

The Political Economy of Forest Use and Management

M.V. Nadkarni

with

Syed Ajmal Pasha and L.S. Prabhakar



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Foreword

In recent years the relationship between ecology, environment and sustainable use of natural resources in the course of economic development has become a live topic of discussion in the literature on the subject. It was in the context of this interest that a small unit was established in the Institute for Social and Economic Change for the study of Ecology Economics, and Professor M.V. Nadkarni was placed in charge of the same. This book is among the noteworthy products of this new research unit in the Institute. The study, though focused on Karnataka, is of wider interest written as it is in the larger context of forest use in the country as a whole and national economic development.

The interesting feature of the study is its contribution to an analysis of the political economy of forest use and management. Political economy is brought into the picture because, as Professor Nadkarni states, 'a problem in the economics of resource use transforms itself into a problem in the political economy of resource use when the ordering of ends in terms of their importance is done not by a given decision maker, but through a struggle between vested interest groups'. Since the struggle between different vested interest groups is also applicable to other instances of resource utilisation and economic development, the methodology of this study can be of general interest. The study presents an analytical account of the struggle at various stages of forest resources utilisation beginning from the pre-commercial to the dominance of industrial use, and also probes into possibilities of

reaching an enlightened stage of resource use which reconciles the conflicting interests consistently with the needs of conservation.

This book is interesting for its combination of historical analysis with a field study of the contemporary situation in forest resources utilisation. The political economy of forest use cannot only be restricted to the struggle between three interested parties which are normally dealt with in discussions on the subject, i.e., local interests, larger economic interests covering the country as a whole, and the State as an overall determinant in the subject. Professor Nadkarni's special contribution lies in the class analysis of the highly inequitable use of forests by the different interest groups within the local economy and the local population. This is in contrast with the normal treatment given in studies of forest utilisation wherein local population and local interests are considered as a homogeneous whole, while the State itself is identified with the industrial and commercial interests of the larger economy. Professor Nadkarni's study is also notable for its emphasis on local interests leading to the deterioration of forest resources and the multiplication of denuded and degraded forest areas and wastelands. In the light of the study, it appears that it is not the forest department as such which is primarily to blame, but the failure of both local economic interests and larger commercial and industrial interests to give due emphasis to the need for taking sufficient account of the sustainability of resource utilisation by both these local and nationally extensive economic interests. All local economies in the forest regions such as the one dealt with in this study are not tribal economies, and we cannot mechanically extend our sympathy for tribal people to cover all forest regions and hold the forest department responsible for the mal-utilisation of forest resources.

Professor Nadkarni's approach leads him to expose the weakness of both the extreme positions—the populist and romanticist position on the one hand which makes for our going back to the pre-commercial past and handing over forests to the locals, and, on the other hand bureaucratic and technocratic solutions which rest wholly on the presumed omnipotence of the forest department. The study emphasises the need for a more eclectic and objective approach to the problem. It stresses the importance of evolving new institutions tailored to meet the requirements of different situations which will ensure local people's participation as well as the use of the expertise and support from the forest department so that both the local people and the department can work together rather than at cross purposes.

While the study draws pointed attention to the crisis situation of forest utilisation for economic development, it ends on an optimistic note because of the recent breakthrough even in local public opinion towards a recognition of the need for sustainability of resource utilisation not concentrating purely on short term considerations. Another reason for this optimism is the recognition by the Central Government of the need for conservation along with utilisation of forest resources, and the setting up of a special Ministry at the Centre which ensures taking into account environmental considerations in sanctioning new projects of economic development. The new price policy for forest products which takes into account the cost of regeneration and sustainability of resource supply in the future has also succeeded in putting a damper on the short period factors in the tapping of forest produce by powerful vested industrial and commercial interests operating on a national scale. The vast area of deforested land and other waste lands available for afforestation as also the possibilities of significantly increasing the productivity of Government managed forests, point to the potentials which can be realised. How far institutional innovations would evolve to transform this potential into realisation, depends on the innate genius of our people and the forest department.

I have no doubt, therefore, that this scholarly work will prove interesting and useful, and hopefully capture the attention of a wider audience covering social workers, forestry experts and social scientists.

Bangalore
March 1988

V.K.R.V. Rao

Preface

The deterioration of our forests both in quantity and quality has been receiving wide attention among academics and people at large. There is a general consensus now that forests are not a matter of interest to forestry experts and the forest department alone. This has emboldened me—hardly a forestry expert—to make this encroachment. Incidentally, this is an encroachment into economic history too, since my formal training and qualifications hardly justify it. I have obviously taken advantage of the permissive atmosphere regarding encroachments very much like the local people living in a forest region.

If the outcome of my encroachments has turned out to be productive, I owe it to the inspiration from Professor V.K.R.V. Rao who personally does not believe in academic barriers, and induced me to take an interest in broader environmental issues at a time when I had confined myself only to agricultural economics. I am further indebted to him for kindly agreeing to write a Foreword to this book and enhancing its value.

Forests have different uses and functions to different sets of interest groups. The rationale of this study is based on the contention that the problem of reconciling diverse ends with scarce means is not resolved in neoclassical economic terms, but through a political struggle between interest groups. It, therefore, constitutes a problem in political economy.

This problem is studied at two levels, complementary to each other. First, it is at the historical and regional level focusing on the struggle between three interested parties—the locals, the commercial interests of the larger economy and the Government, covering the period from around 1800 to 1980s. A theoretical framework of the stages of development is used to analyse different stages of forest use and management, and the impact of the struggle both on the health of forests and the local economy. Though a forest region in the Western Ghats comprising of two districts—Uttara Kannada (North Kanara) and Shimoga—are taken up as a case study, the discussion takes note of changes in Karnataka state and in India as a whole.

At the second level, the study of political economy focuses on the class character of the contemporary local economy itself and its forest dependence, through a survey of households in selected villages. Contrary to common belief, the locals were not alienated from forest use in spite of the high level of State regulation, thanks to their prolonged struggles with the forest department. But they have been alienated from forest management and regeneration. The local economy still depends significantly on forest use outside the market framework, but most of the benefits accrue to the two richest classes of the rural society to support the cultivation of commercialised garden crops. Yet the locals have not taken any interest in the regeneration of forests under their access and use, at least till recently. The class differentiation within the rural society emerges as an important factor affecting the quality of forest use. It is possible that in some other areas locals have made better use of the forests taking into consideration regeneration and conservation. Nevertheless, this study has shown that any general and unqualified prescription on populist lines ('Give forests back to local people, and everything will be all right!') could lead to disaster.

The concluding part of the study takes a synoptic view of both aspects of the political economy problem and draws out policy implications. Alternative institutional forms have to be evolved involving the locals in the management including the poor peasants and the landless, if the forest question has to be resolved to the satisfaction of all interested parties.

The study was undertaken with the support of a financial grant from the Indian Council of Social Science Research.

During the planning stage, I benefited from the comments of Professor V.M. Rao, Harsh Sethi, and two anonymous referees of the

Council on the draft project proposal. Discussions with Dr Suryanath U. Kamath and Professor Madhav Gadgil respectively on the historical and environmental aspects of the study region were also a great help at this stage.

Dr Kamath kindly gave access to several useful documents including the old issues of *Kānadā Vritta*. G.V. Joshi helped in obtaining other documents of historical interest on Uttara Kannada from Revenue Offices and from the old files of elderly political leaders in the district.

Stimulating discussions with Dr G.V.K. Rao were very useful, particularly on the problem of afforestation in wastelands.

The officials of the Forest Department of Karnataka were very helpful both in Bangalore and at the field level. They gave access to available information asked for including the Annual Administration Reports and other statistical material. Discussions with S. Shyam Sunder and some of his colleagues—M.N. Jayakumar, P.D. Gaonkar, G.S. Prabhu, R.M. Palanna, Siddappa and others—were useful in seeking clarifications on a variety of questions. Shyam Sunder was also kind enough to lend a few books of historical interest. At the field level, I should particularly mention Pravin Chandra Pande, the dynamic Deputy Conservator of Forests of the Sirsi division from whom we learnt many things. His colleagues—A.M. Annaiah, K. Uday Kumar and others—were extremely helpful.

Above all, the people of villages which we visited have contributed a lot to this study. They were frank, cooperative and hospitable. We learnt a good deal from them, including K.M. Hegde, a progressive farmer from Bhairumbe village and a leader in constructive and organisational activities in the region.

I have been ably and sincerely assisted by Syed Ajmal Pasha and L.S. Prabhakar. They accompanied me during my field trips, took the responsibility for conducting structured interviews and stayed much longer in the field. They also listed and tabulated field data. The notes prepared by them particularly on field impressions were helpful in Part II of the volume.

The invitation by Olle Edqvist and SAREC gave me an opportunity of presenting a preliminary draft of Part I at three seminars in Sweden. Discussions with Edqvist and M.R. Bhagavan, as also comments made in the seminars at SAREC, Department of Economic History of the University of Umea and at the Research Policy Institute, Lund, have been quite helpful.

The entire study was first released for comments in September

1987. In revising it for publication, I have benefited from critical comments and suggestions made by the participants at a seminar at our Institute where it was presented, and also by Madhav Gadgil, William Stewart, Ramachandra Guha, B.G. Varghese and an anonymous referee of the publisher. I am grateful to all of them and also to Professor C.H. Hanumantha Rao and Dr Yoginder K. Alagh for their kind words.

B.G. Kulkarni has prepared the map presented here. It gives an idea of the location of the study region—Uttara Kannada and Shimoga districts, along with the extent of forest area, important towns and other details. The location of the region is shown in relation to the erstwhile Bombay Presidency, the old princely State of Mysore and also the present State of Karnataka.

I have a special word of appreciation for T S Vanishree, our efficient stenotypist, for her neat and prompt work.

While I heartily thank them all, none of the above is responsible for the views expressed and the analytical approach used here or for any errors therein.

August 1988
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Bangalore

M.V. NADKARNI

Part I

**The Local vis-à-vis
the Larger Economy
and the State**

Introduction

Why Political Economy?

Forests have several uses or functions which often compete with each other. Forests are scarce and are becoming increasingly scarce in the face of pressure on them. The situation apparently fits neatly within the framework of the economic problem as defined by Robbins' except that it is more complex. Robbins was concerned with a given decision maker, who would decide towards which end he would use the scarce means at his disposal. This was a comparatively simple situation amenable to a solution in terms of the neat optimality criteria of neoclassical economics. Imagine a situation where the scarce means have alternative uses to different sets of users, who compete—or more accurately—struggle for the dominance of the scarce means. The problem is no longer purely economic and is hardly amenable to neat solutions of neoclassical economics.² The reconciliation—if it can be so called—between ends and scarce means is decided in the arena of political economy. The solution to an economic problem is feasible because the 'ends are capable of being distinguished in order of importance,'¹ facilitating a choice. But *a problem in the economics of*

¹ The economic problem in terms of his definition is one of reconciling ends and scarce means which have alternative uses. Cf. Lionel Robbins, *An essay on the nature and significance of economic science*. London: Macmillan, 2nd ed., 1935, p. 16.

² This is because, as Arrow showed long ago, individual preference orderings cannot be aggregated in such a way as to have a reasonable social ordering; he showed how difficult, if not impossible, it was 'to extend the concept of individual rationality prevalent in economic theory to collective or social rationality'. Cf. K.J. Arrow, *Social choice and individual values*. New York: Wiley, 1951, as quoted in G.R. Feiwel, 'The potentials and limits of economic analysis: The contributions of Kenneth J. Arrow', in G.R. Feiwel (Ed.), *Arrow and the ascent of modern economic theory*. London: Macmillan, 1987, p. 22.

³ Robbins, *op. cit.*, p. 14.

resource use transforms itself into a problem in the political economy of resource use when the ordering of ends in terms of their importance is done not by a given decision maker, but through a struggle between vested interest groups. This struggle need not be equitable. As a result, the benefits of a resource use may be cornered by one class, while the environmental costs may be borne by another. In such a case, total benefits cannot even be compared with total costs to judge the worthwhileness of a resource use. In other words, normal economic analysis breaks down.

As is well known, forests help in maintaining a balanced environment and more specifically help in maintaining soil health and productivity of natural watersheds. They support many known and unknown organisms and wildlife. They provide the means of sustenance, food, fuel, fodder, and raw material for human use, which may be more or less commercialised depending on the phase of the development of the concerned region. The crucial question is according to whose relative valuation of these different uses or functions, the actual use of forests would be decided.

Among the interested parties, there are the locals, that is, those who live in the forest region and depend on the forests for their sustenance. Apart from fuel wood, fodder, raw material like bamboo for artisans, and minor produce like honey, local use of forests can take the form of clearance of forests either for shifting or settled cultivation. Even if not cleared for cultivation, forests support local agriculture by providing green manure and fodder, preventing soil erosion and maintaining ground-water recharge. The locals, however, are not a homogeneous group and the class differentiation in the local economy influences not only the distribution of benefits from forest use, but the quality of forest use itself, as we shall see in the course of this study. The locals include tribals and other local poor having little or no land, farmers and landed gentry having rich garden lands. There are also merchants and forest produce processors who serve the larger economy. Even if locally settled and belonging to the local community, they are part of the larger economy being its agents or employees, and have to be distinguished from the locals.

Commercial and industrial interests of the larger economy also find the forest resources immensely useful. Hardwood or timber is needed for construction, furniture, the railways and the like, while softwood is required for paper and pulp mills and for packaging. They try to dominate the use of forests both through influencing the government

and through setting up their own agents in the forest regions. These interests arise from and determine the process of commercialisation of the forests, which is but a part of the transformation of both the regional and the national economy from a pre-capitalist to a market oriented mode of production. This process also involves integration of the forest region with the larger—national—economy and fundamental technical changes in how forest resources are treated and exploited.

The state or its concrete form—the government—is the third interested party in forest use. Presumably, it is interested in the welfare of all citizens and tries to promote the greatest good of the largest number. Since promoting economic growth makes available a large amount of resources to it with which it can govern, and since such growth is also basic (if not a sufficient condition) to improving the levels of living of its people, the modern state is always concerned about maximising the rate of economic growth. But modern economic growth takes place through commercialisation and capitalist development, involving exploitation of natural resources and integration of regional economies into the national economy. The state facilitates this process. Presumably, the state is interested in the long-term as well, and would like to provide a corrective to the myopic view of private commercial interests. While permitting the exploitation of natural resources, the modern state tries to regulate its use to prevent its squander. Though the state's basic preoccupation is with the interests of the larger or the national economy as a whole, it also faces the challenging task of reconciling short-term commercial and growth interests with long-term interests of conservation, and of regulating as well as accommodating the local use of forest resources in the face of pressures from the larger economy. The regulation of local use need not be exclusively for accommodating commercial and industrial interests. It is also to provide a corrective where the local use is found to be wasteful and against the long-term interests of conservation. Thus when neither commercial nor local interests ensure conservation of wildlife and areas considered ecologically sensitive, the state steps in to ensure this. As such, the state finds it absolutely indispensable to have a control over the use of forest resources, unless its responsibility is to some extent relieved by local initiative and institutions oriented to conservation and sustainable use.

If a complete control over forest resources could place the government in the same ideal position as that of a rational decision-maker of Robbin's perception, who could order all alternative uses in order of

importance from the point of the economy as a whole without involving any *conflict of interests between different parties, there would have been no place for a study of political economy of forest use and management.* The government becomes one of the three main actors in the struggle for the use of forest resources, responding to pressures of other actors and also to technical changes in the larger economy. The character of the state as well as its ideology regarding forest use and management undergo a change from time to time. The larger political changes like takeover by a colonial power interact with technical changes. These changes not only alter the conditions affecting the demand for and supply of forest resources, they also alter the relative status of different interest groups.

A historical study of forest use and management in this context is not, therefore, restricted to neoclassical perceptions of economic history.⁴ It also has to focus on the conflicts generated by technical change and by the attempts of the government to integrate the forest region into the larger economy. Our objective here is to study this process in a forest region, the conflicts it generated and its impact. In other words, a major aspect of the study of political economy of forest use and management is a study of how and in what stages a forest region was opened out and exploited by the larger economy, what effect it had on the region itself and its agriculture both in the colonial and post-independence period, and how the government tried to resolve the conflicts. This is discussed in the first part of this book, the focus of which is on the struggle and reconciliation between the local and the larger economy. The period of study covers broadly the nineteenth and the twentieth centuries, since the process of technical change and commercialisation started in the last century itself in India. The process is studied here with reference to two contiguous districts which form part of the Western Ghats (mountainous regions) in Karnataka, namely, Uttara Kannada (North Kanara) and Shimoga. However, the discussion is by no means restricted to this region, and takes care of changes in Karnataka as well as India.

Since the local economy itself is class differentiated, its use of forest also has to be studied from this angle. The second part of this book adopts a micro level view of the contemporary local economy to

⁴ As expressed by Robbins: 'The economic historian is not interested in the changes of ends and the changes of means in themselves. He is interested only in so far as they affect the series of relationships between means and ends which it is his function to study.' *Ibid.*, p. 40.