MSP for Minor Forest Produce

Why in news?

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Union Cabinet recently approved a centrally sponsored scheme for providing Minimum Support Price (MSP) to forest dwellers for minor forest produce (MFP).

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What is the decision?

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- The Centre has notified a varied hike in MSP ranging from 200% to 5.6% for 19 MFPs.
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- The government has also added 17 more items (exiting 23) to the forest produce covered under the market support scheme.
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- [These include mahua flowers, dried tejpatta, jamun dried seeds, dried amla pulp (deseeded), soap nut (dried), Arjuna bark and Giloe among others.]
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- A total of 52 items is proposed to be brought under the MFP for MSP umbrella.
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- The notification puts out prices for 40 items for now.
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- The Central government plans to spend around Rs. 960 crore while states would contribute about Rs. 250 crore.
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- The ministry of tribal affairs (MoTA) issued the notification and it is now for the states to implement this.
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- Tribal Cooperative Market Development Federation of India Ltd. (TRIFED) has also been given directions.
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- They are to develop market linkage between state agencies (through State Nodal Department), and bulk users and buyers to enable implementation.
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What is the objective?

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- The scheme for providing MSP for minor forest produce comes on the lines of support price for agricultural products.
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- The decision is being taken in view of the general cost escalation on all fronts.
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- The objective is to ensure fair and remunerative price to MFP gatherers.
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- According to the ministry, nearly 5 crore tribals are expected to directly benefit from this revamped scheme.
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What are the concerns?

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- **Funds** - MSP system for minor forest produce had been introduced by the previous government as well.
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- The centre has earmarked nearly Rs 1,100 crore for this programme in the past 5 years.
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- But hardly 25% of this has been released to the states.
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- The bulk of even the disbursed funds has remained unutilised.
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- Moreover, none of the major forested states has submitted the audited report on funds utilisation.
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- **Remuneration** - The minor forest resources have been made freely accessible to forest-dwellers under the Forest Rights Act.
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- These include mahua, tejpatta, wild honey and similar others that have several industrial, therapeutic and cosmetic uses.
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- However, the tribals, who gather them from the woods, do not get the fair remuneration for these articles.
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- It's because they normally have to sell them at meagre rates at local haats dominated by cartelised traders and contractors.
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- **Middlemen** - Some state governments have acquired monopolistic marketing rights on the much sought-after forest products.
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- E.g. tendu leaves, bamboo, tamarind
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- But, the state agencies nominated to lend price support often prefer to buy the stuff from middlemen.
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- They fail to create the infrastructure for procuring it directly from individual collectors.
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- Thus, for all practical purposes, the collectors of the minor forest produce are at the mercy of middlemen.
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- **MSP** - States also do not pay the MSPs even though the Centre is supposed to bear 75% of the losses incurred on such operations.
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- Odisha is one of the few states which have opted to implement the MSP scheme for selected forest products.
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- But it is reported to be considering to discontinue the scheme because of the heavy financial burden.
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What is required?

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- The government has largely failed to realise the futility of raising the MSPs of crops without their effective enforcement.
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- The need, therefore, is for well-advised marketing reforms in this sector.
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- This should be aimed specifically at ending the middlemen’s role over the minor forest produce trade.
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- Equally important is to encourage direct linkages between forest produce

gatherers and end-users of these products.
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- E.g. the pharmaceutical, cosmetic and food-processing industries
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- These are essential to meaningfully complement the move to fix MSPs for the minor forest produce.
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Source: Times of India, Business Standard

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