

CHAPTER - 4

STATUS OF MARKETING OF FOREST RESOURCE

4.1. INTRODUCTION

Marketing of any product is determined from the end users' point of view. The product should have a market to start with. The marketing of wood specifically the timber, pole, firewood, depends on how it fullfil the consumers' needs for a certain specific activity. The different wood products fullfil different type of needs of the user. The timber of certain species are in great demand and in fact, the producers are unable to fullfil the market demand. Similarly, firewood has huge demand in rural / semi - urban areas. The need for creation of a marketing network arises in case of specific forest products for group of end users. One important parameter which influences marketing is the price (Lathara, 1976). The price at which producers negotiate with the buyer is an important determinant of the financial resource to continue the production / commercial activities. No organisation in wood trade can dictate the market but for certain products the quality claims its superiority over others. Other factor which influence market of wood are the substitute products. For analysis of marketing of timber, poles, small woods and firewood, some important market centres are selected to understand the marketing scenario of the area. For certain specific products, market does not respond well. The market centres are important because they provide a lot of information to understand the trends in marketing of wood products as a whole (Ghosh, 1997)

The bulk of forest produce in North Bengal comes from government forests. In Darjeeling there is mostly man-made conifer forest while Jalpaiguri to the east features the best sal forests in the country. Before the restriction on felling natural forests, a total of 1,000 ha. natural forest was harvested and new plantations established annually in the two areas put together. The total production from the 400 ha. of mature plantations annually available for harvesting is estimated at 40,000 cu.m. timber and 60,000 cu.m. fuel wood. (State forestry action plan, 1996 - 2015). Most of the fuel wood is sold to tea gardens and the army at pre determined allotment prices. The match wood is sold to Wimco in Kolkata and plywood species to local industries.

There are some 25 NTFP items, including both government undertaking and non-government undertaking in the study area, which are being handled by the W.B.F.D.C. The W.B.F.D.C. has retail shops at the different places of Darjeeling and Jalpaiguri district. Alipurduar of Jalpaiguri district is the main marketing centre. The NTFPs have a good demand in the study area and in other districts of West Bengal. The most important factor for the marketing of NTFPs in the area is the quality and utility of such products. General people are not very familiar about the use of NTFPs except citronella oil, honey etc. which have a stable market. Advertisement and publicity on NTFPs may help to raise the demand of such products. Similarly, the price of NTFPs is also an important parameter which influence the marketing (Gupta, 2001).

4.1.1. Objectives :

This chapter analyses the marketing network of timber, poles, small woods and fire woods. Few marketing centres have been selected by the researcher to understand the marketing scenario of the study area. It focuses the different type of buyer and seller who are involved in trading of forest products. Price of some selected species and their growth rate are also highlighted. This chapter also examines the various demand of woods as well as non-wood products. Few measures are also suggested by the investigator to improve the marketing network of forest products of the area.

4.1.2. Methodology :

The present study has based on both primary data which has been collected from sample plots and through questionnaire as well as from multifarious secondary sources including West Bengal Forest Development Corporation and Timber Merchant's Association, North Bengal. Five types of questionnaires have been issued among the respondents. Respondent group includes : (i) wood based industries, (ii) market centre and (iii) wood depots. Random sample has been taken to give sufficiently reliable picture of the forest product under consideration. 8 market centre, 15 wood based industries, 4 wood depots, 10 saw mills and few furniture and toy making units in the area have been surveyed.

4.2. MAJOR MARKET CENTRES

The major market centres in the districts under study are given in table 4.1. Other than these local markets, a big secondary market exists in Kolkata. This market not only controls the wood products of the area, but it also distributes the imported timber from Malaysia, Myanmar as well as inter-state products from Assam, Manipur, Arunachal Pradesh etc.

Table 4.1
Major market centre

| District | Market Centres |
|------------|--|
| Darjeeling | 1. Kalimpong 2. Siliguri 3. Kurseong 4. Bagdogra 5. Shivmandir |
| Jalpaiguri | 1. Birpara 2. Madarihat 3. Kalchini 4. Malbazar 5. Alipurduar 6. Dhupguri 7. Falakata 8. Lataguri 9. Oodlabari |

4.2.1. Sources of raw material procurement (wood depots)

The sources of raw material procurement is done through sample survey. The results have been tabulated in table 4.2

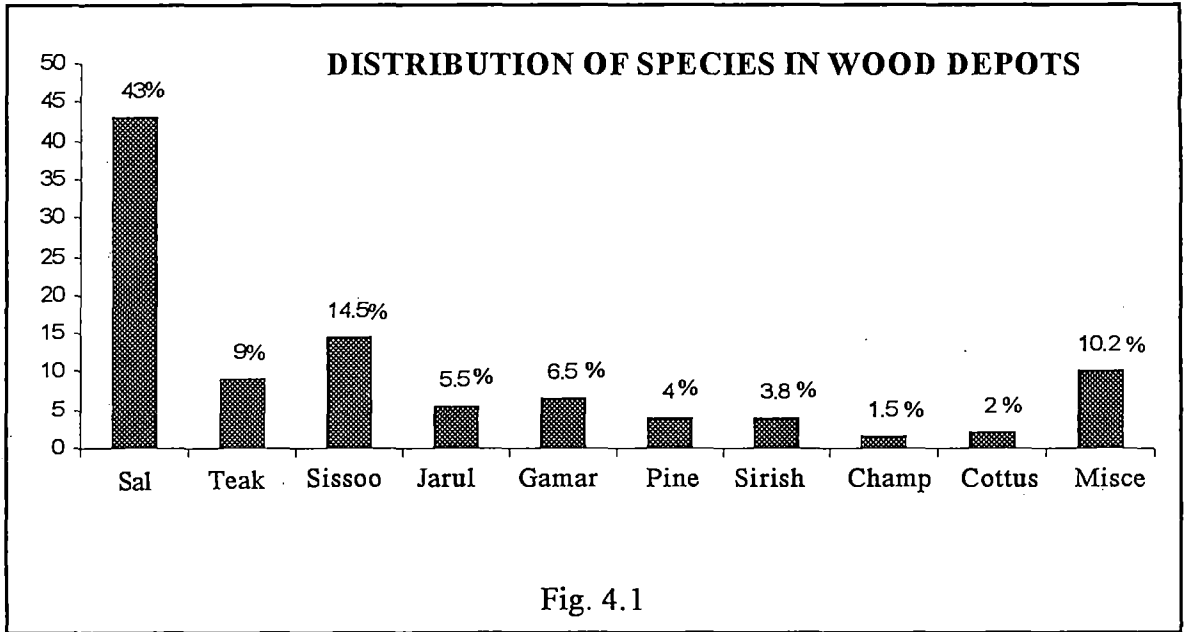
Table 4.2
Sources of wood procurement (Respondent percentage)

| Source | Volume (in percent) |
|----------------------------|---------------------|
| 1. Local forest department | 40.80 |
| 2. Nearby village | 31.20 |
| 3. Social forestry | 14.60 |
| 4. Import | 6.30 |
| 5. Other Sources | 7.10 |
| Total | 100.00 |

Source-Sample Survey

4.2.2. Distribution of species in wood depots

The distribution of wood species in wood depots has been assessed through sample survey. On the whole Sal is the main species with 43 percent storage followed by Sissoo (14.5%), Teak (9%) Gamar (6.5%) and Jarul (5.5%) as per the details given in figure 4.1



4.3 - STATUS OF TRADERS

The wood trade provides handsome returns with secured and sustained market. It influences the new generation to take initiative in this trade. Normally the people are involved in retail business. This trade demands huge investment for whole sale business. As revealed by the sample survey, the status of traders involved is given in the table 4.3

Table 4.3

Distribution of wood traders by status (in percent)

| Type of traders | Share (in percent) |
|---------------------|--------------------|
| 1. Retailer | 80.80 |
| 2. Wholesaler | 5.20 |
| 3. Contractor | --- |
| 4. Fuel wood seller | 4.50 |
| 5. Intermediary | 3.10 |
| 6. Any other | 6.40 |
| Total | 100.00 |

Source-Sample Survey

4.3.1 Role of Intermediaries :

The intermediaries are playing an important role in marketing of wood products. During the course of sample survey it is seen that the intermediaries have developed the wood market in the study area. Their activities are mainly to find markets, setting competitive price, regulating the market response properly etc. Table 4.4 depicts the distribution of intermediaries in the market by activities. It is also observed that without the function of intermediaries, the wood market cannot be developed in the area. Intermediaries have created a proper channel between the producers and the ultimate users.

Table 4.4

Role of intermediaries in wood marketing (in percent)

| Activities of intermediaries | Share (in percent) |
|--|--------------------|
| 1. Finding market outside the state | 19.50 |
| 2. Getting proper price of the product | 19.30 |
| 3. To compete with other state sellers | 21.40 |
| 4. Proper channelisation for industry | 12.50 |
| 5. Regulating the market | 27.30 |
| Total | 100.00 |

Source-Sample Survey

Table 4.4 reveal that the intermediaries play a vital role in regulating the wood market (27.3%) followed by competition with other state (21.4%). Intermediaries are not playing a vital role for the development of wood based industries in the study area. In Darjeeling district intermediaries are functioning properly to regulate the market. This may be because of the Siliguri town which is a very important market centre in the study area. Development of market outside the state is also an important function of the intermediaries. The position of Jalpaiguri district in this context is satisfactory. The Sal timber of Jalpaiguri forest has a great demand in the country (Forestry Consultant, 1994).

4.4. PRICE OF SELECTED WOOD SPECIES

As per the sample survey, species wise prices of woods are given in table 4.5. Some species of wood is sold at different prices due to size and measurement. Different species are sold on the basis of end product. Few species i.e Sal, Teak, Gamar, Sirish are available but some other scarce in quantity. In view of different prices, the species have been divided into three categories.

Table 4.5
Prices vis-a-vis species 2000 - 2001

| Sl. No. | Category (Price - Rs./CFT) | Species |
|---------|-------------------------------|--|
| 1. | Above Rs. 500 | Teak |
| 2. | Rs. 300 - 500 | Sal, Sissoo, Gammar, Jackfruit, Jarul, Eucalyptus |
| 3. | upto Rs. 250 | Neem, Champ, Arjun, Sirish Cottus etc. |

Source-Sample Survey

Prices increased over the previous year for different species. Certain species have a good growth in price over the previous year. In view of different rates of prices, wood species have been divided into three categories as per the details given below in table 4.6

Table 4.6
Categories of wood species

| Category | Growth rate (% /p. a.) | Species |
|----------|------------------------|---|
| I | Above - 5 | Sal, Sirish, Teak |
| II | 3 to 5 | Gammar, Jackfruit |
| III | Less than 3 | Neem, Champ, Arjun, Sissoo Cottus, Jarul, Eucalyptus |

Source-Sample Survey

As per the species categorisation given in table 4.6, it is noted that Sal, Teak and Sirish are premium species in view of annual growth rates of prices. The quantity and end-use of other species vary to such an extent that it is not feasible to categorise them on overall basis.

4.5. TYPE OF BUYER

Type of buyer is important to understand the pattern of end use of the forest products. In the study area, there are two important categories of buyer are involved in trading of timber :-

- 1) Timber merchant, both local and outsiders.
- 2) General users. i.e. building contractors, furniture makers etc.

Relevant information regarding type of buyer are collected during the course of sample survey of selected districts which are given in table 4.7 It reveals from the table that local people are the largest buyer of end product of forest (28.05%) followed by 21.75% are the Timber Merchants. Furniture makers and Builders are also the important buyer. Timber merchants occupies about 40% in Jalpaiguri district, where as in Darjeeling district it is only 4%. This may be because of the location of excellent sal forests of Jalpaiguri. The quality of Sal forests of Jalpaiguri district is better than any other part of India.

Table 4.7
Type of buyer (in percent)

| Sl No. | Buyers | Share (in %) |
|--------|-----------------------|---------------|
| 1. | Timber merchants | 21.75 |
| 2. | Local people | 28.05 |
| 3. | Furniture makers | 14.25 |
| 4. | Construction/Builders | 18.45 |
| 5. | Vehicle body makers | 7.50 |
| 6. | Others | 10.00 |
| | Total | 100.00 |

Source-Sample Survey

4.6. MARKET AND MARKETING CHANNEL OF NTFPs

It has been increasingly felt that the management of forest resource for NTFPs may be more sustainable from the ecological, economical and social perspectives. This is because many NTFPs activities involve non-destructive harvesting of annual renewable plant parts, in contrast to timber harvesting regimes. Tribal communities have extracted NTFPs for centuries with out destroying the renewing resource base. Further, managing forest for NTFPs also implies a great bio-diversity of both plant and animal species (Campabell,1995).

Today, some 25 NTFPs items are marketed by the WBFDC in the area. It is interesting to note that there is no important NTFPs markets in Darjeeling and Jalpaiguri district. In view of the importance of NTFPs for tribal welfare, the Government of India has involved various agencies in the marketing of NTFPs. At the national level, the Tribal Co-operative Marketing Development Federation (TRIFED) is established. All state levels co-operative and forest development corporation are its members. The major objectives of these organisation is to provide better prices to the tribal collectors. The role of forest development corporation and co-operative societies vary from state to state. The overall effect of these organisation has been in terms of presiding a floor price for NTFPs (Brahum,2000) .

Two types of market channels are prevalent in the study area. These describe how NTFPs flow across the markets, depending on whether they are government undertaking or non-government undertaking. (Figure 4.2). The Government undertaking NTFPs are directly sold by the tribal collector to the agents of W.B.F.D.C. The product is then collected and stored in the WBFDC

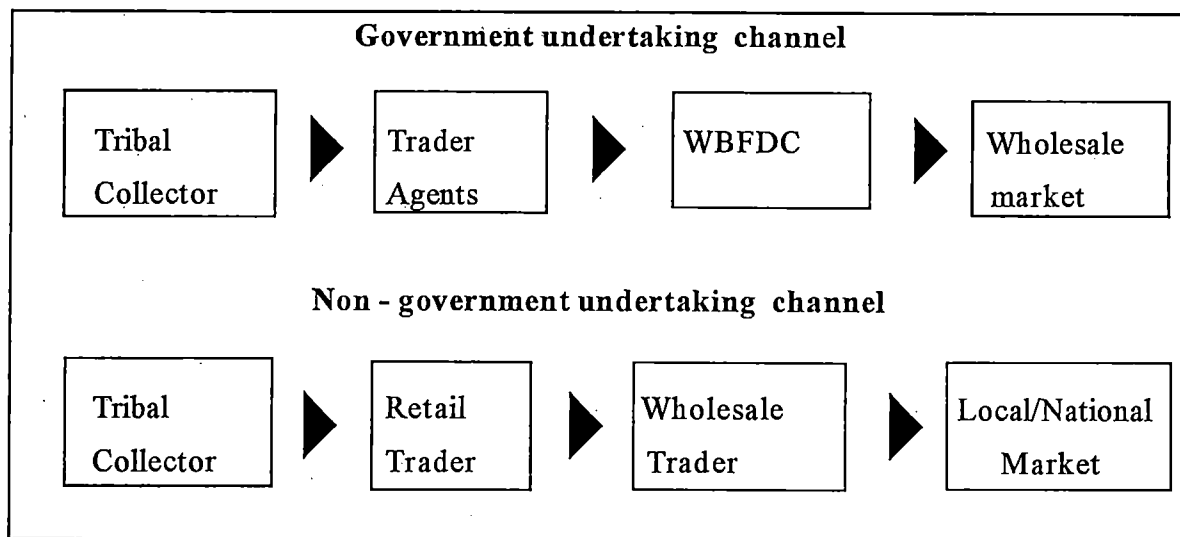


Figure 4.2 - Marketing channels for NTFPs in Darjeeling and Jalpaiguri district.

4.7. CONCLUSION

It is first suggested that the state needs to change the marketing strategy of its forest products. This study has clearly brought out the present status of intermediaries in wood market. Total elimination of this important marketing channel is not advisable. But in some cases direct approach to the consumers and user is possible. There are also advantages in collective bargaining over individual approach. For example, FPC. can form their co-operatives and then approach larger / bulk consumer for their raw material supplies. Similarly farm and agro-forestry grower can form their co-operatives. As far as the forest department and West Bengal Forest development Corporation (WBFDC) are concerned they have to change their conventional methods of disposal of their produce. It is preferable that they restrict their activity to timber and other high value produce in government forest. But they will have to be flexible in case of FPC and farm forestry production. Action should be taken to simplify the transit pass rule by introduction of "Tree Card" so that the private grower are not demotivated to raise tree plantations by facing harassment for the disposal of produce.

There is no important market for NTFPs in the district. Awareness of different NTFPs among the people should be improved. Even today, a large number of people in the area do not know about the name and utility of many NTFPs. The forest department should arrange for publicity on NTFPs. Local people and members of FPCs in particular need training in simple skills of grading, sorting, selecting as well as primary processing and storing like seeds, fruits, gum, resins, flowers, certain leaves etc. This leads to value addition, better price potential, as well as giving the members gainful employment at their door step.

To make the marketing of forest produce more effective, the state government should get into marketing intelligence to enable it to monitor market prices, on weekly if not daily basis. A simple one page news bulletin may be issued indicating market location, market size, information on quality etc. Market requirements (specification regarding size and quality required for each size at each of the markets) and detailed advice on different products and marketing option and such news bulletin may be updated from time to time and broadcast / telecast through AIR/DD under "farmers" programme.

REFERENCES

- Brahm, P. (2000) : Constraints and prospects in marketing of minor forest produce in India. Indian Journal of Agricultural Economics, July 2000.
- Campbell (1995) : Sustainable Management of NTFPs in India. Journal of Sustainable Forestry, 3 (1) : 53-79.
- Forestry Consultants, Lucknow, India (1994) : Marketing and Pricing of forest produce, for the Govt of India, Ministry of environment and forest.
- Ghosh, U. (1997) : Harvesting of Strip Plantation - a case study. Divisional Forest Officer, Social Forestry Division, Cooch Behar.
- Gupta, S (2001) : Marketing of wild medicinal plant - Tribal Economy in India, Economic and Political Weekly, September, 2001.
- Lathara (1976) : Marketing of agricultural and forest produce in Sundargarh district (Orissa). The administrator -21 (N- 1 Spring).
- State Forestry Action Plan (1996-2015) : Forest Department, Govt. of West Bengal.