

**Guidelines of the scheme 'Mechanism for marketing of Minor Forest Produce (MFP) through Minimum Support Price (MSP) and Development of Value Chain for MFP' as a measure of social safety for MFP gatherers.**

**1. Introduction:**

An estimated 100 million forest dwellers depend on the Minor Forest Produce (MFP) for food, shelter, medicines, cash income etc. Contribution of MFP to the house hold income varied between 10 to 70 percent and about 25 to 50 percent forest dwellers depend on them for food requirement.

The price of MFP is most often determined by the traders than by demand /supply (barring few high revenue items nationalized by the state governments). Most of the MFP rich states are affected by left wing extremism making it easier for unscrupulous traders to operate freely in the market and the state is many a time unable to play effective role in checking the exploitation of the gatherers.

Based on Inter- state and inter-ministerial consultation, suggestions of the Planning commission and Expenditure Finance Committee the scheme "Marketing of Minor Forest Produce (MFP) through Minimum Support Price (MSP) and Development of Value Chain for MFP" as a measure of social safety for MFP gatherers' was formulated. The scheme was finally approved by the cabinet on 01-08-2013 for its implementation during the 12<sup>th</sup> plan period and beyond bases on its evaluation.

The scheme has been designed as one of the social safety measures for the Minor Forest Produce (MFP) gatherers, who are primarily members of Scheduled Tribe. It seeks to establish a system to ensure fair monetary returns for their efforts in collection, primary processing, storage, packaging, transportation etc. It also seeks to get them a share of revenue from the sales proceeds with cost deducted. It also aims to address other issues for sustainability of process.

**2. Objectives:** The basic objective of the scheme is to ensure fair returns to the MFP gatherers mainly through minimum support price for identified MFP collected by them along with necessary infrastructure at local level.

**3. Fixation of MSP for MFP:** Minimum Support Price would be determined based on the baseline survey of price for each of the MFP, its cost of collection, cost of cleaning and primary processing, packaging and transportation cost for each state. A Pricing Cell constituted in the TRIFED would be assigned this task. The Ministry will finally approve and announce state wise MSP for each MFP taken up for that state. The price review would be carried out every three years based on revision in cost of collection.

**4. Coverage of MFP and the Coverage Area:**

The scheme will initially be implemented in States having areas under V Schedule of the Indian constitution for non- nationalized and abundantly available items out of 12 MFP namely (i) Tendu, (ii) Bamboo, (iii) Mahuwa Seed, (iv) Sal Leaf, (v) Sal Seed, (vi) Lac, (vii) Chironjee, (viii) Wild Honey, (ix) Myrobalan, (x) Tamarind, (xi) Gums (Gum Karaya) and (xii) Karanj.



Any MFP nationalized for procurement would stand deleted from coverage under this scheme for that state. Similarly, MFP removed from monopoly procurement, can prospectively qualify for coverage under the scheme provided such change is effected at least six months prior to commencement of harvest season but not later than 31<sup>st</sup> December of the preceding calendar year. Once non-nationalized MFP is included for MSP under the scheme, it will continue to be in that list for at least three years.

## **5. Composition of the Scheme and Financial Requirements**

The scheme has following main components:-

**5.1 Revolving Fund:** A revolving fund will be operated at state level for upfront payment for procuring MFP for the initial two years on 75:25 sharing by the Central and participating state governments. After the MFP is disposed off, the proceeds there from, shall be credited back to this fund. A budgetary provision of Rs.345.00 crore has been proposed in the scheme for this purpose.

**5.2 Fund to meet the losses:** The scheme envisages operation of a separate fund to meet the losses to the state agencies on 75:25 sharing between the Central and State governments. The fund will be made available to state agencies on yearly basis, based on their audited accounts and vetting by TRIFED. The fund requirement has been estimated as Rs. 285.00 crore (central share).

**5.3 Expansion of Storage and Trading facilities at the State level:** In order to operationalize the scheme, necessary infrastructure such as godowns, cold storage, processing facilities, transport facilities, etc. will be required for states which do not have adequate infrastructure. The estimated budget earmarked for this purpose is Rs.37.50 crore for the 12<sup>th</sup> plan.

### **5.4 Modernization of Haat:**

Modernization of haats with permanent structure and facilities for storage, drinking water, shade, platforms etc., in a phased manner is an essential component of the scheme. Total budget of Rs.80.00 crore has been proposed; of which states shall bear 25% i.e Rs.20.00 crore and balance 60.00 crore shall be met by the Government of India.

**5.5 Creation of Storage facility at aggregation points:** The scheme seeks to establish small godowns of 50 MTs capacity at block level to aggregate the stocks procured at haats spread over the entire area under the block. The total requirements of funds have been estimated at Rs.28.00 crore out of which Center's share will be 75%, i.e. Rs.21 crore and the State's share will be 25% i.e 7.00crore during the 12<sup>th</sup> Five year plan . Apart from this state's share, the cost of land and recurring expenses will also be met by respective state agencies.

### **5.6 Multi purpose Centre for training, primary processing, value addition in MFP and storage/ (warehouse and cold storage) facilities:**

To facilitate capacity building, training for value addition, storage, marketing of MFP and warehousing and cold storage facilities, TRIFED will initially establish five multipurpose centers in the first phase (12<sup>th</sup> Five year plan) at an estimated capital cost of Rs 71.00 crore.



**5.7 Strengthening of State Institutions/ Service Charge of the State Agency:** An incentive of 2% (of the base procurement value of MFP) to encourage the State Governments has been envisaged in the scheme for the initial five years and tentatively an amount of Rs.30.64 crore will be admissible as service charge to the state agencies for the twelfth plan period.

**5.8** State Agency will also work to ensure that Aadhar numbers are seeded in the beneficiary account at the earliest. Periodic reviews will have to be undertaken in the initial period for linkage of Aadhar numbers with the system.

**5.9 Capacity Building of Gram Sabha/ Panchayati Raj Institutions:** Linkages with the 'Mahila Sashaktikaran Pariyojana' launched under NRLM initiative would be ensured for participation of MFP gatherers and their capacity through the gram Sabhas. Estimated budget for the purpose is Rs. 20.00 crore for 12<sup>th</sup> plan period.

**5.10 Development of market information system:** In order to ensure fair returns to the MFP collectors on a long term basis, MFP market information system will be developed. An advance information and communication technology based Scheme (MFPNET) shall be established for speedy collection and dissemination of market information. To start with, trade information through ITeS facility for quoting daily prices of the commodities traded along with quantity traded at major mandis like *Khadi Baoli* of Delhi through messaging and web based services would be created by TRIFED in collaboration with state level agencies. Daily prices and quantity traded at major mandis/bazaars would also be displayed on the web of TRIFED and state level agencies.

**5.11 Expanding the knowledge base on MFP, training for sustainable collection, value addition, etc** Appropriate training will be provided by the TRIFED to the stakeholders regarding resource regeneration, improved practices for extraction and value addition of MFP. An estimated budgetary requirement for undertaking these activities is 54.40 crore for the 12<sup>th</sup> plan period.

**6. Institutional mechanism and Monitoring:** The Ministry of Tribal Affairs (MOTA), Government of India shall be the nodal Ministry for operationalising the Scheme. State Governments will be responsible for implementation, supervision and monitoring of the scheme by constituting state level coordination and monitoring committee under the chairmanship of the Chief Secretaries and district level coordination and monitoring committee headed by District Collector for monitoring the scheme at the state and local level. Ministry of Tribal Affairs in association with TRIFED will monitor the performance of designated state agencies and review it periodically. TRIFED and the state agencies would keep close watch on the market prices during procurement season. Whenever the market price falls below the MSP, state agencies would start procurement. For this purpose, TRIFED will establish a trade information system for broadcasting daily prices through web and web enabled SMSes. Such information will be collected and forwarded to the TRIFED by market correspondents. It would scrutinize the accounts of the State Agencies. The details of scheme design, monitoring mechanism, flow of funds and operational mechanism at Annex-A.



**7. Duration of the scheme:**

The scheme has been launched during 2013-14 and will continue during XII Five Year Plan (2012-2017) and beyond based on evaluation of its performance.

**8. Financial implications: Total cost of the project over the proposed period:**

The estimated outlay of the scheme approved by the cabinet is Rs.967.28 crore as Central Government's share and in addition, States will share an amount of Rs.249.50 crore towards capital and revenue expenditure.

**9. Miscellaneous:**

Ministry of Tribal Affairs in consultation with Ministry of Finance and Planning Commission may effect changes in the scheme guidelines, other than those affecting the financing pattern as the scheme progress, if such changes are considered necessary.