

Jharkhand ■

- Policies of NTFPs
- Acts & Rules.
- Notifications.

Policies on NTFP management & trade

Rights and Concessions in forest

During the estate regime the forest was divided into Bahar Jungle & Bhitari Jungle. The tenants were permitted to exercise their rights from the Bahar Jungle only. Even forestland of the Bahar jungle was settled with tenants. This right was however; eliminated when the Estate vested in Bihar and the forest department took management of the forest. The forest of Kera range were partly burdened with rights which were exercised on payment of forest cess whereas the Mundari Khutkatti forests of Ranchi district were burdened with the right to break forest land.

The Present Scenario

Generally the rights admitted inside the forest are:

- Right to take firewood. An average family is allowed 168cft. of stacked firewood which is subjected to change depending on the capacity of the annual coupes and can be limited or reduced.
- Right to graze cattle in the forests except in coupes up to 5 years of age.

Besides the above rights a number of concessions have been admitted from time to time and they are:

- Concession to take head load of dry firewood by the poor and landless people without any payment, for their own use, sale or barter, vide Revenue Department govt. of Bihar letter No. C/F-5076/54-67-RT dated 9th May 1954.
- Concession to remove all edible flowers and fruits free of any royalty.
- Concession to remove "Jhanti Jhuri" of thorny species for "Gherawan" purposes.
- Turis (a community engaged in making of bamboo based products) are to be given bamboo at concessional rate vide Govt. letter No. 226/69-1669 dated 6th June 1969.

Government Regulation in NTFP Trade

The first regulation, which was introduced for the transportation and trade of various NTFP, was the Bihar Timber and other Forest Produce Transit (T.R) Rules, 1973. These rules have been framed by the government in exercise of powers conferred by the section 41 of the Act. The rules provides that no person can either export or import Timber, firewood, charcoal, Katha and other specified NTFP, without written permit issued by competent Forest Officer containing prescribed particulars. This regulation laid down the rules for transportation of various NTFP and the documents required/needed to transport the products. This regulation also talks about the various permits required for the transportation of NTFP from Godown to Godown or Godown to local market or out of state or from forest to godown etc.. But the first major policy level shift for the state government had taken place a year before in the form of The Bihar Kendu Leaf (Control of Trade) Act 1972. This act was the first to initiate the nationalisation of an NTFP in the state of Bihar. This was the act, which had regulations for total control of the state over the trade of Kendu leaves within the state. In fact it was the creation of monopoly in favour of the Bihar Forest Department in the trade of Kendu leaf, by an enactment of the State legislature. Comprehensive rules had been framed under the act to regulate the collection and Marketing of Kendu Leaves. The impact of this act on the trade of Kendu Leaves was tremendous. It was from this year onwards that the Kendu Leaf became a big revenue earner for the state. Secondly its aim to check the exploitation of the tribal and give them their due share of the price, also was achieved to some extent.

The Bihar Forest Development Corporation was created in the year 1975 to basically look after the management, marketing and trade related issues of the forest Department. The result was that the process of Bihar State Forest Development Corporation trading in Sal seeds (Nationalised in 1977 itself) was initiated in the year 1977.

Under the provisions of Bihar Forest produce (Regulation of Trade) Fourth Ordinance, 1977, The Bihar State Forest Development Corporation was appointed as an agent for the purchase and trade of Mahua fruit and seed, Karanj fruit and seed and Kusum fruit and seed with effect from 1st April 1978.

Again under the provisions of The Bihar Forest Produce (Regulation of Trade) Third Ordinance, 1980 the preview of The Bihar State Forest Development Corporation was extended to include Harra fruit and seed, Palas fruit and seed, Aonla fruit and seed and Baher fruit and seed.

An act was framed in the year 1984 known as the Bihar Forest Produce (Regulation of Trade) Act, 1984.

- The act talks of appointing one or more than one agent for all or any specified Forest produce. It visualises greater role of Gram Panchayats, LAMPS, PACS, Vyapar Mandal or the Bihar State Tribal Co-operative Development Co-operation Ltd. or The Bihar State Forest Development Corporation or any similar Corporation in being appointed as an agent for one or more Forest produce.
- This Act restricts the purchase or transport of specified forest produce. No person other than the Government, An officer of the Government authorised in writing in this behalf, An agent in respect of the unit in which the specified forest produce grown or found, shall purchase or transport or import or export such specified forest produce in and from such area.
- No person shall engage himself in retail sale of a specified forest produce except under a licence granted under this section.
- The Government will appoint an advisory committee, which will comprise of representatives from traders/manufacturer, primary collector, Schedule tribe & schedule caste, local communities and government. The role of this committee is on matters referred to it besides aiding the government in fixing the procurement price of the NTFP.
- Dividing the specified area into a number of units for smooth monitoring and trading.
- The act also expanded the range of products coming under the State's purview. The new addition to the list were:
 - Fruit and seeds of Maula, Kamla, Chironji, Kacheria, Flowers of Mahua, Gums and Resins of Karaya, Katila, Dhaura, Sal resin, Salai resin, Sabai grass, lac, Tasar, Mahulan & Sal leaves, Khair, bamboo and medicinal & Fibre yielding plants.

The Bihar State Forest Development Corporation was given the responsibility of carrying out the trade (collection & marketing), by the State government (Department of Environment & Forest), of Kendu Leaf in the state in the year 1987. This meant that now the Bihar State Forest Development Corporation would undertake collection and marketing on commercial basis and all the expenses vis-a-vis collection and marketing of the produce will be borne by the agency itself.

The Indian Forest Act 1927 was amended for the state in 1989 and 2000. The amendment incorporated in Bihar amendment, 2000 made provisions for the formation of village Forest management and protection committees.

The Joint Forest Management (J.F.M.) resolution for the state was passed in the year 1990. This resolution has provisions for the formation of local village committee for efficiently managing the forest situated in their vicinity. For these services the village committee was allowed to share the benefits accruing from these forest

Using the powers given to the State government under section 29 of The Bihar Forest Produce (Regulation of Trade) Act, 1984, The State government came out with the Bihar forest Produce (Regulation of Trade) Rules, 1993. These rules take the 1984 Act a long way in commercialising the trade of Nationalised products by laying down elaborate rules for making the trade a more profitable and less risky for the State government. The procedures laid down include the concept of earnest money (to restrict the entry to only the interested parties entering the auction), signing of agreement by the registered trader and the F.D.C., collection and marketing of the produce by the trader authorised by the F.D.C. collection of the produce at the rate fixed by the State government and other forms and documents required thereof.

The Bihar Panchayat Raj Act, 1993 is basically an extension of the J.F.M. resolution of 1990 and lays down rules for formation of Village Forest Management and Protection Committees and Eco development committee.

The long list of forest produce brought under the purview of the state was cut short drastically to fruit and seeds of Sal, Mahua and Harra only with effect from 1st July 1994 vide S.O. 186 dated 4th July 1994. Additionally S.O. 187 dated 4th July 1994 appointed the Bihar State Forest Development Corporation as the agent for the trade of above-mentioned products with effect from 1st July 1994.

The Panchayat (Extension to scheduled areas) Act of 1996 gives powers to the Gram Sabhas and panchayats to safeguard and preserve the traditions of the local population, This Act provides useful directives and guidelines to the State government for formation of appropriate forest laws and Acts to the benefit of the villagers living in and around the forest. This Act was further streamlined and amended

The Bihar Panchayat Raj Act, 1993 was amended in the year 2000 and known as The Bihar Panchayat Raj (Amendment) Act, 2000. As per the guidelines given in the Panchayat Act of 1996 The Bihar Minor Forest Produce (Endowment of Ownership To Gram Sabha) Act 2000 was introduced in the State endowing the Panchayats appropriate ownership of Minor Forest Produce. But the irony of the State of Jharkhand is that there do not exist any Gram panchayats.

Registration requirement

All those traders who are interested in the trading of NTFP in the state need to get themselves registered with the F.D.C. The process for registration includes:

- Filling up a proforma, which can be bought from F.D.C. head office/circle/Divisional office @ Rs 150/-.
- Drawing a bank draft of Rs. 2000/- in favour of Jharkhand state Forest Development Corporation.
- Duly attested photocopy of identification proof.

After registration of traders notification is made through newspaper at state level, for calling of sealed tenders. Earnest money, depending on the proposed yield in Rs. is collected from the participating traders. Tenders are opened on a specified date as mentioned in the newspaper and the trader whose bid is the highest gets the collection right and thus becomes the Qualified bidder.

S. No.	Estimated yield (in Rs./lakh)	Earnest Money (in Rs.)
1	< 1.00	10,000
2	1.00 - 5.00	25,000
3	5.00 - 10.00	75,000
4	10.00 - 20.00	1,50,000
5	20.00 - 30.00	2,50,000
6	30.00 - 40.00	3,50,000
7	40.00 - 50.00	4,50,000

8	50.00 >	10,00,000
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The total amount bid by the qualified trader is to be paid in installments of 20%, 20%, 20% and 40%. The earnest money of the qualified trader is adjusted against the amount due on him for the first installment whereas the earnest money of the rest of the traders is returned. If the production is more than the estimated yield then in that case the trader has to pay for all the extra expenses. Besides this all the cost incurred during processing, packaging, transportation, storing, tax and labour costs have to be incurred by the trader himself. The impact of this process has been that the local people cannot trade in the NTFP without getting themselves registered whereas registered traders of other states can trade in that area although thus creating less employment opportunities for the local population. Another area where a positive impact has been seen is that the concept of earnest money has reduced the number of applicants to those who are really interested.

Collection, Storage & Permit

No permit is required by the primary collector to collect and store the forest produce. But the trader who is involved in the collection & marketing of the NTFP has to be registered and should be qualified trader in open tender and who has signed the agreement for the trade with the Bihar State Forest Development Corporation. This collection process has to be undertaken by the trader at specified collection centres.

Storage of the collected material is done on godowns owned by the Bihar Forest State Development Corporation or on a private godown that is duly registered/approved with/by them. The goods that are stored in the godown need to be compulsorily stored under the double lock system. Out of the two locks one lock is put by the trader and the other by the State government. The goods are stored in the godown until sold.

Transit Permit

The State F.D.C issues passes/permits to the trader. The transit permits (TP) issued are of four types:

- TP1: This is required by the trader to transport the collected forest produce from the local hat to the godown.
- TP2: If the trader wants to transport the produce from one godown to another godown (within the state) then transport permit 2 is required.
- TP3: This permit is required by the trader for transporting the produce from the godown to the local market for selling.
- TP4: Whenever the trader wishes to transport the produce out of the state for any reason then in that case he has to obtain TP4 from the department.

The impact of these permits and regulations has been that the State government has been able to maintain control over the trade of these products although this has also led to malpractice's in the trade and has also to a great extent encouraged the illegal trade. Secondly these regulations has also led to encouraging monopoly in the trade because there are only a few traders who have legal sanction to trade.

Checking & weighing

When the collected NTFP is brought to the specified collection point it is checked for its quality and quantity and based on this payment is made to the primary collector. While despatching the collected NTFP from the specified collection point to the godown and before issue of the despatch permit again the quantity is verified and checked and noted down on the permit. The Bihar State Forest Development Corporation and the forest Department reserve the right to check and verify the quantity and quality of the product during transportation and in traders' private godowns.

Royalty Payment & Rate

The Royalty payment to the State government is calculated on the basis of the past three-year's average price per acre, which is called the base price. In between a new system of calculating the royalty based on the outturn was also discussed but was never adopted as it was found to be too complex. One thing that has be kept at the back of their minds while reviewing the royalty rates for different NTFP is that there should not be a uniform rate for each product but different rates should be introduced depending on the type of trader. For collection, micro level processing and trading the rates should be kept sufficiently low for the local villagers, village

level organisations, committees, co-operatives etc. in order to increase their stake in trade and to create employment and other economic opportunities locally.

Local taxes

As such there is no local tax to be paid by the primary collector and all the tax including royalty has to be borne by the trader and manufacturer. The taxes, which are paid by the trader or manufacturer, are:

- Sales Tax
- Agriculture Tax
- Turnover Tax
- Income Tax

These taxes, though paid by the trader/manufacturer, are in fact ultimately paid for by the final consumer. As the expenditure incurred in taxes by the trader/manufacturer at various levels is taken into account while fixing the price for sale of that commodity, which is borne by the final consumer.

NTFP Lease & licensing policy

The lease and licensing policy followed in case of NTFP has been very product specific. The policy of the government so far has been to give the forest on lease for some years to the Companies, Paper mills, private industries and traders for extraction of specified forest produce from the area. This practice should be reviewed by the government as no proper check is maintained during the leased period and the private companies fully exploit the forest to their interests. Secondly the period of lease is so long that by the time one realises what is happening the damage has already been done and cemented. Thirdly the State department should encourage & involve more and more village level institutions while deciding on the organisations for leasing.

Leased NTFP

Earlier Bamboo along with Sabai grass was leased out to paper mills and private companies but at present no product is as such leased out due to naxal activity. However Sal, Mahua seed, Mahulan and Kendu leaf are given to private traders for collection and marketing under the EK

MUSHT PRANALI. This is not exactly leasing but here also the specified products are given to private traders for collection and marketing for a certain period of time, on advance payment with other terms and conditions.

NTFP based enterprise (Industrial policy)

The State forest Laws, Policies, Acts and administrative orders for forest resources and forest based industries, are most often in conformity with the guidelines proposed to be followed by the States in the various National Forest Policies.

The National Forest Policy, 1988 elaborates the guidelines to be followed by the Forest based Industries. It speaks about making such industries self sufficient in raising of raw materials required from the forests by establishing direct relationship between the factory and the individuals who can grow the raw material by supporting them both financially and technically.

The pro local focus can be clearly seen from these lines written in the policy "No forest based enterprise, except that at the village or Cottage level should be permitted in the future unless it has been first cleared after a careful scrutiny with regard to assured availability of raw material. In any case, the fuel and fodder requirement of the local population should not be sacrificed for this purpose"

The policy calls for generating employment opportunities for the local population on a priority basis besides involving them in raising trees and raw materials. It speaks about preserving the ecological balance by wasteland & degraded land development. But above all it promulgates in clear words that the "supply of forest produce to industry at concessional price should cease."

NTFP Trade

The trade of NTFP itself is very complex as it involves a whole lot of products, both Nationalised & Non-nationalised, illegal activities involved, seasonality of behaviour. But still one thing is for sure that it forms the major chunk of the economic package in the lives of the people living inside or in the periphery of the forests (see Trade of NTFP in terms of Rs.).

The role of the market in an environment charged with competition, financial scams is both encouraging/discouraging and mutually complementary to the products, traders and the final consumers. When the tide is high, the product being traded fetches high price, due to demand

overflow, which in turn entices & initiates others into taking up its production & trade, which increases the supply thereby decreasing the demand supply gap and subsequently the prices and the profit margins.

The major markets trading in various NTFP / NTFP based products in the State are: Daltonganj, Garhwa, Latehar, Chatra, Hazaribagh, Gumla, Giridih, Ranchi, Jamshedpur, Chaibasa & Chakradharpur. The main traders of these markets get collected NTFP from sub-trader/regional wholesaler/agents and depending upon the utility and demand of a particular NTFP it is traded in the domestic or export market.

The factors that come into play with respect to the NTFP trade in the State are:

Production

It is the quantity of the NTFP that is produced and brought to the market that decides the price of that product. Here the basic principle of Demand and Supply plays a major role. The players competing in the business watch for the factors that affect the production of a particular NTFP. Based on their observation they try to predict the quantity of produce that will be traded in that particular season. This gives them a fair idea about the price that a particular NTFP will fetch in the market, which becomes their basis for deciding the amount of NTFP to be purchased.

Seasonality

The market for most of the NTFP behaves seasonally. All the major leaves are traded in summer months, broomstick in early spring, honey in autumn and kusum seed in the pre monsoon season.

Quality

The quality of the NTFP being traded in the market also determines its price. In fact this is one of the major issue of concern as the quality of the NTFP is influenced by the post harvest storage conditions and it is here that the primary collectors loose the battle. Most of them do not possess the necessary skills and knowledge required to handle the NTFP. Besides they do not have the financial capacity to raise adequate infrastructure for their storage and processing.

Storage

Storage is an issue that is totally product dependent. Each product requires a different set of processes for storing it to maintain the quality. And most of the times the villagers are found lacking in this area. Besides the need of storage becomes all the more relevant due to the seasonality aspect of the trade. This means that a particular NTFP will be available for a particular time period only, say two months in a year. Now during these two months the supply of the product to the market will be heavy and so the price will be low. Now if some primary collector has the capacity to store then he can easily store the produce for a few months and sell it during the lean season at a much higher price.

Customer/Consumer Behaviour

Consumer behaviour is indicative of the demand for a particular NTFP. If the behaviour of the consumers is such that the consumption of the NTFP forms a part and parcel of his daily life, i.e. it becomes a HABIT the consequences of this will be an increase in the demand for that particular NTFP. Also here it becomes necessary to discuss that the players in the market observe the buying pattern of their customers, who have been buying from him since years, to estimate the amount of a particular NTFP that will be required by them. And based on this analysis he calculates the quantity that is to be purchased by him.

Promotional Activities

This is one of the most neglected activities in the whole trade of NTFP in the State and the irony is that it has a lot of potential in the marketing of NTFP. Most of the products are not advertised at all and the trade moves through earlier known contacts and linkages. The prices prevailing in other States are not known. In fact the prices fixed by the Bihar State Forest Development Corporation for the purchase of Nationalised products are mostly not known to the villagers. Moreover the promotional activities undertaken are not appropriate most of the time and are not customer specific. While going for any kind of promotional activity the market segment/customers to whom we intend to cater, will decide the promotional instrument. Promotional efforts in case of Lac against its other synthetic competitors can be slogans shown on T.V. or print media depicting its natural and environmental friendly qualities and the harm that synthetic materials can cause.

Value Addition

Here the market for NTFP behaves in consonance with the market of any other product. The raw NTFP fetches less price vis-a-vis the NTFP when it is processed and some value is added to it. The Sal seed, which is processed and dried, fetches more price than the Sal seed, which is sold without drying. If we look at the price that a particular NTFP fetches as it changes hands from the primary collector to the trader to wholesaler to the industrialist and finally to the consumer, we observe that during each stage some value addition is being done. This enhances the price of that NTFP and is the primary reason why the Industrialist gets the best out of the bargain and it is the primary collector who gets the lowest price in the whole chain. The primary collector does not really know what to make out of the NTFP that he has collected, where to market it. Here comes the need to build the capacity of the primary collector and to put in place an elaborate Market Information System.

Fluctuation

The NTFP market suffers from huge fluctuations maybe even to a higher degree than the ordinary markets. Huge fluctuations are observed in almost all the sectors of the trade. Be it production, demand or price everything fluctuates and that too on a daily basis. The two products of the State that suffer heavily on this account are Lac & Imli. In both the cases the market behaviour is similar to Share market.

Government Policy

The policy adopted by the government has a great impact on the trade of that particular NTFP. Because if the government declares a NTFP as Nationalised that means no one other than those permitted by the government or the State government itself can trade in that product. The rest of the trade taking place becomes all ILLEGAL. The regulations and restrictions imposed by the Government like issue of transport permits, licences, registration etc. in absence of a strong monitoring and implementing system only creates more chaos, corruption and a strong & prosperous illegal system of trade.

Market Related Issues

- Having a policy towards a particular NTFP is any day better than having none at all. But Policy written on a sheet of paper is meaningless unless it is rigorously and religiously implemented. And for proper implementation of the policy we need a system that effectively monitors and enforces the rules & regulations laid down in the policy

throughout the State. Again it is a cyclic process for how can an effective system be put into place without the awareness of the government officials about the various rules, regulations, guidelines etc. and without a proper set of infrastructure in place. And all this requires capital investment, which the Forest department was lacking before the formation of Jharkhand.

- Increasing the capacity of the primary collector assumes great importance if we want to decrease the gap between the profit margin of the trader/wholesaler/manufacturer and what the primary collector gets. Making the primary collector aware about the various stages of processing, its utility, storage technique, his rights and concessions, through trainings, workshops and seminars etc. will go a long way in reducing the exploitation in transactions and maintaining quality. Further, both forward as well as backward linkages need to be developed keeping the primary collector in mind. Information regarding various buyers, credit support from rural banks, and a strong but local mechanism to link them with the various markets both domestic and international needs to be set up.
- Special efforts need to be taken by the State to put in place a control mechanism for products that fluctuate a lot both in case of production and pricing. The entry of the Insurance sector here may prove to be the turning point.
- Since whole of the NTFP trade is demand based therefore more effort should be put in to increase the demand of the NTFP in the domestic as well as international markets. This can be done through rigorous promotional activities, which should be specific for the target group/audience.
- The price fixation of various NTFP carried out by State agencies should not be delayed and the minimum support price should be revised at least fortnightly.
- There is a strong need to put a Market Information System in place so that the primary collector and other actors/players involved in the trade have all the relevant information required for efficient decision making. The system can have information regarding the price of NTFP prevailing in various markets, their actual destinations, buyers/exporters list, and institution/organisations providing training/support/dealing in various NTFP.

Issues

The general issues affecting almost all the NTFP during the production stage are

- The dependency of the products on the climatic conditions which makes their production quantity unpredictable as in case of rainfed agriculture. This unpredictability makes the

primary collector afraid to take the production of the same produce the next year around and the collection decreases. The role of the climate in the production has led many forest dwellers earlier involved in the rearing of lac insect to search for other alternatives.

- Because of decrease in the average number of trees per acre due to continuous felling of the trees the collection time of various NTFP has increased drastically.

At the primary collector's level

- There is a general disenchantment among the next generation of primary collectors, towards taking up NTFP collection as their source of income. This generation is not interested in going to the forest because in their opinion this work is not up to their standards.
- The naxalite movement in the interiors is also a great problem for the primary collectors because they are the ones who get directly affected.
- Capacity building is a major issue at the primary collector's level. Trainings need to be imparted to them on technical know-how regarding processing, storage, about the market its functioning, their role in the chain, government policies, rules and regulations and value addition.
- Forward and backward linkages need to be developed so that they can be encouraged to form cooperatives, enterprises of their own.
- Lack of proper storage facility allows for low quality of the product, which in turn amounts to low returns.

At trader level

- Dearth of capital to maintain adequate stock as most of the times the traders have to sell on credit and the payment gets delayed. The issue assumes importance specifically in case of the small traders involved in making of bamboo based products, Leaflets, Mahua flowers etc. Here the need is to strengthen their linkages with the Banks.
- Since the produce is forest based and so in the interiors but the infrastructure facilities like roads and transportation are found wanting in most of the areas. So the time taken to transport the produce from the local hat to the market takes much of the valuable time thereby affecting the quality and cost of the produce.
- Huge fluctuations in the demand of the produce make this business very risky for the trader.

- Lack of proper storage facility is also a great cause of concern for the local trader. As he has to store the produce for at least some time for the buyer to come or to get good margin from the produce. But with lack of storage facility this margin gets reduced. No cold storage facility is there in most of the markets.
- Due to naxal activities there is always a fear of being kidnapped and in fact the people belonging to this cadre collect levy from the big traders.

The general areas of concern at management level are

- Due to lack of proper infrastructure such as roads, transportation facilities the primary collectors as well as the traders have to pay that extra price, sometimes due to improper storing facility and sometimes because of the poor quality of the produce due to the delay.
- There is a looming fear of the naxalites in the minds of everyone involved in the trade, including the government officials, and nothing has been done so far regarding the security aspect of the trade.
- There is a lack of proper documentation of the records as there is no REAL control over the trade of any product. Be it nationalised or non-nationalised. The illegal trade is prospering right under the nose of the government officials.
- Staffing of the Forest department especially at the lower level to effectively monitor the situation on the ground.
- The cooperatives formed for the forest dwellers should be run on a more commercial scale and any linkages of it with the government should be avoided.

Sustainability issues

The sustainability of the Minor Forest Produce forms the core of all issues. There was a time earlier when these products were in abundance but due to lack of proper management both by the people and the government their sustenance beyond this generation carries a big question mark.

The reasons for such a crisis are many but the foremost has been the lack of any clear-cut policy towards these products. The forest Department has its own problems.

- Lack of fund/capital to properly carry out the policy

- Lack of staff at the range level to properly monitor and control irregularities and illegal activities carried out at that level. There is only a single Beat Guard to guard the whole of the forest coming under a particular Range. Besides this the guard does not have the bare minimum infrastructure help like vehicle, communication set etc., from the department to successfully carry out his duty.
- Lack of awareness regarding the various rules, regulations, concessions, permissions, rights, procedures etc. as laid down in the policy/government orders, among the forest officials.

ACTS & RULES

COMING SOON