



## MARKETING OF NON-TIMBER FOREST PRODUCTS – A SOURCE OF LIVELIHOOD FOR THE TRIBES

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### Introduction

Trading is nothing but the art of procuring or acquiring and exchanging the goods/stocks and services. Marketing means the activities (such as advertisement, etc) or business of promoting and exchanging the goods and services among the customers. Forest products divided according to the nature of purpose which includes timber and non timber items. Timber is nothing but wood products. Timber items include plywood, sandalwood, etc. Non timber means all other parts of trees other than wood. It includes rubber, bamboo, cashew, spice, medicinal trees, aromatic trees, etc. Forest products are the important source of revenue for the forest habituated people. They would mainly depend on the forest items. The Indian Institute of Forest Management located in Bhopal which conducted the research with the help of Centre for Sustainable Forest Management and Forest Certification department.

As per this research, there is a wide scope for forest products especially the non timber items. India's GDP for arboriculture and logging is nearly 1.2%. The total income from the Indian forest products is \$65,844.6 million in 2011, which describing 5.5% CAGR between 2007- 2011. The consumption rate also increases for 0.2% CAGR in that same period

which indicates the demand level of forest products in our country. Global level trade (exports) of primary wood and paper products in 2006 except intra-region is estimated as

- America -4 to 6.5 billion US\$
- Africa -1 to 2 billion US\$
- Asia -1 to 2 billion US\$
- Oceania - 0.5 to 1 billion US\$ (FAO, 2008a; <http://www.grida.no>).
- Europe accounts for nearly half of the world's trade in forest products with imports of US\$158 billion and exports of US\$184 billion (FAO, 2007).

### Global Trade of Timber Products

Out of 1891 Million cubic meter fuel wood production, 115 Million cubic meters is traded globally. Likewise, 120 Million cubic meters of sawn wood, 71 Million cubic meters of wood panels and 112 Million cubic meters of paper boards are traded internationally. Total trade rate of forest products is calculated as US\$ 246 billion in 2011 (FAOSTAT, 2013).

The China and India are the two major countries which are more dominant in trading of tropical round wood whose share is nearly 85% imports in 2010. Likewise, over 70% of tropical sawn wood trade is held within the Asian countries.

### Trade of Timber Products in India

As per DGCI&S data, India's import will be increased annually. The India's total import value is nearly Rs.9800 crores from 100 countries in 2011. Out of these 100 countries, the major importing countries are Malaysia, Ghana, Myanmar, Ivory coast, Gabon and New Zealand. India contributes 15% of teak imports from Myanmar, Ivory coast, Ghana, Ecuador, Costa rice and Benin. Like that, approximately 20% of timber logs are imported from Myanmar and Malaysia.

### Global Trade of Non Wood Forest Products (NWFP)

The International trade amount is anticipated around US \$11 billion per annum which contributes majorly the food products of forestry. Among the Non Wood Forest Products, the contribution of medicinal plants is US \$689.9 million followed by nuts (593.1 million), ginseng roots (389.3), cork and cork products (328.8), and essential oils (312.5). Some of the Non Wood Forest Products in international trade are honey, gum arabic, rattan, edible bamboo, cork, forest nuts and mushrooms, essential oils, and plant and animal parts for pharmaceutical products, etc.

### Indian Trade of Non Wood Forest Products

About 50% of revenue is obtained from minor forest products. Around 55% of people get employment from the forest sector alone in our country. India ranks third position in exporting essential oils. Through exporting gums, India earns nearly Rs1200 millions. Gujarat and West Bengal contributes to household income through Non Wood Forest Products may varies from 20.1 to 34.1% and 26.5 to 55.5%.

Through Non Wood Forest Products, India alone generates Rs 3 billion (US\$100

million) per annum. India's export rate is increased year by year. Export value of Ayush and Herbal products is estimated as Rs 764.25 and Rs 570.76 crores during the year 2009-10. Income from Non Wood Forest Products includes bamboo and kendu leaves are anticipated around Rs 900 million annually. In India, about 17% of landless people mainly depend on collecting forest products for their livelihood. Nearly 39% of people also doing collection of forest products as a subsidiary occupation

### Market Structure

Timber or woods are used for carts, fencing, housing, rafters, road building, mining and also it helps to make furniture, Box making, making structured timber, carriage making and so on. Woods can also cut to make plywood or decoration purpose. The market structure for forestry is Monopoly in timber production because all forests are owned by government. Nearly 30% are calculated for wood removal in the country. The contractor and middlemen have the most dominant role in distribution channel because without these people roles, the forest products didn't reach the consumers.

According to Sharma, "free competition in market does not exist in respect of forest products, because

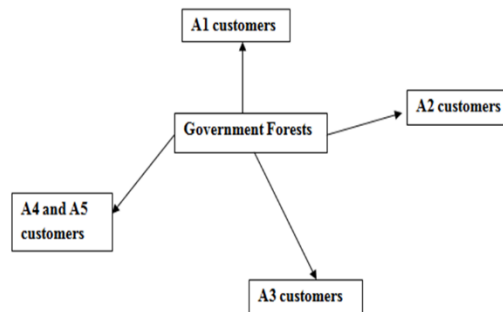
- ❖ buyers and sellers are limited,
- ❖ heterogeneous character of forest products, - great difference in quality and access, and
- ❖ There is virtually no monopoly in forest products".

The timber buyers may be the saw mill operators, paper and rubber producer, pulp wood dealers, etc.,

**Wood products customers**

Customers may classify as follows:-

- Private customers: those who acquired the raw wood
- Domestic users: those who acquired the wood in processed form for the domestic purpose Example: door, window, furniture, etc.
- Industries: those who obtained the wood as a raw material. Example: fire wood for match stick production.
- Export Market: those who obtained the semi-finished or completely finished wood products are coming under this category



**Distribution channel for forest products in India**

Maslokar’s distribution channel for wood in Maharashtra state

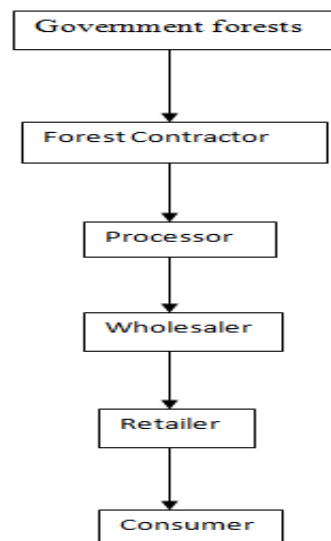
**Distribution Channel 1: Direct or Zero level Channel**

**Objective:** Avoid middlemen

- A1 Customers: People who lived in and around the forests can directly enter into the forest and cut the trees based on their need.
- A2 customers: Person who has the grants/rights can enter into the forest and cut the trees according to their need.
- A3 customers: The government department itself prepares the retail shops to sell the forest products at allowance rate
- A4 & A5 customers: Government supplies the forest wood as a raw material to the industries directly at subsidized rate.

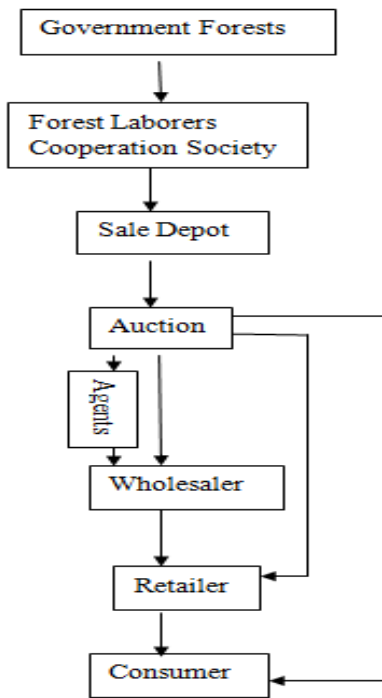
**Distribution Channel 2: Through contractors**

Department regularly arrange the auction for contractors. The department had no control over the timber after the auction.



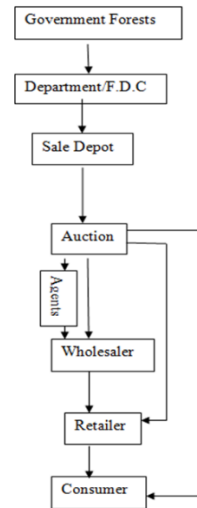
**Distribution Channel 3: Through Forest laborers cooperative society**

Under the forest department control cooperative societies transfer the forest materials to sale depot. The materials are auctioned here. The revenue from this type can shared by both society and government



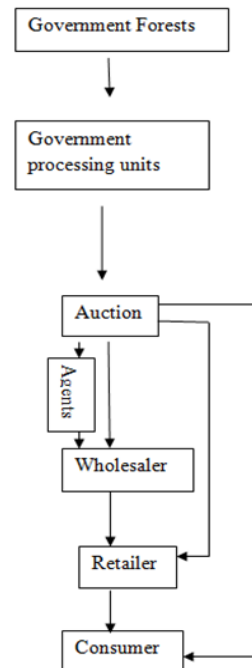
**Distribution Channel 4: Through department or forest corporation**

Forest products can flow from government to consumer through this channel are described in chart below:

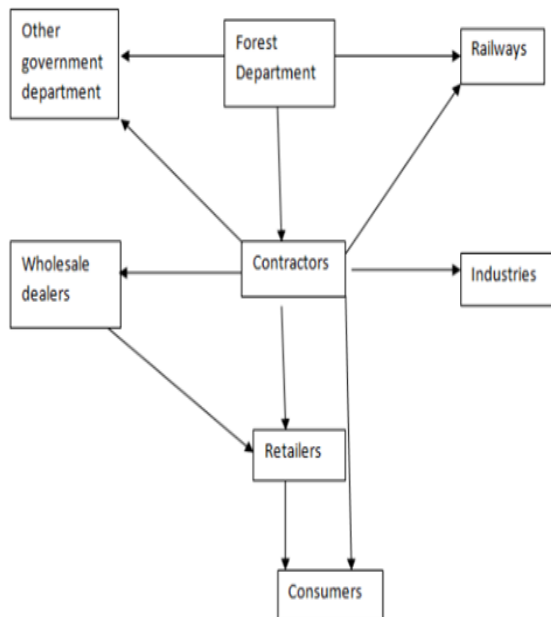


**Distribution Channel 5: Through Departmental Processing Units**

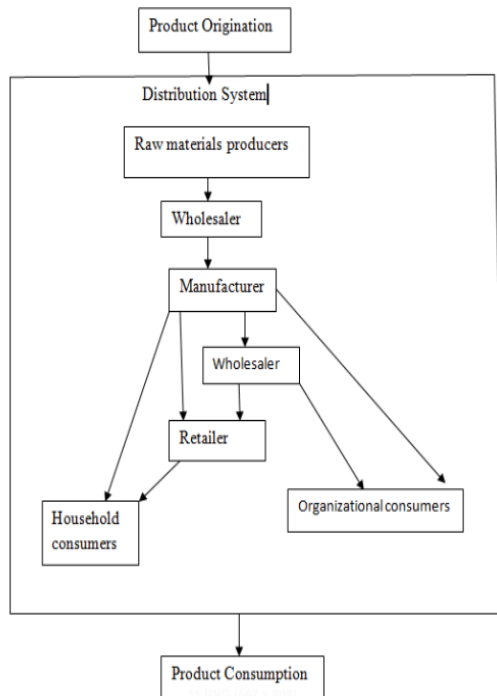
Forest products can flow from the government to consumer through distribution channel are charted below:



Distribution channels in Indian forestry system (By L C Sharma)



Distribution channel in modern economic system (By Ben M Enis)



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- SC Mehta; Marketing; Environment, Concepts and Cases; Tata McGraw Hill Publishing Co Ltd, New Delhi; 1980 - p 227
- Manmohan Yadav and Kalpana Basera (2013). Status of Forest Products Production and Trade. Indian Institute of Forest Management working paper series (2013/1),14