

Opportunities and Constraints Supporting Small Forest Enterprises in India

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Small Forest Enterprises (SFE) in India

- SFEs play a significant role in India's economy - potential still not completely understood
- SFEs (India) - Small Scale Industry Sector : SSI has about 3.2 million registered units
- Significant share of SSFEs not registered
- Bulk forest product processing is within the ambit of SSFEs
- 87 percent plywood processing, 98 percent sawmills, 98-99 percent NTFP processing happens in SFEs
- Forests owned by government - enterprises in private sector
- At least 50 percent income of more than 30 percent rural labour in India comes from NTFP SFEs
- Policy environment - favourable overall but local interpretation and lack of information creates difficulties
- Rapid liberalisation of Indian economy - drying out some protection that was available to SSIs
- Increasing demand on quality certified produce from SFEs due to rapid growth of retailing in India
- Employment opportunity - 35 million person days (NTFP value addition)
- Seasonal employment to at least 20 percent population in more than 90 percent of 600000 villages in India
- Raw material trade valued at 100, 000, 000 USD



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Opportunities

- **Increasing demand - Increasing retail shelf space - growing domestic demand for several SFE products**
- **Certification - export demand being met by several SFEs, numbers are increasing**
- **Farm forestry - incentivised by policies (still restricted to very few states), relieving raw material supply constraint, fuelling SFE growth**
- **Income from agriculture declining - income diversification is an increasing necessity, SFE growth is an opportunity to absorb seasonal workforce**
- **ICT being harnessed to connect the isolated SFEs (Gov initiative to connect all villages through Common Service Centres)**
- **11th Five Year Plan being formulated - Action Plans under preparation - Thrust to involve civil society and associations in planning process providing scope to inform change**
- **Budget outlay significantly increased to support production and value addition in SFEs**
- **Improvements in accessing finance - Correspondent banking norms improved, microfinance, microcredit and micro insurance receiving significant fund flow and policy thrust**



Constraints

- **Bamboo** - Supply to enterprises and accessing transit permits, lack of bamboo depots, decreasing legal access increasing demand supply gap
- **Kendu leaves** - decreasing bush cutting area, dwindling number of bush cutters, inadequate and untimely payments
- **Sal seed** - just taken out of government control, pricing system remains confused, village level bodies made responsible but with no know how of setting prices, low procurement, delayed procurement, rejection due to pesticide usage
- **Mahua flower** - freely tradeable under PESA act (Panchayat Extension to Scheduled Areas) but restricted by the Excise Act
- Some examples of field level constraints cited by SFEs
- **Long term constraints** - Information gap, lack of proper articulation of policies and representation of these enterprises in policy making forums, ambiguity in policy implementation, lack of access to markets and market VA infrastructure



About CEFI

- **CEFI – core objective lies in development of livelihood securing initiatives through**
 - Promotion of entrepreneurship
 - Harnessing ICT for development
 - Increasing access to information and services
- **Research & Analysis Unit**
 - has undertaken several projects of varying scale across the country and in South Asia
 - initiated strategic partnerships in Europe and Africa with organisation
- **MAPSCON** – is a multistakeholder consortium development initiative of CEFI
- **Forest produce related Projects undertaken and currently under implementation:**
 - Inventorisation of MAPs SFEs in 8 states across India
 - Initiation of Nepal chapter of MAPSCON
 - Inventorisation of gatherer and gatherer communities across states in India
 - Market information network across all NTFP (MAPs)raw material trading centres in India
 - Initiating development of FEINEX
 - 11th FYP Action Plan development for several states in India
 - SFE promotion venture fund (in partnership with banks)



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How to make a difference

- **Aggregate information on services and service providers**
 - **Benchmarking of service provision**
 - **Collate generic – haphazard - unorganised queries**
 - **Investigate answers**
 - **Synchronise a solution**
 - **Package it - ready to use format**
 - **Deliver to the client**
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- **All this within a service delivery time that is only possible in the metros of India as on date**
 - **RESULTS**
 - **Galvanise entrepreneurship skills**
 - **Develop service environment**
 - **Increase visibility of service demand and push infrastructure development**
 - **Positive livelihood outcome – rural, peri urban, urban.**



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Information Environment – Information Products and Services

- Quality of information supplied
 - Unorganised
 - Experientially gathered
 - Information service provided and that required have an inherent disconnect in the current context
 - Packaging for ease of usage - missing from the equation
 - Quality of information products and services provided does not come with a previous benchmark
- Do I know what to ask
 - Not always
 - One doesn't know what one doesn't know !!
 - Mapping of service environment at multiple levels not done by current service providers
 - One query if not met with an immediate and direct answer does not have avenues for other suggestions
- Delivery Sources
 - Entrepreneurs /producers environment - current context
 - Trade linkages (agents or brokers) in the nearest market points or trading centres
 - Community based institutions/Social networks
 - SHGs (information to this group comes from MFIs and NGOs)
 - NGOs/MFIs



Information Search

- Allow consumers access to efficient and effective mechanism of information search
- Leave it to the system to organise your query – just put in your request
- Extremely reduced turnaround time for solutions
- The most important value add – Benchmarked service quality – rating of services and providers
- Database of existing service providers not only in the vicinity of the query source but increased access to providers at different levels and sites
- Promotion of service provision to enhance ability and quality of the service environment
- **Keywords for information service delivery**
 - Relevant
 - Real time
 - Clear
 - Concise
 - Updated



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- **Reaching out to the client in remote rural settings is a challenge**
- **Physical and IT infrastructure remains inaccessible for prospective clients in these areas**
- **Telecommunication networks are however making inroads to some of these remote areas**
- **Advanced synchronization techniques supporting both SMS and wireless data technologies offered by GPRS as well as CDMA networks will be exploited**
- **Cost per transaction can be kept extremely low.**
- **Technology platforms are now available that**
 - Leverage a low cost mobile device
 - A local individual at any site can use it to provide several services
 - As yet initiatives are not known which have tried out to leverage the same in India
 - Service possibilities
 - Getting customised information
 - Receiving alerts on market information related to products and commodities she /he is involved with
 - On training and events related to their requirement area being available
 - Remittances
- **Fixed line and online delivery platforms would also be used**
- **A multilingual call centre at the backend will support service delivery**



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- End User categories
 - **SFEPract** – entrepreneurs/producers, facilitators, skill developers, MFI
 - **SFERes** – dev agencies, NGOs, academia, practitioners, government
 - **SFEedu** – students and academicians
- Membership basis
 - **Voluntary listing followed by rating followed by list activation (free and priced)**
 - **SFE listing for accessing services**
 - **Expected and forecasted need through query tracking**
- Business Plan
 - **Service providers pay - Users don't**
 - **Information repository to be scaled up to scale down cost of information mining and delivery**
 - **Promotion platform to be provided for products and services**
 - **Service bundling to be used to generate revenue**



MAPSCON 2008

- Ability of underlying technology platform to deal with the complexities of the connectivity infrastructure.
- The technology enables the application to work in offline situations when connectivity is not available or when the cost of connectivity is high.
- The technology involves opportunistic pre-fetching of data and masking the disconnectedness from the end application by fetching the data from the local database
- The solution is also aimed at demonstrating the feasibility of such mobile solutions both from technology and cost perspectives.
- key attributes of the solution are the ways the technology solution deals with factors like:
 - A. Non-availability of network connection
 - B. Cost of network connectivity (air-time) to access data
 - C. Security of confidential data transmitted/received over the air
 - D. Speed of transactions
 - E. Data loss and recovery
 - F. Application of mobile real time data for professionals



Partnerships and Collaborations

- Software development – partnership formulated
 - Ekgaon technologies pvt ltd
- Technology platform – purchase offer made
 - Infosys
- Device readiness and feature enabling – collaboration initiated
 - Nokia Siemens
- Outreach support – backend discussion completed
 - Tata Teleservices
 - Common Service Centres
 - PCO Association of India (500000 PCO owners are members of the same)
- Service bundling – interest explored; offers initiated
 - Banks
 - JSK – Jansankhya Sthirta Kosh
 - NGOs





- Development of database categorized by end user and service providers to that end user group
- Campaign for listing of members – all categories of end users
- Assessment of needs in terms of information and other services
- Assessment of information and generation of databases of information sets
- Capability assessment of service provider listing
- Designing the technology platform for providing information and aggregating information needs and requests
- Delivering the information on the basis of requested need and provide a tailored solution
- Membership campaign on a pilot mode
- Pilot testing of the INEX
- Broad-basing the membership campaign and increasing the outreach of the exchange.
- Develop multiple level of services that would be provided through the Exchange



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