

Implementation of Minimum Support Price on Minor Forest Produces : Issues and Challenges

Dr. Rajnalkar Laxman¹, Basavaraj Prabhu²

¹Professor, Department of PG Studies And Research in Commerce, Gulbarga University, Kalaburagi, Karnataka, India

²Research Scholar, Department of PG Studies And Research in Commerce, Gulbarga University, Kalaburagi, Karnataka, India

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ABSTRACT

Minimum Support Price play a key role in Indian agricultural price policy. The introduction and implementation of minimum support price is to provide food grains to buffer stock and distribute through the Public Distribution system. Minor forest produces are those produces which are gathered from the forest. Implementation of minimum support price on minor forest produces enhance the income level of forestry's. More than 100 million forest dwellers depend on minor forest produces for their livelihood. It is essential to understand the on-ground issues and challenges in the implementation of minimum support prices on minor forest produces for effective execution of the scheme. This research work is purely descriptive in nature and secondary sources data are used for the study. Some of the major issues and challenges encountered in the implementation of minimum support price on minor forest products such as Haat Bazaar's dominance in the local area, lack of skills and inadequate infrastructure, lack of value addition, the basis for calculation of minimum support price and barter system. the study also focused on efforts made in developing a methodology for fixing minimum support prices for minor forest produces.

Keywords : Hatbazaar, MSP for minor forest produces, MSP price policy

I. INTRODUCTION

Forest produce are those products whether found, brought or gathered from forest. Minor Forest Produce (MFP) has been defined in section 2(i) of forest rights act. The said act defines Minor Forest

Produce as all non-timber forest produce of plant origin and includes bamboo, brushwood, stumps, honey, waxes, medical plants, herbs, roots, tuber. Etc.

Individual forest folks with forest rights to live in and cultivate forest land that was occupied before 13th December 2005 under Forest Rights Act (2006). grants

community forest rights to manage, protect and regenerate the forest under the section 3 (i). Section 3(1) (c) of the Forest Rights Act 2006 defines forest rights as inclusive of 'Right of ownership, access to collect, use and dispose of Minor Forest Produce' which have traditionally been collected within or outside village boundaries. In addition to tribal folks this included, Dalit's, other forest dwellers who have not been officially declared as tribal as well as women, and other marginalised groups.

More than 100 million forest dwellers are depended on Minor Forest produces for their livelihood. 10 percent to 70 percent households' income of forest dwellers generated from minor forest produces only. The forest dwellers depended on MFP not only for income purpose but also for their daily food. Most of the cases MFP prices are determined by traders at Haat bazaar (the market where MFPs are sold and those situated inside the forest) rather than demand and supply mechanism.

The scheme "Mechanism for Marketing of Minor Forest Produce through Minimum Support Price and Development of Value Chain for Minor Forest Produce" was formulated by the Ministry of Tribal Affairs for Minor Forest Produce. It was implemented in the year 2013-14. To ensure a fair return to forest dwellers and scheduled tribes of the forest area to enhance their income level and ensure sustainable harvesting of Minor Forest Produces.

II. Objectives

The objectives of the paper have been to:

1. Study the implementation of Minimum Support Prices on Minor Forest Produce.
2. Understand the Issues and Challenges in the implementation of MSP on Minor Forest Produce.
3. Know the efforts made on fixing the Minimum Support Price for Minor Forest Produces.

III. Review of earlier studies

1. Debabrata Lahini (2018), The study focused on policy gaps, issues, and challenges of Minor Forest Produces. This study states that most of the states have not been able to fix the Minimum Support Price for MFP due to the unavailability of methodology for fixing prices. The study also suggests measures for fixing a price for Minor Forest Produces.
2. Dr. J.V. Sharma and Dr. Yogesh Gokhale (2018), state that About 300 million tribal and other local people depend on forests for their substances and livelihood. The study also suggests that the procurement centers should be established as a part of Haat Bazaars and better linkage with markets should be established.
3. Indian Institute of Public Administration (2020), the report on Mechanism for marketing minor forest produce (MFP) through minimum support price (MSP) and development of value chain for MFP analyzed the non-timber forest products and minimum support price. This empirical study is composed of 3000 MSP beneficiary households from 80 selected villages spread over 10 states, 20 districts, and 40 blocks. The study found that transportation problems, middleman problems, lack of storage facilities, lack of skills of procurement agencies, and barter system of trade existed among minor forest producers. The report also suggests that immediate cash transfer by government agencies, skill upgradation of procurement agencies, and promotion for Research and development.

IV. Research Methodology

For this study descriptive method was employed and secondary source data has been interpreted. The secondary sources were gathered from various sources such as articles, websites, reports, newspapers and research publications.

V. Overview of Minimum Support Price and its Implementation on Minor Forest Produces

Minimum Support Price plays a key role in Indian agricultural price policy. It is the price at which government procures various crops from the farmers irrespective of the market prices of those crops. The main purpose for the introduction and implementation of MSP is to provide food grain supply to buffer stock and distribute them through PDS (Public distribution system) program. MSPs also act as guarantee price for their produces from the Government.

MFP as above said those produces which are gathered from the forest. In the year 2013-14 Government of India Started a scheme called "MSP for MFP" which was the first move for providing a fair price to tribal dwellers. In the initial stages the scheme included 10 MFPs in 9 various states. Later it expanded to 24 MFPs and all the states. The scheme was come into force through state-level agencies. Which was appointed by the state government, ministry of tribal affairs provides the revolving fund to state level agencies. Suppose if any losses both the central and state government incurs as 75 percent and 24 percent shares.

Ministry of Tribals affairs is also develops the guidelines in consultation with Ministry of Environment, forest and climate change. These guidelines aim to establish an enabling institutional setup of stakeholders constituted by Gram sabha. Main function of these committees to protects their wild life, bio-diversity with due accountability as per forest regulation act and forests.

The scheme "Mechanism of Marketing of Minor Forest Produce through MSP of Value chain for MFP" has been stated with following objectives:

- To provide fair price to the MFPs to enhance their income level
- To ensure sustainable harvesting of Minor Forest Produce.

□ Aims at Creating a framework for assuring a fair price, primary processing, storage, transportation and public distribution system.

VI. Issues and Challenges in the implementation of Minimum Support Price for Minor Forest Produces:

To enhance the income of forest dwellers including tribals and schedule tribe through sustainable harvesting, processing and marketing of Minor Forest Produce. The forestry sector has significant potential. However, the forestry sector has a care and concern causing social and ecological stress. Some of the challenges and issues in the implementation process of Minimum Support Price on Minor Forest Produce are as follows.

A. Dominance of the Haat Bazaar: as above mentioned the Haat Bazaar is the place for selling the MFPs. These markets are unorganized and situated in inside the forest. Due to lack of market knowledge of forest dwellers the middle man gets huge amount of benefits and the primary collectors get least share from their hard-earned product. Due to the markets of MFPs are situated inside the forest area the State level agencies (SLA) are facing some issues to reach the primary collectors to provide Minimum Support Price.

B. Inadequate infrastructure and skills: In most places in India neither the Forest Department nor the procurement agencies nor the institutions of primary collector have proper storage facility and skills. Most of the MFPs are bio-logical and seasonal products; and several products being perishable require immediate disposal in absence of appropriate storage facility. Some products like medical plants, several gems and fruits require cold storage. So, minimum support price may have difficulties with procurement agencies for the enhancement of skills to handle those kinds of produces.

C. Barter system existed among minor forest producers: Barter system of trade still existed in some of the states. It is very difficult to determine the

amount of produce is exchanged among forest folks. Some sort of malpractices is practiced by middle man of the minor forest produce.

D. Lack of value addition: Minor Forest produce gatherers have lack of knowledge of value addition. Almost all the gatherers sell without value addition, due to low shelf life and this

E. Basis for calculation of MSP: Minimum support price calculation method for agricultural produces involves three kinds of production cost under MSP.

$$\text{MSP} = A2 + \text{FL} + C2$$

A2: Covers all paid-out directly incurred by the farmers in cash and kind on seeds, fertilizers, pesticides, hired labors, fuel, irrigation, etc.

FL: Value of unpaid family labor.

C2: It is a more comprehensive cost that factors in rentals and interest forgone on owned land and fixed assets capital.

The above-mentioned formula will help MSP while fixing prices for agricultural produces. But when it comes to Minor Forest produce the calculation of A2 (production cost) is quite impossible because the minor forest produces are not planted and cared by forestry's. these all produces are found, gathered or collected from the forest. Production cost (cost of cultivation) is essential for fixing a minimum price.

F. Some other challenges:

- Inadequate MFP baseline data and mapping unclear demand and supply scenario.
- Poor attention for MFP by Governments.
- Unorganized sector of Minor Forest produce.
- Inadequate capacity and knowledge in MFP management.
- Poor progress in research and management.
- Under performance of public sector procurement and trade agencies.

VI. Suggested methodology of Minimum Support Price for Minor Forest Produce

The Energy and Research Institute (TERI) suggested the following factors to be consider while calculating minimum support price for minor forest produce. Instead of cost of production of minimum support price the cost of collection under minor forest produce.

Three kinds of collection cost under minimum support price:

$$\text{MSP of MFP} = C1 + C2 + C3$$

1. C1: Estimated labor cost

Average MGNREGA rates could be consider as base to estimate the cost of efforts.

2. C2: Incurred cost

Which includes carrying and storing of minor forest produces, transportation cost and any other material cost.

3. C3: owners' royalty

Which calculated on the basis of cost of plantation of species, safeguarding cost and cost based on scarcity of resources.

VII. Conclusion

The paper highlights the importance of Minimum Support price for Minor Forest produce and also discussed various issues and challenges in the implementation of minimum support price in the MFPs likewise, Haat Bazaar dominance, inadequate infrastructure and skills, Barter system, lack of value addition for MFP, underperformed state level procurement agencies, basis for calculation of minimum support price. Effective implementation of MSP can be game changer in the abolition of poverty and developing sustainable growth of the nation.

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