

Kendu Leaf:

In terms of coverage, dependence of forest dwellers and revenue to state exchequer, KL is the most valuable NTFP in the State. The economic strength of the leaves, called as 'golden leaves', possesses the ability to influence governments across party line for it generates 15 million person days (as on 1994) of employment along with crores as revenue. Apart from revenue that is 80 -90% of the forest revenue, it accounts for largest number of employment next only to agriculture. Most important aspect is that it provides employment in agricultural lean season and enables a farmer to earn money for investment in the next agricultural operation.

According to a study carried out by Vasundhara, marginal, small and big farmers get about 96, 38 and 20 per cent respectively of what they get from paddy in any given season. This implies that KL is of immense importance in terms of livelihood to people who either have none or very meagre landholding. Moreover, involvement of women as compared to men is more in collection and processing of the produce.

Orissa is the largest producer of processed KL after undivided MP and accounts for 15% of total production in the country. The state also produces best quality leaves in the country. It is believed that at present only 40% of the KL potential is exploited. The KL operation is carried in a spread out area of 6 lakh hectares in 23 districts with Balangir, Angul, Sambalpur, Sundergarh, Koraput, Kandhamal, Keonjhar and Mayurbhanj being the major producing districts.

Collection and Processing

KL operations start with bush cutting around mid or late February. The concerned KL Ranger and the Munshi normally decide the timing. Munshis are local agents who help KL department in bush cutting, collection and other operations. The objective behind bush cutting is to allow growth of new branches and luxuriant growth of tender leaves. Bush cutting is done in phases so that it can be collected according to maturity. Bush cutting goes on for 8-10 days in two equally divided phases. KL bushes are chopped from ground level so that new branches sprout from it and give tender leaves. After bush cutting it is allowed to grow for 40 - 45 days. Then the KL phadi is repaired. For this raw material like wooden poles, bamboo, straw etc is collected from the village or nearby forest and the men folk get wage work. During bush cutting and phadi

repairing, the Munshi (person in charge of the phadi) and the Chaprasi (the caretaker) are paid as daily labourers.

Then by mid April plucking starts and continues till end of May. Normally local communities are involved in plucking and are given a Plucker's Card. Plucking is an area of activity in KL operation where women outnumber men. Women collect leaves from early morning till noon. The leaves are then bound into bundle of 20 leaves. This is done within the house and the whole family starting from children to men is engaged. Then the leaves are deposited at the phadi. There are almost 7500 phadis in the State, though numbers can change every season. The leaves are then dried for three days. In between the leaves are turned upside down. Once drying is complete, leaves are carried to Phadi and stored there. For this both men and women are engaged. This is a contractual piece meal job. The rate is determined for each unit of 100 chata (a chata is 100 bundles of 20 leaves each) and the rate is determined according to distance of drying area from Phadi. Sudden rain or storm during this period creates new wage opportunities for storing the leaves (this expense is termed as Panijhara in local parlance). The Munshis and chaprasis are engaged for a month with a salary.

During monsoons the leaves are classified, separated and bound into 5 Kg bundles of a single category of leaves. Different class of leaves are graded according to quality and are known by 'number I, II, III, IV etc. Normally binding labours are hired from villages, which have skilled labours for this. Income from this does not go to the concerned village unless the same village has skilled labour for binding. But for creating an area protected from sun and rain some more wage labour is created for the villagers. Once binding is over transportation of 60 kg or 30 kg bundles to the central godown creates few more wage opportunities.

Bush cutters are semi-skilled labourers who get Rs. 48/ per day. The man-woman ratio in bush cutting is 75:25. In plucking the man-woman ratio is 40:60. Similarly, the binders get Rs. 8.60 per bundle (5 kg) where involvement of men and women are almost equal.

The scale of operations can be imagined from the fact that seasonal workers engaged by FD till 2001 were nearly 18,000 per year for KL operations. They are temporarily and separately engaged for different works.

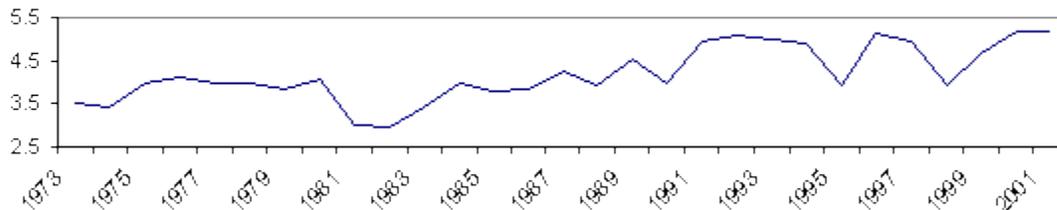
Production and Pricing

Nationalisation of KL trade has enhanced production as well as revenue earned by government. From 3.52 lakh quintals in 1973, production of KL has reached nearly 5 lakh quintals in 1999. Similarly, revenue from KL has increased from Rs. 2.02 crores in 1972 to Rs. 74.50 crores in 1999-2000. Though revenue from KL has experienced occasional slumps, the general trend has been a rise. With production hovering around 5 lakh quintals over the last three decades, revenue has registered a rise of 37 times. KL accounted for 74% of the total revenue from forest in 1999-2000. The total turnover of KL trade in Orissa is in the range of Rs. 150 crores annually.

In 2000-2001, OFDC projected a Rs. 100 Crores of revenue to the Government, out of which it proposed to give Rs. 80 crores to the Forest Department towards plucking and sale and Rs. 23 Crores towards sales tax. But calculations went wry when the revenue dipped to Rs. 55 Crores.

Figure : Production of Kendu Leaf (in Lakh Qtls)

Fig.2- Production of Kendu Leaf (in Lakh Qtls)



Decreasing Trend of Production

In Balangir that accounted for nearly 20% of KL in the State, the production is going down continuously since 1990-91. A survey conducted by the District Forestry Forum, Balangir and RCDC in 16 villages of two KL divisions revealed that the bush cutting area is decreasing. Less number of pluckers are registering themselves for plucking of leaves and private landowners have started resisting bush cutting in their land. Reasons ascribed by the pluckers for not registering is primarily inordinate delay in payment for which they find plucking KL highly undependable. The other reason ascribed is the decline in availability of bidi worthy leaves for which they have to toil

harder to get the same quantity of leaves. Loss of land fertility, use of unskilled labour on the fields, loss of forest area providing good quality leaves and improper medha cutting in October have already taken a heavy toll on the quality attribute.

Till 15th May 1990, pluckers were paid 3 paise against collection of 14 leaves. From this date rate of KL was raised to 10 paise for 20 leaves. The B. N. Mishra Commission on fixation of wages recommendation for KL i.e. 1 leaf for 1 paise was implemented only in 2001. In 2002 season the government has promised to pay a paise more for every 20 leaves out of the profits earned from the operations.

Table 1 No. of leaves purchased per paise

Year	1969	1973	1975	1989	1992	1996	1998	1999	2001	2002
Leaves	50	40	30	4	2	1.6	1.5	1.3	1	0.95

Source: 'Kendu Leaves - Not so minor!' Dr. R. V. Singh of Kendu Leaves Division, Cuttack

The plight of labourers engaged in bagging of KL needs a mention here. For binding of KL into 60 kg bags labourers are usually paid Rs. 5/- per bag. The Mishra Commission has recommended payment of Rs. 7.25 per bag for binding.

Unfortunately, KL pluckers whose labour is put into State exchequer in the form of revenue, receives the worst deal. Since 1983-84 till date, Govt. received approximately 54 crores as royalty whereas wage given to the workers was only 37% of the royalty.

Policy and its Impact

Large scale smuggling of leaves out of the state was reason enough for regulation of KL trade and increased state control. From 1949 to 1961, Government controlled appointment of purchasers through auctions, negotiations etc. However, justification for further control came from setting objectives like ensuring quality of leaves, protection of interests of private growers and local people, and sustained revenue to State.

Orissa KL (Control of Trade) Act of 1961 brought in state monopoly to regulate trade. This Act restricted purchase and transport of KL only to government authorised officers or agents. Till 1972 the agents appointed by Government did collection, processing etc and leaves were sold to authorised agents by auctioning. But in this arrangement government soon found itself within the claws of private traders. Then in 1973 Government nationalised KL trade with the objective of eliminating unscrupulous private traders from the trade in order to reduce exploitation of KL pluckers as well as to maximise revenue to State. This system ensured that surplus from KL trade is retained by the State in form of royalty.

For implementation of nationalisation, while KL collection and processing is done by FD, its sale is entrusted with OFDC under "Joint Scheme of Operation of Kendu Leaf Trade." This effected an operational arrangement where procurement of leaves from pluckers/growers, primary level processing like drying, binding, storage etc. is entrusted with KL Division of FD, whereas marketing of KL is done by the OFDC on condition of a commission. Each division is divided into Ranges and each Range has a number of collection centres. A large infrastructure with both permanent and seasonal staff carries out the process.

In purchase of leaves, though the agent is bound to give declared rates to pluckers, he/ she reserves the right to decide the quality of leaves for bidi wrapping. Such an arrangement (as with other produces) makes decision of the agent final as regards quality of leaves.

There is no budgetary support for KL production and marketing. The production cost is met through a work advance provided by the OFDC Ltd. The cost of production includes remuneration paid to KL pluckers, and wages to temporary workers employed for binding, grading, bagging, supervision etc.

After collection and processing by KL dept. OFDC receives bags of KL and sells them through auctioning at Sambalpur. Low quality leaves that cannot be auctioned are sold through tender at Bhubaneswar. There are also sales centres at Madras, Mumbai and Kolkatta. After a deduction of 7% (5% for commission of OFDC and 2% surcharge over sales tax) of sale value the rest amount is settled with the State govt. by OFDC.

Since mid 90s, the sale of KL has undergone some systemic changes. As against earlier system of decentralised tender and auction, a system was introduced where tender was put in centrally in Bhubaneswar and auction carried out in Sambalpur. Due to which small traders who

were able to lift small quantity of leaves had to give way to big traders as tender was carried out for huge sales. This limited whatever competition was going on and KL trade went on according to the whims and wishes of these big traders. As a result, huge amount of leaves could not be sold and started rotting in the OFDC godown. According to OFDC sources, in 1999-2000, about 1.5 lakh quintals could not be sold and got destroyed in their warehouse.

KL Grant

One of the most controversial and disputable aspects of KL transaction in the State is the provision of KL Grant to Gram Panchayats. According to section 11(1) of the KL (Control of Trade) Act, 1961, out of the net profits derived by the Government from KL operations, an amount not less than 50% shall be paid to Panchayat Samitis and GPs. In pursuance of the section 11(1), 90% of the amount shall be distributed among the KL growing sub-divisions. Each GP will receive 72% and Samitis will receive 18% of the amount earmarked for each sub-division. This amount shall be distributed as hard cash KL grants.

The allocation of the grant is made on the basis of each year's assessments of the net profits. According to the F & E Department, KL grant has been paid up to the year 1983-84. Although the Accountant General, Orissa up to 1989-90, has certified final accounts final grant due to the Panchayat Samities and the GPs have not been given on grounds of non-availability of funds. Since Performa accounts from the year 1990-91 have not been finalised, Panchayat Samities and GPs are being paid adhoc grants. These adhoc grants have no relation with the actual profit earned by the State.

Table 2: KL grant position (Amount In Lakhs)

Year	Net profit	50% of net profit	Amount paid to PRIs	Balance due
1984	954	477	251	226(47%)
1985	1482	741	251	490(66%)
1986	1395	698	362	336(48%)
1987	1313	657	330	327(50%)
1988	2395	1197	251	946(79%)

1989	10334	5166	637	4529(87%)
1990	5574	2787	401	85.6%
1991	5524	2762	599	78.3%
1992	4552	2276	1000	56%
1993	5779	2889	1088	62%
1994	4909	2455	980	60%
1995-96	2823	1411	980	30.5%
1996-97	--	--	980	
1997-98	--	--	1048.6	
Total			10179.12	

Source: Forest & Environment Department, Government of Orissa.

Till 1995-96, the total proposed final grant to the PRIs was to the tune of 235 crores, out of which only 20.82 crores were paid to the PRIs till 1989-90 and another 50.48 crores till 1995-96 as adhoc grant, i.e., about 63 % of the net profit is pending since 1984-85 to 1995-96. This implies that till 95-96, pending grants from KL to Panchayat Samities and the GPs is more than 163 crores. Though there is no information on the profit since then, about 20 crores have been given to the PRIs as adhoc grant in 96-97 and 97-98.

KL grant as Livelihood Support

Is it not strange that Balangir that produces huge amount of number 1 Kendu leaves registers maximum number of migration to neighbouring states in search of livelihood. Balangir as has been discussed often is the most vulnerable district in terms of drought and incidentally receives maximum amount of adhoc KL grant, i.e., about 15% (2000-2001). Since KL is a major source of income here, it is very important that people get right prices and in time, so that over a period of time they stop migrating as alternative livelihood support could be made available in their village/ Panchayat. Moreover, examples have to be created where this adhoc grant money could only be used for creation of alternative livelihood support options including agricultural development through improved drought proofing agricultural practices.

In 1999-2000, 10 crores were distributed among 4334 gram panchayats and 265 panchayat Samities. In 2000-2001, about 20.619 crores have been distributed among all the 30 districts with Balangir at the top in terms of grant allocation. Since this grant should be distributed only among the KL growing sub-divisions, distributing them among all the 30 districts does not make any sense, especially when KL is procured only from 23 districts.