

RCDC occasional paper series-1

A Brief Note on Collective NTFP Marketing: RCDC's Experiences

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March 2011



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1. Why Collective marketing?

Collective marketing of NTFPs has been a common strategy to help secure the rights of & benefits for the primary collectors, particularly for women. As well-known the traders and even the intermediaries are men whereas the primary collectors are usually women. Traders thrive on the ignorance & innocence of these primary collectors, and collective effort gives the latter a better scope to deal with the hard realities of market dynamics. It gives a better bargaining power, helps control the process from collection to value addition followed by marketing so as to facilitate sustainable extraction practices, relaxes the burden of loss by sharing among the members, creates better scope for availing support for capacity building (technical/financial), and ultimately makes them able to go beyond trading and support something for the cause of the society (like, facilitating the implementation of Forest Rights Act, providing employment to physically-challenged or otherwise vulnerable individuals, etc.). When cooperatives extend their services for the greater benefit of the society, they become what may be called Socially Embracing Cooperatives.

The limitations of collective activities may include, but not necessarily always, comparatively delayed decisions as processes are to be followed, and internal conflicts on issues relating to the strategy adopted or loss incurred, etc.. Still, the advantages are more visible than the limitations, and hence interventions for livelihood development usually adopt this strategy of facilitating collective trading.

2. RCDC's initiatives:

RCDC (www.rcdcindia.org) has promoted collective marketing of NTFPs through self-help cooperatives of primary collectors. There are 29 such cooperatives spread over in Koraput, Rayagada, Nuapada, Kalahandi, and Malkangiri districts.

The first cooperative was formed in 2004 in Rayagada district, but the 1st cooperative to get a registration certificate was Banabhuin SHC (Biswanathpur, Kalahandi district) in 2006.

Collective trading of NTFP was facilitated by RCDC in November 2003 through a CBO network of VISION, Antodaya, and CHARM in the Kalahandi district.

Table-1: Details of RCDC Cooperatives (2009-2010)

Total Number of Cooperatives	29
Total Number of Villages covered	286
Number of SHGs	583
Number of family	8851
Number of members	5574
Business Turn over	Rs.177.78081 lakhs
Profit margin (Gross)	Rs.8.16392 lakhs
Number of the sales outlet	3
Business turn over of sales outlet	Rs.3.13 lakh
Gross profit generated by sales outlet (Rs)	Rs.0.27618 lakh

The SH cooperatives trade in both raw and processed products. The NTFP they collect include mahul, hill broom, tamarind, siali leaves, myrobalans, arrowroot, honey, and char seed, etc.. They also deal in some surplus agricultural products like turmeric, kandula, etc..

3. Primary activities & services rendered by Self Help Co-operatives:

- Awareness generation on sustainable management of forest.
- Awareness generation on proper harvest of NTFP.
- Collection and preservation of the NTFP and agricultural products from the primary collectors and establish market linkages.
- Providing essential training and services to the members of the cooperatives and selling of NTFP with value addition.
- Facilitating financial and technical assistance in value addition in the form of collection, processing and selling of such products by developing network with different government and non government organizations.
- Protection of the interests of Forest Protection Committees and successful implementation of Forest Rights Act, 2006.
- Proper implementation of NREGS.

- Working with Gram Panchayat, Panchayat Samiti and Zilla Parishad in helping them out to fix right price and marketing of such produces.
- Establishing linkages with national and international level business house with the co-operatives.
- Establishing small scale enterprises based on NTFP and agriculture produces.

4. Experiences of success:

- Cooperative has helped in raising the price of such produces through competition, bargaining, and exercising a significant share in the stock available locally. The exploitation by the middle men has been reduced. The primary collectors are now able to get better price at least for some produces.
- The cooperatives procured the agricultural commodities and NTFPs at the producers'/collectors' door steps at latest market price with no exploitation in weighing or with no other manipulation. This helps women (actual collectors and producers)get more time for their family work.
- The real collectors and producers have saved substantial cost under various components ranging to Rs.50 to 100 per quintal which otherwise used to incur while selling their produce to the traders in the markets.
- Due to procurement by the cooperative at the village there is no wage loss and the number of hassles has been reduced which other wise used to be faced in market yards.
- The value added products made from *amla*, tamarind, *harida*, *bahada*, *bhuin nimba*, *patala garuda*, *patala kumuda*, *satabari*, broom grass and honey are sold with value addition.
- Significant enhancement of required skills of members of cooperatives.
- The women leaders are managing the cooperatives more effectively and their economic condition is improving.
- Increase in participation of local people in the forest management and protection.
- Land rights of tribal members have been ensured according to Forest Right Act, 2006.

- Co-operatives have been able to mobilize investment worth more than 50 lakh rupees from government and non-government organizations.
- 3 secondary cooperatives have been formed out of primary cooperatives at the district level. A State level Cooperative VARASA has been formed by involving all the primary cooperatives.
- The products are marketed in the name of a brand named ‘*Banaja*’.
- Few cooperatives have provided special support to vulnerable individuals (like employing physically-challenged person).

5. Bottlenecks:

Despite various kinds of support, and initiatives by the cooperatives the actual & overall success rate has not been very encouraging. The factors responsible for this are as under (and these are not confined to RCDC’s cooperatives only):

- Low flexibility to be compatible with the wild dynamics of NTFP market, in terms of product diversity, consistency in product supply, necessary quality control and time management, etc.
- As legal institutions they have to follow certain processes and maintain certain formalities whereas NTFP market runs by a kind of informal and less legal mechanism. Hence, these institutions may be late in taking the right decision regarding the sell price, and may be quite unable to compensate losses by means of unfair practices often adopted by private traders.
- They may not be well versed in proper record keeping and financial procedures.
- They often fail to establish how their products are different/distinguished/advantageous in quality or price than those in the market. For instance, few people know that three different types of materials are traded in the name of arrowroot, and that those produced from wild species of *Curcuma* are the most preferred one. Collectors’ cooperatives do not know how to distinguish wild arrowroot from *Maranta* arrowroot and hence fail to justify why their product should be costlier.
- Similarly, they hardly have a dominating range of products that are normally not available in the market but are quite useful. For instance, items like triphala churna and honey are not quite distinguished products. On the other hand, arjuna bark powder may not be commonly available but it is also not commonly used and its price can’t compensate the loss caused due to occasional sales.

- The resource base they depend on may not be rich enough to support them much. Either the NTFP available are low in quantity, or less in diversity, or limited to one or two seasons only.
- There is hardly any mechanism adopted to make the local people to sensitize the local people about the ideology the cooperative, and more particularly its sales outlet stands for. Many people do not know that such an outlet is there.
- Some of the outlets are not attractive enough in their arrangements while some are not suitably located. Further, the staff running the outlet may not be competent enough. On the other hand, in few cases the investment on the outlet may be high enough in comparison to the actual potential, and hence the burden of such an investment may also be an internal problem.
- The policy environment may not be suitable in few cases for these institutions. For instance, Banks provide loan to SHGs but hardly to SHCs because of lack of instructions by RBI to treat SHCs at par with SHGs. Similarly, the Panchayat Samiti may delay in fixing the minimum procurement price.

6. Possible strategies to overcome the present limitations:

- Honoring the trusted trader who has maintained a good relationship with the cooperative to procure the items. This will help in rapport building with the market forces.
- Building staff awareness about the limitations, advantages, and distinction of the products.
- Improving the face value of the outlet in a commercially feasible way.
- Adding rare & useful products.
- Building public awareness about the outlet through distribution of leaflets, or other effective media.
- Accessing market information and market intelligence.
- Practicing strict quality control measures, and adopting attractive but commercially viable as well as hygienic packaging.
- Proving the cooperatives with necessary infrastructure like drying yard, and storage, etc., and establishing common facility centres.
- Establishing their linkages with MNCs, exporters, etc..
