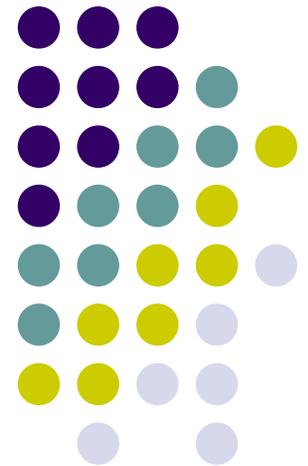
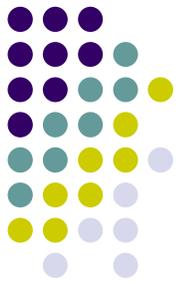


Associations of small & medium forestry enterprises

India

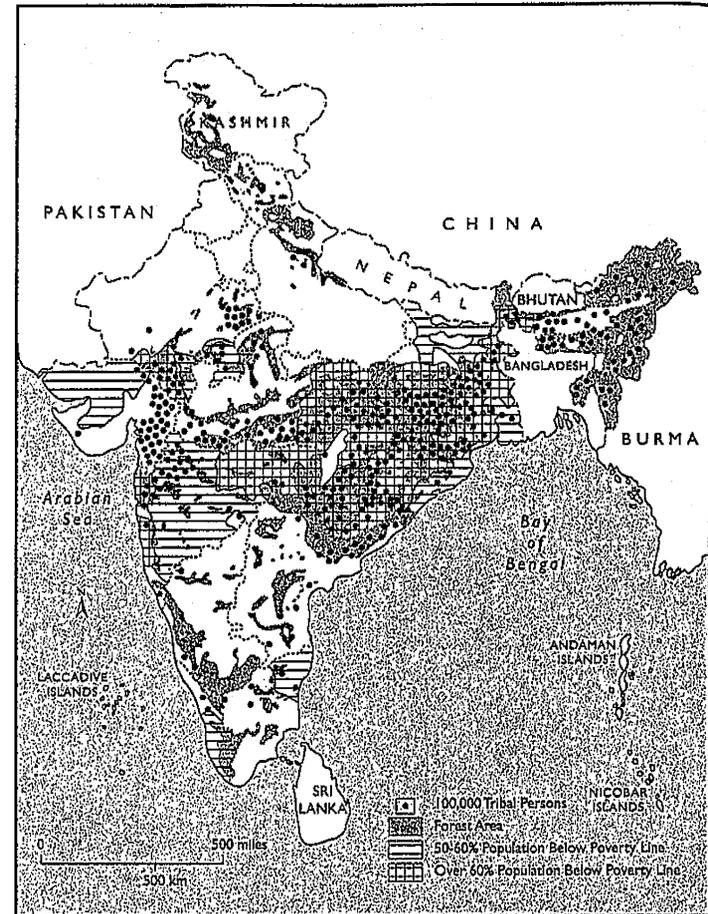
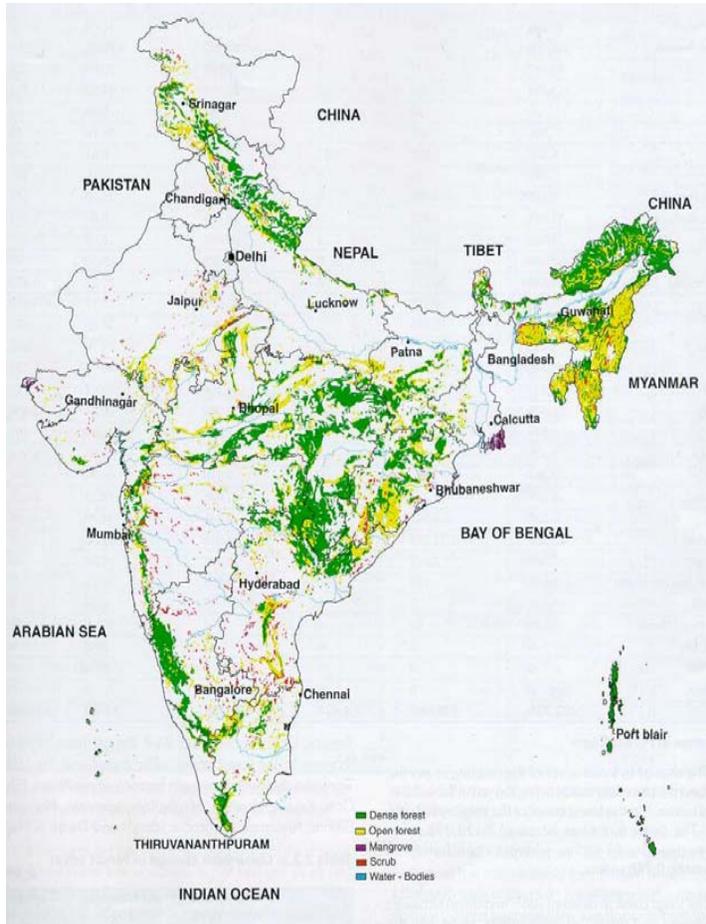


Outline



- Brief overview of the forestry sector
- Small and medium forestry enterprises (SMFEs)
- Associations of SMFEs
 - Why do they form?
 - How do they function?
 - What do they do?
 - What is their impact?
 - What support is needed?

Overview of Indian forestry



Overview of Indian forestry

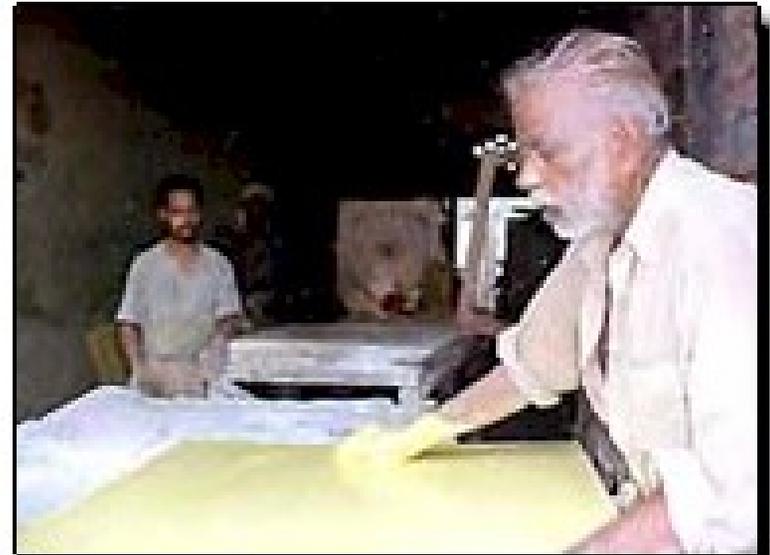


- Seventh largest country (329 million ha.)
- Second most populous (over 1 billion, 2001)
 - Large population of the poor (c. 260 million as per official statistics)
 - Large population of Scheduled Tribes (84 million)
- Forest cover: 67.8 million ha. (20.64%)
- Most forest land at present under state control



SMFE enterprises

- SME sector vital for the economy
 - No clear definition of medium industries until recently; categories – small scale industries (SSIs), tiny enterprises and village industries
 - SSIs account for 95% of industrial units, 40% of the manufacturing sector output, 36% of exports
 - 18 million people directly employed in the formal SSI sector; large unorganised/ informal sector
 - Earlier large number of items reserved for SSIs; many dereserved



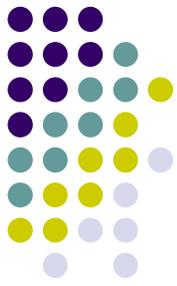
SMFE enterprises



- Most forestry enterprises small scale and in the private sector
- No comprehensive estimate. Industry-specific data indicates key role:
 - 98% of sawmills (82% sawn timber)
 - 82% of safety match production (250,000 employment in about 12,000 units)
 - 87% of plywood factories
 - 94% of paper mills considered small (tpa)



SMFE enterprises

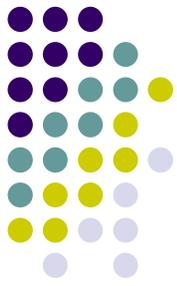


- Several tiny and household enterprises
 - 90,089 wood carving centres and 260,933 registered artisans (many more)
 - 50% of wood supply from non-forest sources
 - Large number of NTFP based enterprises: leaf plate stitching, rope making, *bidi* leaf, bamboo work, etc.
 - Millions involved in the *bidi* industry (estimates of up to 30 million); poorest households involved in leaf collection
 - 300,000 people involved in bamboo enterprises in Kerala state alone
 - As per one estimate, NTFP-based enterprises provide up to 50% of the income of the 20-30% rural labour force

SMFE associations: why do they form?



- Two general types can be discerned
 - Associations of private sector enterprises –organised industry wise and created by the enterprises themselves
 - Associations of primary producers/collectors (farmers, NTFP processors, etc.) – usually facilitated by an external agency (government/NGO)
- Industry enterprise associations
 - lobbying (taxes, policies, infrastructure), awareness about rules, collective voice (protests), reduction in transaction costs (licences), conflict resolution, market development (exhibitions), R&D, raw material, social interaction
- Associations of primary producers/collectors
 - More focussed on individual/household level production, better articulated poverty or resource development objectives, usually involved in marketing and support/guidance to the members



How do they function?

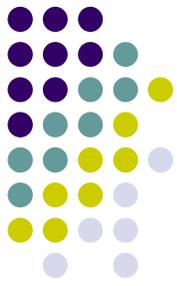
- Most have well-defined membership rules and decision making structure
- Quite often democratic (e.g. periodic elections of executive committee)
- Government rules in case of government-promoted ones
- Sometimes a distinction is made between founder members and others (e.g. Madhuvan Contractual Labour Coopertative Society, FORHEX)



What do they do?

- Gujarat Timber Merchants' Association
 - Lobbying against closure of 1160 sawmills
- District Yamunanagar Plywood Manufacturers' Association
 - Lobbying against cumbersome procedures
 - Infrastructure/fire fighting equipment
- Plywood, Timber, Laminate Dealers' Association, Jaipur
 - Protest against unfavourable policies
 - Support for famine relief, water tanker supply, medical camps
- Harda District Timber Merchant Association
 - Licences, loans to the needy members
- Saharanpur Wood Carving Association
 - Raw material shortage, electricity, training
- Federation of Rajasthan Handicrafts Exporters
 - Handicraft sawmills

What do they do?

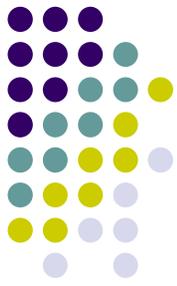


- Madhya Pradesh MFP Federation
 - Collects and disposes *bidi* leaf through primary societies (2000)
 - Collection wages of over US \$ 22 million in 2004; share in profit
 - *Sanjeevani* initiative for medicinal plants (purchased products worth Rs. 2.5 to 3 million; PPAs (12)
 - Soft loans for primary societies
 - Fairs
- Van Utthan Sangh, Jhadol
 - NGO supported (Seva Mandir)
 - 55 JFM Groups
 - Conflict resolution and interaction with the Forest Department

What do they do?



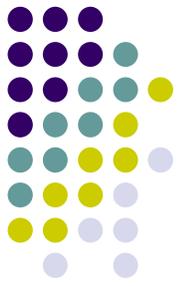
- Jila Nilgiri Utpadak Sahkari Society, Nashik
 - Association of eucalyptus farmers
 - Lobbying for relaxation of cumbersome tree harvesting and transport rules
 - Market information and market support
 - Now largely defunct as farmers have switched to other crops
- Lok Vaniki Sangh, Madhya Pradesh
 - Association of private forest owners
 - Help in getting mandatory forest management/felling plan prepared and approved



What do they do?

- Madhuvan Contractual Labour Cooperative Association, Jaipur
 - Procurement of NTFPs and distribution to contractual women workers for manufacture of value-added products
- Madhya Pradesh Silk Federation
 - Production and marketing of silk (56 groups in 9 districts; 3000 members)
 - Reeling and weaving centres
 - Assistance for silk worm rearing; Self-help groups
- Sahamgaham Forest Labour Cooperative Society, Dangs
 - Labour for forestry operations; timber depot management

What is their impact?



- Impact of industry enterprise associations in the form of employment generation (direct and indirect); promotion of tree plantations; some welfare measures
- Impact of federations/associations of primary collectors/producers in the form of employment generation for the poor sections, local enterprise development and forest management



What support is needed?

- Capacity building
- Leadership development (exposure)
- Initial support for key staff (e.g. paraworkers)
- Study of bureaucratic and procedural bottlenecks
- Policy advocacy

