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## MARKETING OF CULTIVATORS' COTTON AT TIRUPUR, MADRAS PRESIDENCY

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(Note:--Investigations into the finance and marketing of cultivators' cotton in Tirupur town and in two representative villages of the tract were carried out by the author with the aid of a scholarship from the Indian Central Cotton Committee in 1932 and 1933 and two reports were submitted, the first for the town and the second for the villages. The article below is an abridgement of the first. The other, on growing, finance and marketing of cotton in the villages of the tract has been published in "Agriculture and Livestock in India" of January 1935.)

The town of Tirupur situated in the middle of Coimbatore district has grown in importance in recent years due to its cotton trade and is now one of the largest centres of cotton trade in South India. The total quantity of cotton dealt with per annum is about 80 to 100 thousand bales. Cotton grown in the surrounding area, to a radius of about 50 miles, is almost all marketed through Tirupur. Cambodia and *Karunganni* are the chief varieties disposed of, *Uppam* and *Nadan* being received in small lots. The proportion of these arriving at Tirupur may be estimated as follows:-- Cambodia, 60%; *Karunganni*, 30% *Uppam* and *Nadan*, 10%. The investigation was carried out from April to July of 1932, as the marketing season at Tirupur is normally from March to August. A total of 590 sellers were examined in 90 days.

**The Market Organisation.** The whole of the Municipal town of Tirupur serves as a market place. Spot purchases are generally the rule though sales are also effected on the forward contract system by the town merchants. Situated in the central part of the town are about 30 commission *Mundies* or depots, the owners of which act as financiers and commission agents for the sellers of *kapas*. There is storage accomodation available in these *Mundies* and advances are



made against the security of *kapas* stored. There are over 20 ginning factories within the town and connected with these are the town dealers who purchase *kapas*, gin it and sell as lint for ready price or supply to the agents of mills with whom they could enter into a contract. Sellers of *kapas* (village merchant or the cultivator) therefore effect sales either in the commission *Mundies* or in the yards of the ginning factories.

There are no market committees, no rules and by-laws and no system of control over the conduct of sales, deductions and allowances. Records of purchase and sales are maintained by the merchants or the *Mundies* concerned. During the years 1918-1920 an attempt was made to start the Holmes Cotton Market under the auspices of the Tirupur Municipality and controlled by the then Coimbatore Cotton Marketing Association, with a view to regulate the purchase and sale of cotton. The marketing yard and some buildings were constructed at a cost of about Rs. 50,000. The dealers and merchants of Tirupur, however, were against the starting of the market as it was likely to affect their interests. By-laws were however prepared and submitted to Government for approval in March 1920. Just then the Madras District Municipalities Act of 1884 was replaced by that of 1920 according to which the Municipal Councils ceased to have adequate powers to start and run cotton markets. As a result no market was organised, the merchants had their own way and the buildings and yard were not used for the purpose for which they were intended.

**The Commercial Crops Markets Act of 1933.** After much enquiry and consultation this Act was introduced and passed in 1933, as an enabling measure, whereby the Government could declare any area as a regulated market for any specified commercial crop. Cotton, groundnut and tobacco have been declared to be commercial crops for the present, in connection with this Act. The first market under this Act is to be organised at Tirupur for cotton from this year. As per regulations under the Act the Market Committee of 12 members has just been formed. This consists of five members elected from among the growers, four from the merchants, one from the Municipality and two nominated by the Government. The Committee will frame suitable by-laws to run the market within the Municipal limits of Tirupur which has now been declared to be the market area. The editorial note in the November 1935 issue of this Journal discusses fully the scope of this Act and the formation of the first market for cotton at Tirupur.

**The System of Purchase and Sale.** There are two systems, viz., buying of ready *Kapas* or lint and the forward contract system. But the latter is in vogue only during the busy part of the season and mainly encouraged by Messrs. A. & F. Harvey and Binny & Co. Though these firms purchase as lint they make it a condition to inspect the



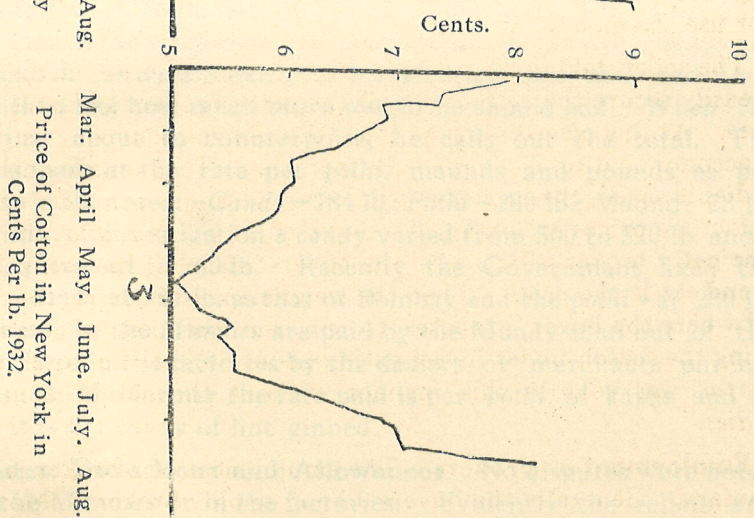
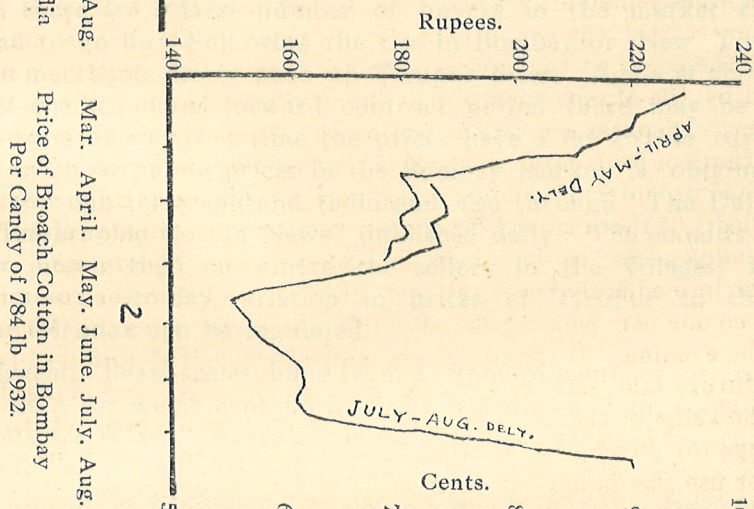
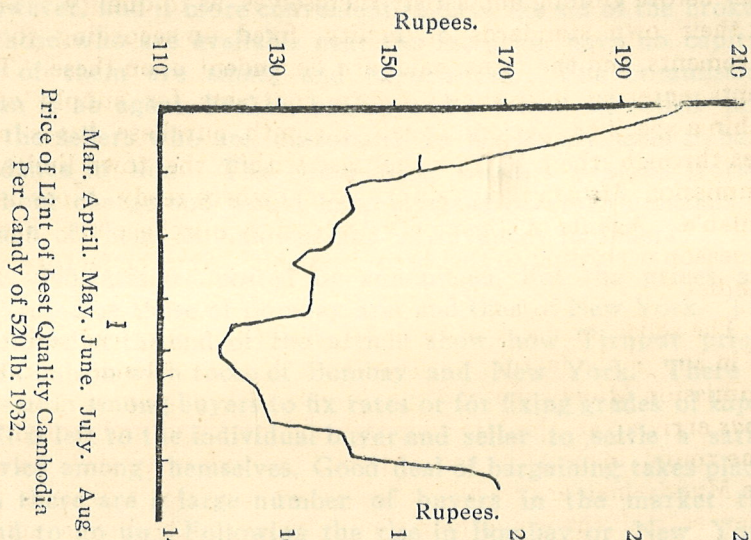
*kapas* before ginning and satisfy themselves as to quality. They have got their own standards of quality, fixed up according to their requirements, and the rates paid are dependent upon these. The merchants entering into such forward contracts for supply of cotton within a specified period, usually a month, purchase *kapas* in the villages through their agents and also within the town limits, in the commission *Mundies* or factory yards where ready *kapas* is always available. Agents of consumers up country purchase lint through-out the season according to their requirements from the factories or lint *Mundies*.

The seller, bringing in *kapas* for sale at Tirupur, can sell it by himself in any of the factory yards or even on the road-side, or take it to a commission *Mundy* and get the *Mundy* man's help in the disposal. *Kapas* arriving at the *Mundy* is unloaded, marked and stored. Buyers come round, inspect the *kapas* of each bag and make their own offers. The *Mundy*-man argues and tries to settle as best a price as possible. When settled, the weigh-man weigh them and the buyer arranges to cart the *kapas* to the godown he has fixed. The cartage is however, paid by the *Mundy*-man out of the commission he collects from the seller. Disputes are rare as the buyer takes care to examine well the contents of each *borah* or bag before settling the price. The price of stained or inferior quality *kapas*, kept in separate bags, is separately settled. If there is any dampness, settlement is made beforehand for any allowances to be made in weight. The *Mundy*-man pays the seller immediately the total cost of *kapas* sold less the commission at Rupee one per *pothi* of 260 lb. But the buyer pays the *Mundy* only in the evening. If the prices are unfavourable, the stuff will be stored for future sale and an advance paid to the seller not exceeding 75% of the value of the *kapas* stocked. The seller can then return to the village for purchasing another consignment of *kapas* or if he is a cultivator use the money for cultivation and other expenses.

The seller, taking his *kapas* to any of the ginning factory yards can easily secure the help of any of the petty brokers available at such places. At this place he has to effect the sale the same day as no storage accommodation is given in the factories. The commission due to *mundies* is saved, the broker is paid only two annas per *pothi* and often satisfactory prices are obtained. Some effect the sale without the aid of the petty broker. Here also the buyers inspect the *kapas* in each bag and settle the price. Then the weighment is made in the factory yard where the buyer proposes to gin and the cost of *kapas* paid. During the season under investigation about 50% of the total arrivals of *kapas* was sold in this manner without the aid of commission *mundies*.

**Employment of Brokers.** The employment of a broker is purely voluntary. Generally the buyers do not employ brokers. Most of the







sellers, however, find it more convenient to have the aid of the broker. Such of those who are available near the factories, have no capital, but many of them are smart and experienced. The commission *mundy*-man is an agent, broker, banker and a friend all rolled into one, and the sellers who are 'customers' to his *mundy* seem to have full confidence in him. The commission *mundies* provide storage space without charge and would have invested several thousands of rupees, each of them, in godowns and as advances to sellers.

**Rates.** No rates are posted or announced, but the prices are directly affected by those of Bombay first and then of New York. The curves included at the end of the article show how Tirupur prices fluctuate in unison with those of Bombay and New York. There is no organisation among buyers to fix rates or for fixing grades of *kapas* or lint. It is left to the individual buyer and seller to settle a satisfactory price among themselves. Good deal of bargaining takes place, and when there are a large number of buyers in the market the prices tend to go up. Following the rise in Bombay or New York prices, the merchants freely push up Tirupur prices. Again at about the end of the stipulated forward contract period there may be a rush of buyers and at that time the prices have a favourable turn. Information about ruling prices in the Bombay market is obtained privately through telegraph and radio and also through "The Daily Bombay Telegraphic Cotton News" published daily. The *mundies* in their turn inform their customers (the sellers in the villages) by post daily the day-to-day variation in prices at Tirupur so that arrivals at Tirupur can be regulated.

**Weighment.** Beam scales, hung from a tripod of bamboos or iron rods, are used for weighment both in the factories and in *mundies*. The weights are W. & T. Avery's iron weights and a set used for each scale is as follow:— 56 lb. (six of them); 28 lb.; 14 lb.; 7 lb.; 4 lb.; 2 lb.; and 1 lb. One of the weighmen, well experienced in the work, holds one of the chains of the weight pan with his left hand and now and then gently pulls to feel how much more weight he should add. When the pans are just about to counterpoise, he calls out the total. The payment is made at the rate per *pothi*, maunds and pounds as per equivalents in lb. noted:—*Candy*—784 lb.; *Pothi*—280 lb.; Maund—28 lb. At the time of investigation a *candy* varied from 500 to 520 lb. and a *pothi* was equivalent to 260 lb. Recently the Government fixed the weight of a *candy* at 784 lb. as that of Bombay and the *pothi*—at 280 lb. The weighmen in the *Mundies* are paid by the Mundy-man out of the commission and in the factories by the dealers or merchants purchasing *kapas*. In the former the rate paid is per *pothi* of *kapas* and in the latter it is per *candy* of lint ginned.

**Disputes, Deductions and Allowances.** No disputes were noted either in the *Mundies* or in the factories. Evidently the sellers and



the buyers are satisfied with the prevalent methods of transaction, deductions and allowances. The following deductions and allowances are made:—

A. For *kapas*.

- 1) 1 lb. whenever the pointer in the beam scale stops exactly in the middle, the weights exactly counter-balancing the bags.
- 2) 11 lb. per 1000 lb. in weight deducted for wastage, impurities, dust, stains, etc. This is really 1% plus one lb. for every 1000 lb.
- 3) In the factory yards 1 lb. less is noted when the weights are noted after each weighing. In one place the weights were noted 2 lb. less. This practice is not found in *Mundies* and is to be deprecated.

B. For Lint.

- 1) 1 lb. per candy is deducted for sample purposes.

**Customary Charges.** 1. Commission. In the commission *Mundies* Re. 1 to Rs. 1-2-0 per *pothi* of *kapas* and Rs. 2 per candy of lint sold, are charged as commission. These include charges for loading, unloading, weighing, carting and the amount for charity. 2. Charity. One anna per *pothi* of *kapas* and two annas per candy of lint, are charged to the seller under charity. No separate accounts are maintained for amounts received by way of charity and no charitable institutions are maintained for the benefit of the sellers. 3. Brokerage. A brokerage of two annas is paid to the broker per *pothi* of *kapas* sold with the aid of a broker. For lint it is four annas. 4. Insurance. *Kapas* stored in *Mundies* is not insured, but for lint stored the insurance charge is four annas per *candy*, for a period not exceeding six months.

**Storage and Advances against Deposit:** It is only in the commission *Mundies* there is storage accommodation available for *kapas* brought into Tirupur for future sale. The godowns in factories are utilised for stocking *kapas* of merchants ready for ginning as well as lint and seeds for sale. The Co-operative Trading Society provides storage godowns for its members, a large number of whom are merchants themselves. The Society and the *Mundies* advance money against deposit of *kapas*. The interest charged in *Mundies* is said to be from 12 to 15% but actually no interest is charged for periods less than a month.

**Statistics of Arrivals and Sales.** There is no common record for arrivals and sales at Tirupur. It is not possible to judge with any accuracy the total arrivals of *kapas* on any particular day as the carts arrive at all times of the day. Lint also arrives for sale at Tirupur from several places up-country where there are ginning factories. An idea of the sales effected on each day can be had if one takes pains to



make enquiries of all the dealers, merchants and factories and then make an estimate of the total.

**The Sales Society.** The Tirupur Co-operative Trading Society has been working for some years with great success, but a good many of the members belong to the merchant class of the town. The society advances on produce pledged upto 70% of the value. There is a branch working at Udamalpet. The Society is running a large seed farm for the improved strain of Cambodia cotton, financed by the District Bank of Coimbatore. The Indian Central Cotton Committee subsidises this seed multiplication scheme by which it is hoped in the course of a few years, to maintain an assured supply of the improved type of Cambodia cotton seed to all the growers in the Tirupur tract. The society, like the *Mundies*, charges commission on sales of *kapas* and lint, besides godown rent and insurance fee for storage. An interest of about 9% is charged on advances made on the security of produce.

**Transport and Communications.** Seven metalled roads converge at Tirupur from different directions and no seller has experienced any difficulty owing to bad communications for any long distance, even though many of them wend their way from villages and towns 30 to 50 miles distant from Tirupur. The majority of the villages in the tract appear to have at least one metalled road running not far from their vicinity. The country double bullock cart is practically the only vehicle for transport of *kapas* or lint, though in the town of Tirupur carts drawn by coolies is more common for transport within the town limits. Lint purchased by the Coimbatore mills is transported by the double bullock cart rather than by train as the former is the cheaper mode.

**Concluding Statement on Market Investigations.** It is worthy of note that only 8 % of the sellers examined were actual growers who brought their own *kapas* for disposal at Tirupur. Out of 125 sellers examined during July, 30 were what may be termed 'cultivator traders', persons having some area of garden, either of their own or in their family, but turned into traders for the season, or for the past few years.

1. Number of days the market was visited, 96.
2. Number of sellers examined, 590. (In *Mundies*, 127; in Factories, 463)  
Growers, 50; Traders, 540.  
During July :- Growers, 13; Cultivator traders, 30; Professional traders, 82.
3. Number of sellers who did not sell on the same day, 46.
4. Number who did not submit to the customary market deductions, None.
5. Number who did not pay brokerage, 58.
6. Number who had taken advances, 72. (60 from *Mundies* and 12 from factory owners or merchants).