Sal Seed:

Orissa has a rich depository of Sal seeds accounting for 25% of production in the country. It forms primary ingredient for number of products such as oil, soap, animal/ poultry feed, coca-butter that forms a substitute for manufacturing chocolates, rocket fuel and tanning purposes etc. For primary collectors Sal seed selling has been an important source of earning both amount-wise and time-wise as seeds are sold in agricultural lean seasons of May & June.

Sal tree occurs in northern and central Indian region in the states of UP, MP, Bihar, Orissa, Bengal, and Assam as a principal tree in both moderately dry and moist conditions. Orissa is rich in Sal forest and Sal trees are seen in most parts of the state except the coastal belt. Total Sal forest areas of the state as per working plan data is 26,18,915 sq. km out of which good Sal forests are found over 19,26,879 Ha. Average seed production per Ha is estimated to be 720 kg in a good seed year.

Though total potential for Sal seed in Orissa is to the tune of 15 lakh MT per annum, barring only 1983-84 when 1,01,924 MT of Sal seed was collected procurement of Sal seeds has been hardly 40% of the potential. The procurement of Sal seeds is constantly on the decline since 1988-89. While 64,915.5 tons of Sal seed was procured in 1986-87, the collection fell to 12,065 tons during 1997-98.

The financial importance of Sal seed is based on its tremendous and uncharted export potentiality. Though in the neighbouring states of MP and Bihar considerable headway have been made in realising and exploiting export potentiality of Sal seed, Orissa lags behind in this direction. During 1988, there were 10 solvent extraction plants in the State with a combined capacity of more than 1 lakh metric tons. But, presently there are only five. These extraction plants don't procure seeds according to their capacity.

3.1Collection and Processing

Sal fruits start falling on ground in 2nd or 3rd week of May. Strong wind or storm helps in bumper fall towards end of May. As Mahua and KL collection is usually over by this time, forest dwellers get opportunity and sufficient time to collect fruits. In case of bumper harvest they sweep the ground and keep the fruits in a heap. Children, men and women from poor or marginal farmer household get engaged in colleting Sal fruits. Generally collection is done in forenoon because during these days there is apprehension for casual storm or rainfall in the afternoon.

From the winged fruit, Sal seed is processed in two gradual stages. De-winging is done in two different ways. The fruit after being completely dried are beaten on plain hard ground with a wooden stick to break the brittle wings. In this process the wings breaks and round seed pods with shell and little covers get separated. This is the best-recommended process for manual collection since quality and nature of kernels remain unchanged.

Second process is by spreading seed on plain dry hard ground area and putting a light fire to the fruit. With control and light fire the wings are burnt. The round seedpods with shell and cover remain unhurt. This is a risky process though easier for de winging. Sometimes fire adversely affects seed and oil contents. In case of cloudy weather or pre-monsoon showers this is the only process for de winging fruits. This process is easy and hence widely used. Either by first process of breaking the wings with wooden stick or by putting light fire to burn the wings, the round seed covered with shells and pods remain back which are collected by picking up or by blowing. These seeds are spread on hard ground and pressed by a roller either wooden or stone. On the process of rolling under pressure the shell and pods break and kernels come out. Blowing separates kernels, which are heavier than the broken shells. Kernels, the final processed Sal seed are kept in a dry place or under sun for few hours. This is now ready for sale.

The agents set up purchase centres at important villages, market places, and Panchayat head quarters to purchase seeds from primary collectors. In the centre seed brought for sale are checked for their moisture content. Burnt seeds are rejected. Seeds mixed with sand or stone are also not accepted. The seeds are then brought to collection centres. In collection centres seeds are stored temporarily, bagged, weighed and then dispatched to central godown/factory godown by road.

In places where agents do not open purchase centre or when the agents are late in starting procurement, local petty traders take advantage of the situation by buying the seeds at half the notified prices and then sell it to the designated agents.

3.2 Production and Pricing

There are distinct two phases in the collection of sal seed. In the nationalisation and pre-RMP phase the average production of Sal seed was 32220 MT. On the other hand, in the post RMP phase the average production has fallen down to a meagre 14028 MT. When the whole problem in Sal seed trade has revolved around low procurement, the State Govt. has overlooked such drastic fall in the production. As can be seen from the figure below, the trend has however shown a continuous move downwards.

Figure : Production Of Sal Seeds(in MTs)

collection price of Sal seeds for almost a decade stagnated at Rs. 1.75/- per kg whereas minimum wages and price of other NTFP had normal growth. From nationalisation to present day, average collection price has remained at a low level of Rs. 1.43/- per kg. Though finally in 1999 crop season collection price has been raised to Rs. 3/- per kg no condition has been kept with the RMPs by the Govt. for a rise in production. It is interesting to note that RMPs have only procured 44% (approx.) of the target whereas during the pre-RMP phase both OFDC and TDCC could procure 62.5% of the target set for them. It is unfortunate that in a welfare state, which thrives on promotion of larger public interest, optimum production is compromised on the plea of rehabilitation of sick industries.

Needless to say that actual price offered at grassroots level is much less than what is being officially declared. Unlike other produces Sal seeds are not only collected from the forest and sold to the agent, they undergo a preliminary round of processing at the primary collectors level that requires labour, and employs the whole family instead of a single individual. Kernel production out of the seeds is almost 2:1 i.e., one kg of kernel is fetched from 2 kg of seeds. Because of the cumbersome process involved in its collection, on an average working of 8 hours a day, one person can collect around 6-8 kg of Sal seeds. This amounts to an income between Rs. 10/- to Rs. 12/- that is much less than the minimum wages. Ironically, it is the Labour and Employment Department, which fixes collection price for Sal seeds and, even officially, almost for a decade it has not been able to ensure minimum wages to primary collectors.

3.3 Policy and its Impact

Prior to 1979, the State granted short-term lease for collection of Sal seeds to OFDC, TDCC and Aska Central Multipurpose Cooperative Society Limited. In 1979, the State Govt. all of a sudden leased out substantive forest divisions to some private parties on long-term basis. In course of signing these lease agreements, amount of royalty was reduced to Rs. 60/- from existing Rs. 300/- per MT. This reinforced the fact that private companies owned by rich and powerful people of the State play a major role in influencing Govt. policy and subsequently it was realised that these companies only minted money ignoring their prime responsibility towards State and the tribal. This motivated progressive section of the policy makers to nationalise Sal seed in 1983 and primary control of Sal seed trade in Orissa reverted back to the State Government through its dual agencies OFDC and TDCC.

From 1983 onwards OFDC procured Sal seeds and the Oil Extraction plants purchased the same from OFDC. In reality bulk of the seeds were collected by oil extraction plants, which used the godown of OFDC. But, during 1994 this operation that was being done in an informal manner got legal approval in which Agents/ Solvent extraction plants procured seeds directly with a royalty of Rs. 100 to government and Rs. 150 to OFDC/ TDCC. The State Govt. entered into a sub-lease agreement with three private companies making them raw material procurers (RMPs). Sal seed was nationalised apparently to protect the primary collectors and then after 12 years of nationalisation, RMPs were appointed with ostensible desire of reviving sick industries with almost invisible concern for primary collectors.

The price of Sal seed to the primary collectors was reduced from Rs 250 per quintal to Rs 175 with the plea to revive solvent extraction plants and save employees of these plants from losing their jobs. It is note worthy that during that period, concerned plants was providing employment to only 300 people. The state govt. claimed that this initiative would provide revenue to the tune of Rs. 1.05 crores. But, the loss to Lakhs of primary collectors was to the tune of Rs. 2.1 crores, considering that combined capacity of all the solvent extraction plants was 42,000 tons. This clearly illustrates the callousness in handling the issue of Sal seeds. After this huge subsidy to extraction plants, a feud ensued for collection rights, which was dragged to the court. And there was utter confusion in the field level as to who will buy the seeds from the primary collectors. Towards the fag end of the season, OFDC was given the rights to procure.

It would be worthwhile to mention here that these sub-lease agreements were simultaneously executed by OFDC and TDCC with the RMPs on 17th May, 1995 without waiting for the decision of the Advisory Sub-Committee formed by State Government specifically for the purpose under the provisions of section 6 of Orissa Forest Produce (Control of Trade) Act, 1981 which sat on the 18th and 19th of that month to discuss the question of fixing minimum wages in respect of Sal seed collection, assessment of royalty etc. This clearly indicates that formation of the Sub-committee was merely an eyewash and the State Government had no intention whatsoever of complying with the report of the sub-committee. However, justification for appointment of RMPs was primarily to ensure raw materials to the sick solvent extraction plants within the State. It was also clear from the decision that Sal seeds have to be processed in these SEPs within the State.

In 1999, the Govt. again changed the system. The purchase price was raised to Rs. Rs. 3/- Kg and Govt. appointed OFDC, TDCC, and MARKFED as agents for different divisions. Here also M/s Hanuman Vitamin foods Ltd acted as RMP under MARKFED. MARKFED had a solvent extraction unit at Bargarh and Hanuman Vitamin and Foods Ltd. had taken the unit on lease. During 2000, one more private solvent extraction plant was appointed as RMP under TDCC. The royalty was payable to Govt. by the respective agents at the rate of Rs. 250/- MT subject to minimum royalty of 75% of the estimated target of the collection of Sal seed for the crop year 2000 which should be paid in advance by close of the collection season in one instalment. Any royalty that falls due over and above the minimum royalty already paid shall be paid before lifting of Sal seed from collection centres.

Whereas RMPs were allowed to transfer Sal seed directly from purchase centres to factory godown under permits issued by forest departments, OFDC and TDCC were allowed to dispose of their stock collected directly through open tender. All disposals of Sal seed will be subject to the condition that the seeds shall be processed in the factories established inside the state of Orissa. However, provision of limiting disposal within the state neither revived the sick oil extraction units nor could augment revenues of the state. Even this system did not last long. The RMP system was abolished in 2001. OFDC and TDCC were appointed as the only agents for procurement of Sal seed, dividing between themselves all the divisions where the produce was available and the targets fixed before the season. Both the corporations were given the freedom to dispose Sal seed in any market inside or outside the state to obtain the best price.

Sal seed does not have independent guiding legislation like other nationalised produces. Though it has been officially declared as a nationalised produce its trade followed identical operations with that of the specified produce for some time, where primary collectors come in direct contact with RMPs. Unlike KL and bamboo, primary collectors of Sal seeds are unorganised and do not carry labour status like skilled or semi-skilled.

Whereas other nationalised produces are directly fetched from the forest and traded with, Sal seed undergoes a tedious process till it becomes fit to be sold to the agents. Evidently, with Sal seeds the stakes are more for primary collectors because of the extra labour that is being put. Another aspect of Sal seeds trade needs to be mentioned here. OFDC as well as oil extraction plants sell Sal seeds to TRIFED. During 1994-95 Sal seeds were sold to TRIFED at a rate of Rs. 2390 per MT where as the price to the primary collectors and the combined royalty to the state and OFDC and TDCC amounts to 2000 rupees. This indicates that collection charges, profit, transport etc were taken care of within only 390 rupees that are hard to swallow. The reality is that primary collectors hardly get one rupees towards sale of one kg of seeds. The agents (extraction plants) appoint sub-agents on the condition of a fixed price say one rupees. The sub-agent calculates its own profit and accordingly collects seeds at a much lower price. Again the Sal seeds are not collected from all potential area. If it is collected from one area then the next year it is not included in the operation. This helps the agents to keep the collectors under a constant 'distress sale mode'

> The difference in rates per MT of Sal seeds between Orissa and MP are astronomically high. If it is Rs. 2310/- in Orissa it is almost Rs. 6000/- in MP. According to some of the senior level forest officials, `some of the RMPs like Priti Oils Ltd. and Utkal Oils Ltd. have got dubious distinction of smuggling out the seeds to a few SEPs in MP. At one level, on procuring less than the target they pay a sum of Rs.50/- as fine per each MT, on the other, smuggle seeds to Hanuman Vitamin Foods Ltd. which has a solvent extraction unit in Raipur, in Rs. 4200/- per MT. In the early part of 1997 Hanuman Vitamin Foods has reportedly confessed in front of TDCC that it decided to start an SEP in Bargarh to avoid payment of that extra Rs. 1900/- that it was paying to these units. This was apparently the sole propelling factor to participate in trading of Sal seeds. Needless to say that these SEPs loose Rs. 250/- (Rs. 200/- per MT as royalty and Rs. 50/- per MT as fine) on non-procurement of seeds and get Rs. 1900/-per MT by just selling it across the border'.

Another important area needing special attention is fixation of price and its timing. For quite some time (almost a decade) collection price of Sal seeds remained at Rs. 1.75/ per kg for reason best known to policy makers and suddenly in 1999, it goes to Rs. 3.00/ per kg. Then, there was a deadlock in collection of Sal seeds because of hike in price that was considered improper and unacceptable by few RMPs, and for which they sought help of the judiciary. This resulted in massive loss of revenue for the state and livelihood for the tribal as during the prime collection season the fate of Sal seed trade was locked in the four walls of the High Court.

Government appeared to realise the mistakes of the RMP system and the resultant damages. They introduced a part agency and part RMP system for 1999 crop year where the purchase price was raised to Rs. 3000/- M.T. from 1750/, i.e., Rs.3/ per kg was given to the primary collectors as against Rs.1.75/. OFDC, TDCC and Markfed were appointed agents for 11, 11 and 5 forest divisions respectively. Markfed appointed M/s Hanuman Vitamin Foods Ltd as its RMP and leased its solvent extraction unit at Bargarh. M/s Priti Oils Ltd. Rengali, Sambalpur was appointed as RMP to work under OFDC and TDCC. But this system also came in for criticism as all the cream sal seed growing forest divisions were given to the RMPs. Added to this, there was the persistently ignored complaints of low payment to the primary collectors. However, this system was abolished, and OFDC and TDCC were appointed as agents for procurement for 2001. The pre-1995 agent system was restored once again which is continuing till now.

As evident, the State Government took about 7 years to find out a feasible system of sal seed procurement incurring, in the process, colossal loss to the primary collectors and to its own exchequer. A careful analysis of sal seed policy over the last decade very clearly exposes the missionary zeal of the policy makers to promote rich business houses at the cost of the poor tribal. The policy process as it went on evolving over the years, apparently seemed to be indecisive and erratic, always on trial turned out to be rather a well thought out design for selfish gains with more than willing political connivance.

Sal Seed Denationalized in March 2006

The government of Orissa vides its resolution no.3965 dated 02.03.06 denationalized sal seed with effect from the date of issue order. In the new system, the traders are required to have a registration with the panchayat on payment of Rs.100 for procurement of sal seed. There is no royalty and permit required to lift the stock for both internal and external transport.