

## **Forest Economy And Its Challenges**

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### **ABSTRACT**

Although many studies on the subject describe the range of benefits forest provide, reliable quantitative data are simply not available for global estimates. Thus, for example, estimates of the numbers of people that rely on forests for some part of their livelihood and income vary between 1 billion and 1.6 billion. But the basis for these estimates is unclear at best. Take another example: many country and sub national studies provide some estimates of benefits from forests to household incomes. A review

of 51 studies from 19 countries suggests forest may contribute as much as 22% of household income in these countries (Vided 2007). But we do not know if these figures can be extrapolated to other countries.. Other analyses have analyses have also highlighted the paucity of reliable estimates of value of forest ecosystem service including their contributions to direct household incomes (Ferraro et al, 2012).

Two distinct, related challenges confront efforts to identify and assess the role and impacts of the economic contribution of forests. First, how we conceive of forests themselves, from “natural” to “forest plantation” to “agricultural crops” that grow trees for non-timber purposes, such as palm oil plantations, will affect and shape the data that is produced. And even once we have decided on a appropriate definition of what constitutes forests, we need to decide what types of incomes, economic uses, employment, and other contributions to include from logging in the forest, to manufacturing of some type, to transportation along supply chains, to retail jobs created by selling timber to final consumers to domestic economic use, And even more complicated are the “indirect” or “multiplier” effects that the forest sector has on employment in other sectors owing to the economic development and growth .

### **Keywords:**

Forest, livelihood, monetization, employment, education, forest plantation.

### **Introduction:**

Result from forest employment and returns on investment. That is, employees and business spend money that creates growth in a range of sectors from consumer goods such as automobiles and computers, to demands on real estate, which themselves provide complex feedback loops, Likewise growth in forest sector employment and business revenue leads to higher tax revenue, which then can permit governments at local, regional and national scales to invest in education, health care, and other social services.

Second, indentifying the direct and indirect causal impacts of the forest sector on economic life would require some significant expenditure of resources and analytical effort. There are certainly data challenges as also challenges with identifying contribution to the informal sector. However, these challenges have been addressed by many country level researchers and a systematic efforts promises to yield important dividends. As figure 5 shows, many countries use wood for fuel, and much of this fuel.

use is currently neither tracked nor entered as part of the formal economy products are very likely to go unrecorded. partly because customary owners have no wish to be noticed by government bodies or to have their use rights contested and partly as a result because these uses are not consequently quantified as part of regulation or taxation.

### **Monetized and cash value contributions form forests**

Given the above challenges, what can we say about the contribution of forests at the global and regional scales in shaping and impacting economic life? Research by Lebed's (2008), which reviews and summarized data provided by countries themselves, provides important answers, First, figure 6 below indicates that taken together, 13 million people are reported as of 2006 to be employed in the " formal" sector either through forest management or value added manufacturing within wood processing or pulb and paper production.

we also know that these aggregate figures reveal a decline from 15.75 million employed in 1999, and they mask the fact that this is almost exclusively owing to declines in forestry employment itself, with pulp and paper acid wood industry remaining fairly constant, what explains these declines? One answer may be owing to increased efficiencies in mechanization. The other may be owing to the increase in employment in other agricultural crops, notably plam oil, which has been replacing both pulp and paper plantations as well as contributing to conversion of natural forests. Hence, there is no doubt that if we included palm oil production these trends we would see a significant increase in employment. To be sure, the role of palm oil in encouraging land use conversion, shaping land tenure and community participation, and in contributing to climate emission, all render decisions about whether when and how employment of people in resource extraction occurs and is counted.

second, we know that relative importance of forest sector employment value added and exports vary significantly across regions. For instance, in the asia-pacific world total forest sector work force (see figure7). This important, since it is clear that forests play a greater role in developing countries than it does in developed countries than it does in developed ones, with profound policy implications for the development of forest management choice which help contribute to poverty alleviation, at the same time formal employment in sub-saharan Africa is only 500,000 or 3 percent of the world's total, while employment in north America western Europe, and eastern Europe is 1.4, 1.7 and 2.1 percent respectively third, the relatively high degree of formal employment in developing Asia- Pacific rim countries does not translate in to higher forest exports, which stand at 14% of global total, in contrasts to western and eastern europe's combined total of 56% .

likewise while Asia-Pacific rim developing countries account for 17% of the world's value added, north America which a fraction of he formally employed work force, contributes 30% of the value added.

important trends also emerge when comparing forest sector employment and value added to other sectors. In these cases, developing Asia-pacific rim countries. Owing to high population levels, sees its share of labor force relatively low at 0.6 percent, from 1% in 1990 and 0.6 in 2006. Reflecting low employment numbers and the importance of the informal economy, both the sut Sahara Africa region and the north Africa, and western and central Asia regions only forest economy at the household and community level. Cash and non- cash uses are often so intertwined at the household and community level that their contribution cannot be easily separated.

to achieve this target of raising the living conations of people the country will requite more resources like, coal, iron or and hydel power to fuel its growth most of which lies in the forest area. Land resources outside forest area are also getting scars given that 90% of out coal more then 50% of most minerals and most prospective dam sites are in tribal regions where the forest wealth of the country also lies , there are considerable, conflicts over land acquisition in this area there are allegation of mega development projects being held up due to lack of forest clearance .

The forest conservation at 1980(FCA) is a strong act that has remarkably reduced the rate of forest land diversion in the country. But at the same time the act is also viewed as an implement to growth and rounded as anti development weather economic development should be achieved at the post environment protection is already a strongly growing debate because of the increasingly active role of media and judiciary. The issue has been seized by the policy planners as is obvious by the mid path proposed by the approach paper to the twelfth plan which speaks of trade off as we achieve the objective of environmental protection, energy security, requirement of expending industry, urban center and transportation also need to be realized and these will require careful balancing and a pro-active search for solution and additional financial allocation for the sector.

forest transformation some nations attempt to create employment and increased incomes by building industrials capacity to process wood into finished goods. Finland, Germany, Indonesia, Italy, Malaysia, Singapore, Thailand, and the United State have followed this path , using wood from both domestic and foreign sources. Thailand drives substantial foreign exchange from trade in furniture, orchids, specialty foods, medicinal, and wildlife. the stage requires more complex market and tenure systems then those that prevailed when timber was forest's main contribution Japan's forest industry rely heavily on imports of tropical and temperate hard wood.

The cash value of non- timber forest products is highly variable- braying by the tradable value and rarity of the product, by its locations regards markets and by whether local circumstances make value adding by processing worthwhile. For many years, while people suspected that NTFPs 1 were more valuable than appeared from national level forestry department records, firm evidence was difficult to come by. As Arnold points out in the introduction to the major .

CIFOR study conducted from 2003-2005, though it was know that NTFPs were very important for huge numbers of households, "they attracted only limited attention and even less in the way of measurement and research" (Arnold 2004).

Three major studies by CIFOR (Belcher and Kusters, 2004, and Shanley, 2005) collated a series of case studies for Asia, Africa, and Latin-America respectively, and investigated the cash value of a range of products in each. These studies contributed to debates about how far NTFPs support household income. Evidence gathered showed just how diverse different products were in their potential, and how their production varied according to whether they were truly wild resources, were resources from forests under some sort of management such as community forests or forest fallows, or were much more fully domesticated.

Externalities play a large part in the profitability of NTFPs. Those NTFPs which can be traded beyond the immediate area (known as 'tradable': Hag blade et al 2002) are very vulnerable to changes in accessibility and transportation, technological innovation which may create competitor products, or fashion which may make products more popular (because they are 'wild' or natural). It was also found that processing did not always add value, and that the costs of doing so might outweigh benefits for local people.

Locally traded products (non-tradable') are more immune to these forces but may be overtaken by new foods, and new domestic items (such as plastic mats or brooms) which become available in rural markets and substitute for what was once drawn from forest products (Belcher and Kusters, 2004). Not all writers sort NTFPs so clearly into categories, and indeed households also likely see a continuum between the two categories rather than a clear break. For instance Shackleton et al (2011) identify four reasons why households trade NTFPs, as a response to an emergency or misfortune, where NTFPs serve as a natural insurance to bridge income gaps, manage specific income needs or deal with shocks, trading NTFPs for livelihood diversification and risk reduction, such as a complement to agriculture, or income smoothing NTFPs trade as a primary for regular source of income that may act as a stepping stone out of poverty, trading NTFPs because of a lack of alternatives, an approach which may turn into a long-term livelihood source.

Sunderland et al (2004) noted that the global case comparison undertaken as part of the CIFOR study found clear differences in reliance on NTFPs among African, Asian, and Latin American forest products. 14 out of 17 products studied in Africa, contribute less than 50% of household income and 9 of the 17 contribute less than 25%.

Only three of NTFPs contributed more than 70% of household income, from craft makers such as woodcarving and rattan baskets and furniture as well as chew sticks, which have a large, organized market. Still, they state that these products are an exception to the rule and classify most African household income from NTFP as a "coping strategy" nothing that even small NTFP contributions are important in time of household needs or emergencies. In Latin America and Asia, the production of NTFPs from managed forests or farms was more common and incomes from these sometimes much higher as a result. The CIFOR studies did not look at all at non-cash value, and their unit of analysis was the product, not the household.

A relatively larger number of other NTFP studies also consider the household as the unit of analysis as presented below. Some of these make it explicit when both cash and non-cash values are being referred to when talking of "household income" but many unfortunately do not do so.

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