

## Overview: The Need for Forest Reform in India

***Forests offer huge potential for reducing poverty and boosting rural economic growth while also conserving their valuable resources. Key reforms and better forest productivity can help tap their vast potential.***

### Forests are important to India's rural economy

Forests occupy the most land in India after agriculture, and are an important natural resource for the country and its people.

More than a quarter of India's poorest citizens, many of whom are indigenous people, supplement their meagre incomes from forests.

But, almost half the country's forests have been degraded and their average productivity is a third of its potential.

### National and state level forestry reforms can reduce rural poverty significantly

A new World Bank study, "Unlocking Opportunities for Forest- Dependent People in India" suggests that national and state level reforms that increase communities' involvement in forest management, along with improved forest productivity, can help tap the full potential of India's forests and reduce rural poverty significantly. They can also help the country to conserve its valuable forest resources.

Conservative estimates show that rural forest incomes in India can rise ten-fold – from US\$ 222 million in 2004 to about US\$ 2 billion by 2020 if national and state level reforms are introduced to implement these measures.

However, implementing these reforms will need strong political will and a common vision, as well as considerable time, patience, and investment.

### Current forest management in India

Fifteen years ago, the Government of India introduced the innovative concept of Joint Forest Management to increase community participation in forestry. Despite some good progress, however, villagers still only play a small role in most aspects of forest management.

Communities mainly benefit from the collection of firewood and fodder for subsistence. During the lean season, many villagers turn to the forests to earn small sums. But, the sale of products such as fruits and medicinal plants usually earns them little money as marketing links are weak. Communities rarely sell timber - the most valuable forest product.

### Rural incomes and conservation can improve dramatically

International experience suggests that when communities are given greater rights to use forest resources along with increased responsibility and capacities, both rural incomes and conservation often improve dramatically.

To lift rural incomes, however, forestry also needs to be coupled with broader rural development programs that promote diverse livelihoods.



Farming, sericulture, and horticulture, as well as the collection, processing, and marketing of forest products like timber, medicinal plants and aromatic oils can help boost the rural economy.

### Pressures on India's Forests

Pressure on India's forest comes from a variety of sources, including:

- Increase in population, from 390 million in 1950 to 1 billion in 2001
- Loss of 4.5 million hectares since 1950 through agricultural conversion and other uses
- High percentage (78%) of forest subject to heavy grazing
- Exposure of half the forests to fire risk
- Shifting cultivation, which affects almost 10 million hectares of forest
- Encroachment on 1.36 million hectares of forest by 2002, with evictions accounting for only 10% of affected land by 2004.

Source: India stat (2005); Bahuguna and others (2004).

## Lessons from International Experience

***International experience suggest that given the right incentives, time, financial resources and technical support, communities can raise forest incomes, governments can increase revenues, and forest cover can increase.***

Across the world, more than 100 million indigenous people live near forests. Globally, many governments are increasing the rights of forest communities to use and manage forest resources.

Over the next decade, the area of forests under community ownership and management across the world is expected to double. Forests owned by communities are expected to rise to nearly 500 million hectares; those administered by communities on behalf of governments are expected to increase to 260 million hectares.

Some countries have already begun to initiate reforms. Latin America leads in implementing innovative community forestry programs:

### Brazil:

- In the Amazon frontier, the government has recognized the traditional rights of communities to 80 million hectares of forest.
- Management and forest conservation are proving as effective as under the old government command and control system—and in many sites much more effective.



### Guatemala:

- In the Mayan biosphere area, about 450,000 hectares of forest are now under management by communities.
- Remote sensing shows a clear improvement in forest cover and density where forests are managed by communities as compared to areas where the government is managing the resource.



### Mexico:

- Many communities now own forest land and have been allocated most forest management rights.
- With government and external support to build capacities, many local community forest enterprises have developed technical expertise in forest management, production, and marketing.
- Revenue to the state has increased significantly. In the state of Peten, for example, community forest enterprises contribute almost \$400,000 to the state treasury.
- To protect the forests, communities have invested \$140,000 in fire control and management, and \$136,000 in forest monitoring and protection.
- In the poor southern states of Mexico, where a number of indigenous communities have formed a forest enterprise with

initial assistance from the government and the World Bank, the area under forest management has increased. Sustainable wood production has gone up and now generates about US\$10 million in revenues each year. Jobs have been created in wood production and in the marketing of non-wood products. Communities have contributed a sum of US\$1 million per year to internal social development. Old-growth forests have been protected in biological reserves.

### Forest Ownership in Selected Countries (percent)

Country	Public Ownership		Private Ownership	
	Government Administered	Community Administered	Community & Indigenous	Individual, Private
Brazil	77	13	0	10
China	45	0	55	0
India	65	27	0	8
Mexico	5	0	80	15
Argentina	21	0	0	79

**Source: White and Martin, 2002 and Author**

## Forests: Enormous Economic Potential

*Forests have the potential to help reduce rural poverty and increase government revenues significantly.*

**Communities can increase forest incomes five-fold by 2020** - from under Rs 200,000 each year to more than Rs 1 million for a typical community. This is using existing technology and management and without compromising forest sustainability.

**Improved technology and practices could generate even greater returns** by helping communities to add value to forest products such as kendu leaves and medicinal plants.

**Better quality control and marketing** could tap the growing domestic market for timber and the lucrative international market for aromatic oils and medicinal plants.

**Livelihoods in eco-tourism** could raise incomes significantly as community forest management improves forest conservation.

**National income from JFM forests alone could rise ten-fold** – from US\$222 million in 2004 to about US\$2 billion by 2020 with modest reforms and improvements in forest productivity.

**Modest value addition and better product quality** could add another **US\$220 million**.

**Eco-tourism could grow from 1.1% to 2.4% of GDP** and yield US\$1.7 billion as forests under JFM mature and offer better habitat for wildlife.

**Annual state government revenues** from community forests could rise significantly.

**The growing domestic demand for hardwood timber could be partly met** as production increases.

**India's balance of payments position can improve** as higher timber production from community forests would reduce the need to import logs from abroad.

**Forest cover can increase from the present 22% to meet the national target of 33% by 2012**, as conservation improves.

