chhattisgarh and Andhra Pradesh, as shown through the procurement values and sale values of all MFPs taken together (2008-09 and 2009-10) given in Annexures 4A and 4B. As per official estimates, the procurement value of MFPs (minus bamboo) in 2009-10 was Rs. 552.37 crores, and sale value was Rs.539.74 crores. Most of this is accounted for by tendu leaves. The data given in Annexures 4A & 4B, however, may be treated with caution as the Committee was informed that often data is available only for MFP bought by State Agencies (Corporations/Federations) not for MFP sold in the open market. The potential production value of major MFPs including bamboo is estimated to be around Rs.4000 crores. Notably, though MFPs are a significant source of livelihoods for some of the poorest people in the country, the data base on the MFP economy is highly inadequate.

CHAPTER 2

LEGAL STATUS REGARDING OWNERSHIP OF MFPs

2.1 Legal Ownership of MFP by the People

2.1.1. The Panchayat (Extension to Scheduled Areas) Act (PESA), enacted in 1996, is an extremely progressive legislation. PESA extends Panchayats to the Schedule V Areas of nine States, namely Maharashtra, Madhya Pradesh, Chhattisgarh, Jharkhand, Orissa, Andhra Pradesh, Rajasthan, Gujarat and Himachal Pradesh with certain exceptions and modifications. PESA promotes people-centric governance and provides a central role to the Gram Sabha. Under PESA, Gram Sabhas are deemed to be ‘competent’ to safeguard and preserve the traditions and customs of their people, their cultural identity, community resources and their customary mode of dispute resolution. Gram Sabhas have mandatory executive functions and responsibilities to approve plans of the village Panchayat, identify beneficiaries for schemes of poverty alleviation and other programmes and issue certificates of utilization of funds by the Panchayats. Gram Sabhas and Panchayats have: a) Right to mandatory consultation in matters of land acquisition, resettlement and rehabilitation, and granting of prospecting licenses/ mining leases for minor minerals; b) Powers to prevent alienation of land and restore alienated land; c) Powers to regulate and restrict sale/ consumption of liquor; d) Powers to manage village markets; e) Control money lending to STs; f) Ownership of minor forest produce; g) Powers to control institutions and functionaries in all social sectors, local plans and resources.

2.1.2. With specific reference to Minor Forest Produce (MFPs), the Act directs the State Governments (restricted to Schedule V areas) in the following manner:
“While endowing Panchayats in the Scheduled Areas with such powers and authority as may be necessary to enable them to function as institutions of self-government, a State legislature shall ensure that the Panchayats at the appropriate level and the Gram Sabha are endowed specifically with the powers of ownership of Minor Forest Produce”.

2.1.3. The Scheduled Tribe and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act 2006 or Forest Rights Act, (FRA) 2006 has also given the tribal communities and other traditional forest dwellers, under Section 3(c), the “right of ownership, access to collect, use and dispose of minor forest produce, which has been traditionally collected within or outside village boundaries.” As per Section 5(d) of the same Act, the holders of any forest right, Gram Sabha and village level institutions are empowered to ensure that decision taken in the Gram Sabha to regulate access to community forest resources are complied with.

2.2 Definition of MFP

2.2.1. MFP has been defined legally in the recently enacted FRA 2006. The Act defines ‘Minor Forest Produce’ as follows:

“minor forest produce includes all non-timber forest produce of plant origin including bamboo, brushwood, stumps, cane, tussar, cocoons, honey, wax, lac, tendu or kendu leaves, medicinal plants and herbs, roots, tubers and the like.” [Clause 2(1) of the Act]

2.2.2. It is important to note that FRA includes bamboo under the definition of MFP. However, in practice, State Forest Departments do not include bamboo as MFP claiming that they treat these products as MFP which can be obtained from the forest trees without their felling. Bamboo is, therefore, not treated as MFP for ownership by the people, though bamboo is botanically considered grass (gramine family) and not a tree.

2.3 Compliance of State Laws with PESA and FRA

2.3.1. Over time, a range of State enactments and regulations have been put in place to control the use and trade of MFP, which are at variance with the provisions of PESA and FRA. State Acts have not yet incorporated the definition of MFP as given in FRA. While PESA and FRA lay down the framework of ownership of MFP by the Gram Sabha, their features need to be reflected in relevant State legislations. At present, ownership of MFP by the Gram Sabha is reflected in varying degrees and ways in various State Acts. Table 3 sums up the status of ownership of MFP in the nine States with PESA areas.

<table>
<thead>
<tr>
<th>Name of State</th>
<th>Panchnayat Act</th>
<th>Subject Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhra Pradesh</td>
<td>Ownership with GPs</td>
<td>State monopoly</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>No provision</td>
<td>Powers with State Government for tendu pattas to appoint agents for collection and marketing</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>Ownership with GPs for 33 MFPs, excluding national parks and sanctuaries</td>
<td>Monopoly with MSCTDC</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>MFP policy permits to sell tendu patta</td>
<td>Control of State Government over sale of tendu</td>
</tr>
<tr>
<td>Orissa</td>
<td>GPs to perform functions as prescribed</td>
<td>MFP policy provides for management by Panchayats for 49 items, excluding bamboo and tendu</td>
</tr>
<tr>
<td>Gujarat</td>
<td>Ownership with GPs except for MFPs found in National Parks or Sanctuaries</td>
<td>Gujarat State Forest Development Corporation has control over nationalized MFPs</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>Gram Sabhas have power to manage MFP</td>
<td>Powars with State Government</td>
</tr>
<tr>
<td>Chhattisgarh</td>
<td>No provision</td>
<td>State Government can appoint agents for</td>
</tr>
</tbody>
</table>

Table 3: Ownership of MFP in State Acts

2.3.2. Annexure 5 provides details regarding the status of ownership of MFP in State laws. It may be seen that Chhattisgarh and Madhya Pradesh have made no provisions in State Panchayat or subject Acts regarding ownership of MFP by the Gram Sabha. In Andhra Pradesh, Maharashtra, Rajasthan and Himachal Pradesh, while the Panchnayati Raj Acts entrust Gram Sabhas or Panchayats with ownership of MFP, the subject Acts specify State Government control. In some States, like Andhra Pradesh, Jharkhand and Maharashtra, State Acts have defined Panchayats rather than the Gram Sabhas as owners. In addition, some State subject laws bar access to MPs in certain areas such as reserved forests, (as in the case of Maharashtra) whereas as per PESA, ownership is sought to be extended to all areas where people have had traditional access.

2.3.3. There are also instances where legal rights have been given as per PESA, but withdrawn or changed subsequently through government orders. For example, in Maharashtra, people were given rights over 33 MFPs items notified as such by the State, but within a year these rights were transferred to the Maharashtra State Cooperative Tribal Development Corporation (MSCTDC) on the grounds that Gram Sabhas were unable to manage MFPs. It was decided that Rs. 5 per quintal would be paid to the Gram Panchayats by the MSCTDC for the sale of MFP. [Summary of relevant government order is attached: Annexure 6].

2.4 The Meaning of Ownership of MFP

2.4.1. It is important to point out here, that the term ‘ownership’, used with respect to MFP in PESA, is itself to be interpreted. The legal definition of the term is as follows (Dhyani, 2002):

‘The owner of the property is one who has dominion over a thing which he may use as he pleases except as restricted by law or by agreement. Ownership denotes the relation between the person and the object, which forms the subject matter of his ownership. The subject matter of the ownership is both the corporeal as well as incorporeal property. Corporeal property may include material objects like house, land, car, etc. and incorporeal may include copyright, trademark, patent, goodwill, etc. Ownership of property includes:

1. Right to possession and control and includes the right to protect and defend the possession against intrusion and trespass by others.
2. Right to enjoyment and use of the thing owned. The owner is free to use it, manage it and preserve it subject to the interest of public.
3. Owner also has the right of alienation. He can alienate or destroy the thing if he so desires. Right to alienation is an exclusive right of owner. A non-owner who is in the possession of the property cannot alienate the property.’

2.4.2. The above definition implies that people living in Schedule V Areas are free to collect and sell the produce as they please subject to existing laws. However “Ownership of MFP” also has to be seen against certain pragmatic concerns. Firstly, there is a history of exploitation of tribals by traders. Since many of these areas have poor access, the conditions of ‘free market competition’ do not prevail, as only a very small number of traders reach the areas and consequently exercise monopoly. Secondly, the produce is usually collected in small quantities and is perishable. This means that gatherers cannot access bigger markets due to their inability to commit to these markets frequently. Finally, the gatherers of MFP are poor and often illiterate. They are therefore unable to bargain with the more powerful traders for their own interests.

2.4.3. The above suggests that organization of MFP collection and trade by the government should not be interpreted necessarily as lack of ownership, since such intervention may be necessary in the context of undeveloped markets that exist in the area. However, the exercise of monopoly rights by State agencies is an infringement of ‘ownership’ rights

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function parallel to Gram Sabhas and Gram Panchayats; though recently directions have been issued to make JFMCs Standing Committees of Panchayats and accountable to Gram Sabhas.

3.2.2. As far as tendu leaf is concerned, though the item is defined as an MFP under the FRA, the individual States retain control over it by acceding tendu leaf the status of a `nationalized' MFP. Nationalized MFPs are those whose procurement (purchase from the gatherers' collectors) and sale to further links (private merchandisers, exporters) can be done only through designated State agencies. These are Corporations' Federations established by respective States.

3.2.3. Besides tendu leaf, individual States exercise monopoly over certain other MFPs too, thereby restricting their free trade in open markets. Table 4 provides a list of the MFPs for each of the nine PESA states, over which State agencies exercise monopoly rights.

Table 4: MFP over which States Exercise Monopoly Trading Rights

<table>
<thead>
<tr>
<th>State</th>
<th>MFP Under State Monopoly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhra Pradesh</td>
<td>Bamboo, tendu leaves and 25 other MFPs.</td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>Bamboo, tendu leaves, oak, neem, myrobalans and gums of khejri, muhwa, dhawda and kasaub.</td>
</tr>
<tr>
<td>Gujarat</td>
<td>Bamboo, tendu leaves, mohra flower, mohra seed, gum karaya and other miscellaneous gums.</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>Bamboo, tendu leaves, oak leaves and 33 other MFPs.</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>Bamboo, tendu leaves, sal, eucalyptus gun and sal leaves.</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>Bamboo, tendu - State monopoly for other MFPs existed to exist or be exist.</td>
</tr>
<tr>
<td>Orissa</td>
<td>Bamboo and tendu leaves.</td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>No MFP has been put under State monopoly.</td>
</tr>
<tr>
<td>Jharkhand</td>
<td>Tendu leaves.</td>
</tr>
</tbody>
</table>

Source: State responses

While Andhra Pradesh and Maharashtra retain monopoly on all MFPs, in Orissa the monopoly is restricted to bamboo and tendu leaves and in Jharkhand to tendu leaves. Chhattisgarh, Gujarat and Madhya Pradesh retain monopoly over bamboo, tendu and a few other profitable MFPs.

3.2.4. The exercise of monopoly encourages illicit trade in many cases. For example, in Chhattisgarh, though the Federation has a monopoly over tendu patta, in fact, many traders buy the tendu patta directly from gatherers at higher prices. This enables the traders to evade taxes. The Federation cannot control the traders. In Maharashtra, despite the fact that Maharashtra State Cooperative Tribal Development Corporation (MSCCTDC) retains monopoly control of trading in the notified 33 MFPs, the same are still sold by gatherers in open market illegally. The reason cited for this by the gatherers was that for good quality MFPs, the private traders gave very high returns. For example, for the year 2010, traders bought Hirda (an important MFP) for Rs.45/- per kilo from primary gatherers. The latter got Rs. 17/- for the same quantity from MSCTDC.

3.2.5. It may be noted that the recently formed JHAMFCO Federation in Jharkhand trades in MFPs collected by gatherers (except for bamboo and tendu leaf) but does not have monopoly rights. It has yet managed to earn profit in its one year of operation. The method adopted by the Federation is that it offers a purchase (procurement) price for any MFP at Rs.2-4 higher than the purchase price offered by the private traders. For instance in 2010-11, cooperative societies registered with JHAMFCO Federation offered a purchase price of Rs.20-22 per kg at the local haats when mahuwa was being bought at Rs.18 per kg by private traders. However, the Federation does not guarantee purchase of produce and the operations of the Federation are too recent to enable any final conclusions.

3.3 Agencies Involved in MFP Trade

Within the States, control over the trade of MFPs does not vest with a single agency, but with several types of agencies. Table 5 shows the various agencies involved in MFPs trade.
Table 5: State Agencies Involved in Trading of MFP in 9 PESA States

<table>
<thead>
<tr>
<th>State AGENCIES INVOLVED IN TRADING</th>
<th>MFPs Involved</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tendu leaves</td>
</tr>
<tr>
<td>Andhra Pradesh, The Andhra Forest Development Corporation</td>
<td>State Forest Department</td>
</tr>
<tr>
<td>Chhattisgarh, Chhattisgarh State Minor Forest Produce (Trading &amp; Development) Cooperative Federation Ltd</td>
<td>State Forest Department</td>
</tr>
<tr>
<td>Orissa, Orissa Forest Development Corporation and the Forest Department</td>
<td>Orissa Forest Development Corporation and the Forest Department</td>
</tr>
<tr>
<td>Jharkhand, Jharkhand State Forest Development Corporation (JFDC)</td>
<td>At present no extraction of bamboo is taking place. The extraction would be taken over by the JFDC subject to the approval of the working plan (which is yet to be submitted by the State after making suitable amendments as directed by the Centre).</td>
</tr>
<tr>
<td>Madhya Pradesh, MP State MFP (Trade and Development) Cooperative Federation Ltd</td>
<td>State Forest Department</td>
</tr>
<tr>
<td>Rajasthan, Rajasthan State Forest Department</td>
<td>State Forest Department</td>
</tr>
<tr>
<td>Himachal Pradesh, No tendu leaves grown</td>
<td>Bamboo not grown</td>
</tr>
<tr>
<td>Gujarat, Gujarat State Forest Development Corporation</td>
<td>State Forest Department</td>
</tr>
</tbody>
</table>

Source: State responses

As seen from Table 5, bamboo is exclusively controlled by the Forest Department, with some involvement of the JFMCs. Cooperatives have been established for trading in tendu leaves and a few other MFPs in MP and Chhattisgarh, while in other States the trade in tendu leaf vests with government Corporations. In Chhattisgarh and MP, monopoly is exercised by the Cooperative Federation in case of major MFPs, besides tendu. In Andhra Pradesh and Gujarat, State Government Corporations exercise monopoly in ‘other MFPs’ in varying degrees. GCC in Andhra Pradesh exercise monopoly rights over all MFPs grown in the State while the Gujrat Corporation exercises monopoly in only a few items. In Maharashtra, the Corporation effectively exercises monopoly over all MFPs, (Reportedly, rethink at state level is currently underway on this issue). In Orissa, Rajastan, Jharkhand and HP, there is no government intervention in ‘other MFPs’ and in Orissa, a role is envisaged for Panchayats.

3.4 Mandate of State Agencies Involved in MFP Trade

The various agencies across States that trade in MFP have been set up mainly to protect the interests of MFP gatherers, as can be seen from their mandates given in Annexure 7. The main objective of these agencies is to ensure fair remunerative prices to gatherers and reduce exploitation by eliminating direct dealings between the gatherers and the private traders.

3.5 Structure and Functioning of State Agencies

3.5.1. The structure and functioning of these agencies vary, and is given in detail in Annexure 8. As can be seen, the governing councils at the State and District level of the Madhya Pradesh and Chhattisgarh Cooperatives are elected as per the Cooperative Act. There is a three tier structure of Primary Cooperatives of gatherers, and elected District and State level bodies. Management support is provided by the Forest Department. In other States, the governing bodies and management are appointed. The organizations in Madhya Pradesh and Chhattisgarh are therefore distinct from other States. These are gatherers’ cooperatives and not simply government Corporations, though supported by the Forest Department. These Cooperatives need to be made more participative and autonomous.

3.5.2. All organizations except JHAMFCEFED have systems of outreach to the MFP gatherers with a common point of procurement between 3-4 villages. In Chhattisgarh and MP, the local centres are manned by ‘phad munshis’ who are elected by the gatherers. GCC on the other hand, has collection centres manned by its own employees. In Jharkhand, JHAMFCEFED proceeds through LAMPs, PACs and other members registered with the organization.

3.5.3. Adequate storage facilities with Corporations/Federations are missing in all States. This limits their ability to store MFP till better prices are available.

3.5.4. Generally, MFP Corporations/ Cooperatives deal only in MFP trade (procurement and sale) and some value addition to the procured MFPs. However, in Maharashtra, MSCTDC also deals in agricultural produce. The Corporation has been increasingly suffering losses in trade of MFPs, and was more inclined to purchase and sale of agricultural produce than MFPs. In AP, GCC runs fair price shops and has also provided loans. While GCC had been unable to recover its loans, the fair price shops were reported to be popular. GCC has also attempted to make available other products of daily use such as clothes, buckets, etc. at fair prices, and these were also bought by the tribals. GCC has thus attempted to replace, or at least provide a counter, to the local market. MSCTDC and JHAMFCEFED also provide ‘loans’ to the tribal communities to support agricultural activities. These loans are generally not repaid.

3.5.5. In all States except Gujarat, MP and Chhattisgarh, the trade in tendu leaf and in ‘other MFPs’ are dealt by separate agencies. This means that by and large, the more profitable tendu trade and the less profitable trade in ‘other MFPs’ is undertaken by different agencies. When trade in tendu is separated from other MFPs, then the organization dealing only in other MFP runs the risk of becoming unviable.

3.5.6. Regular government funding is available only to GCC in AP, where administrative costs are borne by the State Governments, and Corporations/Federations in rest of the States are expected to be self-financing. Corporations and Federations therefore tend not to deal with MFPs which do not bring immediate profits. For example in Madhya Pradesh, the Federation hesitates in taking up marketing of non-profitable MFPs under the pressure to show profits. The net result is that in some States, for a large number of MFPs, the gatherer is left to deal with the poorly developed market. In other States, Corporations dealing with ‘other MFPs’ give poor returns to gatherers.

3.5.7. The organizations vary widely in their turnover. The turn-over figure was not available for all the States but between MP and AP we can notice the huge difference between an organization that deals in trade of tendu leaves (turn-over of the range of Rs.750 Cr.) and one that does not (turn-over just about Rs.200 Cr) though the latter deals with a far larger number of MFPs.

3.6 Procurement and Sale of MFP by Government Corporations/Federations

3.6.1. A brief description of the process of procurement of MFPs from the collectors/ gatherers is provided in Annexure 9. There is no ‘procurement’ of bamboo from gatherers as it is harvested and traded by the Forest Department. Gatherers collect tendu leaves in all States, and sell these to ‘phad munshis’ appointed by contractors. In MP and Chhattisgarh, the gatherers select the ‘phad munshis’ through cooperatives. As far as other MFPs are concerned, these are either sold at depots or other designated points to the State agencies.
at the Statutory Minimum Price (SMP) if the MFP is nationalized, or in case of non-
nationalized MFPs, sold at open auctions to local traders.

3.6.2. The agency entrusted with the task of fixing the procurement price for MFP and the
procedure it follows in each State is given in Annexure10. Procurement prices of
‘nationalized’ or government controlled MFPs are fixed by various government
committees or committees within Corporations/Federations. The sale price of the
previous year is an important determinant of the price paid to gatherers.

3.6.3. Since the Corporations/Federations have to be financially self-sustaining, the price
that they can pay to gatherers depends on their capacity to sell at lucrative prices. However,
the Corporations are often unable to get the best possible sale prices. Although MFPs are
sold by Corporations/Federations through open bids, there were reports in several States
that Corporations did not sell to end users. Instead, they sold to intermediaries, who in
turn made good profits selling to end users or even other intermediaries. These profits
were obviously not passed on to gatherers.

3.6.4. Although tendu leaves are sold through bids (details in Annexure 11) in all States, there
are variations in the role of the contractor. In Chhattisgarh, the responsibility of tendu leaf
collection upto the phal mandali level is with the Federation. The contractor simply buys
tendu leaves from the Federation. Wages are paid to the gatherers by the Federation and
not by the contractors. In Gujarat and Maharashtra, units are taken over by the contractors
who are responsible for all activities including regeneration, collection, transportation,
etc. and payment of wages to phal mandali gatherers.

3.7 Market Trade in MFP

3.7.1. For MFPs where there is no government control, the price is determined by the market,
which is underdeveloped and unfavorable to gatherers. In fact, MFPs are sold through a
chain of traders, which include petty traders, small traders, big traders, wholesalers,
commission agents etc., each retaining a share of the profits. The gatherer is often aware
only of a village level trader, and simply does not know the price in bigger markets.

3.7.2 Discussions with gatherers showed that there are wide variations in the price from year to
year in these commodities. For example, in Jharkhand it was reported that prices for lac
fluctuate a great deal, so that gatherers have difficulty in times when prices are low. The
price also depends to some extent on the local availability of processing and value
addition units. In Jharkhand, the gathering of oil seeds had become unremunerative as the
nearest solvent extraction plant is in Chhattisgarh and the returns to oil seed gatherers
are inadequate because of high transportation costs.

3.8 Role of Panchayats in Trade

In Orissa, Panchayats are authorized to trade in MFP other than bamboo and tendu. Panchayat
Samitis fix prices for ‘other MFP’, but have no mechanisms for ensuring that the price fixed
was followed, or offer to buy at the declared price. However, field visits showed that in spite of these
limitations, the declaration of prices had some impact, as gatherers bargained for the declared
prices. The method for fixing price was however, unsatisfactory. The price recommended by the
DFO was usually accepted by the Panchayat Samiti. DFOs tended to simply increase the
price by 10% or so from the previous year. The price in bigger markets was not known to
anyone. Since the deregulation of MFP trade, prices of some commodities had risen while those
of others had fallen or remained stagnant. For example in Kandmahal, the price of hill brooms
was reported to have risen substantially but that of siyali leaf had not.

3.9 Profits to Gatherers

3.9.1. The extent to which profits from MFP are returned to gatherers by government
Corporations/Federations are given in Annexure12. In case of bamboo, only in AP, there
exists a provision of profit sharing with the tribal community and that too only in the
areas where Van Samrakshan Samities (VSSs) have been formed. Among the two villages
visited, in Krishnapuram, 43,000 bamboo were cut in the previous year and a profit of
Rs. 56,000 was declared. Out of this Rs. 18,000 was used for the village development
fund and Rs. 18,000 was distributed among VSS members, which came to around Rs. 200
per family. In Dhaesarai, the profits were around Rs. 1,500 per family. Orissa and
Maharashtra keep aside some bamboo for the basket making community, but the quantity
is very small. In Gujarat, it was brought to our notice that members of ‘baans mandli’ or
Environment Development Committees are legally entitled to procure 500 bamboo stalks
free of cost. Tribals however complained that this provision was not allowed to be
exercised by the Forest Department.

3.9.2. In case of profits from tendu leaves, in all States, except Gujarat and Orissa, there are
tendu cards with the gatherers according to which they get a share in the profits as bonus.
This is generally found to be delayed by two years. In Orissa and Gujarat, profits are
shared with Panchayats, and not gatherers, which can result in a raw deal for the
gatherers. In Orissa, in Kandmahal district, for example, the production cost of tendu
leaves was estimated at Rs. 7.15 crores, 90% of which was paid as wages to gatherers.
There was an additional establishment cost of Rs. 2.5 crores. The tendu leaves were sold
for Rs. 15 crores. Thus the wages paid to gatherers were around 6.43 crores, other
production costs 0.72 crores, the administrative cost 2.5 crores and the profit was 5.35
crores. Notably, the profits are not returned to gatherers, who are some of the poorest
people in the area. If the profits had been returned to gatherers their incomes would have
gone up by 83%. Similarly, in Gujarat, in 2008-09, GSFDC sold tendu patta for Rs.23.82
crores, of which Rs.5.3 crores were paid to gatherers as wages. Another Rs.1.10 crores
was spent on agents, transportation, etc. Rs.9.57 crores was spent on salaries. Profit of
Rs.7.84 crores was given to Panchayats. Notably out of the total sale value, only 22%
was earned by the gatherers.

3.9.3. In AP, in case of ‘other MFPs’, while there is no system of sharing profits, there is a
system of evening out profits over MFPs, passing on the profits of more lucrative MFPs to
less lucrative ones. This means that returns to gatherers of more lucrative MFPs are
lower than market returns, while those to gatherers of less lucrative MFPs are higher. For
instance for Gum Karaya which has a good market and is mostly exported, the gatherer
was at the losing end since profits were diverted to gatherers of MFPs such as Shikakai,
which were selling poorly, thus helping gatherers of Shikakai. In Gujarat, the GSFDC
has honey processing units established in some pockets of tribal areas. 2% of the total
profit earned from sale of honey is distributed among the collectors. Apart from this there
is no profit sharing with the gatherers. Jharkhand’s JHAMFICO Federation works in
competition with the private traders and reportedly keeps its price 2-3 rupees above the
market price to benefit the gatherer.
4.1 Genesis of TRIFED

Recognizing the importance of the need for livelihood generating activities based on locally available resources and in order to create gainful employment opportunities for local communities, the Ministry of Welfare (now Ministry of Tribal Affairs) established an organization at the national level for the purpose of undertaking marketing development activities for NTFP (non-timber forest produce), alternatively called MFP. The Tribal Cooperative Marketing Development Federation of India Limited (TRIFED) came into existence in 1987 and was registered under the Multi-State Cooperative Societies Act 1984 and effectively started its operations a year later in 1988. The aim of TRIFED was to serve the interest of the tribal community and work for their social and economic betterment by conducting its affairs in a professional, democratic and autonomous manner for undertaking marketing of the tribal products.

4.2 Role of TRIFED

4.2.1. Since inception, TRIFED focused its activities on procurement of MFP gathered by the local (tribal) communities, with the intent of providing remunerative prices. The total procurement value of both MFP and agricultural produce, since inception (1988) until June 2002, is estimated to be Rs.977 crores. During the same period, the organization incurred a cumulative loss of Rs.64.95 crores. TRIFED was expected to be a commercial organization and generate profits. However, it became clear over time that the welfare goals of the organization could not be reconciled with commercial ones.

4.3 Present Organizational Structure and Functioning of TRIFED

4.3.1. TRIFED has its registered head office located in New Delhi. It has a network of 14 regional offices located in States with a substantial tribal population, and a Central warehouse in Delhi. The organizational structure of TRIFED is given in Annexure13. TRIFED has Corporations/Federations trading in MFP on its Board, as ‘member organizations’. TRIFED has also begun its venture into procurement and marketing of tribal arts and craft items through its retail outlets called ‘TRIBES’.

4.3.2. TRIFED has undertaken marketing development strategies for MFPs such as mahua flower, lac, leaf cup and plate (dona pattal), tamarind and honey. In these businesses, self-help groups (SHG) are identified and trained on management of SHG and the best practices of collection, primary processing, grading, drying and storage of the particular MFP. Resource persons are sourced from institutes and hired for the purpose of training the master trainer(s), who directly train the beneficiaries. The implementing agency (institute) is provided financial assistance by TRIFED for imparting the training, with the assurance that the working capital required for procurement and marketing of MFPs would be the agency’s own finance. Such projects are being implemented primarily through the member organizations of TRIFED. MP MFP Federation is one such agency for implementing a project on mahua in the area of Shuddol. The budget for this activity for 2009-10 was Rs.6.21 crores.

4.3.3. TRIFED has also undertaken skill upgradation and capacity building of MFP gatherers, focusing on honey gatherers and gum pickers. The budget allocation for this specific activity is Rs.5 crores for the year 2009-10. Batches of tribals involved in either of the activities are imparted training for 4-5 days on the best practices of survey, use of protective dress (as in the case of honey), scientific methods of gathering honey or tapping the gum, collection, drying, bottling and other processes involved. So far TRIFED has engaged NGOs for imparting the training on skill upgradation as a norm, though it has also encouraged partnerships with member organizations and conducted programmes wherever possible.

4.3.4. TRIFED sponsors R&D projects on value addition in MFPs. Such projects have so far been assigned to the Indian Institute of Chemical Technology for developing bio candles and smokeless fuel from Sal fat, Bengal Engineering & Science University for isolating Sal starch and Tannin from Sal fat, Institute of Mineral & Material Technology (CSIR) for designing a hybrid biomass cum solar dryer for drying MFP items like mahua flower and seed, myrobalan seed, etc.

4.3.5. While TRIFED has begun relevant activities vis-à-vis MFP, the scale remains small, compared to the number of gatherers who earn their livelihood from MFP.

5.1 Access of People to MFP

Although the ownership of MFP vests with Gram Sabha legally, in actual practice, access of the people to MFP remains contested. There is no free access to bamboo, though bamboo is defined as MFP as per FRA 2006. People are not allowed to harvest it for their own use. The harvesting of bamboo is planned, so that revenue to the government rather than people’s needs, takes precedence. Though in some areas, FMCS share in the profits, this practice is not universal. In addition, in several States, access to MFP in reserved and protected forest areas is restricted.

5.2 Barriers in Movement (Transportation) of MFP

Several barriers in inter-State and also intra-State movement of MFP prevail, and cause harassment of gatherers. In Orissa, these are causing special problems as the Forest Department no longer gives certificates for such movement, and the certificates given by the Panchayats are not recognized in other States. In Jharkhand, it was reported that obtaining transit permits from the Forest Department often entailed a long drawn process infested with payment of bribes and unnecessary delays.

5.3 Role of Gram Sabhas and Panchayats

5.3.1. The role played by Gram Sabhas and Gram Panchayats is extremely limited across States.
5.3.5. In Orissa, as mentioned earlier, the Panchayat Samiti decides the purchase price for all MFP. There is an informal understanding regarding the ownership of trees and disputes, if any, are resolved within the village in the Gram Sabha, but there is no accountability of the GCC to the Gram Sabha. Further, in the areas where VSSs (Van Sankrakshan Samitis) formed by the Forest Department operate, each VSS has an elected President who is said to have more powers than the Gram Panchayat Sarpunch. Gram Panchayat has no control over the VSS.

5.3.3. In Chhattisgarh, the Gram Panchayats and Gram Sabhas play no direct role in the procurement/trading of MFP. The CG MFP Federation did report of intimating the members of Panchayats to be present at the time of distribution of wages as well as incentive wages (bonus) for collection of tendu leaves and sal seed. Members of Gram Sabha are also elected members of the Cooperatives of gatherers that manage trade of nationalized MFPs. However the elected members complained of excessive control by forest officials. In Madhya Pradesh, the situation was similar. These two States have attempted to create ownership of gatherers through the Cooperative structure rather than Gram Sabhas and Gram Panchayats.

5.3.4. In Maharashtra, where MSCTDC has the monopoly rights to purchase MFP from gatherers it has to pay @ Rs. 5/- per quintal for every MFP traded, as royalty to Zila Parishad. This amount is to be spent on development of the village from whose jurisdiction the MFP is collected. In Gujarat currently, the Gram Sabhas play no role in all procurement and marketing of MFPs. But as MFP is a Panchayat subject, all profits from MFP trade are transferred to the District Panchayats by the Gujarat Corporation after deducting administration costs. It was reported that District Panchayats did play a direct role in trading of tendu from 2000-2003, but the arrangement collapsed because the District Panchayats could not handle the trade effectively.

5.3.5. In Orissa, as mentioned earlier, the Panchayat Samiti decides the purchase price for all MFP except tendu and bamboo. It is also reported that prior to the fixation of prices, the proposed selling price of each MFP is placed before the Gram Sabha for ratification. In addition, all traders have to ‘register’ in the Gram Panchayats and pay a registration fee of Rs.100/- . But if a trader did not pay the price fixed by the Panchayat, the Panchayat could not penalize him and at the same time, was unable to buy the MFP from the gatherer. However, a field-visit to the GP in Kandmahal district showed that even though the Panchayat had no real power over the trader, gatherers in fact sold at the ‘Panchayat price’, which at least became a benchmark for fair and unfair dealings.

5.4 Accountability to People of Government Agencies

The various departments as well as Corporations and Federations trading in MFP lack accountability to the people. In spite of the provisions of PESA and FRA, the ownership of people over MFPs is continuously questioned. Corporations and Federations exercise monopoly and none of the government Corporations had ever attempted to explain their activities to the people and obtain their opinion. There are no mechanisms whereby people can question the activities of the Corporations/Federations, or give advice. This makes the whole process opaque, and encourages unfair practices.

5.5 Profits to Gatherers

In addition, the principle of returning profits to gatherers is followed only partly. Profits are not returned to gatherers for all produce, and may be given to Panchayats instead of the gatherers, as has been detailed in Chapter 3.

5.6 Impact of Active Participation by the People

While MFP trade is governed either along the principle of monopoly by State owned Corporations, or ‘free market’ in extremely poorly developed markets, there has so far been minimal attempt to involve gatherers in an active and organized manner, except by the Madhya Pradesh and Chhattisgarh Federations. Attempts made by NGOs, however, show that as in the case of other livelihoods initiatives, organizing people to act in their own interests can have a very positive impact as illustrated by the case study below:

Box 1: Case Study of the JJBA intervention directly with the tribal communities in District Khunti of Jharkhand

The ‘Jharkhand Jungle Bachao Andolan’ works towards making the people at grass-root level aware of their rights under the PESAs and FRA Acts and how to claim them with due procedure. After the FRA declared tendu leaf as an MFP and as an knowledge that MFPs’ ownership rights vest with the Gram Sabhas in PESAs areas, the volunteers of JJBA got residents of five villages of Gram Panchayat-Tilma (Khunti block in Khunti district) mobilized into collecting tendu leaves, drying them and sending them collectively, without the involvement of the Bushill Forest Development Corporation. The FDC is the sole authorized agent for purchase of tendu leaves through its licensees (private contractors licensed through open bidding).

Along with the volunteers of JJBA, the villagers (collectors) got involved with pruning, collecting, making bundles and drying the tendu leaf. They packaged them into kolis, instead of the ‘standard bag’ measurement used by FDC (1 std.bag= 50,000 leaves). Three trucks were hired for transportation of tendu leaves to district Jharkhand in West Bengal, where tendu leaves were directly sold to a bidi factory owner. Each kilo fetched a price of Rs.30-45, depending on quality of the leaf. On an average, each member of the collection group earned a profit of about Rs.2000-2500 for one season. This was in complete contrast to earlier years, where pluckers/collectors earned Rs. 700-1000 on an average, as wages for collection.

VALUE ADDITION AND REGENERATION OF MFP

6.1 MFP Resources

6.1.1. The MFP economy and incomes of gatherers are dependent on regeneration of forest resources and sustainable management of MFP. However, evidence that these resources are getting depleted was found in interaction with MFP gatherers in all the States, who reported fewer tamarind trees (AF), a declining crop of tendu leaves (Gujarat) declining lac production (Jharkhand) etc. and is also reported in recent studies (Basix 2010). Notably, the threat of forestry in India has been on growing timber, which results in removal of material which could serve gathering needs, reduces forest diversity and consequently hurts MFP production. Visits to Andhra Pradesh illustrated this point: in the case of a family which earlier used to own 100-120 gum karaya trees, the number had come down to around 30. Another example was to Andhra Pradesh illustrated this point: in the case of a family which earlier used to own 100-120 gum karaya trees, the number had come down to around 30. Another example was that of ‘chironji’ which was just disappearing.

6.1.2. Where MFPs have good commercial value, extraction, rather than regeneration takes precedence. Tendu patta collection and trade in Chhattisgarh is a case in point. The first step in the process of tendu patta collection is pruning the bushes to generate growth, around the end of January. The State Society pays Rs. 25 per bag for this activity, which amounts to a very small amount, as low as Rs. 10 per day. Consequently, the shrubs are not pruned properly, which leads to a poor crop of leaves, and in turn reduces profits to gatherers. In Gujarat, the situation was found to be even worse, as private traders were expected to undertake regeneration activities for tendu, and the quantity as well as quality was declining rapidly. Similarly, as the demand for medicinal herbs was reported to be rising rapidly in the State, these were being plucked in large quantities, without a systematic regeneration plan. Production both in terms of quality and quantity is also affected by the practices for gathering MFPs.
6.2 Importance of Scientific Practices of Regeneration and Extraction of MFPs

6.2.1. In contrast, scientific practices of planting and extracting MFP can lead to significant increase in production as is illustrated by a project undertaken by the Kovel Foundation in Andhra Pradesh.

**Box 2: Case Study of Kovel Foundation working towards regeneration of plantations in Andhra Pradesh**

Kovel Foundation (a trust by the indigenous people for Research on Sustainable Technologies), Vishakapatnam works in collaboration with GCC and corporate houses such as ITC. Kovel Foundation has organized gum pickers into Girijan Gum Pickers Association (GGPAs). The Foundation worked at eliminating the destructive practices in collection of gum karaya such as use of gum axes which injures the tree, extraction of gum from immature trees and mixing sand to increase the weight, which led to destruction of resources and poor product quality, besides low price.

Kovel Foundation initially focused on training for gum karaya extraction but subsequently expanded to other NTFPs, promoting a Forest-cum-Farm model where each land owning household has spared one acre of land to plant 30 gum karaya saplings on the border, some amla, some mango trees and so on. In about 8-10 years these are expected to mature into trees and start yielding returns. The Foundation has also promoted innovative techniques of irrigation, whereby rain water could be harvested and used. Similarly in case of honey, proper kits and body suits have been provided along with the training for better techniques of extracting honey without damaging the comb as well as taking proper precautions.

This approach of the Kovel Foundation has generated awareness about resource preservation, thereby getting better produce and consequently enhanced income for tribal communities.

6.2.2. Regeneration of MFP has so far not been given due importance nationally, though in some States, the Forest Department provides seeds, saplings, etc. and also training for better extraction and regeneration. However, the attempts in this direction are highly inadequate so far.

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working towards livelihood enhancement in many States of India, has built capacity of ‘siyali’ leaf gatherers in Orissa, by training gatherers to stitch the leaves in the proper way. This has doubled their incomes. The following UNDP supported project in Jharkhand and an NGO initiative in Gujarat also illustrate the point:

**Box 3: Case Study of the UNDP intervention under Private Public Partnership with the Jharkhand State Government**

In Goelkera block, in Chaibasa district of Jharkhand there are some indigenous, low-cost Sal-leaf plate making and oil extracting machines made available under a UNDP supported project. Women SHGs are promoted under this program to work collectively. These groups have been encouraged to collect, process and market MFP collectively. They are now aware of the benefits of economies of scale and the potential of better prices through collective bargaining and trade. Different types of Sal-leaf plates are made and grading is done based on the quality of the end product. These are then packaged and loaded in trucks and transported to the ‘Upper Bazar’ where they hope to strike a good deal. A machine to extract oil is being promoted as easy to use by the women of the village.

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6.3 Extent of Value Addition

6.3.1. The extent of value addition before sale of MFP is critical in determining the income generated. There are several MFPs which have a great deal of potential for earning high revenue after value addition. For example, recently, there has been much discussion on the fact that very high quality wine could be made from mahua flower (reported in ‘The Times of India’, Ranchi edition, dated 27th November 2010). Similarly, honey and oil too have vast potential which remains untapped. There is also great demand for MFPs having medicinal value.

6.3.2. Gatherers usually make some value addition to MFPs before their sale. For example, mahua flower is dried to extend its shelf life. In the case of tamarind, the fruit is deseeded since the seeds are separately sold for a value. However, these value addition activities are minimal and tradition-based. Much of the profitable value addition takes place outside the areas where MFP is grown and collected, and the tribal people get a very low price for the raw or nearly raw products. The lack of appropriate value addition for increasing the shelf life of the product reduces the bargaining power of tribes because they have to dispose off their produce within a stipulated time-period.

6.4 Value Addition Initiatives

6.4.1. The Committee found several instances of very basic value addition activities taken up by gatherers that had increased their incomes dramatically. For instance, PRADAN, an NGO

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6.4.2. Value addition activities were seen primarily in the making of sal/ siyali/ mahulan leaf plates with better techniques to enhance their longevity and strength, oil pressing machines to extract maximum and clean oil from mahua and other seeds, drying of mahua flowers and even powdering them to make biscuits, cookies and ice-creams, besides the honey processing units.

6.4.3. Some attempts have been made by the MP MFP Federation, which has launched a brand “Vindhya Herbals” to promote herbal cosmetics and food items processed from MFP like honey. Similarly, GCC in Andhra Pradesh has also taken several value addition activities, as has GSTFDC in Gujarat (Dhvanantri–value addition of honey). Establishment of units for honey processing, deseeding of tamarind, amla processing and chironji processing have been reported by the CG MFP Federation. The Federation has also reported of undertaking activities of making mahua leaves’ cups and saucers. However, the scale of these activities is very limited.

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**Box 4: Case Study of an NGO’s initiative towards value addition in Mahuwa in the State of Gujarat**

Mahuwa is usually synonymous with alcohol in the context of tribal life and culture. However in the Dedu Pada block of Gujarat, it was observed that a grass-roots organization was successful in discovering other uses of the mahuwa collected by tribal communities. Drying of mahuwa flowers was done at the village level, where three machines for the purpose have been installed by the NGO. The organization called Jeevanarthi was instrumental in motivating the tribals to sell their collections to local wheat mill owners, who ground the mahuwa into powder, which was then taken to bakeries to make mahuwa flavoured biscuits. These biscuits were packaged by the organization and sold at fairs organized by institutes like IIM, Ahmedabad. Other products like mahuwa flavoured ice-creams, bhrami snacks and herbal cosmetics were sold, which enabled, first, to link the tribal communities with larger markets and second, to earn monetary incentives out of the MFP. Most collectors have been organized into self-help groups of both men and women and are encouraged to take care of their own accounts.
CHAPTER 7
INCOME FROM MFP TO GATHERERS

7.1 Problems in Assessment of Income from MFP

The income from MFP to gatherers is extremely hard to assess, given that MFPs vary a great deal in terms of commercial value and for a single MFP, the amount collected varies depending on the crop yields, with some areas having sparsely distributed trees/bushes and others having greater concentration of the same. The quality of produce and the subsequent price too varies and prices in bigger markets fluctuate from year to year. Further, the collection is seasonal, and combined with other activities, so that gatherers themselves are not aware of the income that they get from MFP collection.

7.2 Low Incomes from MFP

7.2.1. However, the Committee attempted to understand the broad range of the income from MFP by talking to gatherers, which was generally found to be much below the MGNREGA wages or minimum wages in agriculture. For example, with respect to tendu patta collection in Chhattisgarh, discussions with gatherers showed that a family of four or five people can gather around 100-150 bundles of leaves per day, for which the price paid in the previous year was Rs. 70 per 100 bundles. Subsequently, a bonus of Rs. 45 per 100 bundles was paid. The bonus is paid one to two years late. The average daily earnings of a family would therefore be around Rs. 105 per day, which would amount to a little over Rs. 3000 in a month. This average monthly income is for a period of less than two months, which is the normal duration of plucking tendu leaves.

7.2.2. Gatherers in several states reported that they were either not paid or inadequately remunerated for pruning of tendu leaves, which involved their considerable effort.

7.2.3. In Andhra Pradesh, discussions with gatherers showed that on an average, earnings for MFPs such as tamarind and gujakariya are only Rs. 25-30 per day, which is much lower than MGNREGA wages.

7.3 Popularity of MFP Collection

7.3.1. In spite of low incomes, many tribes continue to be engaged in MFP gathering. In Madhya Pradesh, despite the low earnings of gatherers from tendu leaf collection when compared with MGNREGA, they still preferred pruning and collecting tendu over MGNREGA activities. The reason given by them was that tendu patta collection was a traditional activity, so the comfort level is greater. Women and children could participate in it since it was physically less strenuous. Much of the work of MFP gathering such as collection and drying of leaves is done by women, children and the old because they were unable to work in MGNREGA or other labour intensive activities. Also, the wages (collection rates) of Rs. 60 for 100 bundles of tendu leaves, despite being low, were given by the 'phad-munshi' within two weeks, though payment is supposed to be made on a daily or atleast weekly basis. In contrast, wages for MGNREGA activities were delayed. Ready cash, though in small amounts, was an important criterion for the gatherers to choose tendu patta collection over MGNREGA.

7.3.2. Maharashtra gave a mixed picture during the state visit. The tribals were seen to be heavily engaged in agriculture or MGNREGA activities in the western part of the State. Collection of MFP including tendu leaves was a miniscule subsidiary activity. However, in the Vidharba region, especially the Gadchiroli region which is also famous for its quality of tendu, tribals were engaged in it substantially.

7.3.3. A shift away from MFP gathering was visible in some areas. In Orissa, the tribals reported that since the MFP resources were decreasing, fewer people were engaged in MFP collection, particularly as better wages were available in MGNREGA activities.

CHAPTER 8
AREAS OF CONCERN

8.1 MFP Economy, Community Ownership and Livelihoods

As is clear from the foregoing discussion, the MFP economy provides poor returns to gatherers, who have limited bargaining power, as they either participate in markets that are poorly developed or are under conditions of monopoly. Therefore, the important question to be addressed with respect to MFPs is ensuring community control over resources, so that livelihoods of gatherers are protected and enhanced. In this context, the Committee identified some key areas of concern. These pertain to the depletion of resources, the characteristics of the MFP market, type of government interventions, inadequate value addition by gatherers and lack of empowerment of gatherers.

8.2 Private Trader Exploitation

8.2.1. While government supported Corporations and Federations trade in some MFPs, a large number are traded ‘freely’ in the market. But the ‘free’ market in MFPs works against the interests of gatherers in several ways.

8.2.2. MFP production is highly dispersed spatially, as MFPs grow in dense forests. Because of the poor accessibility of these areas, a competitive market does not exist, as the number of buyers is limited, and gatherers do not have a choice of several buyers. These buyers are therefore able to dictate terms. In fact, there is often one buyer at the village level, to whom the gatherers sell the produce. The buyer then sells the MFPs to other buyers, and there are a large number of intermediaries linking the gatherers to the end-users.
8.2.3. Gatherers are not aware of the price in larger markets and may be indebted to the buyers and thus forced to sell at low prices. Moreover, gatherers are mostly poor and unable to bargain for fair prices.

8.3 Monopoly

With respect to MFP where government supported Corporations/Federations undertake trade, the monopoly exercised by government Corporations/Federations often does not allow gatherers to get better prices, even when these may be available. With the enactment of PESA that gives ownership rights of MFP to the Gram Sabhas, the continuation of monopoly by a Corporation or Federation is questionable. In fact, these rules are often floated, and a host of ‘illegal’ practices flourish, in which the traders rather than the gatherers are the major beneficiaries.

8.4 Issues regarding Structure and Functioning of Corporations/Federations

8.4.1. The functioning of Corporations and Federations engaged in the MFP trade is not optimal for various reasons. Firstly, with the exception of the Federations in MP and Chhattisgarh formed under the Cooperative Act, in other States, the Corporations are managed by appointed officials and are not accountable to the gatherers in principle. In practice, even the Federations were reported to be inadequately accountable to the Gram Sabhas or Panchayats. This means that the interests of the gatherers and Gram Sabhas are inadequately reflected in the decision-making process.

8.4.2. Secondly, the various Corporations and Federations often lack appropriate infrastructure and resources as well as requisite marketing and other skills. As has been noted, Corporations lacked adequate storage facilities, so that they had to sell even when prices were not remunerative. The financial resources of these Corporations are constrained and only in AP does the State Government provide funds to the Corporations. Even in AP, it was observed that new recruitments were not being done since past 4-5 years by GCC in spite of posts lying vacant. These organizations have very limited marketing skills. They lack experts that can anticipate demand and sell to end users, with the result that they often get poor prices for the products.

8.4.3. The third important point concerns the perception of the goals of the Corporations. Whatever may be the stated goals of the various agencies, the assumption across States appears to be that these ought to be at least ‘self-sustaining’ and ideally, profit making. The performance of the State Corporations/Federations is mostly judged on the basis of the profits they make or at least their ability to ‘support’ themselves. At the same time, the administrative costs of the Corporations tend to be quite high, partly because their operations spread over vast geographical areas. Consequently these Corporations/Federations take up the trade of only the more viable MFPs, leaving the rest for free trade or ‘transferring’ it to Panchayats.

8.5 Lack of Access and Barriers in Movement (Transportation) of MFPs

The lack of access to bamboo has been noted, as has the fact that in many States, access to MFPs in reserved and protected forests is limited. Several barriers in intra and inter-state movement of MFPs also prevail.

8.6 Extent of Value Addition

Most of the value addition to MFP takes place outside the regions where these are collected. Consequently, the tribal people get a very low price for the raw products. The lack of appropriate value addition for increasing the shelf life of the product reduces the bargaining power of the tribals because they have to dispose off their produce within a stipulated time-period.

8.7 Ownership by People

8.7.1. The ownership of the Gram Sabha of MFP is vested under FRA, it is simply not treated as such. People are not allowed to harvest it for their own use, and though in some areas JFMCs share in the profits, this practice is not universal.

8.8 Dwindling MFP Resource Base

The threat on maximum extraction rather than sustainable harvesting has been a major reason for the dwindling resource base of MFP. As noted earlier, this is an important reason for low incomes from MFP. Since the threat of the relevant departments has been on timber and the regeneration of MFP has not been given adequate importance. This stance needs to be changed urgently, especially in the light of the growing importance of forest produce other than timber, for instance the medicinal plants, for ensuring sustainable livelihoods of the tribal communities dependent on forests.
of gatherers, enable Gram Sabhas to exercise ownership rights and to enhance livelihoods of gatherers.

9.3 Necessity of Government Intervention

MFP markets are poorly developed, with buyers having the upper hand. The high degree of exploitation of gatherers by traders has been noted. In the short and medium term, and at least over the next 5-7 years, government intervention in MFP trade is essential. Such intervention would ultimately lead to the development of markets. However, government Corporations and Federations need to shift from playing a controlling role to a supportive and facilitative one.

9.4 Minimum Support Price (MSP)

9.4.1 Need for MSP

The Committee recommends that a Minimum Support Price (MSP) be provided to gatherers by government agencies. In general, while government agencies would be obliged to buy MFP at the designated MSP, gatherers of MFP would be free to sell the same elsewhere if they get better prices. This would ensure a basic minimum income for MFP gatherers and would minimize trader exploitation. In particular, the MSP would provide critical support to gatherers living in areas with low access, as it is in these areas that trader exploitation is most rampant. These are also areas where livelihood opportunities are limited and consequently the dependence on MFP is the greatest.

9.4.2 MSP to be Fixed Centrally

The MSP for major MFPs would have to be fixed at the National level. The Committee has considered the possibility of fixing of MSP by State level agencies. The argument in favour of State level agencies fixing MSP has been that the MSP can be fixed depending on local factors such as quality of produce. However, the Committee is of the opinion that if the MSP varies from State to State, there would be a great deal of cross State movement of MFPs in order to get better prices, and this would be counter-productive. Notably, in case of agricultural produce too, the quality varies, but a central MSP is determined which can be varied taking into account the variations in quality. The Committee therefore recommends that the MSP for major MFPs be fixed centrally. As there are a very large number of MFPs in existence, the MSP may initially be fixed for the 14 most important MFPs in terms of livelihoods and value, namely bamboo, tendu leaf, tamarind, mahua flower, mahua seed, sal seed, myrobalan, chirni, lac, gum karaya, honey and seeds of karanja, neem and powad. As soon as possible, MSP may also be fixed for other MFPs.

9.4.3 Agency for Fixing MSP

A National agency i.e. a Central Price Fixation Commission would have to be set up or designated to fix MSP for important MFPs with TRIFED functioning as its technical support wing. The Commission should comprise one chairperson who will be an expert in the field of tribal and rural development and three other members having experience in the relevant field. The broad functions of the Commission would be the following:

i. Fixation of Minimum Support Price as bench-mark and setting quality standards.
ii. Formulation of broad guidelines for effective implementation of the MSP scheme.
iii. Monitoring and evaluation of the aforementioned scheme; suggesting corrective measures from time to time.

While fixing MSP for each crop season, the Commission shall have in-depth consultations with the Ministry of Tribal Affairs (MoTA), Ministry of Panchayati Raj, Ministry of Environment & Forests, Department of AYUSH, tribal leaders from all the concerned regions, representatives of national level merchant/trade and industry associations dealing with MFP and state level agencies like the GCC, GFDC, MP MFP Federation, MSCTDC, etc. The administrative Ministry for the Commission will be MoTA.

9.4.4 Role of TRIFED

9.4.4.1. TRIFED can work as a technical support unit of the Central Price Fixation Commission and assist the Commission by providing relevant information like estimated production potential, crop seasons, list of haats where tribals bring the MFP for sale, trend in prices (haats, terminal/retail market of MFP items) etc., providing quality standards/specifications of designated MFPs and formulating guidelines for procurement, storage and disposal, and other forms of technical support.

9.4.4.2. The Committee recommends that to play its new role, TRIFED should be strengthened considerably. A proposal given by the organization for its strengthening for the new role is at Annexure 13. TRIFED could also develop a nation-wide information network for speedy collection and dissemination of market information.

9.4.5 Basis for Calculation of MSP

9.4.5.1. For fixation of MSP for the 14 items of MFP mentioned above, the important factors to be considered are (i) labour time used in the collection, (ii) the prevailing wage rate, (iii) transportation cost, if any, (iv) market prices, and (v) demand-supply analysis. The existing minimum wages under MGNREGA or in the agriculture sector, whichever is higher, should form an important criterion in fixing the MSP, as for many MFPs, the market prices are depressed because the markets are poorly developed. Therefore, under no circumstances, should the gatherers of MFP be paid less than the existing minimum wages under MGNREGA/agriculture. If the MSP paid is below these wages, gatherers will be demotivated to collect and care for regeneration and sustainable management of MFP. When MGNREGA/agriculture wages are used as a benchmark, the MSP for each MFP would have to be based on standardized estimates of the amount of MFP that can be collected per day. In case market prices of MFP are higher than the MGNREGA/agriculture wage, then the MSP should be linked to the market price, to ensure maximum return to gatherers. Also, if the market price of any MFP is higher than the centrally fixed MSP at any time in any region, the designated procurement agencies at the State level should be allowed to offer one-time higher procurement price for that product for a specific season or year. While the gatherers would be free to sell MFP to any agency (government, private or co-operative), the MSP fixed by a Central Commission should be defended at all costs.

9.4.6. MFPs for which MSP is to be Provided

The present tendency of Corporations/Federations is to trade only in profit making MFPs. This means that there is no government intervention precisely where it is needed, i.e., where the markets are most poorly developed. To address the issue of livelihoods, MSP support needs to be extended to a range of MFPs, including those that do not bring profits immediately, rather than only a few profitable ones. However, the number of MFPs grown across the country is very large, and it may not be possible to provide MSP for all the MFPs initially. To begin with, MSP may be offered for the MFPs which are gathered by the largest number of people, in order to ensure benefits to maximum people. The 14 MFPs for which MSP can be offered initially on the basis of volume, value, and livelihood dependency are: bamboo, tendu leaf, tamarind, mahua flower, mahua seed, sal seed, myrobalan, chirni, lac, gum karaya, honey, and seeds of karanja, neem and powad. The MSP may be extended to other MFPs as soon as possible.

9.4.7. Professional Procurement Agency to defend MSP at State level

9.4.7.1. It would be obligatory for State Governments to ensure payment of MSP through their agencies. Offering MSP for MFP would require professional procurement agencies to defend it. Currently, most PESA and other States with significant forest area have designated some public sector Corporations or Co-operative Federations to fix Statutory Minimum Price for MFPs that are brought to the purchase centers of the designated agencies. While these agencies should continue to trade in MFPs, the centrally fixed MSP should be the bottom line to be offered to the gatherers, although the designated agencies can offer a higher price if they find it feasible and profitable to do so. In this context, all such government supported procurement agencies should function autonomously in a professional manner.

9.4.7.2. Transparency and accountability of Corporations/Federations can be enhanced by mechanisms such as placing of accounts in the Gram Sabha, information sharing & social audit.
provide a centrally fixed MSP to a large number of MFPs, it may be necessary at times to compensate them for any loss incurred in the process of procurement and disposal of MFPs, which should also be ensured under Article 275(1) and other programmes/schemes. The Committee recommends that for the next five years at least, Corporations/Federations be funded for losses incurred in defending the MSP. This needs to be seen as essentially an anti-poverty measure, as it addresses the livelihoods of some of the poorest communities in the country. At the same time, the funding of these Corporations/Federations should be in a manner that inefficiencies are not supported, yet essential activities for providing an appropriate MSP are maintained. To ensure this, the performance criteria for Corporations/Federations should be strictly enforced and form the basis of reviews and performance assessment.

9.4.9.3. The existing budgetary provisions under article 275(1) of Constitution and under existing schemes of the Ministry of Tribal Affairs are committed. Support for the administrative costs, operational costs, compensating losses of state-level procurement agencies, support to strengthen TRIFED, administrative expenses on the proposed Commission for fixing MSP of MFPs shall come as additionally under the first proviso to Article 275(1) of the Constitution or any other new budgetary provision.

9.5 Shifting away from Monopoly

9.5.1. At present, government intervention in MFP is largely in the form of monopoly. However, to ensure the ownership of Gram Sabhas as per PESA and FRA and enable gatherers to get better prices, there is a need to shift away from monopoly in MFP trade to the extent possible. This is essential to develop MFP markets in the long run, and to minimize inefficiency in trading by the Corporations/Federations. The Committee’s interactions showed that, other than fearing losses, most agencies exercising monopoly rights over MFP in various States did not object to eliminating monopoly over MFP, provided financial support is provided to the agencies to defend the MSP.
of the Forest Departments, with JFMCs involved in a few States. Access to bamboo may need to be regulated, but it should be regulated by the Gram Sabha, with advice from the Forest Department. Some States also have access to MFP in reserved and protected forests, which is not as per law. Access to MFP in these areas also needs to be ensured. Various types of the inter-State movement restrictions, such as delay in issuing transit passes or dishonoring Panchayati Raj certificates, etc. should be re-examined and rationalized, in order to streamline and smoothen the movement of MFP from one State to another.

9.6.3 Oversight by Gram Sabhas and Panchayats

9.6.3.1. Gram Sabhas and Panchayats can play an important oversight role in ensuring that MSP is in fact paid and practices for trading in MFP are fair. Laws as well as capacity building exercises should reflect this.

9.6.3.2. Accountability to Gram Sabhas and participative decision-making has to be built into the mandate and structure of all Corporations/Federations trading in MFP. All agencies that undertake trade in MFP have to be accountable to the Gram Sabha, which would include providing full information about the activities of the agency, placing accounts in Gram Sabha meetings, social audit etc. It should be mandatory for the local representatives of these agencies to attend Gram Sabha meetings to help sort out problems that MFP gatherers may be facing.

9.6.3.3. The role of the Gram Sabha is key in the case of bamboo. Rules and regulation regarding harvesting of and entitlement to bamboo need to be made and monitored by the Gram Sabha, with support from the Forest Department.

9.6.3.4. The District Panchayat can become a focal point for monitoring of the activities of Corporations/Federations, including redressal of grievances.

9.6.4 Organizing Gatherers for Improved Livelihoods

9.6.4.1. The organization of gatherers into SHGs, producer companies, cooperatives or other collectives can be a key initiative to strengthen their position for participation in the market. These collectives can be linked to more lucrative markets and play an important role in cutting out the long chain of middlemen and ensuring better prices to the gatherers. In addition, they can take up regeneration and value addition activities. They would also be able to access finance from banks.

9.6.4.2. The government should support such collectives through NGOs, who can act as facilitators for a range of activities. The importance of this aspect cannot be over-emphasized, as gatherers’ organizations can form the basis of all later activities. Under Government of India’s National Livelihoods Mission, livelihood projects in Schedule V Areas can be taken up on priority. These can focus on a range of activities related to MFP, including building organizations of gatherers, regeneration of resources, market linkages, value addition, etc. which can help improve the livelihoods of gatherers.

9.6.5 Training of Gatherers

Appropriate training to gatherers for resource regeneration, improved practices for extraction and value addition are vital for strengthening their potential to earn. At present, TRIFED funds such initiatives. The extent of training programmes, however, needs to be upgraded substantially. Training has to include issues related to regeneration and sustainability as well as marketing and profit-making.

9.7 Value Addition to MFP

Experience shows that even the simplest value addition activities can lead to substantial increases in income. Once collectives of gatherers are formed, they can be supported in undertaking appropriate value addition activities. Value addition activities can also be taken up by government agencies, especially before appropriate mature organizations have been formed, but it has to be ensured that appropriate quality control and marketing strategies are evolved. Private players can also be encouraged to take up value addition activities within the area, involving local people.

9.8 Amendment in State Laws and IFA

9.8.1. State laws, as well as the Indian Forest Act 1927 need to clearly reflect the ownership of MFP by the Gram Sabha. Further, the definition of MFP as per FRA which includes bamboo, needs to be incorporated in all laws. The FRA is a substantive statute, which vests ‘forest rights’ in communities and individuals as existing on a cut off date.

9.8.2. FRA vis-à-vis IFA

Forest rights are listed in Chapter II and include: “right of ownership, access to collect, use, and dispose of minor forest produce, which has been traditionally collected within or outside village boundaries (3 (c)). The IFA provides a regime of acquisition, settlement and prohibition. Under the Act, MFP is not defined. However, it provides an activity-based definition of timber and a broad definition of tree, which includes bamboo. Section 26, lists acts, which are prohibited in the forests, which have been acquired and settled. These include “felling any tree or cutting or dragging any timber.”

9.8.3. FRA vis-à-vis State Legislations

In addition, State Governments have enacted legislations to define minor forest produce in their territories. The FRA being a Union statute under List III, Entry 17 A, will as a matter of course override any State statute, unless the State legislates a new statute, with the permission of the President.

9.8.4. FRA section 13 (“the provisions of this Act shall be in addition to and not in derogation of the provisions of any other law for the time being in force.”) must be read subject to the Constitutional regime and Article 252 must be harmoniously interpreted. It would be a wrong interpretation to take the view that the rights vested by the Parliament (under FRA) were intended to cease to exist from the very moment they were passed, or were to be subject to state forest regimes. It is therefore for the Union to make clear:

a. Minor Forest Produce is a ownership right vested by Parliament under FRA and all state forest authorities are obliged to respect this provision;

b. The prohibitory provision of IFA must be read harmoniously so as not to render the Parliamentary purpose of IFA nugatory.

c. It is with Union Government’s power to secure and give effect to MFPs provision and its inclusion of bamboo under rule making power (section 14).

9.9 Expanding the Knowledge Base on MFP

9.9.1. The vast variety of MFPs listed in Annexure2 have different uses, shelf life, require different types of processing and possibilities in terms of value addition at various levels. To ensure appropriate regeneration, marketing and value addition, detailed information about the MFPs is needed. However, a systematic data base on these MFPs does not exist. Even State agencies are not fully in the know of all the MFPs grown in the State. At the very least, a listing of MFPs grown in various districts may be begun. Gram Sabhas can play an important role in creating such a data base. Further, at least all the major MFPs in each State need to be studied in terms of occurrence, possible end use, marketing and regeneration.

9.9.2. The Committee therefore recommends that the knowledge base on MFPs be upgraded on a significant scale. Creating a knowledge base about MFPs would require a multi-pronged approach with the help of research institutions concerned with forestry, project development and marketing. Further, findings emerging from the field would have to be documented and disseminated. A National initiative in this regard would be necessary and may be taken up by Ministry of Tribal Affairs in collaboration with Ministry of Environment and Forests. TRIFED can be a nodal agency for this initiative with the purpose of collecting as well as disseminating knowledge.
9.10.1. Sustainable regeneration of MFP is critical to enhance livelihoods and protect biodiversity. This aspect needs to be given priority, since MFP productivity for later years will depend on regeneration activities encouraged now. Regeneration of MFPs has to be a major focus area in forestry programmes. Appropriate nurseries could be set up to provide seeds and saplings to gatherers. Improved varieties of tamarind, mahua, medicinal plants, etc. should also be promoted. It is recommended that regeneration of MFPs be made an integral part of the Forest Working Plans.

9.10.2. MGNREGA projects can fund MFP regeneration activities for which special sensitization and training campaigns for Gram Sabhas, Panchayats and JFMCs can be taken up. It is important to ensure maximum participation from the community in all regeneration activities. Further, MFPs need to be harvested in a sustainable way, for which the best practices need to be documented and disseminated. For various MFPs, ‘dos and don’ts’ in terms of sustainability would also have to be defined and can be incorporated in policy, to be followed by government, non-government agencies and the people. The Gram Sabhas ought to have an advisory role in deciding which MFPs to sow for regeneration in a local/ regional context, to ensure that the MFPs regenerated serve the purpose of earning incomes and sustaining their livelihoods.

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**ANNEXURE 1A**

**STATE-WISE SCHEDULE TRIBE POPULATION**

<table>
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<tr>
<th>State</th>
<th>ST Population</th>
<th>ST population as % of total</th>
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<tbody>
<tr>
<td>Andhra Pradesh</td>
<td>50,24,104</td>
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<tr>
<td>Arunachal Pradesh</td>
<td>7,05,158</td>
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<tr>
<td>Assam</td>
<td>33,08,295</td>
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<td>Bihar</td>
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<td>Chhattisgarh</td>
<td>66,25,500</td>
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<tr>
<td>Goa</td>
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</tr>
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<td>Gujarat</td>
<td>54,61,100</td>
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<tr>
<td>Haryana</td>
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<tr>
<td>Himachal Pradesh</td>
<td>2,44,593</td>
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<tr>
<td>Jharkhand</td>
<td>70,48,064</td>
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<tr>
<td>Karnataka</td>
<td>34,83,989</td>
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<td>85,47,272</td>
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<td>Meghalaya</td>
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<td>Orissa having part</td>
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<tr>
<td>Punjab</td>
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<td>Tripura</td>
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<td>West Bengal</td>
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<td><strong>TOTAL</strong></td>
<td>8,29,82,249</td>
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Source: Census of India, 2001

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**ANNEXURE 1B**

**LIST OF PESA DISTRICTS (V SCHEDULE AREAS)**

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<th>States</th>
<th>Partly Covered under PESA</th>
<th>Fully Covered under PESA</th>
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**ANNEXURE 2A**

**LIST OF PESA DISTRICTS (V SCHEDULE AREAS)**

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**ANNEXURE 3A**

**LIST OF PESA DISTRICTS (V SCHEDULE AREAS)**

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<tr>
<td>Navi-Mumbai</td>
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<td><strong>Total</strong></td>
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<td>Kolar</td>
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<td>Chamba</td>
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<td>Kullu</td>
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<td></td>
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<td><strong>Total</strong></td>
<td>7</td>
<td>1</td>
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</tbody>
</table>
### LIST OF MINOR FOREST PRODUCE

#### STATE – ANDHRA PRADESH
1. Addulrud 11. Myrobalan
2. Ashulrud 12. Mahua Seed
3. Wild Flowers 13. Mahua Flower
5. Antra Fruit & Seed 15. Neemtika Fruit & Seed
7. Cherran 17. Narangarhuri
8. Rock Bic Honey 18. Raulpata Surpentin
10. Kauser Oil Seed

#### STATE – MADHYA PRADESH
1. Akeel Seed 57. Chilcom
2. Amaltash Phali 58. Ritha Phal
3. Atihali 59. Jangi Pyar
4. Apamay 60. Jamun Fruit & Seed
5. Antra Seed 61. Jari Root
6. Antra Seed 62. Kikameni
7. Adaus 63. Doodhwal
8. Adaus Panching 64. Tuzkhir
9. Askwagandhi 65. Tulie Seed
10. Achari Gathli 66. Tundu Seed
11. Ayaaw 67. Duggi Chuti
12. Arjan Chhail 68. Dughi Chuti
13. Anant Mool 69. Dwarslu
14. Anantamool Kala 70. Dihroon Gond
15. Antra Green 71. Vadar Mool
16. Ako Seed 72. Naotji Bhoos
17. Aam Mool 73. Naogaan Mool
18. Aam Mool 74. Nanghi Mool
19. Impa 75. Nirmal Seed
20. Kamalur 76. Sanye Seed
22. Kothjekar 78. Pusl Panching
23. Kudsrurthi 79. Palash Gond
24. Karanj 80. Pulash Fruit
25. Kailheli 81. Patlu Panching
26. Kavec 82. Pushal Kumthini
27. Kateri Budi 83. Piyous Panching
28. Kateri Chuti 84. Pirt Papira
29. Kusmpi 85. Panamarwa
30. Kusum Oil Seed

#### STATE – ORISSA
1. Tamarind, digits 24. Jhangda Jula or Gubha
2. Mahua Flower 25. Palon Seed
3. Hill Broome 26. Siki Seed
4. Teth Jhanam (Jhada or 27. Indra Karai (Seed)
5. Ghila (Seed and Cot)
6. Theth Bidi 28. Glau (Gala)
7. Theth Jhada 29. Bambora
8. Theth Jhuma 30. Bubha Bubha
10. Theth Jhuma 32. Hdada
11. Theth Jhuma 33. Jhangda Family
12. Theth Jhuma 34. Jhangda Seed (Kanta)
13. Theth Jhuma 35. Jhangda Seed
15. Theth Jhuma 37. Jhangda Seed
16. Theth Jhuma 38. Jhangda Seed
17. Theth Jhuma 39. Jhangda Seed
18. Theth Jhuma 40. Jhangda Seed
19. Theth Jhuma 41. Jhangda Seed
20. Theth Jhuma 42. Jhangda Seed
21. Jhantha 43. Jhangda Seed
22. Jhantha 44. Jhangda Seed
23. Jhantha 45. Jhangda Seed
25. Jhantha 47. Jhangda Seed
27. Jhantha 49. Jhangda Seed
29. Jhantha 51. Jhangda Seed
30. Jhantha 52. Jhangda Seed
31. Jhantha 53. Jhangda Seed
32. Jhantha 54. Jhangda Seed
33. Jhantha 55. Jhangda Seed
34. Jhantha 56. Jhangda Seed
35. Jhantha 57. Jhangda Seed
36. Jhantha 58. Jhangda Seed
37. Jhantha 59. Jhangda Seed
38. Jhantha 60. Jhangda Seed
40. Jhantha 62. Jhangda Seed
41. Jhantha 63. Jhangda Seed
42. Jhantha 64. Jhangda Seed
43. Jhantha 65. Jhangda Seed
44. Jhantha 66. Jhangda Seed
45. Jhantha 67. Jhangda Seed
46. Jhantha 68. Jhangda Seed
47. Jhantha 69. Jhangda Seed
48. Jhantha 70. Jhangda Seed
49. Jhantha 71. Jhangda Seed

#### STATE – GUJRAT
1. Tinna Leaves 47. Aralasi
2. Mahua Flowers 48. Salvi
3. Mahua Flowers 49. Tithaar
4. Mahua Flowers 50. Salahari
5. Mahua Flowers 51. Chutadi Mal
6. Mahua Flowers 52. Mameja

#### ANNEXURE 2

<table>
<thead>
<tr>
<th>Partly Covered under PESA</th>
<th>Fully Covered under PESA</th>
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<tbody>
<tr>
<td>Palamu</td>
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<td>Chirwa</td>
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<tr>
<td>Goda</td>
<td>Sirmur</td>
</tr>
<tr>
<td>Lucknow</td>
<td>West Singhbhum</td>
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<tr>
<td>Khandwa</td>
<td>Kendu Chital</td>
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</table>

<table>
<thead>
<tr>
<th>Partly Covered under PESA</th>
<th>Fully Covered under PESA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chitragarh</td>
<td>Bhandara</td>
</tr>
</tbody>
</table>
STATE – RAJASTHAN

1. Honey
2. Wax
3. Areca Cibal
4. Aksh Fluors
5. Oil Seeds like Dolina, 
6. Bajra/ Bara/ Bharian
7. Basanti Bama
8. Dantali/ Hamesaj
9. Bas
10. Khola
11. Satpadi
12. Chusa
13. Jangal Koth
14. Soki
15. Balladoma/ Jharka
16. Shantiwari/ Safid
17. Kamal/ Dhanakuli
18. Patharchi
19. Bhoj Patta
20. Kalyan
21. Doodar Rosette
22. Tepatra
23. Binda/ Bade
24. Ban/ Haldi
25. Salam Parja
26. Singh Mungi

STATE – HIMACHAL

1. Tulsi Patra
2. Vasanti/ Mohra
3. Ais Paito/ Kari Pait
4. Mitha Tejla/ Moho
5. Bael/ Palam
6. Kala
7. Aam
8. Khir
9. Patali
10. Kali
11. Kuri
12. Kaur
13. Kanchi
14. Bhati
15. Dhan
16. Patel
17. Khak
18. Bodo
19. Doodri
20. Dhawda
21. Bael
22. Kali
23. Amla
24. Haldi
25. Phal

### ANNEXURE A

**Procurement values and sale values of MFPs: 2008-09 and 2009-10**

<table>
<thead>
<tr>
<th>State</th>
<th>Procurement values (in Lakhs)</th>
<th>Sale values (in Lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008-09</td>
<td>2009-10</td>
</tr>
<tr>
<td>1 <strong>Odisha</strong></td>
<td>36.77</td>
<td>40.24</td>
</tr>
<tr>
<td>2 <strong>West Bengal</strong></td>
<td>130.84</td>
<td>206.42</td>
</tr>
<tr>
<td>3 Andhra Pradesh</td>
<td>1302.20</td>
<td>548.31</td>
</tr>
<tr>
<td>4 Maharastra</td>
<td>251511.11</td>
<td>250913</td>
</tr>
<tr>
<td>5 Karnataka</td>
<td>267.076</td>
<td>117.7</td>
</tr>
<tr>
<td>6 Jharkhand</td>
<td>2547.78</td>
<td>104.31</td>
</tr>
<tr>
<td>7 Gujarat</td>
<td>907.03</td>
<td>798.012</td>
</tr>
<tr>
<td>8 Maharashtra</td>
<td>233.59</td>
<td>52.7</td>
</tr>
<tr>
<td>9 Rajasthan</td>
<td>52.87</td>
<td>114.79</td>
</tr>
<tr>
<td>10 Jharkhand</td>
<td>12084.79</td>
<td>23940.18</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>37149.94</td>
<td>55517.92</td>
</tr>
</tbody>
</table>

Source: TRIFED report, September 2010

* Data on MFPs pertaining to Odisha include only Tendu leaves.
** Although West Bengal is not a PESA state, it has been included because it is one of the key states in terms of procurements and sale values.
- Procurement and sale values of all states mentioned in the Table include Tendu leaves. None of them, however, include bamboo since it is under the exclusive regime of respective State Forest Departments.
State FDs do not furnish data to TRIFED.

### ANNEXURE B

**Percentage procurement and sale value of Tendu leaves and other MFPs: 2008-09 and 2009-10**

<table>
<thead>
<tr>
<th>State</th>
<th>(%) Procurement Value of total</th>
<th>(%) Sale Value of total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tendu Leaves</td>
<td>Other MFPs</td>
</tr>
<tr>
<td>Medipally Pradesi</td>
<td>99.9</td>
<td>0.01</td>
</tr>
<tr>
<td>Jharkhand</td>
<td>92.4</td>
<td>7.6</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>92.3</td>
<td>7.7</td>
</tr>
</tbody>
</table>

Source: TRIFED data. For many States data is not available with TRIFED.

**Percentage procurement and sale of Tendu leaves and other MFPs:**

- Procurement values of tendu leaves are given in ‘standard leaf’ (50 leaves = 1 bundle).
- Data in the Table is in terms of procurements and sale values.
- Tendu leaves are procured by the State Forest Departments for their own consumption and not for sale to TRIFED.
- Tendu leaves procured and sold are from the Tendu forests and not from other MFPs.
### ANNEXURE 5

**STATUS OF MFP IN STATE PANCHAYATI RAJ ACT AND SUBJECT ACTS**

<table>
<thead>
<tr>
<th>State</th>
<th>Panchayati Raj Act</th>
<th>Subject Acts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhra Pradesh</td>
<td>According to Sec-241(1)(B) of the A.P.P.R.A, ownership of MFPs is with GPs.</td>
<td>No amendment made in the Act.</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>No provision made in the Act.</td>
<td>Section 9 of the Tenda Patta Act, 1964 provides that the State Government can appoint agents for collection and marketing of Tenda Patta.</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>Section 54A(3) of the Bombay Village Panchayat Act, 1938 provides for issuing directions by GPs to Panchayats with regard to regulation, management and trade of MFP vested in it. The GPs are provided with ownership rights on 33 MFPs occurring on government land excluding national parks and sanctuaries, according to Sec-4 of the Maharashtra Transfer of ownership of MFP in Scheduled Areas and the Maharashtra Minor Forest Produce (Regulation of Trade) (amendment) Act, 1997.</td>
<td>No role of TDC in Kendu leaves (control of Trade) Act. All control with State Govt.</td>
</tr>
<tr>
<td>Jharkhand</td>
<td>Section 76 A of Act provides that GP has the power for collection, processing, storage and marketing of MFPs. Under Section 76A(8), the Panchayat Samiti has the power of integrated management and supervision of collection, storage, processing and marketing of MFPs.</td>
<td>No role of TDC in Kendu leaves (control of Trade) Act. All control with State Govt.</td>
</tr>
<tr>
<td>Orissa</td>
<td>Section 462(3) of the O.P. Act, 1964 provides that in the Scheduled areas, subject to the control and supervision of the Gram Sabha, the GPs shall exercise such powers and perform such functions as may be prescribed in respect of the ownership of MFP. A policy on MFP, notified by the Forest &amp; Environment Department vide their resolution no.5107 F&amp;E dated-31.3.2000, transferred ownership of 68 MFP items to GPs except MFPs growing in Reserve Forest, Sanctuaries and National Parks. Three items, namely Koomu leaf, Sal seed and Bamboo, were not included as MFPs. However with notification no.7220, dated-18.7.2006 issued by E&amp;F Department, Sal seed got included in this list and as a result, GPs have ownership over 69 MFPs.</td>
<td>No amendment in the Act.</td>
</tr>
</tbody>
</table>

### ANNEXURE 6

**SUMMARY OF GOVERNMENT ORDERS/CORRESPONDENCE OF GOVT. OF MAHARASHTRA RELATING TO OWNERSHIP OF MFP.**

- **Himachal Pradesh**
  - Section 97 f(iii) of the HP Panchayati Raj Act, 1994 vests the ownership of MFP with the GP or, as the case may be, with the GS.
  - No amendment in Mandi Minor Forest Produce Exploitation and Export Act, 1997. Under HP Forest Produce (Regulation of Trade) Act, 1982 State Govt. has the power to appoint agents. Notification has been issued by the State Governor whereby Pradhans of Gram Panchayats have been appointed as Forest Officer to carry out the purposes of Rule 11 of the HP Forest Produce Transit (Land Routes) Rules, 1978 for issuance of pass for transport of MFP collected from forests in the concerned Panchayats.

- **Gujarat**
  - Under Section 108(3)(a) of the Gujarat Panchayat Act, 1993 ownership of MFPs (including nationalized MFPs) is vested with Village Panchayats except MFPs found in the areas of national parks or sanctuaries. According to Sec-241(1)(B) of the Panchayati Raj Act, 1994 vested the ownership of MFP to the Gram Panchayat. Under Section 76 read with Section 11 of the Rajasthan Panchayati Raj Act, 1953. Powers are with the State Government.

- **Chhattisgarh**
  - No provision made in the Act. Section 4 of the Tenda Patta Act, 1964 provides that the State Government can appoint agents for collection and marketing of Tenda Patta. As per this provision, they have appointed the MFP Federation as their agent. Also, the State Govt. under Section 76 read with Section 41 and 42 of the Indian Forest Act, 1927 has exercised its rule making power and made the Chhattisgarh Transit (Forest Produce) Rules, 2001 for regulating transit of forest produce. According to Rule 2, the transit pass for transporting timber and fuel of following species, shall be issued by the Panchayats: i. Babul ii. Stira iii. Neem iv. Bee v. Palash vi. Juran vii. Reamplu

- **Rajasthan**
  - According to Sec-11 of the Rajasthan Panchayati Raj Act, the GS has the power of management of MFPs. The ownership and management of MFPs have been transferred to GP vide a Government Order No.F.1(135) Forest/97 dated-17.7.2003.

- **Maharashtra**
  - The Maharashtra Transfer of ownership of MFP in Scheduled Areas and the Maharashtra Minor Forest Produce (Regulation of Trade) Act, 1997. Also, the State Govt. under Section 76 read with Section 41 and 42 of the Indian Forest Act, 1927 has exercised its rule making power and made the Maharashtra Transit (Forest Produce) Rules, 2001 for regulating transit of forest produce. According to Rule 2, the transit pass for transporting timber and fuel of following species, shall be issued by the Panchayats: i. Babul ii. Stira iii. Neem iv. Bee v. Palash vi. Juran vii. Reamplu
ANNEXURE 7

MANDATE OF THE STATE ORGANISATIONS INVOLVED IN TRADE OF MFP IN PESA STATES

<table>
<thead>
<tr>
<th>State Organisations</th>
<th>Mandate/ Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhra Pradesh: Girijan Cooperative Corporation (GCC)</td>
<td>o To procure MFP collected by tribal communities and pay to them fair remunerative prices, taking up value addition wherever possible for better returns. o Supply essential commodities under PDS through the network of D.R. Depots. o To support agricultural activities by extending credit to tribal farmers.</td>
</tr>
<tr>
<td>Madhya Pradesh: MP State Minor Forest Produce Co-operative Federation Ltd. (MP MFP Fed.)</td>
<td>o Eliminating the contract system from the trade of nationalized MFPs, to ensure fair price to the collectors of MFP and getting the task of collection done through cooperative societies. o Organizing the various activities of research and development relating to MFPs on cooperative basis to ensure a system of sale and purchase of MFPs in such a manner so that all its members (collectors) get the maximum benefit. o Making all necessary arrangements for realizing the aforesaid objectives o Giving guidance and assistance in the task of non-nationalized MFPs also to primary cooperative societies.</td>
</tr>
<tr>
<td>Maharashtra: Maharashtra State Cooperative Tribal Development Corporation Ltd. (MSCTDCL)</td>
<td>o To work as an effective agency to prevent economic exploitation of the farmers, artisans and labourers; o To offer fair remuneration to maintain tribal livelihoods; o To promote the economic development of tribes by implementing the direct assistance schemes.</td>
</tr>
<tr>
<td>Andhra Pradesh: JHAMFCO Federation Ltd.</td>
<td>o To purchase MFPs through competitive pricing modus operandi. o To provide agricultural inputs to farmers, i.e. seed and fertilizers etc.</td>
</tr>
</tbody>
</table>

Source: State responses

ANNEXURE 8

STRUCTURE AND FUNCTIONING OF STATE AGENCIES TRADING IN MFP IN PESA STATES

<table>
<thead>
<tr>
<th>State</th>
<th>Name of the Organisation</th>
<th>Mandate/ Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Odisha</td>
<td>Odisha State Forest Service</td>
<td>To provide short term loans for agricultural production.</td>
</tr>
<tr>
<td>Gujrat</td>
<td>Gujarat State Forest Development Corporation Ltd. (GJSDC)</td>
<td>o To undertake commercially viable and ecologically sustainable forest based enterprises. o To eliminate exploitation from private trade of forest dwellers in general and the tribal in particular, who derive sustenance through collection of minor and other Forest Produce (MFP). o To maximize benefit percolation from such trade to the tribal.</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>Rajasthan Tribal Area Development Co-operative Federation Ltd (RAJAS SANGH)</td>
<td>o To provide services to tribals in its area of work and protect the people from exploitation by moneylenders and traders. o To procure, market and add value to MFP with the help of affiliate organizations. o To provide financial help and guidance. o To lessen development gap, facilitate infrastructure development in the TSP region. o To function as an agent of State government or state cooperatives or self-governing bodies for exchange of food grain, consumer goods, seeds or fertilizers.</td>
</tr>
</tbody>
</table>

Source: State responses

ANNEXURE 9

<table>
<thead>
<tr>
<th>State</th>
<th>Name of the Organisation</th>
<th>Mandate/ Objective</th>
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<tr>
<td>Jharkhand</td>
<td>JHAMFCO Federation Ltd.</td>
<td>o To purchase MFPs through competitive pricing modus operandi. o To provide agricultural inputs to farmers, i.e. seed and fertilizers etc.</td>
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</tbody>
</table>

Source: State responses
### Andhra Pradesh

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<th>MSDFC Ltd</th>
<th>MFP Ltd</th>
<th>OFDC Ltd</th>
<th>FDA Ltd</th>
<th>OFDC Ltd</th>
<th>MSDFC Ltd</th>
<th>MFP Co-operative Federation</th>
<th>Government Support</th>
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<tbody>
<tr>
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<td>CMA, Pragapatik and Gadsisa</td>
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<td>YES</td>
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<td>YES</td>
<td>YES</td>
<td>CMA, Pragapatik and Gadsisa</td>
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<td>FDA Ltd</td>
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### Andhra Pradesh

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<th>OFDC Ltd</th>
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</tr>
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<tbody>
<tr>
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<td>CMA, Pragapatik and Gadsisa</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
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</tr>
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### Andhra Pradesh

<table>
<thead>
<tr>
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<td>YES</td>
<td>FDA Ltd</td>
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</table>
...and Observations of Chhattisgarh and Andhra Pradesh by the tribals. GCC is trusted. Subsidy was Rs. 210.12 Cr in 2009. Corpora government by the state govt. operative PRADESH. Chhattisgarh MFP Corporation Ltd. is Nationalized. Federation has monopoly in bamboo, tendu leaves, sal seed, harra and plants. (which after being notified MFPs, federation has no control over the procurement of MFPs/natural produce. Also MSCTDC selling to private traders through open auctions. Dissatisfaction because of township.. MSCTDC has monopoly over kendu plants. Monopoly over tress. Federation also allows around 150 people not yet involved into kendu production. Dissatisfaction from the MFP gatherers at higher amounts paid for the auction amount (termed "royalty").


deduction of other MFPs besides. RAJASTHAN. Information not available

<table>
<thead>
<tr>
<th>STATE</th>
<th>Minor Forest Produce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bamboo</td>
<td>Tendu leaves</td>
</tr>
<tr>
<td>Other MFPs</td>
<td></td>
</tr>
<tr>
<td>Chhattisgarh</td>
<td></td>
</tr>
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<td>Andhra Pradesh</td>
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<td>Rajasthan</td>
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deduction of other MFPs besides. RAJASTHAN. Information not available

<table>
<thead>
<tr>
<th>ANNEXURE 9</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STATE-WISE PROCUREMENT PROCESSES OF MFP</strong></td>
</tr>
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</table>

<table>
<thead>
<tr>
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<td>Andhra Pradesh</td>
<td></td>
</tr>
<tr>
<td>Rajasthan</td>
<td></td>
</tr>
</tbody>
</table>

| Source: KBC and First aerial survey. |
Corporation, which sells it to paper mills through tenders. Bamboo is then handed over to the Forest Corporation. A total of 12 such bundles make 1 standard bag. His responsibilities include procurement of tendu leaf bundles from collectors on daily basis during the season, drying of the bundles, making standard bags (1 bundle = 1000 bundles or 50,000 leaves) and making entries of payment made to collectors in the "heads' pani". The collection is then transported to go-downs by the private contractors. These go-downs pay other taxes on sales by private traders.

The remaining 69 MFPs are open for free trading in the markets. Collection brings their collections to local haats which normally function once a week. Payments in the form of half-a kg. of chironji would be exchanged for these forest of ash (Chiraya) has a large expert value in the absence of other "tribal"-run purchasing of MFPs from tribal to local haats, through their network of cooperative societies. The existence play the role of "middleman", purchasing MFPs from collectors at rates decided by the Forest department and then reselling it to the traders.

The Forest Department in particular, has begun purchasing of MFPs from villagers. The societies are reported to get assured markets for these products and the possibility of incurring losses is an important reason for government agencies to stay away from trade in these MFPs. Bamboo is primarily for JK paper mill located in Jharkhand. Other MFPs include procurement of tendu leaf feathers, which are collected by the Centre. The trading buying made from forest areas subject to approval of working plans by the Centre. These working plans made by the State Forest Department have yet not been approved. Hence harvesting of bamboo has been officially been put on the hold. The traditional bamboo-producing communities in Jharkhand called the "baans" have been 'transferred' to Panchayats. The phad-munshis, here, is a hereditary appointee. He is paid by the State Forest Department out and sold to private traders. The Munshi keeps a record of the payments made to the collectors and then makes the payment to the contractor who has won the bid for the area makes the payment to the gatherers at the site of the "paddi" in the presence of the contractors and the Munshi. The Munshi keeps a record of the payments made to each contractor and reports it to the Forest Department.

Since 2002, the remaining 69 MFPs have been transferred to the JFMCs. A total of 2.5M haats in Jharkhand house 40% members of such MFPs. The JFDC is the agency which manages these MFPs. A total of 155 JFDCs exist of which 100 are managed by the Forest Department and the rest by the JFMCs. A total of 324 JFMCs exist of which 155 are managed by the Forest Department and the rest by the JFMCs.

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Three rounds of bidding. The
Source: State responses
of the mandli and the Range Forest Officer.
Forest dept. However it was reported during
bank. The account is jointly held by the president
members to get 500 bamboo stalks free from the
deposited in the joint account of a nationalized
commissioner, etc.). Final approval is
secretary, PCCF, Development
Non
tendu and other nationalized MFPs. The
A 6-7 member advisory committee for
decide about the price and disposal.
Regional Manager, RAJAS
MCTDC
The SMF for all the 33 notified MFPs
traded by MCTDC is decided by the
Collector of the district.
KL Advisory Committee in case of tendu.
decentralised items
traded by MSCTDC is decided by the
GCC head office at Vishakhapatnam fixes
procurement price of MFPs
Inter
prices for centralised items, while
A nine-member committee constituted
prevailing market prices. Output expected
deフィルメント全
price is initially
fixed by big buyers depending upon
availability of the produce. Based on this
fixed by OFDC officials, it was learnt that last 3-5 years' prices are taken into consideration for
deciding the current year's price for Kendu. Other MFPs - The prices are decided based upon previous year's demand and sale. Comparative rates existing in other districts are considered negligibly.

Orissa

Rajasthan
C kachcha record' of the daily
Phad munshi keeps a
plucking) i.e. they earn Rs.200/-
approximately days (250 paise per podi).

Jharkhand

Andhra Pradesh:
Collectors.
MSCTDC
Kendu leaves

Maharashtra

Orissa:

Jharkhand State Forest Development Corporation Ltd

ANNEXURE 11
STATE-WISE DESCRIPTION OF TENDERING PROCESSES OF MFP

<table>
<thead>
<tr>
<th>State</th>
<th>Tendering Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madhya Pradesh: MP State Minor Forest Produce Cooperative Federation Ltd</td>
<td>After fixing and declaring the Statutory Minimum Price of Tenda leaves, bids are invited. Advertisements are published in local dailies. The highest bidders winning the auctions make arrangements for collection and transportation of tenda patta from here on.</td>
</tr>
<tr>
<td>Andhra Pradesh: Girijan Cooperative Corporation</td>
<td>Advertisements are given in national dailies and tenders are invited by GCC. Advertisements are put on the GCC webpage as well.</td>
</tr>
<tr>
<td>Maharashtra: MCTDC</td>
<td>Advance tender for Tenda leaves is issued in December end. The products (known as &quot;licences&quot; of the Forest department) have to submit tenders in a prescribed format, stating the number of units they wish to bid for. If the bid for a particular lot is below RP then it is not sold at all as it would affect the three-year average that is considered while calculating the RP for the next year.</td>
</tr>
<tr>
<td>Jharkhand State Forest Development Corporation Ltd</td>
<td>Nationwide advance tender for Kendu leaves is called in the month of June. A seven member advisory committee decides the &quot;Reserve Price&quot; keeping in mind the inflation, labour wages etc. If the bid for a particular lot is below RP then it is not sold at all as it would affect the three-year average that is considered while calculating the RP for the next year.</td>
</tr>
</tbody>
</table>

Source: State responses
Chhattisgarh: State Minor Forest Produce (Trading & Development) Co-operative Federation Ltd.

Entire tendu procurement area is divided into 'units' based on the quality of tendu leaves. (1 unit=5-20 phadis). Centralised auction takes place in January, advertisements of which are earlier given in national/ regional dailies. The successful bidders buy 'units'. After procurement from collectors via the 'phad munshi', the bidder transports his collection to storage godowns (owned by SFDC or the Forest dept.) from where he withdraws his collection in installments.

Source: State responses

ANNEXURE 12

PROFITS ACCRUED TO GATHERERS FROM VARIOUS MFPs ACROSS PESA STATES

<table>
<thead>
<tr>
<th>STATES</th>
<th>Present functional set up</th>
<th>Chairperson</th>
<th>Secretary</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHHATTISGARH</td>
<td>PSS, TR, Panchayat, forest department, Govt.of India, SFDC</td>
<td>Principal</td>
<td>Deputy</td>
<td>Collectors</td>
</tr>
<tr>
<td>GUJARAT</td>
<td>PSS, TR, Panchayat, forest department, Govt.of India, SFDC</td>
<td>Principal</td>
<td>Deputy</td>
<td>Collectors</td>
</tr>
<tr>
<td>ANDHRA PRADESH</td>
<td>PSS, TR, Panchayat, forest department, Govt.of India, SFDC</td>
<td>Principal</td>
<td>Deputy</td>
<td>Collectors</td>
</tr>
</tbody>
</table>

1. Chhattisgarh: "Chhattisgarh State Minor Forest Produce (Trading & Development) Co-operative Federation Ltd."

The mechanisms followed in the same as that practiced in Madhya Pradesh.

2. Gujarat: "Gujarat State Forest Development Corporation Ltd."

Profits are distributed in the ratio of 60% to gram panchayats, 15% for forest development, 15% for development of gatherers and 10% kept at State level for development of gatherers and 10% kept at State level for the gatherers as bonus, 5% is kept in a reserve fund to be used for possible losses, 5% is distributed among all VSS members, whether or not they are involved in bamboo harvesting activities. It is assessed that 33% of the tendu produce is being smuggled into other states.

Private trade in other MFPs. The bonus however, is kept aside for bamboo workers who are kept aside for bamboo workers who are aware of the price in the bigger markets. Ultimately however the bonus is not distributed to the gatherers as bonus, 5% is kept in a reserve fund to be used for possible losses, 5% is distributed among all VSS members, whether or not they are involved in bamboo harvesting activities.

3. Concerning other MFPs, the prices recommended by the DFO are usually accepted by the Panchayat. These are based largely on the rates in the previous year and the current crop. Neither the Panchayat Samiti, nor the DFO or the gatherers are aware of the price in the bigger markets. Ultimately however the rates have to be in consonance with what the local traders are willing to pay, as there is no alternative mechanism for purchase.

4. Regarding other MFPs, the prices recommended by the DFO are usually accepted by the Panchayat. These are based largely on the rates in the previous year and the current crop. Neither the Panchayat Samiti, nor the DFO or the gatherers are aware of the price in the bigger markets. Ultimately however the rates have to be in consonance with what the local traders are willing to pay, as there is no alternative mechanism for purchase.

5. Of the profits from tendu patta, 80% is paid back to the gatherers as bonus, 5% is kept in a reserve fund to be used for possible losses, 5% is distributed among all VSS members, whether or not they are involved in bamboo harvesting activities.

6. There is a provision for redistribution of profits to the primary collectors in case of requirement of loan, etc. Profits are returned to the VSSs where these exist: 50% is distributed among the primary collectors, 30% is distributed among the VSS members and 20% are used for regeneration of forests. Notably, the profits are shared among all VSS members, whether or not they are involved in bamboo harvesting activities. It is assessed that 33% of the tendu produce is being smuggled into other states.

7. The GCC prepares its profit and loss accounts taking all the MFPs together. Among these MFPs, some might be profit making and others lose money. In the process, no profits or losses are passed on to the gatherers as profits or losses of swiper.

8. The present structure and man power strength of TRIFED for undertaking the different sectoral activities defined in its Road Map for the 11th Five Year Plan (2007-08 to 2011-12) is given below:

**Present Functional Structure**

- Ministry of Tribal Affairs (Govt. of India) - (Administrative Ministry)

**TRIFED**

- Managing Director
- Executive Director
- Head Office (New Delhi)
- Field Formations (14)

**Functional Divisions**

- Marketing Development
- MFP Marketing Development
- Handicraft & Handloom Generation
- Research & Development
- Staff on deputation at Ministry etc.

**Supporting Divisions**

- Personnel Division
- Legal & Vigilance
- Finance & Account
- Administration, MIS & Support

**Present Structure**

- Employees strength : 323
- Group A
- Group B

**States**

- Chhattisgarh
- Gujarat
- Andhra Pradesh
- Chhattisgarh
- Gujarat
- Andhra Pradesh
- Chhattisgarh
- Gujarat
- Andhra Pradesh

**Employees Strength**

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<thead>
<tr>
<th>States</th>
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<tr>
<td>Chhattisgarh</td>
<td>42</td>
</tr>
<tr>
<td>Gujarat</td>
<td>30</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>50</td>
</tr>
</tbody>
</table>

**Employees Strength:**

- Group A: 222
- Group B: 101
The present strength of officers & staff of TRIFED are fully engaged in the designated activities in the respective divisions.

2. TRIFED’s additional manpower and fund requirement for taking up the specific responsibilities in connection with the proposed MSP Schemes for MFPs

The existing MFP Division and set-up in TRIFED dealing with MFP sector, needs to be strengthened by creating the following dedicated sub-units for specific jobs and providing additional manpower for such sub-units so as to perform various responsibilities as broadly outlined in the Committee’s report:

1. MSP Operational Unit (Policy Making)
2. Marketing Intelligence Unit
3. Knowledge Based expansion Unit (Survey & Research)
4. Monitoring & Inspection Unit
5. MFP gathering Training and capacity building Unit
6. R&D Unit (Strengthening the existing Division)
7. Finance and Accounts Unit (Strengthening the existing Division)
8. Personnel Unit (Strengthening the existing Division)
9. Administration Unit (Strengthening the existing Division)
10. Field formations in all PESA States (Strengthening the existing field Units).

The broad functions proposed for new units:

(i) MSP Operational Unit (Policy Making):
- Formulate operational guidelines for procurement, storage & disposal of each commodities covered under MSP operation.
- Assist the Central Price Fixation Committee in formulation of broad criteria for fixation of MSP.
- Scrutinizing the proposal of States & preparation of the annual action plan for MSP Operation.
- Convene the meeting of State Level Procurement Agencies and finalize the action plan.

(ii) Market Intelligence Unit:
- Collection of data with regard to potential, procurement price, season of procurement, list of village belts where MFPs are bought and sold, disposal price, terminal market price etc.
- Electronic linkages with the stake holders.
- Collection & dissemination of market information.
- Conducting market research & development of market intelligence.

(iii) Knowledge Base Expansion Unit (Survey & Research):

(vi) Finance & Accounts Unit for MSP:
- To scrutinize the accounts of the State Procuring Agencies and recommendation for reimbursement of losses.
- Preparation of guidelines with regard to maintenance of records of procurement, storage, sales etc.
- Other financial control as per instruction of Ministry.

(vii) Other units - The existing R&D, Personnel and Administration units to be strengthened.

(viii) Field Implementation Units in all PESA States: Coordination with State Agencies to regard to MSP operation, training, value addition, collection of market information and other associated relevant work.

3. The requirement of additional manpower for each Unit/Cell is given below:

<table>
<thead>
<tr>
<th>Unit / Field Formation</th>
<th>Detailed of additional officers/staff required</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSP Operation Unit</td>
<td>1 1 2 1 4 2 -</td>
</tr>
<tr>
<td>Marketing Intelligence Unit</td>
<td>1 1 1 2 1 -</td>
</tr>
<tr>
<td>Knowledge expansion Unit</td>
<td>1 1 1 4 1 -</td>
</tr>
<tr>
<td>SUB TOTAL (A)</td>
<td>5 9 10 7 29 13 3</td>
</tr>
<tr>
<td>Field formations in all PESA States :</td>
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</tr>
<tr>
<td>Andhra Pradesh</td>
<td>1 1 1 1 2 1 1</td>
</tr>
<tr>
<td>Bihar / Jharkhand</td>
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<td>Chhattisgarh</td>
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</tr>
<tr>
<td>SUB TOTAL (B)</td>
<td>7 9 17 9 46 22 12</td>
</tr>
<tr>
<td>TOTAL (A+B)</td>
<td>13 18 27 19 75 35 45</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>153</td>
</tr>
</tbody>
</table>

*Strength of the existing units.

4. Expenses details for facilitation of MSP Operations:

A. Recurring annual expenses:

<table>
<thead>
<tr>
<th>No</th>
<th>Heads</th>
<th>Amount (In Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Salary &amp; allowances</td>
<td>13777000.00</td>
</tr>
<tr>
<td>2</td>
<td>Provost for Office Premises (on rent) @ Rs 1 Lakhs pm</td>
<td>1200000.00</td>
</tr>
<tr>
<td>3</td>
<td>Training &amp; primary value addition expenses</td>
<td>2000000.00</td>
</tr>
<tr>
<td>4</td>
<td>Survey, Research, Market Intelligence, Value addition etc</td>
<td>3000000.00</td>
</tr>
<tr>
<td>5</td>
<td>Miscellaneous</td>
<td>300000.00</td>
</tr>
<tr>
<td></td>
<td>Administrative expenses @ 3% of above</td>
<td>300000.00</td>
</tr>
<tr>
<td></td>
<td>Sub total (A)</td>
<td>133747998.00</td>
</tr>
</tbody>
</table>

Say Rs 13.40 Crores

B. Estimated Capital expenses: (Non-recurring):

<table>
<thead>
<tr>
<th>No</th>
<th>Heads</th>
<th>Amount (In Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Field Vehicles (12 Nos)</td>
<td>8400000.00</td>
</tr>
<tr>
<td>2</td>
<td>Provost for Office Premises (on rent) @ Rs 1.5 Lakhs pm</td>
<td>1000000.00</td>
</tr>
<tr>
<td>3</td>
<td>Computers (laptop) (4 Nos)</td>
<td>2000000.00</td>
</tr>
<tr>
<td></td>
<td>TOTAL (Above)</td>
<td>12800000.00</td>
</tr>
</tbody>
</table>

Say Rs 1.30 Crores

Summary

As per the guesstimate of potential of MFPs and their importance for the livelihood of tribals, 14 major MFPs of estimated value of Rs 2000 Crores approx. have been identified. They are tamarind, mahauwa flower, mahuwa Seed, sal seed, tendu, karanja, karanj, mahalan, chireo, lynch, giri karaya, prasad seed & neem seed.

The tentative cost towards facilitation of MSP operations, market intelligence development, knowledge base expansion, training, strengthening of TRIFED etc would be about Rs 14.70 Crores for the first year thereafter Rs 13.40 Crores each year with appropriate cost escalation.

Working capital = Rs 1000 Crores (Corpus fund)
Facilitation expenses = Rs 500 Crores (Annually)
Reimbursement of losses/admin cost = Rs 14.70 Crores for first year thereafter Rs 13.40 Crores each year with appropriate cost escalation

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