

DIRECTORATE OF PUBLIC RELATIONS
GOVERNMENT OF MADHYA PRADESH

ELIMINATION OF MIDDLEMEN AND COOPERATIVISATION OF TENDU
LEAVES TRADE IN MADHYA PRADESH

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The Government of Madhya Pradesh have decided to bring the entire trade and collection of minor forest produce (MFP) under the cooperative fold. The trade and collection in tendu leaves alone, would benefit over ten lakh forest labour, mainly tribals. The Government has also increased the wages for collection of tendu leaves from Rs.8.50 lakh for one hundred bundles (of 50 leaves each) to Rs.12.00. In money terms, the total wage disbursement to the labour would now be to the tune of Rs.60 crores.

(In June 1988, the State Government took the decision that middlemen should be effectively eliminated from the collection, storage, trading operations in MFP viz; tendu leaves, sal seed and myrobolan and, also that the collection, processing, grading, storage and marketing operations would be handled through cooperative societies. The membership in these societies is restricted to tribals and other actual collectors of the produce. A total of 2000 such societies are being formed in 44 of the 45 districts in the State.)
District Bhand is the lone exception where no tendu leaves are found.

(Tendu Patta (Diospyros Maloxylon) is a natural growth found in the dry mixed deciduous forests of the country and

is gathered by over ten lakh persons in Madhya Pradesh alone. Nearly sixty lakh standard bags of these leaves, used for the rolling of beedis, are collected and marketed by Madhya Pradesh. This represents nearly 65% of the total collection in the country. The peak collection season lasts only about 50 days in the summer months of April-June.) It is not only a vital input to the labour intensive beedi industry (estimated present strength in Madhya Pradesh 5.86 lakh) but also an important source of income to the tribals and other families gathering it.

In 1964, the State Government created a State monopoly for the trade in tendu leaves through an Act called the Madhya Pradesh Tendu Patta (Vyapar Vinimayan) Adhiniyam, 1964. The Act banned any one, other than the State Government, from trading in tendu leaves within the State. The State Government could, in turn, appoint agents for collection of the leaves on certain terms and sell the leaves in advance by tender system to the purchasers. The provision of appointment of agents (purchasers) in the Act of 1964 in effect retained the collection and marketing of the leaves with the private contractors. The tribals and other forest labour, therefore, remained at the mercy of the private contractors for the payment of wages and terms of work. The State's role was limited to fixing the wages and collecting royalties accruing to it through the sale of the units(coups).

The need for effective development of MFP as an aid to tribal economy, has been emphasised by several important Commissions and study groups set up by the Government of

India. Among these are the Dhebar Commission (1961); Hari Singh Committee on tribal economy in forest areas (1965), National Commission on Agriculture Report (1976), study of MFP by Administrative Staff College of India (1978) and Working Group Report on the Scheduled Tribes (1980). The most important observation made in each one of these reports is that the collection, procurement, marketing and sale of all MFP should be organised through the cooperatives such as LAMPS by federating them to an apex organisation to ensure remunerative prices to the collectors. Another important recommendation made by these Commissions is that the auctioning out of the right to collect MFP items should be totally avoided. Viewed in this perspective, the legislative effort of 1964, in hind sight, appears to have been inadequate.

In 1980, the then Prime Minister, late Smt. Indira Gandhi addressed the Governors and Chief Ministers through a letter dated 25th March 1980 drawing a pointed attention to the need for preventing the exploitation of tribals. This was followed by a letter of the Union Home Minister dated 18th April 1980, in which the States were asked to review the existing forest rules and regulations and take appropriate steps necessary to ensure reasonable returns to the tribals for the MFP and to help in organized sale of MFP through cooperatives. Accordingly, the Government of Madhya Pradesh apportioned the work to the Apex Marketing Federation.

Since the Federation did not have any previous experience of the trade, its role was confined to 422 units out of the total of 1806 units of tendu leaves. The traders in the private

sector boycotted the auctions in the other units and the Forest Department of the State Government had to organize departmental collections in the remaining units. (The collection of tendu leaves is a race against time. The entire operation is required to be completed before the onset of monsoon. The leaves are plucked by the forest labour, sorted and tied into bundles (gaddis) of 50 leaves each. One thousand such bundles make one standard bag. These bundles are dried in collection centres called Phads, located often on sandy river beds or rocky slopes and manned by 'Phad Munshi'. The Phad Munshis are responsible for the purchase, drying, bagging of leaves. They are very often traditional appointees as are the supervisors over them known as checkers. The tribal or other forest labour who gather the leaves, the Phad Munshis, who ensure quality and the checkers also supervise, together possess a comprehensive knowledge of quality of leaves. Thus, the quality of leaves collected is of vital importance in its marketability; yet, without the enthusiastic involvement of the three named above the quality of leaves cannot be ensured.)

The texture and thickness of leaves are important considerations in beedi making. The assessment of quality would depend to a large extent on the requirement of the beedi manufacturer. The South Indian beedis are smaller in size, and the manufacturers prefer thinner leaves. Beedis made in the north are longer. The quality of leaves found in Madhya Pradesh varies. Leaves found in parts of Bilaspur, Raigarh, Bastar, etc. districts are preferred in south, while manufacturers in the north prefer leaves from Shahdol, Sarguja, etc. Beedi making has its origins in Jabalpur (1906). Later,

however. it spread to South Indian States , Karnataka in particular. Over 60% of the tendu leaves from Madhya Pradesh find its buyers from the other States, particularly in the south. Madhya Pradesh produces approximately 60 lakh standard bags of tendu leaves, today. The collection in 1980 was 30.23 lakh when Marketing Federation and the Forest Department undertook the collection.

Tendu leaves are perishable. While the collection ends before the onset of monsoon, the market traditionally opens with 'Deewali' in October/November. The large beedi manufacturers prefer fresh stocks whereas the smaller beedi manufacturers prefer to buy old stocks which sell at low prices. Such is the depletion, that under normal market conditions, prices may fall by over 50% if the stocks are over one year old. Two-year old stocks may sell for a mere 25% of the original price and so on.

In 1980, the Apex Marketing Federation collected 6,08,192 standard bags of tendu leaves from the 422 units allotted to it. It sold over 3 lakh standard bags at an average price of Rs.254/- per standard bag against an average cost of only Rs.180/- per standard bag. The private traders and beedi manufacturers unitedly protested to the Government against the Marketing Federation's sales to buyers from outside the State. The private trade took the plea that the export of tendu leaves to other States would render the beedi labour within the State jobless. The State Government agreed to the suggestion by the private trade in good faith, and directed MARKFED to reserve 50% of the total quantity collected by it. However, the beedi manufacturers and traders within

the State did not come forward to buy it and consequently the prices fell to an average of Rs.132/- per standard bag and, worse, nearly 1.50 lakh bags remained unsold. This huge stock had to be disposed off at a loss in subsequent years.

While the MAFKFED had diversified business interests, a separate Federation (The Laghu Vanopaj Sahakari Sangh) was created in January 1984 for trading exclusively in MFP with the objective of eliminating the middlemen from the trade. It was directed to collect the MFP through PACS and LAMPS. As per the Government's orders the scheme was to extend all over the State within a time frame of 4-5 years. The scheme, however, reverted to the old system of selling forest units to the private purchasers, who in turn organized the collection. The LAMPS and PACS were given a notional role of supervising the collection. Thus, the earlier efforts at introducing the two federations to the trade were in the form of limited intervention by the State. A more comprehensive intervention was called for. The cooperatives did not at any time exercise dominant control of the market share in tendu leaves.

The guidelines for the preparation of the tribal sub-plan under the Seventh Five-Year Plan from the Government of India to the States gave a high priority to collection, processing and marketing of MFP through cooperatives. The new 20 Point Programme under its point 11 includes the resolve to give the tribals and other forest labour a prominent role in MFP collection. The Prime Minister, Shri Rajiv Gandhi, visited several tribal areas in Madhya Pradesh and other

States. In a letter (dated 6th June 1986) to the Chief Minister, the Prime Minister mentioned that, among others, the problems of access to forest produce faced by the tribals and prevention of their exploitation by forest and other contractors needed to be looked at in a serious manner. The conference of State Ministers on Tribal Development convened by the Ministry of Welfare, Government of India, held on 6th January, 1988, discussed that minor forest produce, both in tribal and non-tribal areas, should be done only through the cooperative sector in the States rather than through the system of auctions or open market, etc.

(The new scheme is a radical departure in the sense that about 1500 private traders and middlemen have been totally eliminated from the collection and marketing of tendu leaves. The beedi manufacturers or traders come into the picture only at the stage of auctions of stocks in the godowns, where they may purchase stocks for beedi manufacture. The new system is in three tiers. While the primary level societies would be responsible for collection, drying, bagging and delivery of leaves to the State level federation, the Sangh (State level federation) would act as the sales agent of the societies and will provide the marketing infrastructure. At the level of each district, the societies would organise themselves into district level unions. The Collector of the district will be the Chairman and the Divisional Forest Officer would be the Managing Director of the union. The union would supervise and help the societies on a continuing basis.)

There are at present a total of 1389 forest units for tendu leaves in the State. The reduction in the numbers

is due to reorganisation of units on the basis of viability worked out by the Forest Department. Generally, the jurisdiction of each primary level society will be the forest unit where it is situated. However, where the forest units have an average yield of more than 4000 standard bags or where the geographical area of the unit is large, two or more societies have been organised.

The district-level consultative committees have been formed in order to ensure public participation in the entire operation. These committees comprise MLA, MPs and other non-official representatives of the people and will have an important advisory and watch dog role in ensuring that the present decision is implemented properly. (The membership of the primary level societies is limited to persons who actually gather minor forest produce. To start with, the societies will have a minimum membership of 20 where generally not more than one member would be included from the same family. This membership is only token and the membership will be expanded to cover every forest labour who brings tendu leaves to collection centres.)

In every primary level forest labour society, there will be a part-time society manager selected from among the local population of weaker sections. Thus, two thousand rural youths will get employment in these societies.

A detailed training programme has been chalked out by the Vanopaj Sangh, for the benefit of the managers of the primary societies. The comprehensive training would, apart from imparting knowledge of maintenance of societies stock books and accounts, also include an exposure to the

rules and programmes relating to Tribal Welfare and Forest Departments. Similarly, the persons nominated as Chairmen of the societies will also be imparted a short orientation programmes in the working of societies and on matters of coordination with other institutions. The district Collectors have been involved in these programmes.

Apart from the wages for collection of tendu leaves, the cooperative societies of workers would earn an additional Rs.1.50 crore on the pruning of tendu plants under the new arrangement. The pruning of the plants is done sometime in the month of February every year, and this operation ensure better quality of tendu leaves. These societies are also undertaking the work of stitching 80 lakh hessian bags required during the season. As a result employment worth 1.35 lakh mandays will be generated and an additional income of Rs.25 lakh would be earned by these societies.

A contribution at the rate of one rupee per bag from out of the commission payable to the societies would be made over to be deposited in a Welfare Fund. During the first season, next year, about fifty lakh rupees will be collected in the fund in this manner. A mobile health unit is proposed to be provided in each tendu patta division from out of the fund.

(The working capital and other financial requirements is being arranged through a consortium of nationalized banks. The National Cooperative Development Corporation has been approached for the margin money requirements.)

Because of these operations, tribals will get two kinds of returns. At the time of collection and delivering to the collection points, he will receive the collection charges.

The collection charges themselves have been raised from Rs.85 per standard bag to Rs.120 per bag. The collection charges can be further increased by the Chairman of the District Union, taking into account the local factors. After the sale proceeds flow back to the Societies, the members would also be entitled to bonus or what may be considered as deferred wages. In addition, at the union level or at the society level surplus funds can be utilised for initiating public welfare schemes.

(Apart from tendu patta there are several other items of minor forest produce. The societies would be equipped to take on the job of collection and marketing of these items also.)

People's participation and beneficiaries' participation have been built into the scheme. While at the society level the entire control is exercised by the members themselves, at the union level the public representatives have been brought in. At the State level a Programme Implementation Committee has been constituted.

ANNEXURE

MADHYA PRADESH - YIELD OF TENDU LEAVES
AND REVENUE TO FOREST DEPARTMENT

Year	No. of Tendu * Patta Units	Yield Std. bags (in lacs)	Corresponding Revenue (in lacs of Rs.)
1979-80	1806	30.80	3415.42
1980-81	1806	30.23	2737.30
1981-82	1806	45.74	3167.00
1982-83	1806	50.55	3920.00
1983-84	1795	48.50	5235.21
1984-85	52.92	5165.15	
1985-86	1826	38.78	4827.41
1986-87	1826	55.58	5319.00
1987-88	1389	60.92	6543.82

* The number of units vary due to reorganization from time to time

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