

NTFP Market Development — From Forest Produce to Fair Price

The research from Jharkhand (directly comparable to Odisha's tribal forest districts) found that NTFP collectors face: price monopoly by middlemen who control both pricing and weighing; lack of market price information that would allow any negotiation; transport costs that make i...

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Understanding the Market Chain — Before You Try to Change It

Every NGO that wants to improve NTFP incomes needs to understand the market chain for each specific product first. The chain varies by product, district, season, and existing institutional infrastructure. Acting on assumptions rather than evidence produces interventions that address the wrong problem.

Mapping the market chain: a practical approach

For each major NTFP in your operational area, document:

Level 1 — Village: What do traders pay at the village? In what units? (Kilograms, bundles, volume measures that may be locally defined and not standardised?) Do they weigh accurately? Do they pay cash or credit? What proportion of the harvest does each household typically sell at the village level?

Level 2 — Weekly haat: What is the going rate for the same NTFP at the nearest weekly market? Is it consistent week to week, or highly variable? Who buys at the haat — local traders, aggregators, or processors directly?

Level 3 — District market/mandi: What is the rate at the district level? How does this compare to the village price? What is the transport cost from the village to the district market? (This calculation tells you whether the price difference justifies independent marketing.)

Level 4 — Processor/manufacturer: What price does the processor receive for the same product? For mahua, the distillery price; for kendu, the beedi manufacturer price; for honey, the bottling and branding cost recovered from retail. The gap between Level 1 and Level 4 is the value chain margin that the community is currently not capturing.

Who currently controls each level? In most tribal forest districts, Levels 1–3 are controlled by a small number of local traders who have relationships with both communities and processors. Their control derives from: information asymmetry (they know what buyers will pay; communities don't); capital (they pay cash at the village; communities need immediate payment and can't wait for better markets); and logistics (they have transport; communities don't).

The Five Intervention Points

Intervention 1: Market price information

The simplest and cheapest intervention, consistently overlooked. Communities that know what their NTFP is worth at the nearest market can negotiate — even with the same trader — rather than accepting whatever is offered.

Practical approach: Train a community member (ideally the CFMRC secretary or FPO member secretary) to check prices at the nearest weekly haat and district market at the start of each harvesting season. Post the going rate visibly in the village — on the

gram sabha notice board or at the community meeting point. Update weekly during harvest season.

The Jharkhand research found that "lack of market information and awareness" was the primary constraint reported by NTFP collectors — above even the middleman problem. Knowledge of market price is the foundation of any negotiation capacity. Without it, every other intervention has limited effect.

Intervention 2: Accurate weighing

Improper weighing is a documented form of systematic exploitation in NTFP markets across India. Traders who control both the price and the weight measurement can extract value from two directions simultaneously.

Practical approach: The gram sabha or CFMRC acquires a calibrated weighing scale — cost ₹2,000–5,000 for a reliable spring or digital scale adequate for NTFP quantities. All NTFP sales are weighed on the community scale before any transaction. This single intervention, documented in field evidence from multiple NTFP programmes, typically improves NTFP income by 10–15% in the first season by eliminating shortweighting.

This is not dramatic. It is the unglamorous, specific change that actually puts money in collectors' hands immediately.

Intervention 3: Collective aggregation and primary market bypass

When communities aggregate their NTFP harvest collectively and sell in volume, the negotiating position changes. A trader who pays ₹40/kg for mahua from individual households selling 20–30 kg each cannot make the same offer to a gram sabha or FPO selling 5 metric tonnes — because the trader has competitors who would bid for that volume.

The mechanics of collective aggregation:

1. Before the harvest season, the gram sabha or CFMRC fixes the community's minimum acceptable price based on the market research above. This is discussed at a gram sabha meeting and passed as a resolution.
2. During harvest, each household brings their collected NTFP to a designated collection point — typically a panchayat building or the Anganwadi centre — rather than selling directly to village traders.
3. The CFMRC member secretary records what each household brings, weighs on the community scale, and issues a receipt.
4. When the village has aggregated enough volume for a meaningful bulk sale (the threshold varies by product — typically 500 kg to 2 tonnes), the CFMRC approaches buyers.
5. Revenue is distributed to households in proportion to their contribution, after deducting the CFMRC's operating costs.

The working capital challenge: The biggest practical barrier to collective aggregation is the same as in FPO procurement: households need cash immediately, but collective sales typically take days to weeks to conclude. Two solutions: the gram sabha bank account extends small advances to households against their receipts (requires the account to have reserves — built over time from previous seasons' surplus); or a partner NGO or SHG federation provides short-term working capital.

Intervention 4: Direct buyer relationships

For high-value NTFPs — especially honey, selected medicinal plants, and premium bamboo products — direct relationships with processors, exporters, or institutional buyers produce significantly better prices than selling through the local market chain.

Product-specific direct buyer pathways in Odisha:

Mahua: TDCCOL procures mahua flowers at MSP for tribal sellers. The process requires the gram sabha to register as a seller with TDCCOL's district office. The price is government-set and transparent. The limitation is that TDCCOL procurement is not

available in all districts and for all species in all seasons — gaps exist that require advocacy.

Kendu leaves: The Odisha government's official kendu leaf procurement system runs through cooperative societies. CFR gram sabhas that have organised their kendu harvest collectively — as the Kalahandi Gram Sabha Mahasangha demonstrated — can sell through this system at prices far above what village traders offer. The prerequisite is CFR title and an active CFMRC.

Honey: Tribal wild honey commands significant premium prices from urban health food buyers, specialty food retailers, and export buyers (particularly for certified organic wild honey). The price differential between what a village trader pays (₹150–200/kg) and what an urban health food retailer charges (₹500–800/kg) is enormous. Capturing even a fraction of this requires: quality standardisation (consistent moisture content, no adulteration); appropriate packaging (food-grade containers with labelling); and buyer relationships that most communities cannot establish independently. Organisations like TRIFED's Tribes India retail network, the Organic India sourcing programme, and various social enterprise honey buyers are potential channels that NGOs can facilitate.

Medicinal plants: The highest-value category but the most technically complex. Buyers require specific species identification, purity, sustainable harvest certification, and consistent supply. NGOs working in this space need botanical expertise and established buyer relationships before mobilising community collection.

Intervention 5: Value addition

For some NTFPs, basic processing — drying, cleaning, grading, simple transformation — moves the product from a commodity to a product and increases the price accordingly.

Low-skill, high-return value addition options for Odisha's tribal NTFPs:

Siali leaves → leaf plates: Siali leaves collected from the forest are the raw material for traditional leaf plates — used across India for food service. Manual stitching of leaf plates is a traditional skill in many tribal communities. A machine leaf plate press (cost ₹25,000–45,000) increases both quality and quantity. Leaf plates sell at ₹2–4 per plate; raw leaves sell at ₹2–3 per kg. The arithmetic strongly favours value addition.

Mahua flowers → cleaned and dried product: Fresh mahua flowers contain moisture and impurities. Cleaned, dried, and properly stored mahua commands 20–30% premium from processors who would otherwise have to do this themselves. Equipment required: drying racks, sieving screens, moisture meter. Cost under ₹15,000.

Bamboo → pre-processed material: Raw bamboo sells at low prices because buyers need to process it. Pre-split, pre-treated bamboo material for artisan use or construction commands better prices. Processing equipment cost: ₹30,000–80,000 for a small-scale bamboo treatment and splitting unit.

Turmeric and ginger: Where these grow wild or in homestead gardens in tribal areas, basic cleaning and drying converts farm-gate commodity to marketable product. Organic certification (through an organisation like NPOP-accredited certifiers) further improves price access.

The CFR Title as a Negotiating Instrument

This is the most structurally important change in NTFP markets — and the least discussed in livelihoods programming.

A community without a CFR title over its forest area has no legal basis to exclude outside traders from entering the forest and negotiating directly with individual households. The trader who controls access wins.

A community with a CFR title, an active CFMRC, and community rules about NTFP marketing has the legal authority to: require that all commercial NTFP collection within

the CFR area is governed by the community's rules; set minimum prices for any trader entering the CFR area; and exclude traders who violate community agreements.

This authority transforms the negotiating position. A trader who previously dictated prices now has to work within community rules or be excluded from the supply entirely. In Kalahandi, this structural shift — enabled by CFR titles and organised by the Gram Sabha Mahasangha — produced the ₹15 crore kendu revenue for 78 villages documented in the Agriculture & Markets Sector Primer. The price improvement was not primarily from finding better buyers. It was from eliminating the structural disadvantage that allowed exploitative pricing.

For NGOs: CFR facilitation and NTFP market development are not separate workstreams. They are phases of the same work. Communities that have CFR rights and have built CFMRC governance capacity are in a fundamentally different negotiating position in NTFP markets than communities without rights. The sequencing: rights first, market development second.

What Realistic Progress Looks Like

Season 1: Market price information available and posted. Community scale in place. One or two collective sales conducted (even small volume). TDCCOL registration initiated for MSP-eligible products.

Season 2: Collective aggregation covers 50%+ of community NTFP harvest. Working capital mechanism established. Direct buyer relationship for one premium product.

Season 3: Community NTFP income measurably higher than pre-programme. CFMRC managing the aggregation function without NGO involvement in daily operations. At least one value addition activity operational.

The income improvement that is realistic by year three — for a well-facilitated programme with CFR rights as foundation — is 30–50% higher net income per household from NTFP, compared to the pre-programme baseline. This is not a

transformation. It is a significant, sustainable improvement that builds on rather than disrupting the existing livelihood.

Related Knowledge Commons content: Agriculture & Markets Sector Primer (Sector 09)

· *Practice Note: Community Forest Rights — From Title to Livelihood (Practice Note 11)*

· *Practice Note: FPO Building — Building Them to Last*

Evidence Grade: B — Multi-study. This Practice Note draws on the SpringerLink marketing constraints study from Jharkhand, IBRAD's NTFP value addition documentation, IJNRD's NTFP market development analysis, the Society and Culture Development PVTG NTFP study from Odisha's Koraput, Kandhamal, and Keonjhar districts, and Vasundhara's field documentation on CFR and kendu marketing. Last reviewed: April 2026.

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