

remarked on the fewness of the papers in Agriculture in spite of the great facilities given in this Presidency for Agricultural Research. The Agricultural section at Bangalore presided over by J. Mac Kenna, Esq. I. C. S., Agricultural Adviser to the Government of India, had an overflowing programme and was a decided success. Fifteen papers were read and many of these were followed by valuable informing discussions.

In opening the Agricultural section the president spoke on the Rotation of crops in Agriculture and emphasized the advantage of such a practice. We understand that papers are to be published *in extenso* in the special Science congress number of the Agricultural Journal of India and so forbear from making detailed references for the present. One paper, however, which struck us as novel and distinctly original was that on Agricultural Insurance by J. S. Chakravarthi. He made an attempt at formulating a scheme whereby cultivators would be able to insure against agricultural years.

### **The Cotton Trade of Nandyal.**

The cotton coming into this market goes under the name of Northern and on the average the quantity dealt with annually is about 30,000 bales. Two qualities are recognized, white and red. The main difference between the two is that white is not so red as red. The latter, however, fetches from 10 to 15 Rs. per candy less than the former.

#### **The parties that participate in the trade are:—**

(1) *The Producer* who may belong to either of the two classes, namely, (a) The small ryot who at the time of harvest is the

need of money, who cannot therefore wait his time for selling and has to sell his produce at once as kappas and at a low rate. In this class are to be found a few ryots who have taken advances from middlemen and have contracted to sell their produce at a rate agreed upon, which is generally considerably lower than at ruling at the time when delivery is made.

(b) The bigger ryot who can afford to wait for his price or to have his produce ginned and is therefore in a better position to bargain than are the members of class (a). Some members of this class are village middlemen.

(2) *The village middleman.* He buys kappas and has it ginned. He is mainly responsible for the mixing that is done, because he either does not take the trouble to keep different qualities apart, or purposely mixes a good quality with a poor one to make a larger sample which will pass as good or will be only slightly allowed. The middleman sells on contract to the orders and to the firms but also sells on ready delivery.

(3) *The dealer.* The dealer makes contracts on the one hand with the firms to deliver within such and such a date cotton of such and such quality for which he will be paid such and such a price, and on the other hand with the middleman or ryot of class (b) to take cotton of a certain quality at a certain rate, to be brought within a certain date. He however also buys cotton and speculates on the market.

(4) *The firms.* These are: three European firms, two of whom own presses, two Japanese firms, two Indian firms one of whom owns a press and a ginning factory but which is really a combination of dealers who sell to any of the other firms.

**System of dealing.** The system is the pressed bale system, the firms deal in lint and do not make final payment until it has been pressed and weighing of the bales made.

Advances are however made when cotton is brought but press cannot be done for some time.

**Procedure.** i. e., the manner in which lint gets to the firm

(1) The firms make forward contracts on the lines indicated above, chiefly with dealers to whom some firms pay broker but also with ryots of class (b) and with middlemen. Warn is usually issued about a week before the final date on which delivery can be made and if it is asked for, an extension of time is generally given, but if delivery is not made, the firm can buy in the open market on the day on which the contract expires and charge the contractor with the difference between the contract rate and the rate at which they bought or they can demand the difference between the contract rate and the rate prevailing on the day on which the contract expires. When these contracts are entered into, 1 (b) and 2 usually have cotton in their possession either in their own godown or lying at some ginnery waiting to be ginned, and 3 may have cotton but not necessarily so.

(2) The ryot or middleman watches the market.

When he thinks the price is high enough to suit him he brings his cotton for sale. He leaves his carts with attendar on the roadside while he goes round making inquiries as to what the rates are and who is likely to pay him the best price. Having decided whom he will try first, he brings his cotton into the compound and offers it for sale. The cotton is examined and a bargain is struck. The dealers who have thought on speculation also watch the market and will tender cotton which they have stored in their godowns either against contracts they have entered or for separate sale according as they decide which will pay best.

**Defects of the system.** From the point of view of the firm buyer, the village middleman, the ryot and of the Agricultural Department which is interested in two ways in this trade

make the crop more profitable for the ryot and (2) to aid the buyer in getting a better quality of produce (if he wants it), the system bristles with defects.

*Firstly.* Buying on forward contract is carried on practically right throughout the season. This method of dealing does not permit the buyer to see what he has bought until the cotton is tendered against the contract. Theoretically, this does not matter, for all that the firm has to do, is to reject or heavily allowance if the cotton tendered is not up to contract quality. In practice however this cannot be done because any one firm which did this would soon find that it would not get cotton. If the firms concerned would agree on what qualities they would reject and on what allowances they would make for qualities below their standards and at the same time would agree to pay more for better quality, then they would get better quality. But for the system works at present cotton is rejected, is heavily or slightly allowed or is passed; as much on the need of the firm concerned to have cotton and on the ability of the seller to stand against the allowances as on anything else. There is always a fair chance that the cotton will, though it is an obvious mixture of qualities, get through without any allowance or with only a small one. The system is in fact a direct encouragement to the dealer in kappas to mix as little as possible of a good quality with as much as possible of a poor quality in order to get a big lot of lint which will be passed with little or no allowance.

*Secondly.* When cotton is brought for sale by the ryot or middleman it is the seller who goes round making inquiries to decide to whom he should sell. After he has made his selection and has taken his cotton into a firm's compound none of the firm can see it unless a bargain fails to be struck. It does sometimes happen that two firms will bargain on the roadside

for cotton they have had a cursory look at but this is not the common procedure. There is a lack of that competition for good lots that there would be if all the cotton which came in on one day were put in one place where comparison of different lots could be made. The seller of good quality is in a disadvantageous position because all the firms do not see his cotton and it is not offered in direct competition against other lots.

*Thirdly.* The system is an inconvenient one for the ryot. He is a man who when he brings produce for sale likes to get it sold, receive his money and get back to his village the same day. In this case he cannot do so. After he has delivered his cotton, it has to be pressed and until it is pressed final payment cannot be made. It not infrequently happens that the buying firm cannot press for some time, a week or longer, either because, if they own a press, they have contracted to press for some other firm, or if they do not own a press, they have not arranged for pressing. Advances are given to the ryots, yet he has to arrange to be at hand when pressing is done so as to get his business finished. This all means trouble and expense to him and it may interfere with his cultivation. This is really one of the most objectionable features of this system.

*Fourthly.* As a natural sequence to this arrangement in which the dealer holds the place he does, it following that the ryot and the middleman are the sufferers when cotton is allowed and not the dealer unless it happens that he bought cotton outright. When he delivers cotton against a contract he does one or more or all of three things, he tenders cotton which he has purchased himself, he instructs the ryot or middleman with whom he has made a contract to deliver the cotton or he brings in a ryot or middleman who has brought cotton for ready sale. If the buyer proposes to allow a nce he will argue the point might and main where his own cotton is concerned but in the other cases will not offer so much opposition

and may even agree at once without a murmur. The reason is obvious.

*Fifthly.* The system permits of the perpetration of fraud. It is not asserted that such is a common occurrence but the possibilities are there. A dealer can make a compact with a dishonest sub-agent to have a ryot's cotton allowanced with the intention of sharing the allowance with him and in order to dupe the ryot, will play the part of being reluctantly convinced of the necessity for the allowance to perfection. Again, when cotton has been tendered against a contract and accepted, the buyer may not be able to press and may not have money to give the dealer an advance. The dealer may then instruct the ryot to be at another office where he will get an advance. He may then go earlier than the time agreed upon, get the allowance and disappear leaving the ryot in the lurch and having other use for the money will put off payment for as long as possible.

*Sixthly.* The Department has put out a cotton which is acknowledged by the buyers to be of better quality than ordinary white Northernns. Hitherto this has not been backed up by any definite offer of a higher price for this cotton. Some lots have been sold for higher rates but that was because higher rates were demanded. The result of this has been that most of this cotton has been used up in grading poorer qualities and the work of the Department has been lost in the ginnery.

The above is an account of the state of affairs up to a recent date. This year one firm started to buy kappas and loose cotton and another firm has stated its willingness to buy loose cotton.

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