

Community-based Enterprise on Sal and Karanj Seed Oil Extraction

in Hazaribagh District of Jharkhand

**Feasibility Report based on Action Research
March 2010**

Ashis K Gharai



Centre for People's Forestry

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About CPF

Centre for People's Forestry is a professional NGO working in community forestry in the State of Andhra Pradesh and Orissa. It also plans to initiate works in Jharkhand in the near future. It was registered as a Public Trust in 2002, prior to which it belonged to the JFM wing of Centre for World Solidarity. CPF, as an organisation, came into existence to make the deserving forest dwelling/dependent communities realise their entitlements within the framework of forest policies, especially the 1988. CPF strives to develop and ground sustainable forest management mechanisms for enhancing livelihood security of the marginalised sections, especially women, tribals, Dalits and other resource poor among these communities. Placing livelihood enhancement of the communities affront in all its initiatives, CPF has been identifying and attending to the specific needs of the communities and NGOs in its working areas.

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Community based Enterprise on SAL and KARANJ
seed oil extraction in Hazaribagh District of
Jharkhand

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Executive Summary

Hazaribagh district of Jharkhand is rich in forest resource and livelihood of the tribal community living around the forested areas revolves around the natural forest resources.

Income generation from sale of Sal seeds (and Leaves for plate making) is a traditional practice for the tribal communities of hazaribagh living around the forests. They sell raw unprocessed seeds of Sal and Karanj mostly to a small trader at the village market which is then sold to the big traders and oil extraction industries at Hazaribagh and Ranchi. Due to the existing unregulated market the poor primary collectors find it difficult to sell their raw seeds at a fair price. It is not good enough to supplement their income in a significant way. The primary collectors get a meager amount that varies between Rs 5- Rs 6/- per Kg. from the local traders. The oil industries, who receive the raw seeds from big traders, produce a liter of oil from 5kg of raw seeds, whose market price is Rs 120/- per liter. So it suggests the amount of benefit these big traders get is huge compared to the income of the primary collectors. There is a huge demand of Sal seed oil in the soap, pharmaceutical and cosmetic industries which are located in Ranchi and other far away cities.

The area is very rich in Sal forest and as the collection amounts to as much as 75,500 kgs per season (In 10 sampled villages), it is a befitting idea to establish procurement centre and oil extraction units at the village level. A suitable market chain is proposed where the Oil extraction units and procurement centers are established at the cluster level and direct linkages are developed with the large buyers, thereby the middle men at the village level and the small traders are being eliminated from the chain. This will

ensure maximum benefits for the collectors. Establishing direct linkages with the end users viz; Soap and Pharmaceutical industries remains the biggest challenge for a better pro community market chain. The proposed Community Enterprise Groups (CEGs) and the unit management committee which manages the oil extraction unit at the cluster level should be capacitated through trainings and exposure to the urban market scenario which will be facilitated by CPF to establish and enhance market linkages on their own.

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