

THE MARKETING OF NILGIRI POTATOES

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Potato growing in the Nilgiris is over a century old. Except for a few persons who grow potatoes on a large scale employing hired labour, potato growing is chiefly confined to the Badagas who form the bulk of the population in the Hills. They generally put their own labour and cultivate small areas. In their holdings near the village, forking of the land is done by the male members and practically all other operations are done by the female members of the family. For cultivation of large areas away from the village, groups of 4 to 20 persons according to the extent of the land, take up joint cultivation. In case of need, men and women coolies are also employed. This is very common in bringing into cultivation new jungle land. This involves considerable labour and expense, but, if conditions are favourable, bumper crops are obtained from such new lands.

From the time of the Great War the production of potatoes has been increasing. The pre-war price of potatoes ranged between Rs. 6 and 10 per bag of 190 lbs. but during the war years, the price increased to even Rs. 25 per bag. Thereafter the prices declined steadily and from 1932 the price has been ranging between Rs. 3 and 8 per bag. In spite of the low prices realised, production has been increasing during the past five years. In 1930 the production was about a lakh of bags valued at about Rs. 10 lakhs, while in 1934, it must be over 3 lakhs of bags valued at about Rs. 15 lakhs. Although potato growing is becoming unprofitable the area under potatoes has been increasing. The reasons for this paradox are the increasing unemployment among the Badagas and their chronic indebtedness. They are, as a rule, not thrifty and are invariably heavily indebted to some potato or provisions dealer or to some middleman who finances the crop. For growing potatoes they put their own labour and generally preserve the required seed from a previous crop, and, the only thing required is the fertiliser, which they are able to get on credit from one of the dealers financing them as the latter are given credit facilities by Fertiliser firms. The Badagas expand the area under potato in the expectation of getting better crops and better prices with a view to reduce their indebtedness and the dealers are financing them in the hope that their previous out-standings would be realised.

Owing to the peculiar topographical features of the district the cost of cultivation is high. The use of ploughs and cattle is unknown. The use of cattle manure except for lands near the village, which are frequently cultivated, is practically unknown. The cost of production depends on several factors which are very variable and it ranges

between Rs. 3-8-0 and Rs. 5-8-0 per bag. It is very doubtful if it can be reduced to any large extent. In order that potato growing may be profitable efficient marketing is the only remedy.

For over 50 years Mettupalayam has been the centre of potato trade. Until a few years ago there were only about a dozen *mandies* at Mettupalayam. But during the past five years the number has been increasing and now we have 25 *mandies*. Most of them are financed by the Multani bankers of Coimbatore in the shape of three months' bills.

Besides these there are some middlemen who buy potatoes from ryots and sell to the merchants either on commission or with some profit. There are also some middlemen who finance the ryots and take their crop and supply to the Mettupalayam *mandies* getting commission both from the ryot and from the *mandies*.

There are some disadvantages to ryots in having Mettupalayam as the Potato market. Potatoes are taken there in lorries at a cost of 8 annas to 14 annas per bag and with the lorry the ryot also goes to Mettupalayam where he gets the opportunity of indulging in alcoholic drinks which he cannot get in the Hills, as sales of alcoholic drinks to Badagas is prohibited. Sometimes he goes to Coimbatore also and enjoys life there. In these ways a large portion of his profit is wasted.

Another disadvantage is that at Mettupalayam potatoes from all parts of the district are received and very often supply far exceeds demand as a result of which price drops. Potatoes once taken to Mettupalayam cannot be brought back and as it is not possible to keep them there for some time they must be sold at any price. This loss can be avoided if the potato market is in the Hills where they can be kept for some months.

Attempts to market potatoes direct from the Hills in the past were not successful. The Nilgiri potato growers' Co-operative Society started in 1923 worked for about a couple of years but failed primarily due to want of loyalty from members.

This year the South Indian Railway introduced favourable rates for despatches of potatoes direct from the Nilgiris. Taking advantage of this a prominent merchant has started business on a very large scale at Ootacamund. The Mettupalayam merchants have been antagonistic to this move. Their chief argument is that potatoes cannot be properly cleaned and graded in the Hills as in that climate the defects will not be visible. They claim that only if the potatoes are taken to Mettupalayam and kept there for a couple of days that the diseased potatoes can be picked easily. This theory has been exploded as the number of complaints against potatoes sent from Ootacamund to distant places was only a small fraction of those made against despatches from Mettupalayam. The Mettupalayam merchants explain

this by saying that this year, quite unusually, there was no rain in the months of July and August in Ootacamund. During the past two months another merchant is making despatches direct from Ketti.

Of course, there are some disadvantages in carrying on the business direct from the Hills. Ootacamund must be the chief centre. Here suitable accomodation is very difficult to get and, for storing, grading and despatching of potatoes bungalows have to be improvised and rents for these are very high. Wages and carting charges are also high and skilled and experienced labour is difficult to obtain. Moreover, in order that a market may be established, there should be at least some half a dozen merchants doing the business in one place. It is only then that steady prices would be possible and there would be healthy competition.

Potato growers will certainly be benefitted to a large extent if the potato trade shifts from Mettupalayam to the Hills. Supply and demand can then be regulated more easily and the best price possible can be obtained. The Railway authorities are co-operating with those who are interested in shifting the business to the Hills in order to encourage traffic over the Nilgiri Ry. With Mettupalayam as the trade centre potatoes are taken there in lorries and the Railway loses the traffic.

The role of the potato *mandies* is professed to be that of a commission agent for sale of potatoes entrusted to them by ryots. The potatoes are brought to the *mandy* by the ryot and they are graded in 2 or 3 days. The careful ryot may supervise the grading and weighing but most of them do not so supervise but are content with the grading and weighing done at the *mandy* as they would be enjoying the life at Mettupalayam or Coimbatore. The grading is done by women who get 6 pies per bag and the potatoes brought by the ryot are sorted into 3 or 4 grades. After grading and taking the out-turn a statement is made out showing the number of bags in each grade, the rate per bag and the amount credited to the ryot's account and also the amounts debited to the account for lorry hire, charges for handling and grading at one anna per bag, charity three pies per bag, hire for gunnies if supplied by the *mandy*, at 6 pies per gunny, postage 0-1-3 for every statement, even if the statement is handed over to the ryot in person, and the amounts paid to him during his stay at Mettupalayam. This statement is handed over to the ryot. He then returns home and after a few days, generally a fortnight, he goes to Mettupalayam for money which he gets in 2 or 3 days.

It is supposed that the rates given in the statement for the different grades represent the prices at which they are sold to out-stations less a commission of 8 annas per bag. But in actual practice this is

not the case. Practically it represents only the price at which the *mandy* bought from the ryot for sale to consuming centres.

The terms of business under which sales are made to the merchants in the consuming centres vary considerably. When supplies exceed demands despatches are made on consignment account even if there are no instructions from the buyer. But when supplies are slack despatches will be made only on definite orders. 15 to 30 days' credit is also allowed to known customers. In other cases, the rail receipts are sent by V. P. P. or through Bank. The invoice to the buyer will contain particulars regarding the number of bags in each grade, the rate per bag and the value plus cost of gunnies at 4 annas each, cart-hire and handling charges at 0-2-3, charity 3 ps., and station expenses 6 ps. per bag, the railway freight paid and the postal charges. In the case of despatches on consignment account the price noted in the invoice will be 6 to 8 annas more per bag, as the seller has to be paid commission. The seller sends a statement of account showing the actual out-turn and the value realised by sales less his commission.

Although potatoes have come to be grown practically throughout the year in Ootacamund area there are four well defined seasons for potato growing. The major crop is sown in March-April and is harvested in July-August. Owing to the vagaries of the monsoon it happens that crops in some places suffer badly from want of rains or excessive and untimely rains as a result of which the crop gets diseased and has to be lifted prematurely. If there is no rain after the second earthing up of plants, as it happened in Kotagiri area this year, the potatoes are attacked by worms. If there is too much rain in the last stages of the crop, lowlying places get water-logged and the potatoes begin to rot if they are not lifted prematurely. The immature potatoes have ruffled skin and in handling and transit the skin is rubbed off leaving the potatoes to rot easily.

Besides the dumping of immature and bad potatoes a large quantity of good potatoes also is dumped into the market by ryots who are keen in converting the crop into money quickly and by ryots who have no facilities for storing their crop. It is estimated that nearly half the production is marketed during the months of July and August. Owing to dumping prices drop considerably. The *mandies* are faced with the problem of getting rid of the large stocks. In their anxiety to dispose of their stocks quickly they even compete with each other and very often potatoes are sent to consuming centres on consignment account. In one and the same town the same merchant may get such consignment stocks from two or more *mandies*. Dumping occurs in consuming centres also. The merchants take undue advantage of the situation and complain about bad quality, considerable wastage, want of demand etc, and often sell the stocks at low prices and on credit. Thereby the Mettupalayam *mandies* suffer heavy loss and

they also get the sale proceeds late. In most of the consignments sent out in July and August the *mandies* incur some loss. It is said that this year the losses were about Rs. 50,000. This heavy loss is recouped by them by maintaining artificially low prices to growers in September and part of October during which period supplies available at Mettupalayam steadily decline and even though good prices are obtained from consuming centres the grower is paid less. During this period sending stocks on consignment account is not resorted to.

From about the middle of October ryots would cease taking their potatoes to Mettupalayam and the merchants are then obliged to go to the Hills to buy their requirements. It is then that good prices are obtained. Large growers who employ hired labour begin to sell their stocks. The *Adi* crop which is sown in June-July is harvested in November and this is also sold at fairly good price. Such buying by merchants will continue until the end of December or middle of January when another crop sown in August-September will be harvested. This crop is mainly intended for the production of seed for the Major crop. It is a very precarious crop as it is liable to be damaged by frost or by excessive rains. In spite of this the area which used to be only about one-half of the area under the major crop has been increasing very rapidly during the past three years. The surplus remaining after taking the seed is sold from January onwards. At this time there would be some competition from Bangalore district but if it is not severe fairly good prices are obtained. The sales will continue until the end of April. In January-February a crop is sown on a small scale on swampy soils, which have facilities for irrigation. This crop is harvested in May-June. As at this time, stocks will be low, good prices will be obtained.

The principal markets for Nilgiri potatoes are Madras and the important towns of South India, Secunderabad, Bombay, Colombo and Calcutta. The importance of the markets outside our Presidency has been declining owing to the increased local production and to the increased import of potatoes from Italy, East Africa, South Africa, Australia, Japan and Burma.

In Bombay Italian potatoes are imported on a large scale both for human consumption and for seed. Only if the supply is delayed by late arrivals of steamers that there is any chance for Nilgiri potatoes. Even then the price paid for the Nilgiri potatoes is only about the same as that paid for Italian potatoes. The Italian potatoes are invariably purchased outright by the wholesale merchants but they deal in Nilgiri potatoes generally on consignment account. Only when supplies are scarce that they buy it outright. In case they find necessity for Nilgiri potatoes they telegraph to the merchants here the prevailing rates and ask them if they could send on consignment account. If the rates are favourable and if available supplies are large

consignments are sent. Even if the rate is not very favourable some merchants who are in need of ready money send consignments. When a consignment is sent, the seller draws a *hundi* on the buyer to the extent of two-thirds or more of the value and this *hundi* is discounted by the Multani bankers of Coimbatore so that the merchant gets money quickly. For this reason, and because it is a very large consuming centre, merchants are always keen on getting the Bombay business. It will be a great boon to potato growers of the Nilgiris if the Government would restrict the import of potatoes from Italy by the imposition of suitable duty. Representations have been made to the Government but so far nothing has come out.

Calcutta is also a very large consuming centre but this market has been practically lost to us because of the increased local production and the increased production in Shillong and increased imports from Burma and lately from Japan. Another drawback is the heavy Railway freight. There is no possibility of securing any large portion of the business in Calcutta for Nilgiri potatoes under these circumstances.

In Colombo, potatoes from Africa, Australia and Italy are imported. The chances of Nilgiri potatoes competing with these are few unless the duty on potatoes of Re. 1 per cwt. imposed by the Ceylon Government is abolished in the case of Nilgiri potatoes and the Railway authorities allow substantial concession in freight. If these are secured Colombo would be a very suitable market for Nilgiri potatoes.

Nilgiri potatoes get chances at Secunderabad when the local production is all used up and getting potatoes from Bangalore is not economical. This market cannot always be relied upon.

It is to Madras that potato merchants look for a steady market for the Nilgiri potatoes. Although potatoes from Burma were imported into Madras last year and although there is the danger of such imports being resorted to at any time, yet by taking concerted action the potato dealers can avert such import. The demand in Madras varies from 200 to 300 bags a day according to price. What is required for the Madras market is cheapness. Quality is not of importance. During the months of July and August it is the Madras market that enables the Mettupalayam merchants to dispose of large quantities of immature and bad potatoes which are dumped then. During this period the potato merchants in Madras get supplies invariably on consignment account. The prices realised are sometimes very low. On many consignments there is loss. Very often the merchants indulge in competition and price cutting is also resorted to at the expense of the Mettupalayam merchants.

It is in the other large towns of South India that the potato business is somewhat safe and profitable. Except in some places the

demand is for potatoes of good quality and size. Fair prices are obtainable. Of course in the months of July and August it would be necessary to send potatoes on consignment account in which case there would be the inevitable losses referred to above. But in other months the business is comparatively safe and profitable. But the off-take is only a fraction of the total production.

The greatest hindrance to the successful marketing of Nilgiri potatoes is the utter lack of organisation among the growers and among the merchants. The growers should be made to feel that their indiscriminate taking of good and bad potatoes to Mettupalayam without any attention being paid to the demand and supply is harmful to their interests and they should avoid taking their produce to Mettupalayam at all, but, endeavour to create such a situation that the Mettupalayam merchants have to go to them for supplies required for their business. This will not in any way injure the business of the merchants. The growers should be educated in the importance of grading and in the need for maintaining the quality of the produce in order to get better prices. They should also be educated to make more use of potatoes for their food than is at present done. Besides all these they must improve their methods of cultivation and above all they should cultivate habits of thrift. The Nilgiri Agriculturists' Association which was formed last year must take active interest in doing propaganda on these lines.

There is no really good organisation among the potato dealers at Mettupalayam. Though some sort of Union is in existence the members do not act up to the rules framed by them. When supplies of potatoes are very large the dealers compete among themselves. If there is a really good organisation the need for sending out potatoes on consignment account to consuming centres will not arise and they can always expect to get definite orders and at fair prices. The dealers get their money from consuming centres only with delay and it was only a year ago that many merchants lost large sums on account of the insolvency of a potato merchant in Madras. If they have a real Union steps can be taken to refuse supplies to one who had defaulted in payment towards a member of the Union. By doing this, losses can be avoided. If there is a real Union distribution can be efficiently regulated by allotting particular markets to particular dealers, who can then have no competition to face and can do everything possible to develop the market in the areas allotted to them. In this way consumption can be increased and thereby production can also be increased.

At present the price to the actual consumer is rather very high when compared with the prices paid for other vegetables and this is one of the reasons for the poor consumption of potatoes. If there is a good organisation arrangements can be made to bring the price to the consumer as low as possible and thereby consumption can be increased.

With such organisations and with the help of the Government it must be possible to provide suitable storage accomodation in the different centres in the Nilgiris so that there may be no need for dumping the market at any time. If possible, potato markets may be established at some of the centres in the Hills.

Greater attention must be paid to the grading of potatoes for the market and the marketing of immature damaged and diseased potatoes must be discouraged. Research work should be undertaken immediately on the utilisation of such potatoes, as are unfit for marketing, in the manufacture of industrial alcohol. The question of making starch may also be considered as there is said to be some demand for potato starch in the cotton mills of Coimbatore District. If these are commercially possible then there is a very bright future for Nilgiri potatoes.

Now that the question of the marketing of agricultural produce has assumed very great importance it would be worth while investigating the conditions under which the Nilgiri potatoes are marketed so that the necessary action may be taken by the Government with the co-operation of growers, dealers and others interested in putting the marketing on a sound basis thus enabling the growers, middlemen and consumers to get reasonable profit.

SOME ECONOMIC ASPECTS OF THE MARKETING OF AGRICULTURAL PRODUCE IN INDIA.

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Introductory. It is a matter of happy augury that the organisers of this Conference have directed our attention to such vital problems as 'Marketing' and 'Irrigation'. The Royal Commission on Agriculture in India remarked: "The Agricultural Department in India have regarded the problems connected with the marketing of the cultivator's produce as generally outside their purview." Their valuable services for improving the quality and increasing the output of his crops have therefore been rendered infructuous by his inability to dispose of his produce at a profit. But quite recently there has been a change in the attitude of the Government Departments. Thanks to the recommendation of the Royal Commission and the deplorable effects of the present economic depression, the question of marketing has now come to the forefront. A marketing officer has recently been appointed in our province and he is just now touring the country to learn the needs of the agriculturists and devise methods of improving his bargaining power. A discussion on 'Agricultural Marketing' is therefore quite opportune at the present moment.