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Government of Bengal

**Report of the
Bengal Jute Enquiry Committee**

Volume II

Evidence

(i) Written

(ii) Oral

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- I.—Majority Report with Supplementary Note by Mr. G. S. Dutt, I.C.S., and Minute of Dissent by Dr. J. C. Sinha.
- II.—Minority Report with Note of Dissent by Dr. N. C. Sen Gupta, M.L.C., and Report of Khan Bahadur M. Azizul Huque, M.L.C.
- III.—Appendices.

VOLUME II

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- I.—Questionnaire.
- II.—Written replies to questionnaire.
- III.—Written replies to certain specific questions.
- IV.—Oral evidence.
- V.—Oral evidence taken before a touring Sub-Committee.

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BENGAL JUTE ENQUIRY COMMITTEE.**

Questionnaire.

Regulation.

- Q. 1.** Do you think the production of jute requires regulation?
- Q. 2.** (a) Do you think it is possible to regulate the jute crop with reference to the expected demands of the market?
(b) What would be the main object and likely effect of such regulation? Would it be to raise, or to steady, prices of the raw fibre?
- Q. 3.** If you do not believe it is possible to regulate production please give reasons. Do the reasons against the possibility of regulation refer to present circumstances only, or do they imply that regulation would in no circumstances be feasible?
- Q. 4.** Do you know of any scheme of control of production, or export, of raw material, which has been successful in this or in any other country? In what respect is the case of jute similar or dissimilar?
- Q. 5.** What are the factors which in your opinion depress the price of jute? Is it a fact that prices have been poor only at times of financial or other crises, rather than that low prices are due to over-production?
- Q. 6.** If a jute regulation scheme were adopted, do you think there would be any danger of competition from substitute crops, either in India or in other countries? If such competition is likely, please explain how it would affect the jute industry in Bengal?
- Q. 7.** Do you consider that cultivators would voluntarily come under a scheme of regulation of the jute crop?
- Q. 8.** Is there any reason to believe that an attempt to regulate production on a voluntary basis would fail on the ground that any success achieved in one year would tend towards inducing increased sowings in the following year?
- Q. 9.** What are your views regarding regulation made compulsory by legislation? Have you any suggestions to offer regarding the outline of such legislation?
- Q. 10.** How would you propose to implement compulsory regulation? Would you desire to utilize any of the following:—
(a) Union Boards, (b) Co-operative Societies, (c) *zemindars* and
(d) any other agency?
- Q. 11.** If widespread evasion of jute regulation procedure is apprehended, do you think it could be checked if the purchase of jute were concentrated in a Jute Marketing Board which might be able to detect increase in total yield and therefore in total acreage?

Q. 12. In the event of regulation of jute cultivation being arranged for the province of Bengal, would it be necessary to secure the co-operation of Governments and organizations in Bihar and Assam?

Cultivation and production of jute.

Q. 13. In the case of a decrease in the area of jute, what alternative crops instead of jute would you suggest for low lands and high lands? What steps do you consider could be taken to encourage the *raiya* to grow such alternative crops?

Q. 14. Do you consider Government, and other, propaganda during the last two sowing seasons has had any effect in keeping down the area of jute under cultivation? Should such propaganda be continued? If you consider such propaganda could be made more effective in any way, please make suggestions.

Q. 15. What do you consider is the normal cost of cultivation and yield per acre of jute, and of alternative crops respectively, in different parts of Bengal?

Q. 16. In view of present day conditions, what would you consider a fair price level for jute which would bring a reasonable return to the cultivator growing it?

Q. 17. What are, in your opinion, the chief factors which have brought about the fall in the prices of raw jute and of manufactured jute in Bengal.

Q. 18. Jute is meeting with competition from paper and other substitutes. Jute bags are also being displaced by the use of elevators and bulk shipment in transit. In view of these circumstances, and in order to enable manufacturers to meet this competition, do you agree that agricultural research and propaganda, to assist the grower in producing better jute, and to lower his cost of production, should continue unabated by the Department of Agriculture? If you consider the Department of Agriculture could be assisted in this work by other agencies please make suggestions.

Marketing.

Q. 19. Do you consider the present system of compiling and publishing the jute forecast satisfactory and beneficial from the point of view of the (a) growers, (b) balers and mill-owners, and (c) middlemen? If so, how? If not, why not? In the latter case what changes would you suggest?

Q. 20. Are the present forms and methods of grading and marketing jute in the mufassal satisfactory, from the point of view of (a) growers, (b) balers and mill-owners, (c) middlemen, and (d) the community generally?

Q. 21. Do you consider it feasible to establish organized markets for jute in the various districts similar to those which have been provided for cotton in the Central Provinces and Berar by the Central Provinces Cotton Market Act of 1932 (Appendix A)*? What would be the approximate number of such markets in Bengal, and the area served by each of them? Would such markets be advantageous to the cultivators?

[Questionnaire.]

*Vide Volume I, Appendix, page 11, et seq.

Q. 22. Is there any means, such as the formation of village Co-operative Societies, whereby the *raiyat* can be brought more closely into touch with the jute baler, thus eliminating the middlemen and middlemen's profits?

Q. 23. Explain in detail the work and method of the various middlemen, such as the *faria* and the *bepari*, both as merchants and as commission agents, giving their remuneration in all forms in which it may exist.

Q. 24. Do you think there is any relation between the low price the cultivator is getting for his jute and the multiplicity of the middlemen?

Q. 25. Are there any marketing customs which you consider detrimental to the *raiyat*? If so, how could these be abolished?

Q. 26. Do cultivators pledge or sell their crops before they are harvested? If so, how long before harvest are they pledged? What are the terms on which the crop is pledged?

Q. 27. From whom do cultivators borrow? Would it be correct to say that in the large majority of cases the creditors are also the ultimate buyers of the crops? If so, do you think that it in any way affects the price which the cultivator is able to obtain? Have you any suggestions to offer regarding the provision of better credit facilities to the grower?

Q. 28. Is it possible to bring the whole system of marketing jute into the hands of a co-operative organization? If so, describe on what basis the organization should be made and how it could be financed? Please frame your answer in the light of the experience gained from the working of the co-operative jute sale societies.

Q. 29. What are the terms on which jute is sold to Dundee, the Continent, Japan, and other countries?

Q. 30. Are there any fixed standards of quality on which business is done for export? Who fixes those standards? Do the standards vary from year to year? Where are arbitrations held? Who appoints the arbitrators? Please give your views regarding home guarantee and the invoicing back clauses.

Q. 31. What improvements would you suggest in the methods adopted at present in the export trade? Do you consider that it is feasible to fix standards by legislation, under which a body of recognized standing would be set up to inspect all consignments of jute, and grant certificates, which would be authoritative and final in regard to the jute inspected?

Q. 32. Have you any scheme to suggest for improvements in the present methods of dealing in jute? Would a system of standards adopted on the lines of the American Cotton Standards Act of 1923 (Appendix B)* be suitable for *pucca* bales in Bengal? Give details of any scheme you would suggest.

Q. 33. Are the various methods of marketing jute in Calcutta satisfactory?

Please explain the system at present prevailing in dealings in loose jute purchased by (a) jute balers and (b) jute mills. Are there any fixed standards?

Q. 34. Is it a fact that standards or grades are sometimes changed, even in the middle of a season?

*Vide Volume I, Appendix, page 17 et seq.

Q. 35. Do you advocate that fixed standards for loose jute should be fixed by legislation or otherwise? Please explain any objections which there may be to such a scheme.

Q. 36. What standards would you suggest and what authority do you think should supervise the working of the standards?

Q. 37. What is your opinion on Mr. McDougall's marketing scheme as published in the Report of the Central Banking Enquiry Committee (Appendix C)*? If you advocate any other marketing scheme please state the lines on which it would work, particularly with regard to the financial aspect.

Q. 38. Do the growers of jute at present receive any market information? If so, in what form? If in your opinion the position is not satisfactory, can you suggest any practical method, by which growers, as well as merchants, and manufacturers, could be supplied with information regarding market conditions both here and abroad?

Q. 39. Would the same agency be able to supply information regarding stocks, complaints from buyers regarding quality, etc.? What type of market information would, in your opinion, be of most value to the grower?

Q. 40. Can you suggest how reliable information can be made to reach the grower rapidly? Do you think that wireless telegraphy with loud-speakers at certain centres would be of assistance?

Q. 41. Do you consider it advisable or practicable to have a scheme by which, in the event of a possible slump in the market, jute could be purchased and held back from the market for the time being? If so, should this be done by Government or by private agency? Do you think that it would be helpful if Government announced its willingness to buy and stock jute at a minimum price fixed by it? If you agree that some such proposal should be given effect to, will you please estimate the probable cost of working the scheme and indicate how funds for the purpose could be provided?

Q. 42. Do you approve of the suggestion for carrying out market surveys for jute, and also for the appointment of special marketing officers, as recommended by the Royal Commission on Agriculture? If so, what functions would you suggest should be entrusted to the marketing officers, and what benefits would you expect from their surveys?

Jute Committee.

Q. 43. Do you think it necessary to create a Jute Committee for Bengal on the lines of the Central Jute Committee recommended by the Royal Commission on Agriculture?

Q. 44. What functions would you propose should be entrusted to such a Committee with reference to the cultivators, the traders and the mills? What should be the status of the Committee and how should its functions be co-related to the different interests involved, and to the Agriculture and other Departments of Government?

Q. 45. Could such a Committee function without the co-operation of other Provincial Governments, like those of Assam and Bihar and Orissa where also jute is grown? If not, how can the co-operation of those other Governments be secured?

Q. 46. How should such a Committee be financed?

[Questions *irs.*]

*Vide Volume I, Appendix, page 27 *et seq.*

Competition from substitutes and research.

Q. 47. Can you give particulars, and, if possible, figures, showing how trade has been lost to the jute industry through competition from substitutes; also by the use of elevators and bulk shipment in the grain carrying trade? Is the loss likely to be permanent?

Q. 48. Have the substitutes in question captured the trade by reason of—

- (a) better durability,
- (b) cheapness, or
- (c) stability in prices from year to year?

Q. 49. What are the comparative costs and conditions of production of these substitutes and jute? If the former enjoy any special advantages to-day, are these advantages likely to be permanent? Will the general competitive ability of such substitutes increase or decrease as time goes on, and why?

Q. 50. Have you any suggestions to put forward with a view to regaining the trade lost by reason of such competition?

Q. 51. Can you suggest other uses to which jute might economically be put?

Q. 52. Can you say if Calcutta mills are equipped to manufacture the goods which you have in mind?

Q. 53. In view of the losses which the jute trade is meeting as a result of competition, do you think a Research Department should be instituted without delay, to help manufacturers to overcome the difficulties which might attend the making and marketing of new jute products, and the improvement of present methods of manufacture? If so, by whom should the Department be financed?

Q. 54. Do you think propaganda in other countries should be undertaken by the jute trade?

Q. 55. What form should this propaganda take?

Q. 56. Should special representatives be appointed in various countries who would keep the trade posted with statistics, etc., and explore other avenues for new business?

Q. 57. Who would finance this work?

Q. 58. How would the activities of such representatives be co-ordinated so as not to interfere with the present selling arrangements of Calcutta shippers?

II.—Written replies of witnesses.

II.—WRITTEN REPLIES OF WITNESSES.

No. 1.

Mr. F. Smith, Fibre Expert to the Government of Bengal, Dacca.

Dated the 9th March 1933.

Q. 1 and Q. 2.—No.

Q. 3.—If we wish to regulate it requires more money and no Government can afford the requisite money.

Q. 4.—No.

Q. 5.—The only factor—the law of supply and demand.

Q. 6.—At the present price of jute no substitute is possible.

Q. 7.—No. Every cultivator in Bengal would undersell you for 2 pice.

Q. 8.—Must fail as every one will follow what suits him best.

Q. 9.—You cannot regulate crops by legislation.

Q. 10 to Q. 12.—No. Nothing can be done with our illiterate peasantry.

Q. 13.—*Aman* paddy on low land, *aus* paddy on high land; no steps can be taken—cultivators know best.

Q. 14.—No effect whatsoever. No.

Q. 15.—Rupees 3 to Rs. 6 per maund according to prices; obtains 15 to 16 maunds per acre.

Q. 16.—Rupees 6 per maund.

Q. 17.—Scarcity of money and bad world trade.

Q. 18.—The Agricultural Department can do all that is necessary for research for many years to come.

Q. 19.—No. A temporary staff of clerks is necessary for checking areas in Union Boards for 3 months, say, 60 clerks.

- Q. 20.—Yes.
- Q. 21.—No. The present arrangements are wonderful. No.
- Q. 22.—No.
- Q. 23.—Trade knows this best.
- Q. 24 and Q. 25.—No.
- Q. 26.—Sometimes. Varies. On *mahajans'* getting best value for money.
- Q. 27.—Anybody. No. They have too many facilities for credit.
- Q. 28.—No. A fiasco. Government should not touch business.
- Q. 29.—Trade knows.
- Q. 30.—Ask trade; all I know is what was 3's years ago is now rejections.
- Q. 31 to Q. 34.—Ask trade.
- Q. 38.—Yes, telegraphic. People in mufassal are well informed.
- Q. 39.—Yes. They know everything that is necessary.
- Q. 40.—They have reliable information and wireless.
- Q. 41.—Should be left strictly alone by Government.
- Q. 42.—Not approved.
- Q. 43.—After the last slump not necessary.
- Q. 45.—Yes. Assam and Bihar too small to count.
- Q. 47 to Q. 52.—Nothing to be said with the present price of jute.
- Q. 53.—Trade will do that.
- Q. 54.—No.
- Q. 56.—Already done by Trade Consuls.

The Fibre Expert's Section of the Agricultural Department can do all the research work that is necessary for the crop. Mr. Godden owes Rs. 11,199 to this Section for seed supply work. So perhaps this work would be best left to private people. Government finances this work. Research work on the manufacturing side of the question of jute should be left to the trade and should be financed by the trade.

No. 2.

Babu Nirmal Chandra Basu, Assistant Fibre Expert to the Government of Bengal, Dacca.

Dated the 9th March 1933.

Q. 1.—I do not think regulation to be necessary. It is extremely difficult to regulate the jute crop. Any attempt at regulation will make the scheme very unpopular. Cultivators should be given the option about the crop to be sown.

Q. 2(a).—Expected demands may be broadcast. No attempt should be made to induce cultivators to regulate their crop.

Q. 5.—Price of jute has fallen with the fall in price of other agricultural commodities. It is due to money famine.

Q. 6.—If the price of jute be raised very high due to regulation or otherwise, substitutes are sure to be prepared. Jute also can be grown in other countries, but due to its comparative low cost of production Bengal is having its monopoly.

Q. 7.—No.

Q. 8.—Certainly.

Q. 9.—Legislation should not be made.

Q. 11.—Such a Board will not work, corrupt practices may crop up. Evasion will invariably go on.

Q. 13.—Cultivators should be given the option of finding the suitable crops for their lands. Introduction of new crops with demonstrations will help a good deal in the matter.

Q. 14.—The propaganda had some effect in keeping down the area under jute. It is not necessary to continue the propaganda. Cultivators have now understood the position.

Q. 15.—Cost of cultivation varies from place to place and from time to time. When a cultivator does not use any hired labour the cost of cultivation does not count; whatever he gets is his profit. So any calculation about the cost cannot give a true idea. A remunerative price is purely comparative and depends on the price of other agricultural produce. Weight for weight, price of jute should be about 4 times the price of paddy. Yield of jute has been calculated at 15 maunds per acre on the average.

Q. 16.—Price of jute ought to be about 4 times the price of medium quality paddy. Rupees 5 per maund ought to be the reasonable price of jute per maund at the present day conditions taking Re. 1-4 as the price of paddy per maund.

Q. 17.—General economic depression. Price of manufactured jute being low due to depression in trade, the price of raw jute must fall.

Q. 18.—Due to the higher price of jute prevailing during war and after, substitutes were prepared by other countries. Research is absolutely necessary to regain the lost ground. Research should be conducted in the direction of improving its quality and also to find out its fresh uses. All the work should be done by the Agricultural Department in collaboration with the Industries Department and with

the mills. Propaganda in foreign countries may be of great use in exploring a fresh avenue in its uses.

Q. 19.—Jute forecast is necessary for all concerned. A better method of checking under the control of the Agricultural Department is necessary in order to be sure that the figures are correct.

Q. 22.—Middlemen are absolutely necessary for small growers. These men may not like to be in direct touch with the balers. They would rather prefer to sell to a person who would take the thing from their house. Large growers and middlemen may be benefited by the formation of co-operative societies.

Q. 24.—The price that the cultivators get due to the multiplicity of middlemen is not of much importance. A cultivator always keeps a rough information about the current price of jute. He cannot be cheated to any great extent by these men.

Q. 26.—Cultivators sell their crop often when standing in the field. Time of selling varies according to urgency.

Q. 38.—The growers receive information about market rates from the middlemen. If the price and other information be broadcast by radio, the cultivators will be much benefited.

Q. 39.—Information should be on various subjects, e.g., market rates, jute forecast figures, complaints, etc. The subject matter can be altered from time to time according to necessity.

Q. 40.—Broadcasting by radio. If loud speakers be installed in village schools double purpose will be served. It will benefit both the students and cultivators. It may also be installed in *hats* or *bazars*.

Q. 43.—For the improvement of jute vigorous research work should be carried out in the direction of improvement in quality and in finding out fresh uses, etc. For this purpose it is necessary that the different workers on the subject should meet from time to time to exchange their views. In other words, there should be a central organisation to advise about the lines to be followed by the research workers. This need not be a big affair. At present only the Fibre Section of the Agricultural Department is doing work on jute and other fibres. If it is decided to form a permanent Jute Committee the Industries Department, the Dacca and Calcutta Universities and some mills may be asked to collaborate with the Department of Agriculture. It will not be necessary to spend anything on laboratories, etc., as the existing arrangements will suffice. Some money will be required to slightly increase the staff or office establishments, etc. If a Central Jute Committee be decided upon in future the abovementioned Committee may be merged into this bigger one. I am for a small beginning as with this work can be begun at once.

Q. 44.—The following will be the constitution and functions of the Committee:—

- A. Director of Agriculture, Bengal—*Ex-officio* Chairman.
- B. Representative of Agricultural Department—Research and propaganda.
- C. Representative of Industries Department—Researches on industrial side, e.g., small tests on weaving and making of

yarns, finding fresh uses of jute, making small machines, etc.

- D. & E. Representatives of mills and trade.—Making large-scale experiments and suggestions on the lines of work.
- F. Representatives of Universities.—Experiments in collaboration with the Agricultural Department. Research students of the Universities may be encouraged to undertake work in this direction.
- G. Representatives of cultivators.—Putting the requirements of the cultivators before the Committee. Making suggestions about the improvement of the cultivating classes.

Along with jute other fibres also should be taken up. Fibres which are superior to jute should be specially tackled.

Q. 45.—It is not necessary that other Governments should co-operate. Jute is a minor crop in other provinces. If means could be found in Bengal about its improvement other provinces could adopt the same.

Q. 46.—The scheme suggested will not require a very large amount. Research Council may be requested to finance.

Q. 53.—This may be a branch of the Jute Committee suggested in questions 43 and 44.

No. 3.

Babu Ranajit Chandra Lahiry, Deputy Chairman, Pabna Central Co-operative Bank.

Dated the 13th March 1933.

Q. 1.—Yes.

Q. 2(a).—Yes.

Q. 2(b).—The main object of the regulation should be not to produce more than that for which there may be demand. If regulated, the price of the raw fibres may be steady and there is every likelihood of the price being raised and made steady.

At least most of the cultivators will be relieved of taking loans at abnormally high interest for cultivation of jute, which ruins them ultimately. In alternative they may cultivate paddy in the restricted areas, for which they will not have to take any loan from the outsiders.

Q. 3.—In all circumstances the regulation will be feasible, I believe.

Q. 5.—Want of foreign demand is the main cause of the depression of the price. Financial crisis and over production are correlated. At financial crisis there is less demand and necessarily over production.

Q. 6.—There is no such danger if the price of jute is kept moderate. The price should be so fixed that no other crop may economically be substituted for jute.

Q. 7.—Not at first; but after they appreciate the benefit of such a scheme the cultivators are likely to co-operate.

Q. 8.—Yes.

Q. 9.—In order to bring home to the growers the benefit of jute regulation there should be compulsory legislation. Every year the

growers should be required not to grow jute on more land than what would yield the quantity in demand. In order to regulate the production it is necessary to have an approximate forecast of the demand.

Q. 10.—By all the agencies mentioned.

Q. 11 and Q. 12.—Yes.

Q. 13.—In low lands *aman* paddy should be cultivated and in high lands sugarcane or potato should be cultivated.

By propaganda works the cultivators may be encouraged to grow these crops.

Q. 14.—Effect has been given to some extent and it should be continued. The propaganda works would be made more effective by lantern lectures in a group conference in villages.

Q. 15.—Rupees 45 only is the minimum cost of cultivation of jute per acre at present in Bengal whereas an average of 15 maunds per acre is the minimum production.

Alternative crops.—

	Average cost of production per acre. (At present.)	Average minimum production per acre. (At present.)
	Rs.	Mds.
Paddy	20	15
Sugarcane	75	50 molasses,
Potato	30	30

Q. 16.—At least Rs. 6 per maund for jute would bring a reasonable return at the present day to the cultivators.

Q. 17.—Want of foreign demands for the raw material as well as the finished products.

Q. 18.—Yes.

The Department of Agriculture could be assisted by the Co-operative Department.

Q. 19.—In my opinion it helps the balers and mill-owners only, for they can control the market, at their own will, on the forecast. Instead of the forecast of the cultivated acreage, if the forecast of the demand of balers of jute be published, there may be some benefit to the cultivators.

Q. 20.—The present system of grading and marketing being manipulated by the purchasers is not advantageous to the growers and the community generally. It may help the growers and the community if the gradation and the marketing are manipulated by Government experts.

Q. 21.—Yes, it is feasible.

One in each jute growing union of Bengal. It may be advantageous to the cultivators.

Q. 22.—Yes.

Q. 23.—The *farias* buy jute from the cultivators at a minimum price and sell them to the *aratdars* at the prevailing rate. The difference is their profit. Whereas the *beparis* are appointed by the

mahajans to purchase jute at a fixed price, sometimes on commission. Generally the *beparis* buy at a much lower rate than that fixed by their *mahajans* and thereby become doubly-gainers.

Q. 24.—Yes, to some extent.

Q. 25.—Yes, explained in Question No. 20.

Q. 26.—Yes, 2 or 3 months before the crop is harvested.

In some cases they take cash money at a fabulous rate of interest such as 2 annas per rupee per month, that is, at 150 per cent. annually.

Q. 27.—From private *mahajans*. Not in all cases. Better credit facilities can only be given to the growers through Co-operative Societies.

Q. 28.—It is possible to bring the marketing of jute under co-operative organisation.

Some of the reasons of the failure of jute sale societies seem to me to be the following:—

- (a) Uncertainty of the price.
- (b) Competition with well organised rivals having unlimited resources.
- (c) Top-heavy management with inexperienced officers.
- (d) Excessive costs.

Reasons (a) and (b) can be removed by proper legislation only. If the production can be regulated by a forecast of demand, the price can be so fixed as to leave a reasonable profit to the grower. Then at the price so fixed the Co-operative Societies only will have the right to purchase jute from the growers.

By a proper banking system on the co-operative basis the above scheme may be financed.

The other reasons of the failure of jute sale societies can be removed by proper administration.

Q. 35.—Standards should be fixed by legislation.

Q. 36.—Government jute experts should supervise the working of the standards.

Q. 37.—Mr. McDougall's marketing scheme seems to be feasible.

Q. 38.—The growers of jute at present do not get any exact market information. Information regarding the proper market conditions could be supplied to the growers, etc., through the local agents of the organised markets proposed in Question No. 21.

Q. 39.—Yes.

The growers would be benefited if they get a forecast of the quantity of jute to be consumed by foreign countries with an approximate rate per maund.

Q. 40.—Radio with loud speakers at certain centres would be the best method for this sort of advertisement.

Q. 41.—Yes. It should be done by the Government. Yes.

Q. 43.—Yes.

Q. 50.—To regain the lost trade of jute, there should be stability in price and means should be discovered to minimise the cost of production.

Q. 51.—Jute may be used for cottage industries, viz., *satarancha*, *galicha*, rope, etc.

Q. 53.—Yes, the Department should be financed by Government.

Q. 54.—Yes.

Q. 55.—Through Continental Trade Commissioners.

Q. 56.—Yes.

Q. 57.—Indian Government.

No. 4.

Babu Kali Das Bagchi, Subdivisional Officer, Sirajganj, district Pabna.

Dated the 9th March 1933.

I regret very much, during the short time allowed, it is not possible to study the various questions and give a reply to them in a really helpful manner without a patient scrutiny of the present state of affairs of such an important crop as jute. The study of the problem is further made intricate by the fact that there are various local "trade secrets" based on local custom, convention, etc., which the men generally employed on jute, are most unwilling to give out. Unless a man sees through the game from the actual cultivation, distribution of seeds and produce of the fibre, up to the furthest limit of production of the finished product in Bengal, or elsewhere, it would be rather risky to express any opinion as to the various factors coming into play, as each stage of "production" would be mostly unknown. Private competition and an intense selfishness to have a good profit or turnover on the capital outlay in the open market, even at the cost of the producers, are, however, subjective matters with which probably this enquiry is not concerned. The experience of the American Cotton Growers Associations would show that in such a large organisation for jute, we would gradually profit by committing mistakes, and the growth of an organisation in course of 20 or 30 years cannot be envisaged at the beginning as conditions would vary every year. I would, therefore, propose to hazard a few answers to the questions only on the actual experience that I had occasion to gather during the last 12 years in course of service in various parts of Bengal. I beg to note, however, that the last Great War was the main disturbing factor in the jute market and the feverish activity and the unusual demands of war for jute bags, etc., are not likely to be felt in normal years of peace. It was again no use to speculate on any coming war as having any influence in the market now. The cessation of the activities arising out of the war was probably responsible in no small measure to the present dull depression in the market. If we neglect the influence of the war, we may probably assume that the jute market was practically steady from 1890 (the year of stoppage of free coinage in the mint) till 1914 when the exchange organisation broke down. The slight rise, or fluctuation, during this time was only a normal growth in business. From 1915 the jute market (local and export) passed through various vicissitudes and it is not yet known whether we have reached the lowest trough in the wave of fluctuating prices. The answers to the questionnaire are now made subject to the above remarks—

Q. 1.—I am not in favour of regulation of production of jute for the following reasons:—

(1) It would stifle the spirit of private enterprise, and the incentive to earn an honest income by one's own labour would be curtailed.

(2) The income of the neighbours is the incentive to produce, and regulation would be infructuous if one tries to forestall his neighbours in a spirit of speculation likely to crop up naturally between the cultivators.

(3) The experience of the last 50 years, as gathered from the statistics, would show that the minimum and maximum acreage of jute for the whole of Bengal and Assam are known and the variation between the two is not generally so much as would be, or need be, controlled by a regulation. This difference depends on extraneous causes over which the cultivator and Government have no control.

(4) Regulation would probably affect the healthy competition in the open market to keep down the price.

Q. 2(a).—It may be possible to regulate the jute crop according to the expected demands of the market, but then the expected demands (both internal and external) are generally vague speculations, specially when they are extended over almost the whole world.

Q. 2(b).—The object of the regulation, if any, should be only to steady the price just bordering on the economic profitable level, so that the cultivator might have a steady budget of his own instead of depending on off chances only. A cultivator would not like to meddle in the "Bear and Bull" policy.

Q. 3.—*Vide* reply to Question No. 1.

The reasons have no reference to the present conditions, and I may have some faith in regulation only as a temporary measure, and in a high fluctuating market, if there was any occasion for it, and only when this fluctuation was likely to be immediately ruinous to the entire population at the option of a few.

Q. 4.—I had some experience of control of rice during the last Dacca cyclone (1921) and partly of coal and wheat during the Great War. The price and export and transport were regulated but not the produce. Rice and wheat were food crops imported for local consumption. Coal was controlled for export and internal supply. It was meant not to last long. Jute differs from them in the following ways:—

- (1) The local or internal consumption is practically very small.
- (2) Volume for volume, or weight for weight, jute would occupy more space in transport organisation than rice or wheat or coal, if held in stock.
- (3) Export of jute meant cash, or ready money, and import of rice or wheat meant preservation of life.
- (4) Jute and its produces are capable of repeated use unlike the other three.

Q. 5.—It is rather difficult to enumerate the factors which cause a depression in the price of jute; like all other articles or commodities in the market, the ordinary economic laws of supply and demand and international exchange and such causes would influence the price. The cost of production would again depend on cheap money and facilities for it to a cultivator. But from the growers' side, the price is often regulated by personal requirements to meet ordinary obligations more than by the cost of production. The loss in economic valuation of labour employed in production of fibre falls on themselves in the

shape of use of food crops. Examples are, however, not unknown when jute was allowed to wither in the fields to prevent a further uneconomic use of labour and a further loss which a grower cannot ordinarily bear.

In the case of jute the question of price is governed by the following causes:—

- (1) Foreign demands on agreed or stipulated prices which dictate the internal price.
- (2) Future markets where the elements of speculation in business rule supreme.
- (3) The written or unwritten contract to supply at a fixed price in future in lieu of cash or cheap money to a cultivator.
- (4) There is some elements of risk or loss in stock or handling which is not so much felt for other crops.

It may be said that the above have an indirect effect of steadying prices and controlling the market as well in the world but they neglect altogether the interest of the grower. Price, in fact, is dictated by cipher code telegrams from outside and not regulated by supply and cost of production from growers.

The financial and other causes would naturally have some effect on the price and the cost of production. Jute being mainly an export crop the influence of some external causes would be readily felt. The facilities for cheap money affect the cost of production, as a grower has often to meet the cost of labour in cash unlike that of other articles paid for in kind or mutual exchange.

The term "over-production" can have only one significance and that only with regard to demand. The demand is of three kinds—

- (1) for local consumption,
- (2) for hessian mills,
- (3) for export or foreign trade.

The local consumption is very small and does not affect the price. The mills and export trade take up 95 per cent. of the produce in normal years. The statistics of produce would show that from the side of the grower there was no over-production, and a grower is governed by his ordinary requirements and obligations when he intends to raise the crop at the prevailing rate. There was over-production in the sense that the mills and foreign exporter refused to consume the produce. The stock in hand in the market would, therefore, govern the price more than the produce by the cultivator or supply in the market. It is not possible to make an annual estimate of the stock but I understand that the mills and export agencies generally keep sufficient stock to last 6 months or a year (without any fresh purchases). This over-stocking, if I may say so, depends on the capacity of the mills to produce and internal and external demands apart from the question of profitable employment of labour.

Q. 6.—Jute is ahead of all other substitute crops in the market for the following causes:—

- (1) It is a cheap fibre which is generally useful for ordinary purposes. The tensile strength may be a little low but that is no matter of importance in the present day useful products from it.

(2) The substitute crops, e.g., hemp, coir fibre, lady's finger, aloes, etc., are mostly of shorter length, and what is gained in tensile strength is lost in a more voluminous use. Jute, again, tends itself more easily to twining and winding than others.

(3) The peculiar way of retting in water where chemical, biological or bacteriological action is brought into natural play, cannot be replaced by any mechanical method of extraction of fibre. The substitute crops, as they are known here, require some other treatment which is often costlier than jute. The soil, climate and nature of water, may not be available elsewhere. From the above it would appear that so far as India is concerned, i.e., internal consumption and trade, the substitute crops are not likely to compete with jute if the latter were regulated. But if the Regulation Scheme affects the foreign markets competition for substitute crops would naturally come in. The jute industry would be seriously affected. I may cite an instance here. There were several American mills which turned out bags from a variety of grass and jute. On account of the slump in the cotton market in America, a plan was accepted there to use up the surplus cotton in production of such bags. The mills closed up and the Americans went to their own country to help in the new method of production. I need not cite other instances. The competition of fibres there is, and there will always be in the field, but all the world over experiments have failed to reach the minimum cost of production which the Bengal cultivator learnt by experience to adopt in jute. The question of substitution of jute by some other economic crop is a different problem.

Q. 7.—It is extremely difficult to say whether the cultivators would voluntarily come into a scheme of Regulation. I do not know whether such a Regulation was accepted anywhere in the world, nor if the ordinary cultivator has any will or option in the matter. The cultivator is concerned mainly with the price in the market. The high prices allowed in some previous years always leave him with the expectation that he would get a higher price next year. He may fail or may be in the wrong but an unsophisticated man refuses to be governed by Regulation unless he finds in actual practice that it is to his sole benefit. It would appear again that any attempt to regulate the private enterprise of a grower or cultivator has mostly failed in other parts of the world. A cultivator has a small cottage concern whereas the jute industry is mostly a large scale production.

Q. 8.—Yes, I think the higher price due to any shortage or regulated supply would induce more sowings and regulation would cease to have any effect. I beg to note that the annual propaganda by the Agricultural Department for restriction in cultivation of jute does not appear to have any appreciable effect. Probably because the propaganda for a distribution of departmental seeds has something to do with a confusion of issues in the minds of the growers.

	Acres.	Bales. (400 lbs.).	Average price per maund to cultivator. Rs. A.
1929	3,020,365	9,264,200	9 0
1930	3,062,300	9,966,000	4 4
1931	1,613,700	5,002,700	3 12
1932	1,633,200	5,127,500	4 2

Figures for export, etc., and stock at the end of the year are not available here.

Q. 9.—I have no suggestion to offer regarding the compulsory regulation by legislature as I believe regulation would be like a dam or embankment in the flow of water, the effect of which is apparently profitable but it is found to be ruinous in the long run, unless persistent steps are taken to maintain the *status quo*. Instead of a regulation, I would advocate a voluntary combination, or "pooling," between the Indian Jute Mills Association, Calcutta Baled Jute Association, Calcutta Jute Shippers Association, Calcutta Jute Dealers Association, Bengal Jute Association and similar organisations, if any, with a view to initiate a Jute Trust or Corporation who would look to the interest of growers and initiate a division of labour and produce and grading, etc. They would govern the world market as the Cotton Associations of Liverpool and Manchester are doing. There would be a natural growth of a mutual convention or agreement instead of an unhealthy rivalry. This convention in time would be incorporated into a Regulation, if found necessary by experience.

Q. 10.—In view of the opinions expressed above this question would not arise. I may, however, record a note of warning. There is a tendency in some quarters to employ the infant institutions of Union Boards and Co-operative Societies for every sort of hazardous schemes. The demand for an expansion of their activities should be made by them but it should not be created by others by engrafting a system from above. They should be allowed to have a natural healthy growth instead of a fight against heavy odds in the beginning of their career. The *zemindars*, *mahajans*, etc., as an institution existing in the country, are helpful in various ways but they should be left to choose their own way as to how they can afford facilities in trade. They are not as selfish as they are represented to be in public estimation.

Q. 11.—The Jute Marketing Board may be able to detect increase in total yield and acreage but they would not be able to check the evasion of regulations, if any. So far as the Cotton Market Act of 1932 (C. P. Act IX of 1932) is concerned, there is this difference with respect to jute that the cotton market was to regulate the internal trade and consumption of cotton, external trade being rather less, but jute has a considerable export trade the internal consumption being much less. It is easy and probably expedient in some cases to control the internal trade, but the external market is beyond control unless of course the Jute Trust or Corporation can put up a stiff attitude as the Liverpool Cotton Association did to America.

Q. 12.—The Governments of Assam and Bihar are equally concerned in the jute trade and any regulation in Bengal would mean a diversion of traffic and forcible displacement of capital if it is not accepted by the other Governments as well.

Q. 13.—It is rather a sweeping question and probably based on a misconception that an average soil may be made to grow any crop anywhere. It always requires a patient study and experiment. There is no rough and ready rule about adaptability of crops to soil and climate. The natural flora may be an indication and it is not possible to prophesy whether the species would improve or deteriorate. The question requires a careful study over a number of years.

The cultivator can easily adapt himself to the growth of economic crops in spite of all the aspersions of his conservatism, only if he sees

with his own eyes and from the experience of his neighbour that a crop would be profitable. The cultivation of foreign seeds, e.g., of cabbages and cauliflowers, is due more to spirit of emulation than any active propaganda from outside. There are immense possibilities of market gardening or of economic crops but the difficulty of transport is a serious obstacle not to speak of scarcity of water in some localities.

Q. 14.—From the statistics published, I may be contradicted in the view that the propaganda for restriction of jute had no appreciable effect in reducing the acreage. The low price in successive years has induced the cultivators to seek for help in cultivation of other crops. Jute has a remarkable facility that *aman* paddy can be grown in the same field after the harvest and no other crop can be grown when jute occupies the field. Sugarcane was grown in place of jute in some areas but it is a costlier cultivation and an average cultivator cannot leave his fields occupied for one year whatever be his ultimate gain. Propaganda is practically useless in the above view. The village *beparis* and *farias* do a lot of propaganda more than the pamphlets published by Government which they cannot read.

Q. 15.—The figures are published in the annual agricultural reports and statistics and I have nothing to add. The normal cost of cultivation of jute and production of fibre comes to Rs. 4-8 or Rs. 5 per maund on average considering all the factors.

Q. 16.—A profit of Re. 1-8 or Rs. 2 per maund is reasonable return from the endeavours of a cultivator considering the risk involved and volumes occupied in keeping the produce in stock before sale.

Q. 17.—The fall in price is due to shrinkage of foreign demands and absence of internal economic consumption of jute, it being assumed other things remained the same as regards production. The average life of a jute bag or hessian or other products of jute is no less a disturbing factor.

Q. 18.—It is not easy to give an answer to the question as opinions are mostly divided. All that Agricultural Department has done or is doing is annually published in the reports and statistics, but it would appear a curious thing that the general body of cultivators failed hopelessly to take to or appreciate the results of the activities of the Department. Probably this is due to the fact that there is no grower or cultivator in the Department, and the Government may have resources enough to run farms or some gentlemen or others may have a hobby to employ his leisure hours, but the Department forgets that the cottage farms are institutions entirely different from what is meant by "farming" in other parts of the world. It is difficult to say what is better or more economical, but the legacy of ages cannot be driven away at once by this departmental attempt. It is a serious thing for consideration whether the so-called agricultural research and propaganda should not be stopped now as the Government Farms are only another competitor in the field, if I may say so, and research and study should be made actually in the fields and not in the limited space of a farm.

People do not appreciate the efforts of the Agricultural Department as the Department is concerned more with the problems of academic interest and they do not come to help the cultivators when they require it (e.g., pests, flood, failure of crop, etc.). It is better to improve upon the existing things than asking the people to do what they will not or

cannot do. The defunct Agricultural Association in every district would probably corroborate the above.

Unless the activities of the Agricultural Department are made to fit in with the demands and actual requirements of the people and the policy is changed it is useless to speak of the agencies for their work. The Highland Farmers Association of Scotland, a private non-official organisation in the middle ages, was gradually absorbed by the Government of England in the Department of Agriculture, but here we have the Department which refuses to consider the existing interest or absence of them in the large body of cottage farmers. The Department of Agriculture in America, however, tells another story and facilities were freely given for the growth of private enterprise, but here the activities are rather different. The Department can meet successfully where there is a demand but it cannot or should not create a demand to justify its existence.

Q. 19.—The jute forecast is helpful mainly to the balers and mill-owners. Some of the middlemen, e.g., brokers, may derive some benefit in their contracts or future markets. But the growers and the local *farias* and *beparis* do not get any benefit therefrom and they do not appreciate the utility of such forecasts. The forecasts are helpful and probably necessary for export trade, but it is very difficult to say whether they have any effect on the price with which the growers are concerned. This might be due to a lack of education on the part of the growers but I should not touch upon the vicious circles in the internal trade so far as the statistics are concerned. The present system of compiling and publishing the figures may not be actually accurate, but it gives a fair estimate. The published records of the settlement operation might be used to get more accurate figures if found necessary. But a paid agency should be employed if more accurate figures are required.

Q. 20.—The present form and method of grading and marketing jute are in a hopeless muddle. The growers do not know these and the grading is done by the buyer exporting agencies who have branches in the outlying stations. The grading is neither uniform nor scientific. In some localities there are as many as 9 grades, e.g.—

- | | | |
|--------------------|------------|-----------------|
| (1) Extra special. | (4) No. 2. | (7) No. 5. |
| (2) Special. | (5) No. 3. | (8) No. 6. |
| (3) No. 1. | (6) No. 4. | (9) Rejections. |

Besides, there are several gradations according to locality, e.g., Domar No. 1-4, Rangpur No. 1-5, Serajganj No. 1-5, Nikli No. 1-4, Narainganj No. 1-6 and so on. There are some classes known as Hearts, T.R., B.T.R., Crown, Lightning, etc. It is a trade secret as to what subtle differences or specialities are followed in making the above gradation. As a matter of fact there is always some slight differences in price according to grades, but the large purchasers generally allow a flat rate, and a cultivator who produces special or extra special (cream coloured silken fibre) may find his produce priced as rejections or No. 6, simply because his jute was probably a bit muddy or lustreless through some defect or-fault in retting though the fibre would be really of a higher grade. It is also believed that a treatment by dilute tartaric

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and mallic acids can change the grades. Water-hyacinth is also helpful in affecting the grade. There is a Board of Arbitrators in the Chamber of Commerce regarding disputes over gradation. But this is confined mostly between a broker and a broker or a broker and a large purchaser; the cultivators do not come in to share the profits of this arbitration. The grower and the community are practically defrauded of the legitimate price of the produce which otherwise they would have every right to demand. It would appear that the grading is profitable to the balers and mill-owners and the present method of marketing is under their control. There is also a discrimination between middlemen; the English brokers generally get a rupee per maund more than an Indian broker and where the cultivator gets so much per maund of produce, the middlemen and the mill and exporting agencies derive commissions at the rate of so much per 100 or 1,000 maunds of jute handled according to its grades.

Q. 21.—It is possible to establish organised market at suitable places. There is a sort of an organisation in the bigger centres, each attached to the local branch of brokers or exporting agents. The experience of the Cotton Market Act of 1932 is not easily available here, but the Act appears to have perpetuated the existing system, if any, and the system of licence is likely to drive away the young aspirant from easily coming to the field. Markets may be established at places of export or where large purchases (transactions not below 5,000 maunds) are made in a day in the season or when the cultivator sends out jute for sale through a broker. The facilities for transport may be considered regarding its location. A short survey of the existing conditions would be enough to settle the preliminary details. Traffic should not be diverted to other channels by such markets as the available ways of transport would be seriously disturbed. There are such markets existing though in a disorganised form. There would not arise any difficulty to remodel them. This is likely to be advantageous to cultivators. The notified markets should be under the control and supervision of the proposed trust or corporation.

Q. 22.—The exact reason for a persistent cry for doing away with the middlemen and their profits is not known. They exist simply because they afford facilities to cultivators as well as to the purchasers. Even if they are replaced by co-operative organisation the natural tendency would be for the men in authority to turn into middlemen; marketing of produce is a question with which the producer cannot occupy himself. Either he should remain a producer or grower or be a middleman at the sacrifice of his labour on soil. The co-operative organisation would be only another middleman-competitor in the field. It can at the utmost be a strong bar in the ladder but not the ladder itself. The idea may have immense possibilities to allure, but the experience is otherwise.

Q. 23.—The *faria*, *dalal* or *aratdar* (broker) are people who stock jute in *arats* or godowns in the hope of selling at a profit. The *bepari's* are brokers who bring jute from the actual cultivators. A rate is agreed secretly between a *bepari* and a *faria*. A cultivator may not and does not know this. A *faria* can make direct purchases from cultivators and a *faria* can also be a *bepari*. A *faria* has no fixed rates as between him and a *bepari*. Foreign purchasers or export brokers have each *beparis* and *farias* also and they allow commissions or fixed pay to them. The rate is fixed also secretly (by making secret signs within clasped hands under a cover). The rate varies from 2 annas to 8 annas per

maund between a cultivator and a *bepari*. *Farias* may get a commission of 8 annas per 100 maunds or so. The commissions earned by or granted to the exporting agencies in the outlying station is also a secret. Some paid staff are employed. They may have a share in profits through private sales or a commission or both. The rate is various according to Company of management. The Marwaris advance money to *beparis* to buy and bring jute at current rates.

Q. 24.—It is said jute like tobacco produces money wherever it goes. Each middleman has some prescribed functions to perform and it is not clear what is meant by a multiplicity of them. From the cultivators the *faria* or *bepari* brings jute in carts. Jute is stocked in godowns wherefrom purchases in bulk are made. The owner of land, capitalist, landlords, transport agencies and others come in now, but they are necessary and it is not safe to call them evils. The incidental charges would not exceed in all more than Re. 1-8 to Rs. 2-8 per maund from anywhere in Bengal to Calcutta (Calcutta to Dundee the rate would be Rs. 2-8 per maund). These are in the nature of fixed charges and they do not much affect the price received by the grower. If we calculate roughly the middleman's profits (*viz.*, *beparis* and *farias*) and distribute them among the growers the ultimate gain would not exceed 2 annas to 4 annas per head per maund of produce. The merchants and shippers and balers derive profits from their capacity for large handlings and the difference in price on account of distribution of profit per maund or per acre would be rather small per head of cultivator. It is possible to do away with the middlemen and to bring the cultivators into direct touch with the balers and exporters, but it is not clear whether another sort of middlemen would not creep up in their place.

Q. 25.—There are some local customs or unwritten conventions (*e.g.*, exporters must make purchases through *farias* and not from cultivators direct) which have practically little effect on the entire trade. There is no guarantee that in the direct purchase the exporting agency would pay to the cultivators what it would have paid to its *bepari* or *faria* and there was a likelihood of the larger purchasers pocketing the money which would have gone to the grower. It is difficult to find out how this system of *sairati* rents grew up, but it is justified in the view that profits are distributed among the community. There is very little actual hindrance to trade on account of these rates of local custom.

There is some trouble in some quarters about the weight allowed for purchase. The *farias* and *beparis* purchase at the rate of 90 or 92 *tolas* a seer. They sell to the exporters at 80 *tolas* a seer. (The railway scale of weight shows some variation according to English rates). The difference of 12 to 15 *tolas* (in some areas) is explained by the fact that in pressing jute into bales some moisture comes out in bulk. The *farias* again say that they cannot but charge a higher scale per seer as the jute supplied by the cultivators has to be cleaned and beaten against nails before being made into bales or sorted according to grades. These give rise to various disputes and quarrels and the cultivator is worsted in the long run.

In the areas served by boats there is again a quarrel on account of a custom that the boatman must name the *bepari* or *faria* in whose

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godown he would have transactions before he is allowed to land. A new *bepari* would find it rather difficult to dispose of his goods as he has, after all, very little choice in the matter. This system is not actually an impediment to trade, but it restricts what is known as open market.

I need not touch upon the trade dispute over gradings once again.

Q. 26.—All the cultivators do not pledge their crops before harvest, some at least do so with the Marwaris and *bepari* merchants. Money is advanced (*dadans*) on condition that jute would be delivered at the godown at so much per maund and a stipulated quantity of it is also entered in the bond. If the debtor could not grow jute he would have to purchase and supply it at the stipulated rates. Generally bonds are entered into for the next year's crop and these form a sort of Futures Market.

It is a well known fact that some cash money is required in cultivation of jute and production of its fibre. The cultivator borrows money for this purpose, some without any pledge and some on simple notes of hand (besides the above). After sale of crops the short term loan is liquidated with interest. The money-lender in this case is a real helping hand as he does not care about the price of the produce. He gets only a share of the profits, if any, as interest on the capital outlay. Money is chiefly required at the sowing and harvesting seasons and whatever be the rate of interest the grower gets facilities from local *mahajans* who also offer easy terms for repayment. Very few of such cases of default, if any, come to courts. It is needless to say that if a money-lender or merchant has to come to court the result is not very happy with the cultivators. The terms and conditions vary according to locality and to available help of money-lenders. In making the stipulation for pledging crops for harvest the average of last two years' price is generally resorted to. The Marwaris and *farias* advance money to *beparis* for purchase of jute from the cultivators. An average current rate is fixed and the *beparis* are left to have their own terms for purchase.

Q. 27.—As stated above the creditors are not necessarily the buyers of the crops. In some localities an association of money-lenders or of small investors grew up (private loan banks and such offices) which afforded facilities to the cultivators. They did only money-lending business and did not interfere with the trade. The Marwari merchants and *bepari* traders advance money on future stipulations and they no doubt affected the general price. It is rather difficult to estimate what portion of the actual requirements is borne by these Marwaris and up-country traders.

The prospect of the private bank is at present very bad. It is not probably due so much to any fault or defect in the management as to long term credits allowed to the cultivators, which the latter do not find any means to repay now, and also to absence of liquid assets to meet the claims of the depositors. The co-operative banks are also in the same predicament. The private loan banks are an association of money-lenders whereas the co-operative organisation is an association of borrowers. Various schemes are now in the air regarding rehabilitation of the private loan offices. In normal times they were no less helpful to the cultivators, probably much more than what the Co-operative Societies did. The loan offices charge simple interest but the co-operative banks charge compound interest (following the

principle of loans granted to public bodies by Government). It need not be said that a network of banks on such easy terms as granted by Government for the agricultural loans to cultivators should afford better facilities. These banks might remain under Government control as is being done through treasuries and under Government agency now. It is, however, a pressing need that all banks, private or otherwise, should have their reserve fund and a portion of share capital invested in Government securities or liquid assets with the Imperial Bank or a recognised well established bank (as done by the insurance companies).

The co-operative societies were established primarily to meet the demands of the cultivators, but in spite of the reported figures it is a well known fact that during the last few years of their existence they could not yet touch the fringe of the problem. The rates of interest are rather high and their avowed popularity is more on paper. It is necessary to make a thorough enquiry to find out why in many villages the impression of the people is so deadly against its spread and further extension.

Q. 28.—There cannot be any co-operative organisation for marketing of jute by allowing private competition in the field as well. The organisation would be only another competitor and as such it would suffer or exist as others do. The organisation, if any, should be of those who govern or rule the market (in the shape of Pool or Trust) in which all concerned might be brought in to co-operate. In the Appendix C such an organisation was advocated and probably the business in shellac is at present carried on on similar lines. (There was a similar attempt in case of tea, but it turned out latterly to be a different one.) It is also very doubtful whether the immense resources at the disposal of the foreign exporters would allow such an organisation to stand unless they form an association to cater to the well-being of the growers. I need not cite here the defects or mistakes in the attempted sale societies. Business goes on on other lines and there is very little spirit of co-operation among the different businessmen.

Q. 29.—This is not known to growers as they do not understand the policies behind the published rates if there are any.

Q. 30.—I have no experience of the export market. The standards are fixed by the balers and shippers according to the demands of the world market. The arbitration is now done by the Chamber of Commerce, Calcutta.

Q. 31.—I think it is possible to fix standards by legislation, but I doubt whether they would be accepted by the foreign consumers or remain the same from year to year. It is, however, expedient that such standards should be thought out and fixed after a detailed careful survey.

Q. 32.—From the side of the growers I would suggest that there should be standardised gradings for the whole of Bengal which the cultivators may gradually come to know and adopt. At present the grading is done by *jachandars* (sorters). They are attached to firms of brokers or exporters on fixed pay. They have each a rough and ready knowledge of the grade of fibre, but it cannot be said that it is scientific. Each market should have a standard scale of grading which anyone may inspect. The *jachandars* should be independent educated men with good training certificates. At present there is no one to settle

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local disputes about gradings. The Marketing Board if established would do this.

Q. 33.—The standards, if any, in dealing with loose jute in Calcutta are not known to the general public. After the jute leaves the hands of the cultivator, the transactions go on in secret and the baler's standard is not always the same as that of the mill-owner.

Q. 34.—The matter is a trade secret and no one can say how and whether standard is changed and how often.

Q. 35.—The standards should be fixed by legislation. Objections would be raised by the balers and mills and foreign agents, that their free choice and offer of price were going to be restricted. The attitude taken in the matter of cotton with regard to American standardisation would also be taken up here. But if there was a combination or Trust the objections might gradually vanish.

Q. 36.—The Department of Agriculture would suggest the standards after due local enquiry in various places. It would, however, be a different matter if the brokers and exporters refuse to divulge their trade secrets. The Department would supervise the work of the trained *jachandars*.

Q. 37.—There is much to be said in favour of Mr. McDougall's marketing scheme, but I do not think it would be at present possible for Government to hold the entire capital of the corporation or to exercise authority by dissolving it, nor do I think time is ripe for doing after due local enquiry in various places. It would however be a way with the existing *beparis*, *farias* and *mahajans*, etc., or to replace them by co-operative societies. This might be an end in view but unless there is a combination of exporters from the local centres with a view to ensure the interest of the growers, no such scheme would have any success.

I advocated the formation of Trust so that within certain limitations, or mutual conventions, each member of the Trust would be free to purchase. The Marketing Board, if established under the direction and supervision of the Trust, would gradually find out their own conventions, and the Department of Agriculture would have some statutory power to settle differences and regulate the gradings, etc. The Trust will gradually absorb, or replace, the existing middlemen, if required, and lower the cost of production or transport and do such other things. The details are a matter of study and experience and I need not further dilate on them.

Q. 38.—The growers gather the information of market conditions mostly from the *beparis* and *farias*. But none of them take any interest in the general market here and abroad. The Marwaris, up-country traders and the brokers, or exporters, take some interest in them, but almost everything is dictated from the Calcutta head offices. Even if the growers were made to have an idea of foreign demands, forecasts and foreign contract rates, they have neither the means nor the ability to enforce their expectations on the purchasers and exporters. Unless the latter volunteer to come to help the cultivators, no improvement is possible.

Q. 39 and Q. 40.—It is not clear what use the grower can make of the reliable information received by loud speakers even if it can be done. A major portion of the trade is a secret preserve and there is no guarantee that this would be easily abolished by spread of information

alone. The grower is entirely at the mercy of the *farius* and brokers or exporters.

The *Bara Babu* is given secretly the rates daily, and everyone tries to keep down the price, each from the other, with a view to enforce some profits somehow or other before the purchased jute is sent to Calcutta. Then again, cultivators or growers cannot live on credits or deferred payments, but the middlemen do so by virtue of secrecy among each other. Even if the rates are published the growers are helpless if the purchasers refuse to buy except at their own rates different from the published rates.

Q. 41.—Jute can be purchased and held back from the market only by a combination of the large purchasers and exporters, provided facilities are given by the banks to do so. Government should not have anything to do with it as loss in trade, if any, cannot ordinarily be borne by Government from its revenue. This should rather be done by the Trust or combination under the guidance or advice of the Government. The interests of the two bodies (growers and exporters) are at present different and conflicting, and unless they are identical for the well being of the growers no scheme of holding up by Government would succeed. Government can initiate or afford facilities to the growth and expansion of private enterprise but it cannot go in for competition in the market. The loss should rather be borne by a few (rich) and not distributed over the many (poor). It is difficult to say whether Government could at all fix the price of jute. It can only regulate exports by customs and tariff (preferential or otherwise).

Q. 42.—The surveys and marketing officers of jute would be helpful in local trade. They would settle disputes of gradings and see to the general facilities for transport. The ultimate benefit would probably be that the growers would gradually rely more on the honesty and independence of the officers (attached to Marketing Boards) than depend on the secrecy of transactions and price. The chances of fraud or deceptive low price would be smaller. They would be a help to growers and exporters as well. Their honesty and independence might be questioned by the interest affected, but it is no use magnifying the dark side of the picture.

Q. 43 to Q. 46.—There is no necessity for a Jute Committee which would probably be an advisory body whose recommendations may not be enforceable. The proposed Trust would work out the details provided there can be such a combination.

Q. 47 to Q. 49.—The substitutes adopted in foreign countries and elevators with bulk shipment have no doubt affected the jute industry. It is now difficult to state whether the substitutes would replace jute or if the loss is likely to be permanent. The substitutes have not yet passed the experimental stage. Coir fibre is a competitor of jute and it has an established market.

Q. 50.—The answer would depend on whether the cost of production of bags and hessians could not be further reduced in the mills.

Q. 51.—Apart from the questions of use of jute as fibre it can be used in—

- (1) stuffing,
- (2) production of paper,
- (3) mats, *durries*, etc.,

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- (4) with some binding material, a substitute for wood, and
- (5) road repairs. (experiment was being made, result yet uncertain).

An experiment was made to use jute sticks for manufacture of paper. The result was successful but for some reason or other it was subsequently abandoned.

Q. 52.—The mills can take up the works above noted. It may be ascertained what finished products were manufactured from jute in other countries. It may be possible to turn them out here also.

Q. 53.—The Research Department already existing might take up the work. The Research scholars of the University might also take up the work under guidance of the Industrial Chemist.

Q. 54 and Q. 55.—I am not sure in what form propaganda in foreign countries was suggested. But avenues of new markets for jute products may be explored.

Q. 56.—There is some possibility of exploring new business by appointing Trade Agents in various countries. The Japanese and German Trade Commissioners were doing this work in India and we may do the same in other countries.

Q. 57.—The export duty and expansion of business would pay for the arrangements, and, it is expected, the charge on revenue would not be heavy.

Q. 58.—The Trade Commissioners or Agents would work in collaboration with the shippers. They will be like middlemen between the latter and foreign industries. This is a matter of detail which is expected to grow up by mutual trade conventions, provided of course the exporters agree to combine in the interest of the growers. This proviso is felt as a stumbling block from the side of the grower's future improvement.

No. 5.

Mr. A. J. Dash, I.C.S., Commissioner of the Chittagong Division.

Dated the 9th March 1933.

Q. 1 and Q. 2.—No.

Q. 3.—In my opinion regulation would not be feasible for at least ten years. The reason is the state of opinion among cultivators. They prefer to take the risks of unrestricted competition rather than endure possible loss to individuals which would arise out of restriction. The general body of cultivators would favour evasion of any restrictions. Even if it failed on no other ground a scheme of restriction would fail on the ground that it would not be administered fairly or honestly unless entirely controlled by officials.

Q. 7.—No.

Q. 8.—Yes.

Q. 9.—I am opposed to such compulsion.

Q. 14.—I am opposed to such propaganda because of the state of opinion among cultivators indicated above.

Q. 19.—I consider the present system unsatisfactory because it is based on inaccurate observations.

Q. 28.—I consider a co-operative organisation unsuitable because of the state of opinion indicated above.

No. 6.

Khan Bahadur Maulvi Md. Abdul Majid, Deputy Chairman, Caibandha Central Co-operative Bank, district Rangpur.

Dated the 14th March 1933.

Q. 1.—Yes. The production of jute should be strictly regulated.

Q. 2(a).—It is not possible to regulate jute with the expected demands of the market. The demand is confined not only to home markets but to international ones. Owing to the War demand for exportation sometimes became unexpected and great. It is only in normal times that there is some possibility of regulating the crop according to the demand.

Q. 2(b).—Of course the effect of regulation apparently seems to be enhancement of its price and to save the cultivators from incurring unnecessary expenditure and labour and the residues of land could be otherwise utilised in other crops that might bring in a higher price for the producers. Yes, it seems so.

Q. 3.—Various efforts, such as propaganda in the interior of the villages and distribution of handbills from aircrafts, were made in order to educate the cultivators about the restriction of jute cultivation and the desirable effect thereby, but all attempts proved futile. The ignorant cultivators pressed by the burden of debts and the demands of the landlords for their legitimate rents and the high prices of jute they obtained previously always tempted the cultivators to produce the crop in excess in expectation of meeting their demand. Consequently in no way restriction was possible. It is only after a few years' sad and bitter experiences that they will prefer to regulate such production of jute.

The purchasers of jute also cheated these producers. The producers being very poor, sell off the crop throughout the season at a low price. The purchasers offer suddenly a high price for a short period. This trick is nothing but an inducement on the part of the purchasers who are big capitalists, to the poor and ignorant producers, who foolishly in expectation of this high price without any restriction go on to produce a greater quantity. In my opinion nothing but legislation can save this situation which is practically ruinous to the cultivators.

Q. 4.—Yes, jute in fact is a monopoly of Bengal. But its demand being international, the producers cannot control the market. Though in all cases of monopoly, the producers control the market, such as, American Trust Standard Oil Co.; The German Protocol of Steel, etc., the case of jute is in fact the reverse. It is the customers and not the producers who control the market. In Bengal the *ganja* production is controlled by Bengal Government by Excise Law. Similar control of jute may yield some good to the producers.

If the cultivators were given some facilities of export, such as direct export to Calcutta mills and also to other foreign markets, such as Dundee, Glasgow and Hamburg. The shipping charges may be borne by the provincial Jute Association. The present method of export is that the foreign markets purchase the crop from the *beparis* which go on ships to these foreign ports and are sold at very high prices.

Unless the cultivators are given facilities of direct exportation, they cannot reap any profit.

In America, cotton and wheat producers get enormous profit by forming a Syndicate. In our country a Syndicate or an Association such as "Wheat Pool" of America will be very beneficial to the cultivators.

Q. 5.—The factors which depress the price of jute are in my opinion as follows:—

(a) Burden of debt of the cultivators for which they dispose of their jute at any price; that is, incapability of holding up of jute in stock produced by them.

(b) Over-production due to the ignorance of the demand of the markets.

(c) To some extent it is due to general financial crisis.

(d) The demand of the markets might have been satisfied to a certain extent by some other fibre in place of jute.

Q. 6.—Of course in Germany and Soviet Russia, there are possibilities for a substitute of this commodity, but the experiments are so costly and the outturn is so meagre that, if greater facilities be given to the producers of Bengal for exportation of jute to foreign markets, then I think all competitors will go to the wall. Besides these two countries, there are many foreign markets outside India, where there is a great demand for this commodity. In Soviet Russia, jute is called "White Gold" and it has extensive field there and in India there is no possibility of its substitute.

Q. 7.—In my humble opinion, the Indian cultivators are hopelessly steeped in ignorance and any voluntary combination on their part is inconceivable. It appears also that the Indian cultivators do not care to regulate the production of jute. It is due both to ignorance and to their conservative habits. But they will ultimately take to regulation if the depression of price of jute continues for some years more.

Q. 8.—Any attempts to regulate production on the voluntary basis will not be successful. The cultivators being ignorant and there being no legislation they will produce in the succeeding year a greater quantity.

Q. 9.—Legislation for the production of jute with a view to get a monopolistic price is a necessity to save the cultivators from the impending ruin. I propose that the following methods may be adopted for the purpose:—

(a) Government after surveying the possible demand of jute, both at home and in international markets, may issue instructions to restrict cultivation accordingly.

(b) The output of the cultivators may be stocked in godowns controlled by Government.

(c) The Government may advance some portion of cost of production to producers agreeing to stock their produce in the above godowns, in certain cases.

(d) They should, after stocking the produce of the land, try to get the highest price both at home and in international markets.

If the Government does so much, the table will be turned, that is, instead of customers, the producers will be able then to dictate the price for the commodity. To sum up the situation, Government legislation is necessary on the following points:—

- (a) Regulation of production.
- (b) Regulation in stocking the commodity.
- (c) Regulation of time upto which the cultivators should wait till the highest price is obtained.
- (d) Infringement of regulations should be made punishable by Act.

Q. 10.—As told above, the compulsory regulation is *sine qua non* for jute production in Bengal. In these cases Union Boards and Co-operative Societies may help in distributing the leaflets regarding the restriction of jute cultivation and storing up of jute by the producers. Further, any breach of law with regard to jute regulation on the part of the producers would be taken notice of by the Union Boards, Co-operative Societies and the *zemindars*, and such bodies will also bring all sorts of infringement to the notice of the authorities for taking necessary action under the law.

Q. 11.—If these regulations terrify the cultivators who, in order to evade the regulation, may not cultivate at all, then the Jute Association may induce the cultivators to cultivate more by dictating prices so that the yield and the acreage may not fall below the mark.

Q. 12.—Assam is another province where jute is cultivated. So co-operation of the Government of Assam is of utmost necessity. But the acreage and the yield of jute is perhaps negligible in quantity for any such question.

Q. 13.—With the decrease of jute area by regulation, I may suggest the following substitutes for high and low lands:—

- (a) *For low lands.*—The only crop of low lands, so far as this part of the Province is concerned, is *aman* paddy.
- (b) *For high lands.*—Sugar-cane, potato, tobacco and other cereals (mug and mushur, etc.), pepper, ginger, mustard and oil seeds, etc.
- (c) In order to encourage the *rai-yats* to grow alternative crops, propaganda by handbills, leaflets, posters and, if possible, by lantern lectures with interesting slides by Government, is necessary and this propaganda may be carried on with the help of such local bodies as Union Boards, Co-operative Societies, *zemindars*, etc.

The leaflets, handbills and the posters may be stuck in all Government offices such as sub-registry offices, police-stations, post offices and

[The Deputy Chairman, Gaiabandha Central Co-operative Bank.]

Union Boards and *zemindari kacharies* and in the offices of Co-operative Societies.

Q. 14.—Yes, the propaganda during the last sowing season produced effect to a certain extent. For suggestion, please refer to answer No. 13(c).

Q. 15.—The normal cost of production of jute, so far as this part of the province is concerned, is about Rs. 70 per acre; while the average yield of jute per acre is about 18 maunds.

Q. 16.—Judging from the present day conditions about Rs. 115 per acre may be considered a fair price for jute and that may cover the cost of production.

Q. 17.—For answer please refer to answer No. 5 (a), (b), (c), etc.

Q. 19.—The present system of compiling jute forecast is totally unsatisfactory since the forecast published by the Government and the Jute Association never correspond with each other. The forecast made by the Jute Association is more or less interested. The forecast compiled by the Government is no doubt a dependable record, but I suggest that more agencies should be employed in gathering the information so that it may be more accurate and trustworthy, and further, these agencies must be solely and exclusively entrusted with this work (work of gathering information).

Q. 20.—The present system of grading and marketing is most unsatisfactory and ruinous to the jute growers. The gradation is made by the middlemen, purchasers, etc., and there is no impartial agency to check its correctness, and the producers are placed distinctly at a disadvantage and loss. Some impartial and disinterested agencies must be formed under the supervision of the Government.

Q. 21.—The establishment of an organised jute market is possible, so far as this part of the province is concerned. It would be immensely advantageous to the cultivators. There may be several centres in Northern Bengal and in the other parts of the province where jute is produced. The market must be controlled by the Government agencies.

Q. 22.—Yes, there are a variety of means by which the formation of village co-operative societies may be encouraged in order that the producers of jute may be brought more closely into touch with the jute baler. The objects of such societies would be:—

- (a) Regulation of production.
- (b) Regulation of the stock of the commodity (jute).
- (c) Regulation with regard to the holding back of the stock for a certain time within which the cultivators may obtain the best possible price for the commodity.
- (d) Making it compulsory for the producers to be members of such co-operative societies.

Q. 24.—The low price of jute is due to a great extent on account of multiplicity of middlemen.

Q. 25.—Since the cultivators are ignorant of the conditions and terms of market, they are very easily cheated by the *farias*, *beparis* and middlemen. Proper market information should be supplied by the Government agencies.

Q. 26.—The cultivators in many cases pledge or sell their crops before they are harvested. The crop is generally pledged two or three months before it is harvested in times when they are hard pressed for money. The rate is always much lower than the usual price of the commodity. The whole crops of the year are generally exhausted in paying up the small debts.

Q. 27.—The cultivators generally borrow from the village money-lenders, or *mahajans*, as they are called. In certain cases the creditors are no doubt the buyers of their crops. In cases where the creditors are the ultimate buyers of the commodity, the cultivators get a very low price for the crop since the cultivators cannot dictate prices. It seems to me that short term credit may either be granted by the co-operative societies or by the Government, so that the cultivators may rest assured that neither of these agencies will have an eye on their produce.

Q. 28.—It is difficult to bring the whole system of marketing jute into the hands of the co-operative organisation, since it involves an outlay of enormous capital on the one hand, while a very vigilant eye has to be kept on the management. So it is hardly possible for co-operative organisations to accomplish it.

Q. 29.—The jute, so far as we know, is sold from Rs. 80 to Rs. 100 per maund on the Continent and Rs. 50 and upwards per maund in Japan.

Q. 34.—Yes, it is a fact.

Q. 35.—Yes. I advocate a fixed standard of loose jute by legislation.

Q. 37.—In my opinion the marketing scheme suggested by Mr. McDougall appears to be a satisfactory one.

Q. 38.—The jute growers do not get any market information now. The cultivators depend wholly upon the information supplied to them by the *beparis* or small dealers—all are interested persons. The producers should at least be supplied with the following information:—

- (a) The terms on which the jute is sold on the Continent and Japan.
- (b) The price that growers may legitimately get if they can hold back the commodity up to a certain time.
- (c) The cultivators should be given facilities to supply the commodity direct to the mills.
- (d) In this direction also I support that some Government agencies may be formed.

Q. 39.—The same agencies may also be entrusted with this work.

Q. 40.—Yes, it would be helpful to the cultivators.

Q. 41.—In the event of a possible slump in the market the jute can be purchased and held back by the Government agencies alone. In this direction an experiment may, however, be undertaken by the Government.

Q. 42.—Yes. I agree with the proposal of the Royal Commission on Agriculture.

[The Deputy Chairman, Gaibandha Central Co-operative Bank.]

Q. 43.—Yes. I approve of the formation of a Jute Committee. The functions of the said Committee would be:—

- (i) Regulation of jute production.
- (ii) Affording facilities for marketing the commodity.
- (iii) Financing the producers for the period till the best price is secured by sale, etc.
- (iv) Supervision of the whole system of organisation, by some responsible Government staff.

Q. 45.—No, this Committee cannot function without the co-operation and practical assistance from the Provincial Governments. In the formation of a committee, if possible, three provinces may be combined to form a joint committee.

Q. 47 to Q. 50.—Beyond the scope of my knowledge and experience.

Q. 51.—They may be utilised in making mats, carpets and such finished goods as serge and other cotton fabrics.

Q. 53.—In view of the depression of the jute trade, I suggest that a Research Committee may be formed with a view to alleviate the practical difficulties of the producers.

Q. 54.—Propaganda in the countries where jute is consumed to a very great extent may be undertaken in the interest of jute producers of India.

Q. 55.—Jute product demonstration stalls may be maintained by the Government in foreign countries as a matter of propaganda.

Q. 56.—Yes.

No. 7.

**Khan Bahadur Maulvi Alimuzzaman Chowdhry, M.L.C., Chairman,
District Board, Faridpur.**

Dated the 11th March 1933.

Q. 1.—Yes.

Q. 2(a).—Yes.

Q. 2(b).—To raise and steady the price.

Q. 3.—Does not arise.

Q. 5.—Sometimes over-production and generally by the manipulation of the purchasers and middlemen and want of forecast of demand.

Q. 6.—At present there is no substitute. Some substitute may be found if the price is raised abnormally high.

Q. 7.—No.

Q. 8.—Yes, it will fail.

Q. 10.—Co-operative Societies in a modified form.

Q. 11 and Q. 12.—Yes.

Q. 13.—Paddy and sugarcane.

Q. 14.—It was to a certain extent effective.

Q. 15.—Jute cost Rs. 4 per maund including rent and yield 12 to 15 maunds per acre.

- Q. 16.—Rs. 6 to Rs. 7 per maund.
- Q. 17.—Refer to answer No. 5.
- Q. 18.—Agricultural Department has totally failed in this direction.
- Q. 19(a).—Nil.
- Q. 19(b).—Forecast of demand also is necessary.
- Q. 19(c).—Beneficial to middlemen.
- Q. 22.—Yes.
- Q. 24.—Yes.
- Q. 25.—Jute Futures Market. (*Fatka*).
- Q. 26.—Rare cases.
- Q. 27.—Not always.
- Q. 28.—I have no experience.
- Q. 35.—Yes.
- Q. 37.—Yes.
- Q. 38.—No regular information is received.
- Q. 40.—Yes.
- Q. 51.—Durries and carpets, etc.
- Q. 54.—Yes.
- Q. 55.—By High Commissioner and Trade Agents.
- Q. 56.—Yes.
- Q. 57.—Government.

No. 8.

Babu Nirmal Chandra Ghose, Secretary, Jessore Central Co-operative Bank.

Dated the 15th March 1933.

- Q. 1.—Yes.
- Q. 2(a).—I think it is extremely difficult, though not absolutely impossible, to regulate the jute crop with reference to the expected demands of the market, but this will, to a very great extent, depend upon correct compilation of statistics based upon honest co-operation between producers and manufacturers.
- Q. 2(b).—The main object and likely effect of such regulation would be to steady the prices in a way which will leave reasonable margin of profit to the producers.
- Q. 3.—I believe it is possible to regulate production in a loose way. Attempts hitherto made by the Government and other bodies to reduce the cultivation of jute have been partly successful, and this leads me to believe that regulation of production is not wholly impossible.
- Q. 5.—The law of supply and demand ordinarily regulates the price of jute. Over production, therefore, seems to be the most important factor which depresses the price of jute. Financial or other crises have led to further depression.
- Q. 6.—If a jute regulation scheme were adopted I do not think there is much to be afraid of competition from substitute crops—for a scheme

of regulation cannot take into account the presence of substitutes and may deal with it by increasing production or by other means. To my mind the competition from substitutes is not likely to be very formidable; and the substitutes hitherto known are not good substitutes.

Q. 7.—To make the cultivator come under a voluntary scheme of regulation requires considerable propaganda work and the cultivators have to be convinced of the good that would result from such regulation and then it may be possible.

Q. 8.—Not necessarily.

Q. 9.—At present I am not in favour of regulation being made compulsory by legislation. Such legislation is likely to be misunderstood and misinterpreted and this will lead to evasion.

Q. 10.—To implement compulsory regulation I desire to place the matter in the hands of some special officers who would work with the assistance rendered by the Union Boards, Co-operative Societies, landholders and *zemindars*, or other willing non-official gentlemen.

Q. 11 and Q. 12.—Yes.

Q. 13.—In the district of Jessore and neighbourhood a variety of vegetable crops can be grown on high lands, and as the sugar industry is looking up, date trees and sugarcane can profitably be grown on such lands.

Q. 14.—Yes. The propaganda ought to be continued and should be intensified by utilising the District Board, Co-operative Departmental workers and *zemindars*.

Q. 16.—Rs. 5 to the actual cultivator.

Q. 17.—World-wide depression, over-production, low purchasing power and limited use of substitutes.

Q. 19.—The growers cannot take any advantage of the forecast as at present compiled and published. The other classes are benefited and they can dictate prices to poor cultivators who are too poor to hold up their produce.

The requirements of the manufacturers and others should be ascertained by Government, or any competent agency, and there should be an attempt at corresponding control of production by such agencies as have been mentioned before. This is more likely to bring to the cultivator a fair price for his initial outlay and labour.

Q. 24.—The greater the number of middlemen the lower the price the cultivator gets.

Q. 28.—The time is far distant when it will be possible to bring the whole system of marketing jute into the hands of a co-operative organisation. Yet I believe it will be possible.

The co-operative jute sale societies have been the subject matter of critical examination by Government. The defects of the liquidated societies have, I believe, been detected and, I think, can be remedied, and a fresh start should be made on correct basis in the light of previous experience.

The organisation of such societies should be done with utmost care by officers who will be responsible to the financing banks and to Government. The Central Banks within their respective jurisdiction assisted if necessary by the Provincial Bank, may be expected to finance such

societies, and if the Government stand guarantee for at least half the money invested, money will not be wanting.

Q. 37.—Mr. McDougall's marketing scheme seems to be sound and well worth a trial.

Q. 40.—Yes.

Q. 42.—Market surveys should be carried out as they are likely to be useful and instructive.

Q. 49.—Yes.

Q. 54.—Some form of propaganda in other countries should in my humble opinion, be undertaken by the jute trade.

No. 9.

Maulvi Md. Saifuddin, President, Thakurgaon Union Board, district Dinajpur.

Dated the 8th March 1933.

Q. 1.—No.

Q. 2(a).—No.

Q. 2(b).—Whatever salutary might be the objects of the proposed regulation its effects would not possibly better the economic condition of the *raiyats* and give them higher price of jute.

Q. 3.—Production of jute does not affect matters regarding health, etc., of the country. It is closely and mainly connected with the pecuniary question only. The idea to restrict jute cultivation emanated first along with the current economic crisis of the country on the assumption that over-production of jute is a main factor of the crisis in Bengal. This idea did not arise earlier. It is a fact that price of jute has fallen down. It is likewise a fact that price of each and every agricultural produce, nay of every kind of Indian goods, has fallen. These falls are going hand in hand from the time when the crisis set in.

I do not see any reason why jute cultivation should be restricted at all, jute being a lucrative production for the cultivators and not being responsible for the general low price of all kinds of agricultural produce of the country. The idea to restrict jute cultivation may be tested when the normal time comes and not now. Let the *raiyats* have a higher price in any other produce and the cultivation of jute will automatically be minimised. So long as this is not possible it is useless to restrict jute cultivation. For these reasons I am strongly of opinion that no check of any kind is necessary for the present in the production of jute.

Q. 4.—No.

Q. 5.—Prior to the financial crisis experience showed that low price is seldom due to over-production of jute. It is due to the general crisis.

Q. 7.—It is useless to do so.

Q. 8.—Unless it is possible to fix the price of jute to the satisfaction of cultivators and, side by side, to fix the limit of cultivation of jute by acreage and to penalise over-production, attempts to regulate on the basis would fail.

- Q. 9.—I am against the idea.
- Q. 10.—Does not arise.
- Q. 13.—I do not see any suitable and particular alternative crops unless the price of all other crops also increases to the satisfaction of growers.
- Q. 14.—No. The lower area, if any, is only temporary, and due partly to weather and partly from expectation of a better price in any crops. The failure has dispelled the idea of lessening the cultivation. Actual rise in the price of any other crops would be the best and natural propaganda to lessen jute area.
- Q. 15.—Average cost, Rs. 15, and average yield 5 maunds per bigha of jute.
- Q. 16.—Rupees 5 per maund.
- Q. 17.—See answer to Question No. 3.
- Q. 19.—Not satisfactory to growers, but to balers and middlemen.
- Q. 22.—Village Co-operative Societies may do.
- Q. 24.—Yes. The cultivators are cheated by the middlemen.
- Q. 26.—No.
- Q. 27.—They borrow from money-lenders and not from ultimate buyers.
- Q. 28.—Yes.
- Q. 38 and Q. 39.—They receive market information from the *farias*, etc. Co-operative Societies would do well for the purpose.
- Q. 40.—Yes.
- Q. 43.—Yes.

No. 10.

Babu Sohanlal Agarwalla, Faria, Thakurgaon, district Dinajpur.

Dated the 8th March 1933.

- Q. 1.—No.
- Q. 2(a).—No.
- Q. 2(b).—No such regulation can raise or steady prices.
- Q. 3.—Production is not the only factor in causing rise or fall of prices. In my opinion regulation in no circumstances would be feasible. If the price this year be lower than that last year, people would naturally produce less next year.
- Q. 4.—No.
- Q. 5.—The general financial crisis is the most important factor to depress the price of jute as of other agricultural products. Low prices are not certainly due to over-production. As a matter of fact the area under jute is becoming less and less every year.
- Q. 6.—In my opinion there is no danger of competition from substitute crops.
- Q. 7.—No, I am afraid they would not voluntarily come under scheme of regulation.

Q. 8.—Yes, if the price rises due to regulated production there might be increased sowings in the following year.

Q. 9.—I have no suggestions to offer.

Q. 10.—Compulsory regulation may be implemented through the *zemindars* in their respective lands.

Q. 11.—No.

Q. 12.—Yes.

Q. 13.—There can be no alternative crops for the lands which are very low. In other lands paddy and in high lands mustard seeds can be grown. Persuasion with the help of propaganda literature may encourage this.

Q. 14.—No, propaganda has done very little.

Q. 15.—Normal cost for jute—Rs. 16 per acre.

Yield—8 maunds per acre.

Normal cost for paddy—Rs. 10 per acre.

Normal yield for paddy—20 maunds per acre.

Q. 16.—Rupees 4 per maund.

Q. 17.—Want of demand from outside and the general crisis.

Q. 18.—Yes. I cannot suggest how the Agricultural Department can be assisted.

Q. 19.—It is beneficial to the balers and mill owners as this helps them in deciding what quantity to stock, in other words, they can have an idea of the possible demand.

Q. 20 and Q. 21.—Cannot answer.

Q. 22.—No.

Q. 23.—The *farias* get orders from the *mahajan* and supply the article and charge at a certain rate, say anna 1 per maund, as *dalali*. They take advantages also, if necessary, from the latter. Sometimes, however, the *mahajan* settles the price according to the quality of the article and the *faria* or *bepari* can make profits by purchasing the article at a lower rate from the growers.

Q. 24.—No.

Q. 25.—No such custom is known.

Q. 26.—No.

Q. 27.—The creditors are not the ultimate buyers of the crop.

Q. 28.—No.

Q. 29.—We secure orders from other countries to supply a particular quality of article at a price fixed beforehand by a certain date.

Q. 30.—Yes. Standards are fixed by the agents. These do not vary. The arbitration is held in Calcutta. The parties appoint the arbitrator.

Q. 31.—No.

Q. 32.—Cannot answer.

Q. 33.—Yes.

Q. 34.—Jute balers purchase from the different markets in Calcutta. Jute mills make purchases in the market and also enter into contract with sellers for the required quantity. The standard is fixed.

[Babu Sohanlal Agarwalla.]

- Q. 35.—No.
- Q. 36 and 37.—Cannot answer.
- Q. 38.—Yes, but not regularly. They hear reports of any rise or fall from *farias* and others. Cannot suggest.
- Q. 39.—Cannot answer.
- Q. 40.—Wireless telephony with loud-speakers may help in the matter.
- Q. 41.—No.
- Q. 42.—Cannot answer.
- Q. 43.—Yes.
- Q. 44.—The committee can announce the market rate, arrange for marketing centres, etc.
- Q. 45.—No.
- Q. 46.—Government should finance the committee.
- Q. 47 to Q. 49.—Cannot answer.
- Q. 50 to Q. 52.—No.
- Q. 53.—Yes. The department should be financed by the Government.
- Q. 54.—No.
- Q. 55.—Does not arise.
- Q. 56.—Yes.
- Q. 57.—Government should finance this.
- Q. 58.—Cannot answer.

No. 11.

Babu Hazarimull Surajmull, Merchant, Thakurgaon, district Dinaipur.

Dated the 8th March 1933.

[The evidence tendered by this witness is identical with that submitted by the previous witness, Babu Sohanlal Agarwalla.]

No. 12.

Rai Bahadur Suresh Chandra Sinha, Collector of Dinaipur.

Dated the 15th March 1933.

- Q. 1.—Yes.
- Q. 2 (a).—Yes.
- Q. 2 (b).—The main object of the regulation would be to ensure a higher return to the growers, the effect of which will be a shrinkage of the total area under cultivation.
- Q. 3.—Does not arise.
- Q. 4.—The production of jute may be controlled on the lines of the *Ganja Cultivators' Co-operative Society* at Naogaon.
- Q. 5.—One of the main reasons for depression is the helplessness of the cultivators, their inability to withhold the raw material from the market owing to constant pressure on them for money from creditors and landlords and, to a certain extent, for over-production. Financial crisis would surely have an adverse effect on the price of jute which has been moving in a more or less downward grade for the last decade.

This is due to the sudden stoppage of all demands for jute which during the War continued to be a heavy one for over 4 years.

Q. 6.—There is at present no danger of competition from substitute crops either in India or in other countries.

Q. 7.—No.

Q. 8.—Yes.

Q. 9.—Regulations must be made compulsory by legislation on the lines suggested by Mr. A. P. McDougall, C.B.E.

Q. 10.—No.

Q. 11.—There is surely an apprehension as to the evasion of jute regulation procedure and I do not think that a Central Jute Marketing Board would be capable of effectively controlling it. The acreage of cultivation must be fixed for each society.

Q. 12.—Yes, the Bihar and Assam Governments must also be requested to frame regulations similar to those framed for Bengal in respect of jute growing areas, otherwise it would not be possible to steady the price at a higher level.

Q. 13.—No suitable alternative crop.

Q. 14.—Not to any appreciable extent. The continuance of such propaganda would not secure any useful purpose.

Q. 15.—Normal cost of cultivation, besides the grower's home labour, is Rs. 4 to Rs. 5 per *bigha* or Rs. 12 to Rs. 16 per acre, and the yield per acre would be from 15 to 20 maunds.

Q. 16.—As the cultivators will have to diminish the area cultivated by them, the total yield of crop would be smaller. Rs. 8 to Rs. 10 would be a fair price level.

Q. 17.—The same as in Question No. 5. The sudden stoppage of the great demand on jute and its finished products on the signing of the Armistice, and the slow movement in the direction of new and hitherto unknown uses to which this material might be put to, have disorganised the level at which demand and supply met previously, the *raiyat* not having diminished the area under cultivation to any appreciable extent.

Q. 18.—Yes, through Union Boards, Co-operative Societies and jute propaganda associations.

Q. 19.—The growers and middlemen do not take any intelligent interest in the forecast. If the proposed Jute Cultivators' Co-operative Societies, as suggested by Mr. A. P. McDougall, take up the preparation of the forecast, the growers may be made to take intelligent interest in the preparation of the forecast.

Q. 20.—The present forms and methods of grading and marketing jute in the mufassal are unsatisfactory from the point of view of growers, who are duped by middlemen. Balers and millowners also are adversely affected if they have no arrangements for purchase through their own agents. The middlemen derive a considerable profit. The community generally is indirectly affected by the low prices the growers get.

Q. 21.—The establishment of markets similar to those established according to the Central Provinces Cotton Market Act, 1932, though quite feasible, would not bring in the required relief to the cultivators. These markets may be beneficial to the cultivators by the partial stoppage of corruption in grading and marketing which now prevail in the Province.

[The Collector, Dinajpur.]

Q. 22.—Yes, on the lines suggested by Mr. McDougall.

Q. 23.—There are two classes of *farias* who approach directly the growers in the villages for purchase of jute. (1) *Farias* who purchase out of their own capital and sell to merchants in some central place or in *hats*. (2) *Farias* who get an advance from merchants and purchase at the rate fixed by the merchants—these get commission at the rate of 1 anna per maund from the merchants. Big merchants engage *dalals* and advance money to them. The latter, in their turn, engage *farias* to buy jute from the villages at rates lower than that fixed by the merchants. These *farias* not only buy jute from the growers at a reduced rate but always take *dhartā*, viz., 2 or 3 seers in excess in each maund of jute purchased. They deposit the jute in the farm of the merchant on account of a particular *dalal* who engages them. The account is afterwards adjusted in the firm. Between the rate fixed by the merchant and that actually paid to the growers by the *farias*, there is always a difference of 8 to 12 annas a maund. As there is no uniformity in weights and measures, *farias* get a separate profit in these directions.

Q. 24.—Multiplicity of middlemen is, to a certain extent, responsible for the low price the cultivator is getting.

Q. 25.—There are various marketing customs which are detrimental to the *raiya*t such as *dhartā* and difference of weights and measures, etc. This can be reduced by establishing associations on the lines suggested by Mr. McDougall.

Q. 26.—Yes. The crops are pledged or sold about a month or two before the harvesting. The term on which the crop is pledged is generally a stipulation to sell the crop at a fixed rate to the pledgee, the rate being generally much lower than the market price.

Q. 27.—Generally from the village money-lenders, the Marwaries and the *Kabulis*, and in some cases, the Co-operative Credit Societies, where such an institution exists.

Yes, the creditors in most cases are the ultimate buyers of crop.

Yes, it adversely affects the price of the crop as the general custom is to compel the debtors to sell to creditors by various methods, the predominant custom being one referred to in answer to Question No. 26.

Well organised Co-operative Societies and Agricultural Loans are the best conceivable methods.

Q. 28.—Yes, on the lines of Mr. McDougall's scheme.

Q. 29 and Q. 30.—Not known.

Q. 31.—Through the agency of the Central Marketing Board as conceived in Mr. McDougall's scheme with the modification suggested by me in reply to Question No. 37.

Yes, the standard may be fixed by legislation.

Q. 32.—A standard similar to that in American Cotton Standard Act, 1932, may be fixed for *pucca* bales for exportation.

Q. 33.—Not known.

Q. 34.—No.

Q. 35.—Yes, by legislation.

Q. 36.—Central Marketing Board on the lines of Mr. McDougall's scheme.

Q. 37.—Mr. McDougall's scheme, after thorough enquiry into the details of difficulties in taking over all existing stock and the control

This is due to the sudden stoppage of all demands for jute which during the War continued to be a heavy one for over 4 years.

Q. 6.—There is at present no danger of competition from substitute crops either in India or in other countries.

Q. 7.—No.

Q. 8.—Yes.

Q. 9.—Regulations must be made compulsory by legislation on the lines suggested by Mr. A. P. McDougall, C.B.E.

Q. 10.—No.

Q. 11.—There is surely an apprehension as to the evasion of jute regulation procedure and I do not think that a Central Jute Marketing Board would be capable of effectively controlling it. The acreage of cultivation must be fixed for each society.

Q. 12.—Yes, the Bihar and Assam Governments must also be requested to frame regulations similar to those framed for Bengal in respect of jute growing areas, otherwise it would not be possible to steady the price at a higher level.

Q. 13.—No suitable alternative crop.

Q. 14.—Not to any appreciable extent. The continuance of such propaganda would not secure any useful purpose.

Q. 15.—Normal cost of cultivation, besides the grower's home labour, is Rs. 4 to Rs. 5 per *bigha* or Rs. 12 to Rs. 16 per acre, and the yield per acre would be from 15 to 20 maunds.

Q. 16.—As the cultivators will have to diminish the area cultivated by them, the total yield of crop would be smaller. Rs. 8 to Rs. 10 would be a fair price level.

Q. 17.—The same as in Question No. 5. The sudden stoppage of the great demand on jute and its finished products on the signing of the Armistice, and the slow movement in the direction of new and hitherto unknown uses to which this material might be put to, have disorganised the level at which demand and supply met previously, the *raiyyat* not having diminished the area under cultivation to any appreciable extent.

Q. 18.—Yes, through Union Boards, Co-operative Societies and jute propaganda associations.

Q. 19.—The growers and middlemen do not take any intelligent interest in the forecast. If the proposed Jute Cultivators' Co-operative Societies, as suggested by Mr. A. P. McDougall, take up the preparation of the forecast, the growers may be made to take intelligent interest in the preparation of the forecast.

Q. 20.—The present forms and methods of grading and marketing jute in the mufassal are unsatisfactory from the point of view of growers, who are duped by middlemen. Balers and millowners also are adversely affected if they have no arrangements for purchase through their own agents. The middlemen derive a considerable profit. The community generally is indirectly affected by the low prices the growers get.

Q. 21.—The establishment of markets similar to those established according to the Central Provinces Cotton Market Act, 1932, though quite feasible, would not bring in the required relief to the cultivators. These markets may be beneficial to the cultivators by the partial stoppage of corruption in grading and marketing which now prevail in the Province.

[The Collector, Dinajpur.]

Q. 22.—Yes, on the lines suggested by Mr. McDougall.

Q. 23.—There are two classes of *farias* who approach directly the growers in the villages for purchase of jute. (1) *Farias* who purchase out of their own capital and sell to merchants in some central place or in *hats*. (2) *Farias* who get an advance from merchants and purchase at the rate fixed by the merchants—these get commission at the rate of 1 anna per maund from the merchants. Big merchants engage *dalals* and advance money to them. The latter, in their turn, engage *farias* to buy jute from the villages at rates lower than that fixed by the merchants. These *farias* not only buy jute from the growers at a reduced rate but always take *dhartā*, viz., 2 or 3 seers in excess in each maund of jute purchased. They deposit the jute in the farm of the merchant on account of a particular *dalal* who engages them. The account is afterwards adjusted in the firm. Between the rate fixed by the merchant and that actually paid to the growers by the *farias*, there is always a difference of 8 to 12 annas a maund. As there is no uniformity in weights and measures, *farias* get a separate profit in these directions.

Q. 24.—Multiplicity of middlemen is, to a certain extent, responsible for the low price the cultivator is getting.

Q. 25.—There are various marketing customs which are detrimental to the *raiyyat* such as *dhartā* and difference of weights and measures, etc. This can be reduced by establishing associations on the lines suggested by Mr. McDougall.

Q. 26.—Yes. The crops are pledged or sold about a month or two before the harvesting. The term on which the crop is pledged is generally a stipulation to sell the crop at a fixed rate to the pledgee, the rate being generally much lower than the market price.

Q. 27.—Generally from the village money-lenders, the Marwaries and the Kabulis, and in some cases, the Co-operative Credit Societies, where such an institution exists.

Yes, the creditors in most cases are the ultimate buyers of crop.

Yes, it adversely affects the price of the crop as the general custom is to compel the debtors to sell to creditors by various methods, the predominant custom being one referred to in answer to Question No. 26.

Well organised Co-operative Societies and Agricultural Loans are the best conceivable methods.

Q. 28.—Yes, on the lines of Mr. McDougall's scheme.

Q. 29 and Q. 30.—Not known.

Q. 31.—Through the agency of the Central Marketing Board as conceived in Mr. McDougall's scheme with the modification suggested by me in reply to Question No. 37.

Yes, the standard may be fixed by legislation.

Q. 32.—A standard similar to that in American Cotton Standard Act, 1932, may be fixed for *pucca* bales for exportation.

Q. 33.—Not known.

Q. 34.—No.

Q. 35.—Yes, by legislation.

Q. 36.—Central Marketing Board on the lines of Mr. McDougall's scheme.

Q. 37.—Mr. McDougall's scheme, after thorough enquiry into the details of difficulties in taking over all existing stock and the control

of out-put, is the best, if legislation is made to raise and steady the prices at a higher level. In the Board of Directors of the Central Board of management in Mr. McDougall's scheme, there should be ten representatives of the growers through the Co-operative Jute Societies instead of five as suggested therein.

Q. 38.—Rarely, and in the form of *bazar* rumours, the growers get market informations.

Q. 39.—No.

Q. 40.—Through Co-operative Jute Growers Societies or through Union Boards.

Yes, if funds are available.

Q. 41.—Impracticable.

Q. 42.—No suggestions to make.

Q. 43.—It would be unnecessary if Mr. McDougall's scheme is adopted.

Q. 44.—As suggested in Mr. McDougall's scheme.

Q. 45.—No. By inducing the other provincial Governments to make similar regulations.

Q. 46.—As suggested by Mr. McDougall.

Q. 47.—No.

Q. 48 and Q. 49.—Not known.

Q. 50.—Mr. McDougall's scheme.

Q. 51.—No.

Q. 52.—Does not arise.

Q. 53.—Yes. By the Government.

Q. 54.—Yes.

Q. 55.—Pamphleteering and advertisements and lectures by experts.

Q. 56.—No, it may be undertaken by the Trade Commissioners.

Q. 57.—Does not arise.

Q. 58.—No suggestions to make.

No. 13.

Narayanganj Chamber of Commerce.*

Dated the 15th March 1933.

Q. 1 to Q. 14 except Q. 5 and Q. 13.—This Committee considers that although a reduction in sowings at present would benefit both *raiyats* and the trade in general, legislative regulation would be impracticable and voluntary regulation would be impossible. Beyond propaganda on a larger scale through proper channels, such as Government Officers, Bengal Chamber of Commerce, Jute Dealers Association, Jute Growers Association, etc., than has been tried formerly, this Committee considers that any Government interference in this connection will be detrimental.

*For oral evidence of the Chamber's representative, *vide* page 526 *et seq.*

Q. 5.—The chief factors are (a) over-production and (b) world-wide depression of trade.

Q. 13.—Nothing in low lands; but in high lands sugarcane and tobacco can be grown.

Q. 15.—Present cost Rs. 3 per maund.

Average of past 5 years is about Rs. 5 per maund.

The average yield per acre is 15 maunds and is valued at about Rs. 45 at present.

Q. 16.—Rupees 4.

Q. 17.—Same as answer to Question No. 5.

Q. 18.—We do not consider agricultural research and propaganda assisted the cultivator in producing better jute; rather the reverse, the yield has increased at the expense of quality.

Q. 19.—If the forecast is to be continued, more precautions should be taken to insure the accuracy of the figures given, and all reliable resources of information should be tapped.

In its present form the forecast is of very little use to the cultivators and trade in general and only tends to cause unnecessary speculation.

Q. 20.—Yes.

Q. 21.—No.

Q. 22.—The elimination of middlemen would be advantageous to the trade but owing to prevailing customs would be impracticable.

Q. 23.—The *farias* and *beparis* act as middlemen between the cultivators and balers.

There is no fixed remuneration, but as often as not they lose owing to market fluctuation.

Q. 24.—No. The multiplicity of middlemen tends to help the cultivators in getting a full price.

Q. 25.—No.

Q. 26.—Yes, in some cases about 3 months before harvest.

Q. 27.—From money-lenders and headmen of the villages.

Yes. It depends on the market, as the jute is sold forward at a stated price.

Q. 28.—Not possible.

Q. 37.—We consider that this scheme is impracticable and shows a lack of knowledge of local conditions at present prevailing in the mufassal.

Q. 38.—Latest *farka* market reports are received in all important and interior centres by telegram daily.

This speculative information is detrimental to the *raiyats'* interests and in many cases cultivators fail to take advantage of good prices.

Q. 40.—A censored telegram with correct market information from some competent authority in Calcutta might be sent to all telegraph offices in the jute districts, for posting.

Q. 41.—It is not advisable nor practicable.

The Commissioner of the Presidency Division.

Dated the 15th March 1933.

Q. 1.—Yes, in view of the economic situation which has adversely affected the growers who have insufficient knowledge of world conditions to look after themselves.

Q. 2 (a) and (b).—I have no practical experience.

Q. 4.—No.

Q. 5.—Over-production is certainly a general cause of low price. Prices have been poor at times of financial or other crises. In 1912, the average wholesale price of a bale of 400 lbs. was Rs. 54-4 and in 1913, Rs. 71 and by April 1914 the rate had gone up to Rs. 86-8 or more than 3 times the price of raw jute in 1880-84. The outbreak of the War not only prevented quotations from soaring still higher but gave them a severe set-back.

Q. 6.—Jute is largely a monopoly crop of Bengal but I understand that experiments have been made with substitute crops; I believe in South America.

Q. 7.—Only if intensive propaganda is adopted.

Q. 8.—Very probably.

Q. 9.—I am opposed to compulsory regulation. I foresee grave difficulties and much discontent among cultivators at Government interference.

Q. 10.—I am opposed to the grant of powers to the authorities mentioned to implement legislation.

Q. 11.—No.

Q. 12.—Probably not necessary.

Q. 13.—I have no practical experience.

Q. 14.—The consensus of opinion is that Government and other propaganda has had some good effect in keeping down the acreage. The estimated area under jute in 1931 was 1,613,700 acres against 3,062,300 acres in 1930, while the total outturn of the crop was estimated at 5,002,700 bales of 400 lbs., as compared with 9,966,000 of the previous year. Propaganda should be continued but something more than mere distribution of leaflets is necessary. I think an organisation of lectures in every Union Board or Chaukidari Union would be helpful.

Q. 15.—The average normal yield per acre may be taken to be 16½ maunds, *vide* appendix, page 19, of Season and Crop Report of Bengal for 1931-32, and the cost, Rs. 15 to Rs. 20 for jute. Average yield of *boro* paddy per acre is 14 maunds and that of sugarcane 37 maunds.

Q. 16.—Rupees 6 to Rs. 7 per maund would probably give a profit of 40 to 50 per cent. to the cultivator in the present market.

Q. 17.—Over-production and lack of demand arising out of world-wide trade depression.

Q. 18.—The Department of Agriculture should continue to carry on the work of agricultural research and propaganda.

- Q. 19 & Q. 20.**—I have no practical knowledge.
- Q. 21.**—I think the establishment of organised markets would be feasible and might be advantageous to the cultivator.
- Q. 22.**—This was tried by the Co-operative Department but the attempt was not a success.
- Q. 23.**—I have no practical knowledge.
- Q. 24.**—Yes. The Royal Commission on Agriculture estimated the difference between the price received by the cultivator and the price paid by the jute mill or the exporter at from Rs. 2 to Rs. 2-8 per maund which represents 20 per cent. of the total price (*vide* paragraph 324 of the Royal Commission Report).
- Q. 25.**—I have no practical knowledge.
- Q. 26.**—No practical experience.
- Q. 27.**—From village *mahajans* generally. It is not the case that these creditors are invariably the ultimate buyers. It is perhaps true that such creditors buy at $\frac{1}{2}$ anna or 1 anna less per maund than the market price. (I ascertained from a dealer.)
- Q. 28.**—I do not think so.
- Q. 29 to Q. 40.**—I am not in a position to answer these questions.
- Q. 41.**—I think this would be highly speculative.
- Q. 42.**—I am doubtful whether these proposals would justify the expense involved.
- Q. 43 & Q. 44.**—I think this should be the first step if any measure of Government interference is contemplated. The Committee should advise generally on all problems connected with the jute trade, should possess an income derived from a small cess on jute and should be independent of Government control.
- Q. 45.**—Yes, I think so.
- Q. 46.**—*Vide* answer to Qs. 43 and 44 above. Finance should be furnished by means of a small cess on the jute exported.
- Q. 47 to Q. 58.**—I am not in a position to answer these questions.

No. 15.

Mr. L. B. Burrows, C.B.E., Commissioner of the Burdwan Division.

Dated the 14th March 1933.

I have been out of touch with the important jute growing districts since 1928. I am unable to offer any up-to-date assistance in dealing with the questionnaire of your committee.

2. When the Royal Commission on Agriculture visited India in 1926-27, I looked into various matters connected with the growing and marketing of jute in the Faridpur district and gave both written and oral evidence before the Commission which will be found at pages 471 to 509 of Volume IV of the Bengal Evidence. This evidence, is not, however, likely to be of much value or utility now.

No. 16.

Mr. R. N. Roy, Calcutta.

Dated the 16th March 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes. I advocated a scheme for this purpose which I am advancing once again under Q. 9.

Q. 2 (b).—The main object of the scheme would be to give the cultivator a fair margin over his cost of production by creating a condition of undersupply as against demand. For this purpose, it may be necessary either to stabilise or raise the market price, according as the latter gives the cultivator a margin or not.

Q. 4.—As far as my information goes, the control of the production and export of coffee had been largely successful in Brazil. Professor Seligman of the Columbia University, writing on this subject in 1929, says:—

“In more recent years when the Government has contented itself with the endeavour to exert some effective control on the output and export and to prevent in this way a disastrous fall in prices, the result to the coffee growers has been more satisfactory.” The same professor cites the following prices of coffee (Rio No. 7) in New York, in substantiation of his statement:—

Date.	Prices before the passing of the law to control output and export of coffee.		Date.	Prices after the passing of the law.	
		Cents.			Cents.
July 1, 1919	22	January 1, 1925 ..	..	24
January 1, 1920	15	July 1, 1925 ...	..	21
July 1, 1920	13	January 1, 1926 ..	..	18
January 1, 1921	6	July 1, 1926 ..	..	15
July 1, 1921	6	January 1, 1927 ..	..	20
January 1, 1922	9	July 1, 1927 ..	..	..
July 1, 1922	11	January 1, 1928 ..	..	14
July 1, 1924	15	July 1, 1928 ..	..	15½
			December 1, 1928	..	17½

It will be seen from the above that the fall was greatly decreased and the general level of prices raised, since regulation of output came into force. Since 1929, other factors relevant to the world-wide trade depression may have complicated the issue..

The case of jute is dissimilar in one important respect which is that jute is a monopoly product of India. If curtailment brings about a rise in prices, it is not possible for outside countries to grow jute in excessive quantities to get the advantage of better prices. There is thus no chance of higher prices of jute being brought down by increased supply in outside countries.

Q. 5.—The factors affecting the price of jute are:—

- (a) Excess of supply over demand.
- (b) Changes in the value of money.

Over-production is mainly responsible for lower prices. Changes in price may take place when—

- (1) Demand remains constant but supply increases.
- (2) Supply remains constant but the demand falls.
- (3) Supply and demand both fall but the fall of the latter is greater than that of the former.

The actual relation between surpluses and prices of jute have not been worked out so far. As a matter of fact it may be possible to work out statistically the correlation between surplus of jute over the demand and the price level.

Q. 6.—No. The possibility of a substitute crop taking the place of jute would depend on two factors. First, it must be produced at a lower cost than jute. Secondly, it must possess approximately the same peculiarities as jute. During the last fifty or sixty years, no crop has taken the place of jute and if the jute regulation scheme is worked scientifically so as not to raise the price of raw jute inordinately, there is no reason why jute should not be able to maintain its own.

Q. 7.—It is unlikely that all jute cultivators would come under a voluntary scheme of regulating the jute crop. The unity necessary for such joint action is, in my opinion, absent. Even if it were possible under any voluntary scheme to restrict the production of jute, in the absence of compulsion, the risk remains that the curtailment will not be effective enough to influence prices.

Q. 8.—Yes. If by voluntary restriction of output prices improve in any one year, human nature being what it is, the chances are that in the following year defaulters to voluntary restriction would increase. There is, as a matter of fact, some correlation between acreage and prices, as the following figures reproduced from the Statistical Abstract for British India will show. Figures are taken upto 1929-30 before the complications of the world trade depression were fully evident:—

Year.	Acreage.	Average annual wholesale prices of C. D. M. & Co. Red. (Per bale).			Year.		Average annual wholesale prices of C. D. M. & Co. Red. (Per bale).		
		Rs.	A.	P.			Rs.	A.	P.
1919	.. ..	102	3	2	1919	.. ..	102	3	2
1919-20	.. 2,799,937	99	13	8	1920	.. ..	97	8	2
1920-21	.. 2,472,938	95	8	7	1921	.. ..	93	9	0
1921-22	.. 1,505,527	90	11	2	1922	.. ..	87	13	3
1922-23	.. 1,446,426	78	1	8	1923	.. ..	68	5	10
1923-24	.. 2,329,232	72	1	8	1924	.. ..	75	13	5
1924-25	.. 2,737,931	98	11	7	1925	.. ..	111	9	9
1925-26	.. 2,923,408	105	2	8	1926	.. ..	98	11	6
1926-27	.. 3,609,490	87	8	9	1927	.. ..	76	6	0
1927-28	.. 3,293,501	75	11	6	1928	.. ..	75	0	11
1928-29	.. 3,062,302	73	2	6	1929	.. ..	71	4	0
1929-30	.. 3,268,028	60	12	5	1930	.. ..	50	4	9

It will be seen from the above that any appreciable rise in prices is followed by an increase in acreage sowing. The acreages of 1919-20, 1925-26 and 1926-27 are cases illustrating the point.

Q. 9.—My views on the matter were expressed in an article entitled "Jute Control Measures," which I wrote for the "Liberty" last year. A reprint of the same is enclosed with the relevant portions marked. (*Vide* page 54). In the briefest outline my suggestions were as follows:—

- (1) That the acreage under jute should be controlled so as to be less than the world demand for it.
- (2) That a Central Jute Committee formed on the lines suggested by the Royal Commission on Agriculture, should be the Central Authority estimating the demand and designating the extent of sowing which should take place to obtain either stable conditions of price or to obtain better prices as the case may be. (It may be mentioned here that this Central Committee should have other functions also, which have been described later. See answer to Question No. 37.)
- (3) The actual restriction of the output should be enforced by the Government through its administrative officers.

Any legislation for the above purposes must, in the first place, ensure the receipt of accurate information on the part of the Central Committee. So far as the demand of the mills are concerned, legislation will be necessary to enable the Government to verify the information given by the mills in India. In order to be able to control sowing effectively, it will also be necessary for the Government to have a name-roll of individual jute cultivators. It should be made compulsory by law for every cultivator to register himself as such with the Union Board of the locality. He should be required, in addition, to give particulars regarding the extent of his landholdings (tenancy or otherwise) with his average acreage sowing of jute and other crops for 5 years immediately preceding. He should also be made to give information regarding his costs of production of different produces and particulars of his losses or profits made.

The system of giving a license to every jute cultivator should be also introduced. At the time of apportioning acreage to each individual cultivator the license should be made over to him for a nominal fee. The acreage allotted to him for the sowing of jute should be written on the license. Lastly, it should be publicly notified that any cultivator who sows jute without a license will be liable to having his jute confiscated.

Q. 10.—With a view to implement the compulsory regulation of jute output, I would leave it to the Government to decide as to how to utilise the (a) Union Boards, (b) the Co-operative Societies, (c) the *zemindars*, (d) other agencies. The distribution of functions should be according to administrative convenience.

Whatever functions are decided upon the following principles should be observed:—

- (1) Information should be obtained on any matter from as many independent sources as possible.

[Mr. R. N. Roy.]

- (2) In coming to a decision regarding restriction of output, the Central Jute Committee should decide the aggregate restriction as well as restriction per district, in consultation with the Collectors of the districts.
- (3) Very adequate provisions should be made to prevent cultivators from being extorted by police or other subordinate officials of the agencies mentioned above.

Q. 11.—I fail to see how widespread evasion of jute regulation could be checked by concentrating the purchase of jute in the hands of a Jute Marketing Board. If on account of evasion, the supply is greater than the demand, and the Jute Board is given monopoly powers of purchase, it can either raise or lower the price of jute. If it raises the price of jute as shown under Question No. 8, next year the acreage would be increased. If it lowers prices there would be a fall in acreage but not perhaps to the extent necessary.

Q. 12.—Yes, the problem is less difficult in the case of Bihar and Assam as the acreage under jute is much smaller than in Bengal.

Q. 14.—Propaganda may have been responsible to a minor extent in keeping down the area under jute during the last two seasons. It should not, however, be forgotten that during the last two seasons prices have fallen precipitately. There is no harm in carrying on such propaganda. It should be made more effective by giving the cultivators an idea of the extent to which production should be curtailed. Propaganda should attempt to correlate production to probable demand.

Q. 15.—Rai Bahadur Kumud Nath Mullik's estimate of the normal cost of production of jute, which was submitted to the Royal Commission on Agriculture, may be regarded as fairly correct. Some minor corrections have, however, to be made. The Rai Bahadur has not taken into account the interest which the cultivator has to pay on his total outlay on jute. According to the Rai Bahadur, the normal yield per acre is about 18 maunds and the cost of cultivation, Rs. 90 per acre, and therefore the cost of production per maund of jute is Rs. 5.

Add to this the interest on the capital outlay. At 25 per cent., the usual interest rate, in *mutafassal* on Rs. 90, the jute cultivator has to pay an interest of Rs. 11-4 for the half year. The cost per maund should therefore be Rs. 5-40. For variations in the cost of ploughs and manual labour a margin of annas 6 may be kept. Normally, about Rs. 6 per maund is the cost of production of jute. Since one acre produces about 18 maunds the cost of cultivation per acre is about Rs. 108.

Q. 17.—First part of the question merely repeats Question No. 5.

The fall in the price of manufactured jute is due to a fall in the demand for the same. Monetary factors responsible for decline of prices all over the world have also influenced the prices of jute manufactures.

Q. 18.—Lowering of cost of production would involve increase in yield and quality, at the same cost of production. Effective propaganda and research to lower cost of production should be continued by the Department of Agriculture. Financial assistance may be had from the jute mills and jute dealers, who would be benefited.

Q. 21.—Yes. There are central markets already existing in the jute districts. To these places jute is brought from the remotest interior by individual cultivators, *beparis* and *farias* and brokers. At most of these

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Q. 18.—Lowering of cost of production would involve increase in yield and quality, at the same cost of production. Effective propaganda and research to lower cost of production should be continued by the Department of Agriculture. Financial assistance may be had from the jute mills and jute dealers, who would be benefited.

Q. 21.—Yes. There are central markets already existing in the jute districts. To these places jute is brought from the remotest interior by individual cultivators, *beparis* and *farias* and brokers. At most of these

places mills and shippers have their agency branches, for the purchase of jute. Organised markets may well be established at these central places. About 20 to 30 such organised markets would practically cover the whole jute area in Bengal. These markets should be extremely serviceable, if accurate weighing, storing and credit facilities are given to the cultivators at these places.

Q. 28.—The marketing of jute can very well be worked through co-operative organisations and the organised markets, discussed under Question No. 21, should be run on co-operative lines. The experience of the co-operative jute sale societies shows that it would always be best to handle jute co-operatively on a commission basis rather than on a profit making basis. A net-work of co-operative warehouses may be organised in the remote and interior villages. These may be affiliated to the central markets in each district. Facilities of storage, standardisation and credit may be improved through these co-operative organisations. Working on a commission basis the finance required would be less. Such finance as would be required could be obtained from the Central Jute Committee, if the network of co-operative jute markets is placed under its supervision and control.

Q. 32.—A system of jute standards set up by the Government in consultation with the representatives of mills, dealers and the growers of jute and made enforceable in the manner of the American Cotton Standards Act of 1923 should be of inestimable value to the trade. In an article entitled the "Standardisation of Jute Marks" (published in the April-June number, 1930 of the Bengal Co-operative Journal) I pointed out that both in loose jute and pucca baling there was need for more definite classification based on measurable properties of the jute fibre. I also suggested reducing the innumerable marks under *pucca* baling. A reprint of the article is enclosed herewith. (For excerpt *vide* page 54).

Q. 37.—I am inclined to think that the scheme is much too ambitious for a beginning. I would rather see a central jute committee concentrating in the direction of curtailing the output of jute, according to suggestions given in my article "Jute Control Measures" (*vide* page 54) and in reply to Question No. 9.

The Central Jute Committee should also act as the central organisation for—

- (1) Eliminating the risk of cultivators by giving them facilities for insuring their crops against calamities.
- (2) Equalising storage and credit facilities to the cultivators.
- (3) Better marketing—by the dissemination of information and lowering costs of disposition.
- (4) Collection and correlation of statistics relating to: Supply and demand of jute and jute manufactures; cost of production; the extent of restriction necessary to raise the level of prices by a certain percentage; the problems of seasonal and intra-seasonal fluctuations.
- (5) Controlling Co-operative Markets (*See* Answer to Question No. 28). I would advocate direct buying of the raw produce by the Central Jute Committee only in emergency cases and that after considerable experience has been gathered regarding the influence of surplus on prices.

[*Mr. R. N. Roy.*]

Regarding the financial aspect of the scheme, if the proceeds of the jute export duty are made over to the Government of Bengal, an annual contribution of Rs. 5 or 6 lakhs towards the Jute Committee may easily be made and should suffice for the start. It may be pointed out here that the Central Cotton Committee receives a similar grant from the cess on cotton.

Q. 41.—The scheme can only be put into practice if adequate funds are available to work it successfully. In the case of surplus crops for two successive years the funds required to hold back surplus quantities of jute may be colossal. Besides, if the surplus jute held over cannot be marketed on account of the fall in demand for old jute, losses would be heavy. In Japan the control of rice price is attempted by buying at minimum prices. There is, however, a separate appropriation under the head "Administration of Rice Law," in the Central Budget. As far as my information goes the control of the prices of rice has been attended with losses. The losses are, however, regarded as necessary social expense, and are viewed in the same light as unemployment relief in England.

Q. 42.—Yes. The functions which the marketing officers should have are given in paragraphs 347 and 348 of the Report of the Royal Commission on Agriculture. These officers should collect information and help to bring about better marketing conditions. The information gathered by the surveyors can be of inestimable value to the Central Jute Committee with reference to their own work. (See answers to Questions Nos. 9 and 37). Better marketing conditions will enable the Central Jute Committee to fare better during intra-seasonal fluctuations.

Q. 43.—The Central Jute Committee can take up the work I have suggested in answers to Questions Nos. 9 and 37.

Q. 44.—See answers to Questions Nos. 9 and 37. The Committee should be the Central Department handling the control of jute output. In all other matters it should be on a footing of equality with the Agriculture and other Departments.

Q. 45.—Co-operation from these provinces will be necessary. These can have their own Jute Committees much on the same lines as the Central Jute Committee of Bengal. They should, however, be subordinate bodies and work under the direction of the Bengal Committee.

Q. 46.—See answer to Question No. 37.

Q. 54 and Q. 55.—Yes. The uses to which jute can be put to at economic rates should be constantly placed before the public in foreign countries. Propaganda may be done by issuing bulletins giving up-to-date information about raw jute and jute mills, etc.

Q. 56 and Q. 57.—Yes. Trade Commissioners and Consuls could do this part of the work. The finance should come from the Government of India. The jute mills and shippers and balers of jute might also contribute their shares, because such information as would be available, would benefit them as well.

Excerpts from article on Jute Control Measures. (Vide answers to Questions Nos. 9 and 37).

I suggest therefore that the acreage under jute should be controlled every year according to an estimate of the demand of that year. Before sowing is begun the mills would decide the number of total looms they should work and the number of hours of work during the week. The consumption per loom per hour being known, the total demand for raw jute, of the mills in India, would be known. The foreign demand may be estimated from the reports of Consuls, Trade Commissioners and from past records of shipment abroad. An estimate of the total demand for raw jute will thus be obtained.

Since 1931, opinions have changed. The persistent demand made in favour of State interference by parties who have all along opposed it, makes it easier to suggest the direct control of the production of raw jute. This can be done effectively with the help of the Administrative Officers of the districts. The average yield per acre being known and the total demand for jute being ascertained in the way indicated already, the acreage to be placed under jute can be decided by Government. To control sowing it should be made compulsory for the cultivator to take out a license. In apportioning acreage to districts, weightage must be given to districts growing better quality jute. Otherwise, the principle of restriction must be uniform. That is to say, a cultivator who used to grow jute on 30 acres of land in the case of 10 per cent. restriction would be allowed to grow jute only on 27 acres and so on. As for violating to take out a license, penal measures much on the same lines as in the case of opium cultivation, may be devised by Government.

The successful operation of the scheme will require the constant attention of an independent organisation which will survey throughout the year the various questions that will crop up frequently. Such questions as the degree of restriction necessary to raise the level of prices by a certain percentage, the margin of profit which may be considered fair over costs of production, the determination of the world demand for hessians, gunnies and jute, the problem of seasonal and intraseasonal fluctuation, will have to be considered in all its aspects. The body therefore should consist of the representatives of the mill-owners and cultivators, in order to be able to co-ordinate their sometimes divergent interests. As a matter of fact all the above mentioned functions could very well be relegated to a Central Jute Committee the constitution of which was proposed some two years ago.

Excerpt from article on Standardisation of Jute Marks. (Vide answer to Question No. 32).

To sum up, the gradings in Loose Jute Baling as well as in Pucca are numerous but have no clearly defined basis of identification.

In loose jute, taking this year's classifications, the distribution is as follows:—

Districts.	Indian Packing.				European Packing.				
	2's.	3's.	4's.	R's.	2's.	3's.	4's.	R's.	
A. Pure Jat district	..	2's.	3's.	4's.	R's.	2's.	3's.	4's.	R's.
B. Good Eastern district	..	"	"	"	"	"	"	"	"
C. Northern district	..	"	"	"	"	"	"	"	"
D. Desai district	..	"	"	"	"	"	"	"	"

[Mr. R. N. Roy.]

Thus the same grades of different districts packed by different balers fetch different prices. The relationship which determines these prices have not properly been investigated.

In Pucca baling again in the same group the number of marks are too numerous. Though they are all supposed to contain the same percentage of 2's and 3's, prices differ mark by mark within the group.

No. 17.

Mr. S. Banerjee, I.C.S., Collector of Pabna.

Dated the 14th March 1933.

The financial difficulties of the tillers of the soil can be best remedied by immediate legislation to regulate the growing of jute and its marketing on the lines of the Central Provinces Cotton Market Act, 1932, and the American Cotton Standard Act, 1923. Such legislation can be easily enforced in the districts with the help of Union Boards or Union Committees and Co-operative Societies as well as through touring officers under District Magistrates. It is necessary to put a stop through legislation to the activities of *farias* and other middlemen who are reaping a good harvest at the cost of the cultivators even in a time of world-wide economic depression.

Jute being in a sense the monopoly industry of Bengal the creation of a Provincial Jute Committee and a Department of Jute Research will help greatly towards the improvement of the trade and also the finances of the Presidency. A portion of the jute tax may be utilised for meeting their cost. I am further of opinion that some propaganda in selected foreign countries through experts will be useful for collecting statistics of a reliable nature and exploring new avenues for the expansion of the industry. This will also have the effect of checking or neutralising the possibility of loss to the industry through competition from existing or future substitutes. These experts may collaborate with the shippers so as not to interfere with the existing selling arrangements by the formation of a Central Committee, if necessary, for the purpose.

No. 18.

Maulvi Shamsur Rahman, Secretary, Khulna Central Co-operative Bank.

Dated the 15th March 1933.

Q. 1.—Yes. It is desirable in view of the fact that although jute is grown nowhere else, the cultivators here do not get the full benefit of a monopoly agricultural production.

Q. 2 (a).—Although it is not impossible, I consider it would be up-hill work to regulate the jute crop with reference to the expected demand of the market. Legislation cannot do it for the obvious reason of infringing on the proprietary right of private persons and may lead to corruption. The only possible way that I can suggest is to have a system of village *panchayets* assisted by the Government local authorities.

Q. 2 (b).—The object of regulation would be to raise and to make the prices steady consistent with the cost of production and demand.

Q. 3.—*Vide* answer to Question No. 2 (a).

Q. 4.—I know of none, except what we hear of a system in Russia where the land now belongs to Soviet Government and not to the people. But where the proprietary right is with the people I know of no country where there has been possible to regulate agricultural produce by legislation or any such attempt has been made.

Q. 5.—My idea is that the low prices of jute is entirely due to over-production and some element of wicked manipulation by speculators.

Q. 6.—So far as I know at present, there has not been manufactured or grown any substitute which can effectively replace jute in other countries; but it is impossible for me to prognosticate whether some kind of synthetic jute might or might not be produced by science in the near future.

Competition there must be, but I am of opinion that Bengal has no reason to be afraid of it on the score of jute as I understand that it cannot be grown elsewhere and all attempts have proved futile in other countries.

Q. 7.—By coercion impossible but co-operation might effect something where force will fail.

Q. 8.—Yes. But if the villagers can be brought under a system of co-operation, over-production might be avoided.

Q. 9.—I am of opinion that legislation will certainly fail.

Q. 10.—*Vide* answer to Question No. 2 (a).

(a) Union Boards control big areas and are full of petty dissensions and quarrel due to electioneering campaign. The defeated party having very little education in them, generally opposes what the other party will do.

(b) Co-operative Societies would be the only possible medium for the regulation of jute production. Co-operative Societies will work on the principle of paying the piper and choosing the tune. It has its influence over a smaller area and as such its controlling power is immense.

(c) At the present democratic age *zemindars* have lost all their influence.

Q. 11.—I am doubtful whether Jute Marketing Board can do anything. It would be absolutely an effete body to do much.

Q. 12.—Since jute is also grown in Bihar and Assam these provinces should also be co-ordinated in any jute regulating scheme.

Q. 13.—For low lands paddy and high lands pulses (*rabi crops*).

I do not think any encouragement would be necessary, for cultivators will not allow their lands to remain fallow. They will themselves find out what crops they will raise on the lands set free from jute. There cannot be any cut and dry programme for an alternative crop as such depends on local conditions.

Q. 14.—No. The shortage of acreage has been due entirely to the low prices of jute and nothing else.

Q. 15.—The normal cost is about Rs. 4 to Rs. 5 per maund and yields about 30 to 35 maunds per acre. And yield of paddy is about the same but the cost of growing the paddy is much less.

Q. 16.—Rupees 7 per maund. I think that will allow a reasonable return for the cultivator for growing it.

[Secretary, Khulna Central Co-operative Bank.]

Q. 17.—*Vide* answer to Question No. 5.

Q. 18.—Beyond my province of knowledge.

Q. 19.—I consider the system of compiling and publishing the jute forecast is positively harmful to the (a) growers inasmuch as it gives a handle to the (b) balers and (c) middlemen.

The balers and middlemen can work up from the forecast the price which they can offer in view of the local demand and the quantity produced. Price is generally governed by demand and supply. If that is known the control of price in the market becomes very easy. The middlemen know that the cultivators have to sell their produce without being afraid of other purchasers, and they know full well that there is sufficient jute for all of them.

Figures may be gathered but it should not be published broad cast.

Q. 20.—I have no knowledge.

Q. 21.—The only possible suggestion that I can give is to organise a central co-operative organisation for the purpose of marketing jute. One such market in each division would be more than sufficient. The advantage to the cultivators would be that thereby they would do away with many of the middlemen and would be in a position to get better prices.

Q. 22.—I do not think any other organisation would be necessary besides the already existing co-operative village societies.

Q. 23.—I do not know.

Q. 24.—To some extent.

Q. 25.—By extensive use of the co-operative organisation as that will do away with the "*farias*," "*beparis*" and "*dalals*."

Q. 26.—Some amount of advance is taken when the jute crop is ready for harvesting from the fields. An amount of advance is taken by the cultivators on condition that they will have to sell their entire produce to the person paying the advance at the price when the advance is made, even if the price of the jute goes very much higher when the jute is ready for delivery.

Q. 27.—From the *dalals* or the middlemen of the *beparis*. In all cases the creditors are the ultimate buyers of the crops.

Yes, as suggested in answer to Question No. 26. By a system of Co-operative Societies.

Q. 28.—Yes, the organisation should be met under the Co-operative Societies Act having a central society located in each important jute centre. It is a matter of detail as to its working and the financing may be made through the Central Co-operative Bank. To describe the detail working is not possible in answer to these questions.

Q. 29 to Q. 37.—No knowledge.

Q. 38.—No. But if the marketing is taken up by the co-operative movement I think it would not be necessary to give information direct

to the growers of jute. The co-operative organisation itself will be able to gather the information required and do the needful.

Q. 39.—Yes.

Q. 40.—I do not find any necessity in the light of my answer to Question No. 38.

Q. 41.—I do not think there would be any necessity if the production of jute is controlled with reference to demands.

I do not think it would serve any useful purpose if Government announces its willingness to purchase and stock jute at a minimum price. I am against Government doing any such work.

Q. 42.—I do not think it would be necessary if the co-operative organisation be utilised for the purpose.

Q. 43.—A separate Jute Committee will be necessary. The Board of Directors of the Central Organisation of Jute and Sale Supply Society will serve the purpose of the Jute Committee as suggested by the Royal Commission on Agriculture.

Q. 44.—No answer.

Q. 45.—There must be co-operation of other Provincial Governments like Assam and Bihar where jute is grown.

Q. 46.—No answer is needed in the light of my previous answer.

Q. 47 to Q. 58.—I have no knowledge.

No. 19.

The Circle Officer, Sadar, district Pabna.

Dated the 14th March 1933.

Q. 1.—Yes. Under the present circumstances a regulation for controlling the production of jute is essential.

Q. 2 (a).—It will be possible to regulate the jute crop with reference to the expected demands of the market after some years.

Q. 2 (b).—The price will either rise or be steady according to the demand but will not come down as every attempt will be made to regulate the crop with reference to the demand.

Q. 3.—It will be quite possible to regulate production through the Union Board as time rolls on although it will be difficult for the first few years.

Q. 5.—The prices of jute have been poor on account of (1) general economic depression, (2) over-production and (3) substitution of other materials for jute.

Q. 6.—The other countries will make attempts to find out substitute crops for jute but it was found that the production of a substitute crop like hemp will be more costly. The only substitute will be paper which is used for cement bags. But recourse to the last named substitute will be taken only if the monopoly power be used to raise the price unjustifiably beyond an economic figure. Attempts for growing jute were made in other countries without success.

Q. 7.—Not in all cases.

Q. 8.—Yes.

Q. 9.—The regulation must be made compulsory by legislation and some penal clause should be inserted.

Q. 10.—The Union Board should be empowered to enforce the provisions of the jute regulation.

Q. 11.—A jute marketing board for the purchase of jute will be of great assistance.

Q. 12.—Yes.

Q. 13.—In the case of decrease in the area of jute I suggest paddy for low lands and sugarcane, ginger and pepper for the high lands.

Q. 14.—The cultivators paid very little attention to Government and other propaganda in keeping down the area of jute under cultivation. The slump in the price of jute was the main reason which made the cultivators sow jute in a lesser area. The propaganda without legislation is of no use in this country.

Q. 15.—The normal cost of cultivation of jute per acre is Rs. 54 and yield 18 maunds per acre.

Sugarcane—normal cost Rs. 25 and normal yield 28 maunds.

Paddy—normal cost Rs. 25 and normal yield 15 maunds.

Q. 16.—I think Rs. 7 per maund would bring a reasonable return to the cultivators growing it.

Q. 17.—As I already said, these are the chief factors which have brought the fall in the price of raw jute and manufactured jute:—

(1) General economic depression.

(2) Depression in trade.

(3) Over-production.

(4) Substitution of paper in making cement bags.

(5) Use of elevators and bulk shipment.

Q. 18.—Agricultural research and propaganda may be made in every village by the departmental officer who may also accompany the Circle Officer when he goes out to visit a Union Board, for the production of better jute and to lower the cost of production.

Q. 19.—The present system of compiling jute forecast is unsatisfactory. To get the accurate figure some officers of the Agriculture Department should tour from village to village with the *mahalla chowkidar*, procure the *khatian* of each cultivator and check the schedule. Then and then only, will it be of any use.

Q. 20.—It is not satisfactory from the point of view of growers, and the community generally.

Q. 21.—I think it will be feasible to do so. With the formation of a jute corporation, such markets would be advantageous to the cultivators.

Q. 22.—It will be very advantageous for the *raiya*s if they could be brought more closely in touch with the jute baler without the help of middlemen and for this purpose an ideal society consisting of best men of the locality should be formed.

Q. 23.—The *faria* and *bepari* get a remuneration of annas 2 to annas 4 per maund as merchant. There is no system of commission agent here.

Q. 24 and Q. 25.—No.

Q. 26.—The cultivators used to pledge or sell their crops before they were harvested at a fixed price in former days when the price of jute was very high.

Q. 27.—From all kinds of moneylenders irrespective of moneylenders who deal in jute.

Q. 37.—Mr. McDougall's scheme appears to be nice indeed. It will help the growers.

Q. 38.—Practically the growers receive no market information. They always receive inaccurate information. Authentic information may be supplied to them through the Circle Officers and Presidents, Union Boards.

Q. 39.—Yes. Information as regards stock at hand of the merchants and price current would be most useful to the growers.

Q. 40.—Reliable information may be supplied to each suitable centre by wireless telegraphy, if possible.

Q. 41.—It would be highly beneficial to the cultivators if Government announces its willingness to purchase jute at a minimum price fixed by it, through co-operative organisations, in the event of possible slump in the market.

Q. 42 and Q. 43.—Yes.

[Circle Officer, Sadar, Pabna.]

**Babu Suresh Chandra Das Gupta, President, Khokshabari Union Board,
district Pabna.**

Dated the 14th March 1933.

- Q. 1.—আবশ্যকীয় পরিবর্তনশীল আইন দ্বারা।
- Q. 2 (a).—খুব সম্ভবপর।
- Q. 2 (b).—চাহিদা ও সরবরাহ মধ্যে সামঞ্জস্য রাখিতে হইবে। মূল্য বৃদ্ধি ও স্থায়ী হইবে।
- Q. 3.—আইন দ্বারা বুনানী সংরক্ষিত হইবে।
- Q. 4.—নওগাঁতে যে প্রকারে গাঁজা চাষ করা হয়।
- Q. 5.—পাটের আবাদ চাহিদা অপেক্ষা অতিরিক্ত হইলে ও অর্থের অনাটন হইলে।
- Q. 7.—না।
- Q. 8.—বাধ্যতামূলক আইন বলে তাহা হইবার কোন সম্ভাবনা নাই।
- Q. 9.—বাধ্যতামূলক আইন প্রণয়ন করা উচিত। কোন পরিবারে যে প্রকার খাদ্য শস্য দরকার সেই পরিমাণ জমিতে শস্য উৎপন্ন করিয়া অবশিষ্ট জমিতে পাট আবাদ করিতে হইবে।
- Q. 10.—ইউনিয়ন বোর্ড কর্তৃক পাটের জমির উপর ট্যাক্স ধাৰ্য্য করিয়া।
- Q. 11.—সুবিধা হইবে।
- Q. 12.—না।
- Q. 13.—আখ, গম, তুলা, আনু, হরিদ্রা, ইত্যাদি।
- Q. 14.—কতকপরিমাণে হইয়াছে। সরকারের লোক দ্বারা প্রচার কার্য হওয়া দরকার।
- Q. 15.—পাটের চাষের জন্য প্রতি পাথিতে ৪—৫; আখ, তুলা, আনু প্রভৃতি জমির জন্য ১—২।
- Q. 16.—৬ টাকা মাত্র।
- Q. 17.—মারওয়াড়ীদিগের পাটের অগ্রিম দান দ্বারা ব্যবসা ও 'মিলে' যথেষ্ট পরিমাণ মাল মজুত থাকায় বাজারে চাহিদা না থাকে।
- Q. 18.—কোন পরিবর্তন হইবে না। জমির উর্বরতা ও চাষ অনুযায়ী শস্য হইবে।
- Q. 19.—Forecast দ্বারা মিলওয়ালদিগের সুবিধা ভিন্ন অন্য কোন পাট ব্যবসায়ীর সুবিধা একেবারেই নাই। অসুবিধা ও ক্ষতির কারণই বেশী।

Q. 20.—না, চাষীরা পাটের প্রকৃত দর কখনই জানিতে পারে না। ক্রেতার ভাড়াদিগকে ঠকাইয়া পাট খরিদ করে। প্রকৃত মূল্য গ্রামে গ্রামে সরকার কর্তৃক ইউনিয়ন বোর্ড দ্বারা চাষীদিগকে জানাইয়া দেওয়া উচিত।

Q. 21.—হাঁ, খুব সুবিধা হইবে।

Q. 22.—মধ্যব্যক্তি ভুলিয়া দিয়া। 'বেলারের' সহিত চাষীর মুখ্য সম্বন্ধ রাখিয়া কার্য করিলে খুব সুবিধা হইবে।

Q. 23.—ফরিয়া, বেপারী, মধ্যব্যক্তি কিছুই থাকে উচিত নয়। এই জাতীয় লোক নিম্ন স্বার্থ সিদ্ধির জন্য চাষীদিগকে প্রতারণা করিয়া থাকে।

Q. 24.—মধ্যব্যক্তি দ্বারাই চাষীরা কম মূল্য পাইয়া থাকে।

Q. 25.—আইন দ্বারা।

Q. 26.—চৈত্র ও বৈশাখ মাসে, চাষীর ঘরে যখন খাবার ও অর্থ থাকে না, তখন মহাজনের (দালাল) নিকট পাট সরবরাহ করিবে বলিয়া প্রতিক্রিয়া করিয়া অগ্রিম দান লইয়া থাকে।

Q. 27.—মধ্যব্যক্তির নিকট হইতে চাষীরা ধার করে। হাঁ। হাঁ। 'বেলারের' সহিত মুখ্য সম্বন্ধ রাখিয়া সুবিধা করিতে হইবে।

Q. 28.—না, কখনই না; এই প্রথা পূর্বে কৃতকার্যতা লাভ করে নাই। টাকা সরবরাহার্থ কৃষি ব্যাঙ্ক সরকারের তত্ত্বাবধানে খোলা যাইতে পারে।

Q. 29.—'সিপার'দিগের সহিত ডাঙির কলওয়ালারা contract করিয়া কাজ করে।

Q. 30.—আছে; কলওয়ালারা standard ঠিক করিয়া দেয়। না। Bengal Chamber of Commerce, Marwari Chamber of Commerce and European Chamber of Commerce.

Q. 31.—চাষীরা 'বেলারের' নিকট সরাসরিভাবে পাট রপ্তানি দিলে ভাল হয়। আইন দ্বারা উহা শাস্ত্র হওয়া উচিত নয়। তাহা হইলে মুখের প্রথা প্রচলিত হইবে। মিলওয়ালারা final authority হইবে।

Q. 33.—সন্তোষজনক নহে। পাটের নমুনা অন্তিমারে আলাদা পাট বিক্রয় হইয়া থাকে।

Q. 34.—হাঁ, পরিবর্তন হইয়া থাকে।

Q. 35.—না, সমর্থন করি না। আইন দ্বারা নহে, চাহিদা অনুযায়ী।

Q. 36.—চাষী ও 'মিলার' উভয়ে মিলিয়া standard ঠিক করিলে ভাল হয়।

Q. 38.—মিথ্যা সংবাদ পাইয়া থাকে। চাষীকে প্রতারিত করিয়া বেপারীরা নিজ লাভের জন্য প্রকৃত বাজার দর তাহাদিগের নিকট গোপন করে। Miller বা পাটের নমুনা অস্থায়ী দর ঠিক করিয়া ইউনিয়ন বোর্ড কর্তৃক চাষীদিগকে জানাইয়া দিতে পারে।

Q. 39.—'মিলার' চাই। পাটের নমুনা ভাল মন্দ ইত্যাদি ঠিক করিবার authority হওয়া দরকার। তাহাতে চাষীরা প্রতারিত হইবে না।

Q. 40.—ইউনিয়ন বোর্ডের মধ্য দিয়া।

Q. 41.—চাষী সমিতি গঠন করিয়া পাট stock করিয়া রাখিলে সুবিধা হইবে। চাষী-সমিতি, মিলওয়াল বা অন্য কোন সমিতি সরকারের অধীন থাকিয়া টাকা সরবরাহ করা উচিত। সরকার যেমন কৃষি 'লোন' দিয়াছিলেন।

Q. 43.—সর্ব শ্রেণীর লোক লইয়া একটা Committee হওয়া উচিত। চাষীদিগের পক্ষেও প্রতিনিধি থাকা আবশ্যিক।

Q. 44.—কমিটি পাট বুনানি হইতে আরম্ভ করিয়া পাট খরিদ বিক্রয় পর্যন্ত কাজ supervise করিবে।

Q. 46.—By the Central Jute Committee.

Q. 52.—পারে।

Q. 54.—বঙ্গলাদেশের জন্য উহা কার্যকরী হইবে না।

Q. 56.—সুবিধা হইতে পারে, পাটের মোট ব্যবসার জন্য, চাষীর কোন সুবিধা হইবে না।

Q. 57.—মিলওয়াল।

No. 21.

Babu Copi Krishna Bagchi, Circle Officer, Bera, district Pabna.

Dated the 10th March 1933.

- Q. 1.—Yes.
- Q. 2 (a).—Yes.
- Q. 2 (b).—The main object and likely effect of such regulation would be to raise the prices of the raw fibre.
- Q. 3.—It is possible to regulate production.
- Q. 4.—We do not know of any such scheme.
- Q. 5.—The main factor which depresses the price of jute is over-production.
- Q. 6.—No.
- Q. 7.—The cultivators may voluntarily come under a scheme of regulation of the jute crop, as they have now been hard hit owing to the abnormal fall in the price of jute.
- Q. 8.—It is not unlikely that any success achieved in one year would tend towards inducing increased sowing in the following year.
- Q. 9.—The regulation may be made compulsory by legislation.
- Q. 10.—Yes. Union Boards may be utilized for the purpose.
- Q. 11 and Q. 12.—Yes.
- Q. 13.—Low lands may be utilized for growing paddy and high lands, for the cultivation of sugarcane, etc. *Raiyats* may be encouraged to grow such alternative crops through Union Boards.
- Q. 14.—The effect of the propaganda during the last two sowing seasons resulted in the decrease in the area of jute. If compulsory regulation is introduced, the propaganda may not be necessary.
- Q. 15.—Normal cost of cultivation of jute in this part of the district is Rs. 36 per acre. Normal yield is 15 maunds per acre (jute).
Normal cost of cultivation of paddy is Rs. 12 per acre. Normal yield is 21 maunds per acre (paddy).
- Q. 16.—From Rs. 5 to Rs. 6 per maund, will be a reasonable return.
- Q. 17.—Financial depression, coupled with a fall in the export trade in respect of jute, have led to the fall in the price of jute. It may be noted that gunny bags, etc., which were made of jute in the United States of America and other foreign countries are now less required for export and import purposes owing to world-wide trade depression.
- Q. 18.—Yes.
- Q. 19.—The present system is satisfactory.
- Q. 20.—The present system of classifying or grading jute is not very satisfactory, in view of the fact that little distinction is observed between jute of high quality and low quality in this part of the district.
- Q. 21.—The question requires more careful enquiry.

Q. 22.—The village co-operative societies may be formed to eliminate the middlemen, so that the whole profit may go to actual growers of jute.

Q. 23.—A *faria* may be distinguished from a *bepari* in this sense that the former carries on his trade on a smaller scale than the latter. A *faria* as well as a *bepari* purchase the jute from the jute-grower, but *faria* sells it to a *bepari*, or in a local *hat* where a little margin of profit is expected, but a *bepari* usually supplies jute to big mercantile firms or to commission agents.

Q. 24.—No.

Q. 25.—The marketing customs in this locality do not appear to be detrimental to the *raiya*t.

Q. 26.—No such custom prevails in this part of this district.

Q. 27.—Cultivators borrow from the village money-lender. Creditors are not usually the ultimate buyers.

Q. 28.—Yes. The question should be viewed in the light of experience gained by those having first-hand knowledge of co-operative jute sale societies, as no such societies exist at present in this locality.

Q. 29.—We cannot say about the terms, as local merchants are not aware of the facts.

Q. 30.—Yes. There are fixed standards. The mill owners and jute exporters of Calcutta fix these standards. The standards sometimes vary. Arbitrations are held in Calcutta. Arbitrators are appointed by the Jute Balers Association, etc.

Q. 31.—No improvements are suggested.

Q. 32.—No.

Q. 33.—We cannot answer the question authoritatively.

Q. 34.—Yes.

Q. 35.—No.

Q. 38.—The growers of jute receive market information from commission agents.

Q. 39.—The matter is dealt confidentially by the jute-firms.

Q. 40.—Yes. Wireless telegraphy with loud-speakers may be very conveniently installed at the headquarters station of each Circle Officer who may communicate it to the Presidents of Union Boards.

Q. 42.—Marketing officers may be employed, as recommended by the Royal Commission on Agriculture.

Q. 43.—Yes.

Q. 53.—Yes. A research department may be very conveniently instituted without delay.

Q. 54 and Q. 56.—Yes.

Q. 58.—An international board may be conveniently established for the purpose.

No. 22.

From the District Agricultural Officer, Pabna.

Dated the 9th March 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes.

Q. 2 (b).—A regulation would naturally raise the price and also steady it to a great extent.

Q. 4.—No.

Q. 5.—Over-production is the prime factor in lowering prices though it might be aggravated by financial crises.

Q. 6.—There may be danger of competition to some extent but it does not appear to me that the competition could vitally affect the jute industry in Bengal because in the present state of our knowledge there is no fibre which can form a happy substitute for jute in every respect.

Q. 7.—No.

Q. 8.—Yes.

Q. 9.—A compulsory regulation only would be effective. The outline of this which I would suggest is as follows:—

The jute-growing districts of Bengal, Bihar and Orissa and Assam might be divided into small rural units—preferably the jurisdiction of an Union Board or Choukidari Union as the case might be. On the basis of the expected demand for the raw fibre in any year and the normal acreage under the crop, a central board constituted of competent men may determine and apportion to each of such rural units the area which the unit may sow in the year.

Any sowing in excess of this authorised area must be penalised with a substantial fine as a nominal fine would not serve the purpose.

Q. 10.—The co-operation of these bodies and persons has certainly to be invited to make the regulation effective.

Q. 11.—Yes.

Q. 12.—Yes, otherwise the high price obtained by regulation would naturally stimulate the cultivators of Bihar and Assam to sow a larger area and this would frustrate the purposes of regulation.

Q. 13.—In the low-lying lands it is possible to cultivate only paddy in place of jute, but in the high lands a wide range of crops can be grown, viz., sugarcane, maize, sunhemp, turmeric, ginger, *rahar*, *mung*, *kalai*, cowpea, groundnuts, castor, *til*, etc.

Intensive propaganda has to be made through the Union Boards, Co-operative Societies, *zemindars* and any other bodies or organisations having their activities in the rural area and they should be induced to take genuine interest in the matter for welfare of the country. Cinema propaganda may also be introduced with advantage as experience indicates that a cinema show very easily attracts the rural people. The cost of such propaganda may be met out of a small cess levied on jute in the line of the tea cess.

Q. 14.—The propaganda has indeed some effect but the latter does not appear to be commensurate with the amount of energy spent over

it. The propaganda is certainly to be continued as the illiterate cultivators having no idea of the bigger world beyond their village are easily lured by the hope of a better market next year. Also *vide* reply to the last question.

Q. 15.—The normal average cost of cultivation of jute may be taken as Rs. 80 per acre and the yield 18 maunds per acre.

Q. 16.—Rupees 8 per maund may be taken as the fair price level.

Q. 17.—Over-production combined with the general financial crisis—lowering the demand appears to be chief factor in bringing about the fall in the prices of jute.

Q. 18.—Research and propaganda by the Agriculture Department for heavier-yielding varieties and types producing fibre of better quality should be continued.

Q. 19.—The present system of jute forecast is beneficial to the balers, mill-owners and middlemen but not to the growers because most of the latter are illiterate and practically all are ignorant of English. The forecast should, therefore, be printed primarily in the vernacular of the province concerned and besides furnishing the information regarding the area and average outturn, information about the normal consumption and probable demand for the fibre next year should also be supplied sufficiently before the sowing season. Such information should be broadcast far and wide through all rural bodies and associations like the Union Boards, Co-operative Societies, etc.

Q. 26.—Yes, the cultivators as a rule pledge a considerable portion of their crop before it is harvested. This generally takes place in the weeding season when cultivators badly need money to meet the expenditure of the operation. Generally there are two terms for this—(i) in repayment of the loan the cultivators undertake to sell the requisite quantity of their crop after harvest at a certain stipulated price irrespective of the price then prevailing in the market and (ii) the cultivators undertake to pay 1 maund of the fibre after harvest for every unit of amount (Rs. 2 at present) advanced to them. No interest is as a rule charged on such loans because such transactions are invariably advantageous to the lending agencies.

Q. 27.—The cultivators generally borrow from the village *mahajans* or the *aratdars* and balers through their agents, and in the majority of cases these people are the ultimate buyers of the crops. Naturally in such circumstances the cultivators are deprived of the full value of their crops. Such a situation can be obviated by providing better credit facilities to the cultivators.

No. 23.

Maulvi Md. Faziur Rahman, Circle Officer, Bhangura, district Pabna.

Dated the 9th March 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes.

Q. 2 (b).—To raise the price (market rate) and then to steady the price when a fixed rate is established.

Q. 3.—Does not arise.

Q. 4.—No.

Q. 5.—Paucity of demand and over-production. Low prices are due more to over-production than to financial or other crises.

Q. 6.—There is little danger. Not likely.

Q. 7.—They would gladly come, should pressure of *mahajan* for payment of his dues be less.

Q. 8.—Not necessarily. If at all, it has to be checked.

Q. 9.—Should be made compulsory by legislation. Anticipating the demands of the market, licenses may be issued to the growers of jute for sowing a proportionate part of their land (like *ganja*, if possible).

Q. 10.—Yes. Union Boards may be utilised. Co-operative Societies also will be helpful.

Q. 11.—No possibility of such apprehension. If at all, Jute Marketing Board will be able to check it.

Q. 12.—Yes. It will be very helpful.

Q. 13.—For low lands paddy and for high lands sugarcane, in some lands, *til*.

By propaganda showing prospects of better gain.

Q. 14.—A little effect. Issuing license.

Q. 15.—Cost about Rs. 35 per acre of jute—yield about 18 maunds.

Cost about Rs. 16 per acre of paddy—yield about 30 maunds.

Cost about Rs. 60 per acre of sugarcane—yield about 100 maunds of molasses.

Q. 16.—Rupees 10 only.

Q. 17.—Paucity of demand and over-production.

Q. 18.—The Department of Agriculture may be assisted by Union Boards.

Q. 19.—Yes, the forecast is compiled by the Presidents of Union Boards in consultation with the actual growers of jute. Should be circulated more widely.

Q. 20.—Yes, but not fully satisfactory to those who, not being experts, are not fully aware of the different grades.

Q. 21.—Yes, 15 markets may be established in my (Bhangura) Circle. Yes.

Q. 22.—Yes, village co-operative societies will really be helpful.

Q. 23.—A *faria* purchases jute from individual sellers and when collected, sells the same either in the same *hat* (*bazar*) or to companies with profit or loss as the case may be.

A *bepari* purchases both from individual growers or in *bazars* and sells them on a larger scale of big *firms* or *challans* them to bigger centres or to Calcutta—generally not prepared to take the risk of loss, the money being generally already advanced.

Q. 24.—Yes, the cultivator is very often duped by these middlemen, each of whom talks in his own way often concocted or invented.

Q. 25.—Customary allowance known as *dhalta* (ধালতা) at the rate of $\frac{1}{4}$ seer for every 5 seers realised from cultivators. May be abolished by Jute Market Committee, if established by legislation. Brokerage is often realised at six pies per maund.

[The Circle Officer, Bhangura, Pabna.]

Q. 26.—Yes, in times of urgent need for money the cultivators pledge their crops before they are harvested at a very low price, very often at half the price that might reasonably be expected.

Q. 27.—Very often the creditors are the ultimate buyers of crops. Consequently it affects price. Co-operative Credit Societies may help them.

Q. 28.—An organisation may be possible if it be under the direct control of Government and also financed by Government through the Co-operative Department. Co-operative Stores will then be required.

Q. 29.—On contract.

Q. 30.—Yes, the Calcutta Jute Association (Bengal Chamber of Commerce) fixes the standards. They vary from year to year. Arbitrations are held in Calcutta and appointed by the Calcutta Jute Association (Bengal Chamber of Commerce).

Q. 31.—Yes, legislation is necessary.

Q. 32.—Yes, will be suitable.

Q. 33.—Satisfactory. Calcutta jute balers and jute mills carry on business on contract system with mufassal dealers. There are, of course, fixed standards.

Q. 34.—Yes.

Q. 35.—Yes. No objection.

Q. 36.—The fixed standards to be supervised by Government.

Q. 37.—Good.

Q. 38.—Scarcely any. If any, at all, then unauthorised. Through the agency of the Jute Market Committee when established by legislation.

Q. 39.—Yes. The constant change in the market price of jute.

Q. 40.—Yes, through the agency of the Jute Market Committee when established by regulation. Yes, but that will entail heavy expenditure.

Q. 41.—Yes, Government may easily do that if funds permit.

Q. 42.—The Jute Market Committee, if established by regulation, may do this.

Q. 43.—Yes.

Q. 44.—Such a committee may issue license and control the fluctuation in the market price and fix standards on reference to the Department of Agriculture.

Q. 45.—Not fully successfully. By direct and friendly communication with other Governments.

Q. 46.—By realising a fixed nominal amount per maund of jute, to be fixed by legislation.

Q. 47.—Not possible.

Q. 48.—Does not arise.

Q. 49.—May increase if it brings gain.

Q. 50.—Too early to suggest any.

Q. 52.—Yes, but they admit of further improvement.

Q. 53.—Too early to say anything.

- Q. 54.—Yes.
- Q. 55.—Propaganda showing the utility and quality of jute.
- Q. 56.—May be appointed.
- Q. 57.—The Jute Committee when established by regulation.
- Q. 58.—They should be in constant touch and co-operation with the Calcutta shippers and always informed of the trade condition prevailing here in Bengal.

No. 24.

Maulvi M. Hussain, Circle Officer, Shahzadpur, district Pabna.

Dated the 12th March 1933.

- Q. 1.—Yes, the production of jute requires a regulation to control it.
- Q. 2 (a).—Yes, it is possible to regulate the jute crops to the expected demand of the market.

Q. 2 (b).—The main object of the said regulation will be, the control of the production, price and demand.

The said regulation will improve the condition of the cultivators who will be able to know the demand for the year and the amount of price expected per maund; this regulation will be used to steady the price of raw fibre.

Q. 3.—It does not arise.

Q. 4.—I am not acquainted with any scheme of control of production or export. But I believe that a scheme may be feasible as follows:—

A jute corporation may be established with powers to fix prices for the raw material, to eliminate unnecessary costs of distribution, to control output. The capital of the corporation shall be held by the Provincial Governments.

Under the jute corporation there may be the present Union Boards. The Union Boards may maintain a record of the culturable land of each assessee in the union and the said culturable land may be divided into jute land and other kinds of land. The corporation will receive orders from the foreign countries and will regulate the production accordingly through the Union Boards. The detailed outlines of this scheme may be the same as noted in Appendix C of the questionnaire.

Q. 5.—Prices of jute have been low generally due to over-production.

Q. 6.—I do not think that there will be any danger of competition of substitute crops, whether in India or outside, if there be any jute regulation. There is no other crop which may be substituted for jute.

Q. 7.—Hardly any cultivator will come voluntarily under any scheme without any regulation. The cultivators, as a class, being illiterate have got no capacity to understand the effect of any scheme until they will see the benefit of the scheme. Further, the fate of the co-operative sale-supply societies has made the cultivators callous and they have lost confidence on all such organisations.

Q. 8.—Yes, the success achieved in one year in controlling the production voluntarily, would tend towards inducing increased sowings in the following year.

Q. 9.—Legislation is urgently necessary to control the production and price of jute. Outline of such legislation may be as that of United States Cotton Standards Act (Appendix B) on the basis of the "Notes on proposed Jute Control Corporation" in Appendix C.

Q. 10.—Union Boards will be the most competent agency through which the production and distribution may be controlled as directed by the Jute Corporation, under the direct supervision of a gazetted officer.

Q. 11.—Yes, the evasion of the regulation may be partly checked by the Jute Marketing Board.

Q. 12.—Co-operation of Governments and organisations in Bihar and Assam will not be necessary. There may be established one Central Board for jute business for India, which will direct the jute corporations to be established in each Province.

Q. 13.—In case of decrease in the area of jute, paddy crop may be substituted in the excess area whether in low land or high land. No step is necessary to induce the cultivators to grow such alternative crops.

Q. 14.—There was very little effect of propaganda during the last two years in keeping down the area of jute under cultivation. There may be a little effect if propaganda be made through cinema shows in mufassal areas. Legislation is the only means to regulate the production.

Q. 15.—Approximately Rs. 55 to Rs. 65 is required for cultivation of jute per acre and 15 to 24 maunds of jute can grow in one acre of land.

About Rs. 25 to Rs. 35 is required for the cultivation of paddy crop per acre. Twenty to 30 maunds of paddy can be had per acre.

Q. 16.—Rupees 10 should be the price-level for jute.

Q. 17.—Over-production and financial crisis are the chief factors which have brought about a fall in the prices of raw jute and of manufactured jute.

Q. 18.—I believe that agricultural research and propaganda will assist the grower very little. If manure and good departmental seeds can be distributed free among the cultivators, they may grow better jute at lower cost. On seeing the result, the cultivators also will use manure and good seeds all along.

Q. 19.—The present system of compiling and publishing the jute forecast seems to be satisfactory, as the *chowkidars* supply the figures after personally seeing the lands. The jute schedules should not be sent to Subdivisional and District Officers. They should be sent direct to the Jute Corporation to be established.

Q. 20.—The present forms and methods of grading and marketing jute in the mufassal are not satisfactory due to the dishonesty of the people engaged in the work.

Q. 21.—It is feasible to establish organised markets for jute as in the Central Provinces. One or two in each *thana* will be sufficient. There may be about 1,000 such markets in Bengal. Yes; such markets will be most advantageous for the cultivators.

Q. 22.—It is very difficult to form village co-operative societies to eliminate the middlemen. Without legislation the middlemen cannot be eliminated.

Q. 23.—The *farias* go to the mufassal villages after hiring boats and purchase jute sometimes at the lower price and sometimes at the same price. Before they take the jute to the *beparis*, they mix water with the said jute and thus increase the weight which gives them the profit. The *beparis* again mix water before selling the jute to the big jute companies and *aratdars*.

Q. 24.—It is the multiplicity of the middlemen which is the cause of the low price of jute as earned by the cultivators.

Q. 25.—All the present marketing customs are detrimental to the *riyat*. The *jachandars* and *aratdars* all should be abolished. Without legislation they cannot be abolished.

Q. 26.—Yes. Some of the cultivators used to borrow money from the *beparis* at the jute-sowing season, i.e., in the months of *Chaitra* and *Baisakh* after promising to sell the jute to the said *bepari*. The price is not settled at that time, but as the cultivator is pledged to sell his jute to the said *bepari*, the *bepari* grades the jute and fixes the price according to his own whims.

Q. 27.—The cultivators borrow money generally from the *beparis* or *aratdars*. Yes, in most of the cases, the creditors are the ultimate buyers of jute. Yes, it affects the price which the cultivator is able to obtain. Of course for last two years, no *bepari* is being able to advance any loans without which the cultivators are going on easily.

There may be provision of better credit facilities to the grower if money is advanced through the Sale and Supply Societies out of Co-operative Central Banks. The Sale and Supply Societies which have been closed lately were checking the mal-practices to some extent.

Q. 28.—Yes; the whole system of marketing jute may be brought into the hands of Co-operative Jute Sale Societies which may be organised on the same basis as were organised before. The only defect was that it was not constituted of all sorts of people but there were only Central Bank people in the societies. It is the opinion of all concerned that the Sale and Supply Societies had been closed not for any defect or failure but for the attempt of the then Registrar to lower his predecessor in the estimation of the Government and the public.

Q. 29.—There are very few people here who can give information of terms with other countries.

Q. 30.—The standards of quality vary sometimes according to the whims of the Jute Association under Chamber of Commerce. The mill-owners change the standards through these Associations.

Q. 31.—It is quite feasible to fix standards by legislation under which officers may be appointed to inspect all consignments of jute and grant certificates.

Q. 32.—A system of standards adopted on the lines of the American Cotton Standards Act of 1923 would be quite a suitable one.

Q. 33 and Q. 34.—There is none here who is familiar with the methods of marketing at Calcutta.

Q. 35.—Standards should be fixed by legislation.

Q. 36.—There should be only 3 standards. Officers appointed by the Government may supervise the working of the standards.

[The Circle Officer, Shahzadpur, Pabna.]

Q. 37.—I think, the marketing scheme as published in Appendix C, may do for Bengal.

Q. 38.—The growers of jute at present do not receive any information. If there be a Jute Corporation, information may be sent from there to the growers through the Union Boards.

Q. 39.—Yes, if the rate per maund at Calcutta be sent to the growers, they can sell at a reasonable price.

Q. 40.—Wireless telegraphy with loud-speakers at certain centres and leaflets about the price and demand would be of much assistance.

Q. 41.—Yes; in the event of a possible slump, Government should purchase and hold back jute from the market till better price be available. This should be done by Government as directed by the Jute Corporation.

Funds may be had out of the profit accrued by selling the jute. Government will keep a certain percentage of the profit for the expenditure. The capital may be advanced in the first instance by the Government.

Q. 42.—Yes; the special Marketing Officer will always consult the local committees and should see that the buyers and sellers follow the law strictly.

Q. 43.—Yes.

Q. 44.—Such Committee would receive orders from the foreign countries and will decide the demand for the year and will fix the price per maund. The Committee should consist of 3 or 4 members of Legislative Council elected by the members of the Council and the representatives of the Jute Dealers Association, Bengal Jute Association and the Director of Agriculture and the Registrar of Co-operative Societies.

Q. 45.—No co-operation is necessary with other provinces.

Q. 46.—The Committee should be financed out of the income of jute which is now taken away by the Central Government.

Q. 47.—No.

Q. 48 to Q. 58.—There is none here from whom any information can be had about the answers to these questions.

No. 25.

The Subdivisional Officer, Sadar, district Pabna.

Dated the 14th March 1933.

Q. 1.—Yes.

Q. 2(a).—Yes.

Q. 2(b).—To steady the prices between Rs. 5 and Rs. 15 according to grades of qualities.

Q. 5.—Low price is due to over-production as well as to manipulation of the market by buyers.

Q. 6.—The regulation should aim at production up to the demand; neither more nor less. If prices be not forced up too high, competition from substitutes is not likely to affect the trade very much.

Q. 7.—No.

Q. 8.—Yes.

Q. 9.—From statistics it should be possible to ascertain the total area of land under cultivation in the jute growing districts and the area which should be cultivated with jute in order to meet the world demand for the fibre. The proportion of the latter to the former should be fixed and it should be aimed to stick to the proportion by legislation, authorising local jute committees to compel cultivators to grow jute in their lands in that proportion. It may not be possible to enforce the proportion in case of every individual cultivator but it may be possible to maintain the proportion in each union or *thana*.

Q. 10.—I would utilise the Union Boards in order to implement the compulsion.

Local jute committees may be formed in each Union.

Q. 11.—Yes. The Marketing Board should be assisted by an Inspectorate.

Q. 12.—Yes.

Q. 13.—Expert advice should be given to the *raiyats*. If cultivation of jute be restricted, cultivators would themselves take to other crops for lands thus set free.

Q. 14.—No. Decrease in cultivation is due to low market price.

Q. 15.—Rupees 20 to Rs. 30 per acre.

Half the cost for other crops.

Q. 16.—Rupees 5 to Rs. 15 per maund according to different grades of jute.

Q. 17.—Over-production and want of purchasing power.

Q. 18.—Yes. Expert advice should be made more easily available for cultivators and they should be assisted to act up to the advice.

Q. 19.—Only balers and mill owners are benefited.

Q. 20.—Balers and mill owners profit by the method. Only 3 grades should be fixed.

Q. 21.—Such markets will not be advantageous to the cultivators.

Q. 22.—Yes. A direct connection should be established between the growers' committees and jute balers and mills.

Q. 23.—*Farias* and *beparis* are sometimes only order suppliers at contract rates and in some cases they are commission agents. In rare cases they trade with their own capital.

Q. 24.—Yes. *Farias* sometimes damage the market by selling wet jute.

Q. 25.—Cultivators have to give excess in weight. This should be abolished.

Q. 26.—Sometimes crops are pledged but it is not a prevailing custom in this part of the country.

Q. 27.—Cultivators have many liabilities to meet, so that their eagerness to sell the jute affects the price. Cheap loans should be given to them by Government.

Q. 28.—Co-operative organisation may succeed if forward contract system be introduced.

[The Subdivisional Officer, Sadar, Pabna.]

- Q. 34.**—Yes.
- Q. 35.**—Yes, but the difference of prices according to the standards should be known.
- Q. 36.**—Local jute committees should supervise the standards which should be 3 only. Experts may help the local committees.
- Q. 37.**—It may be given a trial.
- Q. 38.**—No. Daily bulletins should be sent to mufassal jute committees formed in each Union.
- Q. 39.**—Yes. Information about Calcutta price should be of most value to the grower.
- Q. 40.**—Wireless telegraphy will be of no use to the growers. Daily bulletins should be more useful.
- Q. 41.**—Government may buy the jute but should have control over some jute mills so that they may utilise the jute purchased.
- Q. 43.**—Yes.
- Q. 44.**—It should be a co-ordinating agency between the different interests. It should have power to dictate to the mufassal committees and to control the stock for supply to the buyers.
- Q. 45.**—No.
- Q. 46.**—Financed by Government who may have funds from the export duty or by imposing an excise duty.
- Q. 53.**—Yes. The research department should be financed by Government.
- Q. 54 to Q. 56.**—No.

No. 26.

Dr. M. M. Roy, Calcutta.*

Dated the 17th March 1933.

General.—Jute is primarily a "sacking and packing" material. The demand for jute goods and hence for jute is connected with the fluctuations in the international trade and as that has shrunk owing to the world-wide depression, the effective demand for jute has also fallen considerably.

As for the present crisis, its nature appears to be fundamentally different from many of the previous ones. The records of most of the previous crises indicate that these were due to defects in the credit and commercial structure. In such cases production is not generally seriously affected. In the present depression there has been a much greater decrease in production as a whole and the effect has been felt in every branch of economic activity and in every country. The violent fluctuations in productive activity in the crises of 1920-21 and 1929-32 are probably to be attributed in part to a fundamental disturbance in the world's economic organisation; particularly the present depression has been caused, not only by faulty credit developments, but also by a considerable shift in the foundations of agricultural and mineral production, upon which the whole economic structure of the world was erected. This explains the severity of

*For oral evidence, *vide* page 463 *et seq.*

the depression and also why the recuperative forces like the cheapening of credit, etc., which proved effective in the past, have so far failed to bring out a revival.

Some relevant figures are given below:—

TABLE I.

World production of various classes of goods.

(Average 1925-29=100.)

	1925.	1929.	1930.	1931.	Remarks.
Food stuff ..	97	103	101	99	Accurate figures for 1932 are not available, but all these figures were substantially lower in 1932.
Raw material for producers' goods	98	104	100	100	
Raw material for consumers' goods	91	113	98	82	
International production index..	93	112	101	85	

TABLE II.

Index of production of food stuffs and raw materials.

(Average 1925-29=100.)

	1925.	1929.	1930.	1931.	Remarks.
Asia	97	105	108	102	Accurate figures for 1932 are not available, but all these figures were substantially lower in 1932.
Europe	94	110	104	100	
North America	96	102	93	88	

TABLE III.

Index of world production of textile fibres.

(Average 1925-29=100.)

	1925.	1929.	1930.	1931.	Remarks.
Textiles	97	106	103	104	Accurate figures for 1932 are not available, but these were substantially lower.

In some commodities like cotton there was heavy accumulation of stocks.

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TABLE IV.

World trade and production.

(Average 1925-29=100.)

	1929.	1930.	1931.	1932.
Value of world trade	104.5	84.5	60	Figures not available yet but they were still lower.
Quantum of world trade	110	101.5	74	

TABLE V.

Index of prices in India.

(July 1914=100.)

1929—December	..	..	..	..	134
1930—June	..	..	..	..	116
December	..	..	..	..	100
1931—June	..	..	..	..	93
December	..	..	..	..	98
1932—June	..	..	..	..	86
December	..	..	..	..	88
1933—February	..	..	..	..	*86

TABLE VI.

Index numbers of exported and imported articles and also of individual items.

(July 1914=100.)

		Export articles (mainly raw materials).	Import articles (mainly manufactured goods).	Jute.	Jute goods.	Cotton.
1929.						
September	..	133	150	90	122	146
1931.						
March	..	84	126	45	80	93
September	..	71	120	51	69	74
1932.						
March	..	73	123	49	76	89
June	..	66	117	38	68	76
September	..	..	..	50	82	95
1933.						
February	..	..	..	36	68	79

Q. 1 to Q 12.—It is a truism that only during depression and crisis, restriction schemes loom large before the public; when better times come, people forget them altogether.

Compulsory restriction or regulation of crop has succeeded nowhere in the world; even in countries where the producers are much better educated than the Indian *raiya*s or where plantation system of cultivation enables checking of evasions, crop regulation has ended in failure. The Rubber Restriction Scheme within the British Empire, the Cotton Restriction Scheme in the United States of America, the Coffee Revalorisation Scheme of Brazil and the Tea Restriction of 1930, have all failed for reasons which are too well known. It may be argued that jute stands on a different footing from the above, being a monopoly commodity and that it should be easy to enforce any rule for regulating the crop. Theoretically this is all right, but when we remember that the holding of the individual *raiya* is small, the land often unsuited for diverse crops and that the *raiya* himself illiterate, the prospects of success of compulsory regulation become remote. Whatever be the machinery utilised for the purpose, it is sure to lead to abuses, evasion, exploitation, etc. There is not the machinery in the country to work out the scheme successfully, while the character and temperament of the *raiya* hardly give any encouragement or arouse any enthusiasm. The remedy (compulsory-regulation) will be worse than the disease.

It will be infinitely better if the ordinary economic laws are allowed to play, of course with certain amount of guidance. I am not prepared to agree that there has been very much over-production of the crop to justify the present low level of prices. The following figures will show that under the pressure of economic laws, the *raiya*s curtailed their production almost according to the needs of the consumers. There may be slight "lag" in adjustment and it is here that some sort of expert guidance is needed. I am afraid this defect, *viz.*, lag between supply and demand, will remain even if a compulsory regulation scheme is adopted:—

Season.	Actual out-turn in lakhs of bales.	Mill con- sumption in lakhs of bales.	Foreign consumption in lakhs of bales.	Total con- sumption in lakhs of bales.
1912-13	99.50	46.00	43.50	89.50
1919-20	89.50	51.00	30.00	81.00
1923-24	87.00	51.00	37.00	88.00
1928-29	106.00	59.00	48.00	107.00
1929-30	105.00	63.50	47.00	110.50
1930-31	108.00	48.00	36.00	84.00
1931-32	60.00	45.00	32.00	77.00
1932-33	70.00	52 lakhs up to Febru- ary 1928. (Esti- mated).		77.00 (Estimated.)

It will be seen that there was large disparity between supply and demand in 1912-13 and also in 1919-20, but prices in those days ruled high and the *raiya*s could hold stocks themselves without external assistance. In recent years production far outstripped consumption only in 1930-31, but that was due to the fact that in the previous

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season the demand was particularly heavy and prices, at least in the first half of the season, were fairly high. The *raiyats* naturally anticipated the continuation of the demand which, however, did not materialise. This is what I termed the "lag". But as soon as the fall in demand was realised, the production was curtailed materially last year and also this year. For the present season the actual offtake of the consumers is expected to be slightly more than the year's out-turn.

My contention is that provided some suitable expert body can approximately gauge the prospective demand and then Government and other associations undertake a little propaganda work to educate and illuminate the *raiyats*, the latter will voluntarily curtail the production. This expert forecasting of the requirements and also the propaganda can also be entrusted to a small body of experts, who may also undertake research and allied work to improve the quality of the fibre and also to find markets and new uses for the fibre. The financing of such a body may be done by a small cess on the arrival of jute in Calcutta (including the mills). The propaganda work we often find at present, is extremely crude and betrays lack of knowledge about the nature and extent of the world consumption of the fibre. The economic importance of the fibre in the welfare of the Province is not also recognised in this propaganda.

Jute is still practically the only cash crop of the Province where land is admirably suited for its cultivation. There is no reason why the *raiyats* should give up the cultivation of the fibre or unnecessarily restrict the area.

The object of "guiding" jute cultivation should be to secure for the *raiyat* the economic price for his product; it may be a bit more from the consideration that the fibre is a monopoly product. Under no circumstances price should be artificially forced to disproportionate heights, far above the general price level. That will be a suicidal policy. It must never be forgotten that in physical features, jute is inferior to most of the textile fibres. It is in demand because it is cheap. High prices, unjustified by world factors, will bring about substitutes to the immense detriment of the Province. At the same time, the production should be so guided that it does not exceed consumption so as to force down prices below the economic level.

No commodity, not even a monopoly product, can escape depreciation in value when the general price level falls and it is natural that during the word depression, the price of jute should also come down. But it has gone down further, unjustified from a consideration of supply and demand. The reason for this exceptional course of the price measurement is to be sought in the extremely defective and objectionable marketing organisations and speculative activities in connection with the distribution of the crop. I shall revert to this subject later.

Q. 13 to Q. 18.—As I have already said, no good will come by unnecessarily restricting the cultivation of jute. Possibly we have seen the nadir of depression and conditions will improve gradually, though slowly. We may not be required to curtail further the area under jute. But if it is necessary, some high lands, now used for jute, may be diverted to sugarcane. I do not, however, believe much in sugarcane cultivation in preference to jute anywhere. The number of sugar mills in Bengal is still limited; it is not that a large number of

mills cannot be started in the province, but the point is that the boom in the sugar industry at the present moment is due to the extremely high protective duty (about 165 per cent., *ad valorem*) which cannot continue indefinitely. Sugarcane cultivation requires crushing establishments in the immediate vicinity and that is another drawback.

Propaganda should be continued to educate the *raiyats* about the conditions in the jute world. The work may be entrusted to the Agriculture and the Co-operative Departments under the guidance of a Jute Board as suggested before. Lectures, informal discussions and distribution of pamphlets in important mufassal centres may be arranged to approach the producers.

It is rather difficult to work out the cost of cultivation per acre of jute land. When the holding is big and price of jute decent, the cultivator engages extra labour, but otherwise he does the whole thing with the help of his family, friends and neighbours. The wages of this class of worker is difficult to calculate, but if everything is to be done by hired labour the cost per acre (including the charges for ploughing) will be between Rs. 55 and Rs. 60. The yield of jute may be taken 3.5 bales per acre on the average. In our part of the country (Faridpur district, Gopalganj subdivision) the yield is 4 bales or more per acre.

It is equally difficult to say what a fair price for jute should be under the existing conditions. In the absence of any other occupation during the major part of the year, the *raiyat* and his family is expected to live on the product of his land and naturally much will depend on the size of his holdings. But considering the present level of prices the *raiyat* should not grudge if he can get Rs. 5-8 per maund.

Q. 19.—It is in the interest of everyone honestly connected with jute to get as correct as possible forecast of the crop. Government forecasts have been generally found inaccurate and unsatisfactory. Excepting in the season 1930-31, the crop has all along been underestimated. If it is believed that by giving a slightly conservative forecast, prices can be raised to the benefit of the *raiyats*, it is a definite mistake. The forecast made by the trade is more accurate and the big dealers having mufassal establishments know the position very well. The publication of inaccurate underestimate is detrimental to the *raiyats*. The price may be forced up for a short while, but then sags when the real position becomes known and then it becomes extremely difficult for the price to go up. This season, the trade expected an estimate between 62 to 65 lakhs bales, but to the utter surprise it came to be 58 lakhs. Prices jumped but then began to fall, from which there is still no recovery. If the estimate had been near about 65 lakhs as the trade expected, perhaps there would have been some fall in the beginning, and then readjustment would have taken place and the catastrophic decline averted. The published forecast this season was 58½ lakhs, but by the end of February, the arrival was 61½ lakhs and the crop is estimated at slightly over 70 lakhs. There will be no harm if the present system is stopped, if it cannot be improved. The collection of primary data appears to be defective and once this is wrong, no amount of compilation or statistical work can improve the accuracy of the forecast. I am also inclined to think that the yield figure is taken lower than what it actually is. Unless the collection of these data can be improved by appointing special officers, it seems to be better to leave the matter in the hands of the trade. If the suggestion of establishing a Jute Board is adopted, the work may be done by officers of that Board.

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Q. 20.—There is hardly any organised system of grading of jute in the mufassal and the marketing system is the most primitive. The main difficulty is that the output of the individual producer is small and it becomes impossible for the *raiyat* to sell it to the big dealers. He is to rely on the *farias* or at the most to go to the nearest market for the disposal of his product. As for quality, the *raiyat* cannot be cheated easily, but he generally suffers in the matter of weight, particularly when he sells to the *farias* at his own house. If arrangements can be made to check the weight of the *farias* and buyers in the market through Union Boards and the Police, most of the grievances will disappear.

Q. 21.—The idea of establishing organised markets in the various districts on the line of the cotton markets in the Central Provinces and Berar is undoubtedly good. If the growers are to be given facilities, these markets should be numerous and at a rough computation the number should not be less than 750 for Bengal. A part of the income from these markets may be utilised in financing the proposed Jute Board. Smaller producers will not be directly benefited by these markets. Bigger producers and *farias* will certainly find it useful.

Q. 22.—There is no reason why this cannot be done. I shall return to this subject when answering Question No. 28.

Q. 23.—The details of the work and method of the various middlemen are too well known to be narrated. *Farias* often buy as principals or for dealers on commission basis; *beparis* also do the same excepting that they are a bit bigger operators and sometimes they send their goods to the Calcutta market direct. In normal times, a profit of four annas per maund is deemed fairly high by the *farias* and *beparis* when they act as principals. As commission agents, they are satisfied with anything from one pice to one anna per maund; they, however, make profit on weights.

Q. 24.—I do not think so. The continuation of the high railway and steamer freight in spite of the heavy fall in the price level operates to the detriment of the *raiyat*. Loose jute dealers do not very often make so big a profit as is popularly believed to be the case. They frequently suffer loss, particularly when prices fall.

Q. 25.—One of the objectionable practice is the "dhalta" system by which a certain weight of jute is taken from the *raiyat* without payment.

Q. 27.—The *raiyats* borrow from the money-lenders generally. It is, in my opinion, not correct to say that in the large majority of cases, the creditors are the ultimate buyers of the crop.

Q. 28.—The Co-operative Jute Sale Societies failed for reasons too well-known. There was a definite lack of managing ability and an absence of business experts in the organisation. The administration and the management were too costly. There was hardly any co-operative principle in it and in the later stage it developed into an ordinary jute concern, doing more or less speculative business, but without expert control. The failure of that organisation should not be regarded as the failure of co-operative principle in selling jute.

I fully believe that sales organisations can be revived on sound co-operative lines under expert management. To begin with, such organisations may be started in those places where the Jute Sale Societies were more or less successful. If the members cannot find cash for the subscription, they may pay in kind, i.e., jute they hold. As for the working capital, the central banks may find the amount or in case the latter

are unwilling, the Provincial Bank or the Imperial Bank can be induced by the Government to supply those Societies with working capital, if necessary by a guarantee. The headquarters of the organisation is to be in Calcutta and to begin with Government may grant a small sum for maintaining the Calcutta office. Gradually, the organisation can be extended to the various parts of the Province and, if thought proper, baling arrangements also can be made for export business. There are several co-operative mills in Dundee and also in the Continent, who would be only too glad to buy direct from co-operative organisations on this side.

The propaganda work of the Jute Board, as suggested before, can be very effectively done through such Sale Societies. The details can be worked out, in the light of the experience gained from the working of the Co-operative Jute Sale Societies.

Co-operative organisation seems to me to be the best method of bringing together the producer and consumer, without any loss of efficiency in the exchange.

Q. 29.—The nature of the export trade has changed in recent years. Formerly, the balers here used to sell to the shippers under Home guarantee and the latter, or better, their London or Dundee offices, to the outside consumers. To-day, almost all the principal balers are shippers with Agents in London and Dundee and sometimes in the continental ports like Hamburg, Antwerp, Dunkirk, Genoa and elsewhere. The number of shippers has now dwindled to 4 or 5.

For Dundee, the jute is sold mainly on Dundee contract. For the Continent, when jute is sold through London, it is under the London Jute Association contract. When, however, the transaction is direct between the Indian baler and the Hamburg Agent, the terms of the contract are practically similar to those of the London contract, except the arbitration clause. The arbitration in such cases is expected to be done according to the custom and arrangement prevalent in the port of arrival. Where there is no provision for arbitration amicable settlement or private arbitration takes place.

For Japan and the United States of America the jute is sold according to the terms of the London Jute Association with arbitration in London. I may note here that many consumers in Northern Europe are increasingly anxious to come in direct touch with the Indian exporters but people of Southern Europe, France and of the two Americas view the Indian exporters with suspicion. Perhaps this is due to the bad deliveries of certain Indian balers, but a part, I am inclined to think, is also due to the propaganda against the Indian balers.

Q. 30.—Yes, there are standards like Red, Firsts, Lightnings, Hearts, Daisee, Tossa, etc. Details of "marks" of the different bales in the various grades are published in the Mark Book of the Calcutta Baled Jute Association. The London Association selects some good marks, of which the delivery has been found satisfactory in the previous seasons, and calls them "actuals", others being "substitutes". Dundee has also its own selection, while many continental buyers have their own "groupings" of each particular quality.

The delivery in foreign sales is expected to be equal in quality to the average of the deliveries in the two previous seasons (excluding parcels on which allowances have been made).

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Arbitration for jute sold under the London Association contract takes place in London; for jute under Dundee contract, in Dundee. When jute is sold direct, arbitration is held in the port as stated above. According to the London Jute Association Rules, London Arbitration cannot take place unless one party at least is a member of the London Association.

At present parcels may be invoiced back where there is a deficiency in quality or condition exceeding a certain limit. Barring isolated cases of abuse by unscrupulous agents, the Home guarantee and the Invoicing Back Clauses seem to be equitable. In Home guarantee there is no provision for invoicing back.

Q. 31 and Q. 32.—I think the present system of grading is working satisfactorily. The consumers, particularly those using good jute, generally buy particular marks which they know by use. They have often particular requirements which can be satisfied by only those marks and they are ready to pay better prices than other marks in the same grade or even a higher grade. Thus the Green BNP/M mark of Messrs. D. D. R. K. Das is theoretically below the Red group, but consumers gladly pay £1-10 to £2 per ton more than the ordinary Red marks. Fixing of standards by legislation will bring confusion in the marks already established on their own merit. It should be left as it is.

Q. 33 to Q. 36.—The balers generally buy jute after inspection. They decide what they will be able to bale out of the loose jute and pay accordingly.

The mills buy, on contract, different grades, 4's, R, LR, XLR, etc. At present there is a guarantee of warp and weft yarns to be obtained from the jute. In white jute the sellers must guarantee 90 per cent. good sacking warp and 10 per cent. weft in 4's, in R's 70 per cent. good sacking warp and 30 per cent. weft, LR's—40 per cent. good sacking warp and 60 per cent. weft, XLR—no guarantee. In Tossa—10 per cent. more of warp.

There is a standing complaint that during the middle of the season the grades are changed, not officially, but by force of circumstances. It is said that the mills begin to buy R, LR and XLR in the beginning of the season. The dealers get supplies of all these grades. After a time the mills entirely stop buying the higher grades and the dealers are compelled to tender their higher quality stock, say R, against sales of LR and XLR instead of definitely holding back the former, *viz.*, R.

As will be clear, the fixing of standards will not help the matter. The buyers are at liberty to buy whatever they want. You cannot thrust on them anything they do not want. The mills being the largest consumers, this policy of theirs tends to lower the quality of jute, as more people are anxious to grow that type which is in demand.

Q. 37.—I do not agree with the premises of Mr. McDougall's scheme. It is too complicated to be worked smoothly; further, I do not think that the mills, particularly in European group, will agree to the scheme as, with their heavy overhead and establishment charge, their competing power will be seriously affected, if they do not get any latitude in their purchases of raw material.

Q. 38 to Q. 40.—At present the *raiyats* get more or less reliable informations about the price of jute ruling in the terminal markets. But a little more information regarding the prospective supply and demand

together with information about the appropriate time for the disposal of their products, will be helpful to the *raiyats*. This may be done by the Jute Board, as suggested before, through Sale Societies where they exist and through Local Boards under the Central Jute Board or through ordinary Co-operative Societies where such sales societies do not exist.

Q. 41 and Q. 42.—Provided adequate measures are taken and suitable propaganda be made to disseminate all useful news to the *raiyats*, I do not think there is any necessity for setting up any organisation as suggested. Even if it is desired, the necessary machinery will be difficult to set up. Moreover, such an organisation is not expected to work every year.

There is no mention, under the heading "Marketing", about the speculative markets of jute in Calcutta, which have a tremendous effect on the price of jute, particularly in periods of depression, and hence on the fortunes of the *raiyats*. I have prepared a pamphlet on the subject to show the influence of these markets on the whole trade of jute. The subject is a bit technical, but still I hope the members will get an insight into the extremely objectionable and pernicious activities of the so-called futures markets. I am sending 15 copies of this pamphlet with this note.

Q. 43 to Q. 46.—As I have already suggested, a Jute Board is absolutely necessary to help the *raiyats* growing this fibre. Its function will be to get all statistical and other news both in India and outside about the supply and demand of jute and to place these before the producers. This may be done through Sale Societies, when they are established and through subsidiary boards in the important centres working in conjunction with ordinary Co-operative Societies, Agriculture Department, Union Boards, and other public organisations. It should also organise research and allied works to improve the quality and expand the market and uses of jute. If the establishment of jute markets is decided upon, this Board should be in charge of this organisation.

Even, if the other provinces, growing jute, do not like to co-operate, Bengal alone should set up the Board which should consist of experts only.

There should not be any difficulty in financing the organisation. A small part of the Jute Export Duty, which is coming to the provincial exchequer, should be available for its maintenance. If necessary, a small cess on the import of jute in Calcutta and in the mills may be levied for the purpose. If "jute markets" are established, a portion of their revenue may be utilised for the purpose.

Q. 47 to Q. 49.—Jute to-day is suffering competition from textile yarn made from woodpulp (5 to 10 counts). These have sufficient tensile strength and elasticity to be woven into fabrics. Xylodine, Sylvaline, Licella, Textilose (a paper yarn coated with a textile material; in its latest form it is a paper thread reinforced by a core of textile yarn), manufactured in Germany and Russia, are used for bags and mixed with cotton, linen and jute may be used for fabrics. These yarns have not the strength of jute, but resist better wear and rubbing. As packing substances inside electric cables, these have replaced jute. These are also being used for cement bags.

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These yarns can be bleached and dyed; their strength diminishes when moistened, but waterproofing is possible and actually tarpaulins have been made with them.

In the United States of America multi-walled paper bags are used for cement; their price is less than half of jute bags.

As regards natural substitutes—The West African fibres, Okra, Ramma, Kowe, etc., are not regarded to-day as serious competitors. On the other hand “Mahotine” of tropical America appears to be getting increasing favour. The fibre can be obtained by steeping in pools of water for 5 to 8 days. The output is 2 tons of clear fibre per acre against 0.6 of jute.

I have been told in London by the Russian buyers of jute, that they have produced a fibre (Kendyr, Kenaf) in the Caucasus, which is already replacing jute of certain quality. This is borne out by the fact that the Russian offtake of first grade white jute has materially diminished in recent years.

I have also seen a fibre in Tamise, in Belgium, coming from Belgian Congo, which resembles white jute in almost every way, excepting that it is a little brittle. Yarns spun with it did not appear to be inferior to jute yarn in any way. The price was almost nominal, but how it will develop when large scale production is attempted, one cannot say.

As I have already said, jute is inferior to most of the textile fibres. There is lack of durability; exposed to rain, it deteriorates rapidly; even in the ordinary course, it becomes brittle and loses strength. It can be bleached with great difficulty but it combines directly with basic dyestuffs.

In spite of these defects, my experience and information are that provided the price of the commodities is kept within reasonable limits, there is no possibility of its being ousted by substitutes in the near future. Cotton bags have been attempted for packing cotton in the United States of America; these were found suitable but very costly.

Q. 50.—My impression is that it will not be possible to regain the market lost to paper bags. Scientific research will gradually improve these artificial substitutes and reduce their cost of production. As for natural substitutes, the danger is remote provided the price of jute does not go up disproportionately or it is not excluded by Government action of the importing countries.

Q. 50 to Q. 52.—Jute is being used at present, besides as sacking and packing material, in the following cases:—

- (1) Cloth; as binding thread for carpets and rugs.
- (2) Jute butts for paper.
- (3) Cheap upholstery.
- (4) Linoleum.
- (5) In combination with wool for dress goods.
- (6) A long and beautiful fibre has been produced which can be spun on the worsted system and is used in serges, vests, sweaters, etc.
- (7) Canvas, tarpaulins, etc.
- (8) As substitute for hemp.
- (9) Other minor uses.

It appears that jute of good quality is moving upwards so far as its use is concerned; on the other hand, there is the tendency of its being replaced by substitutes, in inferior goods.

Calcutta mills generally prepare hessians and bags; in fact there is hardly any mill in Calcutta which manufactures even the moderately better stuff. The Calcutta mills are not expected to take up finer work. With cheap unskilled labour and raw material near at hand, these mills go for mass production of inferior goods.

Many of the outside (foreign) mills are very small concerns, specialising in particular goods of higher type.

Many of these better class goods can be manufactured in India, although the market at present is limited and there is difficulty in exporting these to foreign countries. But the home market is bound to expand and, moreover, many types of goods which are at present manufactured out of cotton may be made of jute as products of cottage industries. Thus *durries*, screens, nets, carpets (*ashans*) can be readily made from jute. The only difficulty is the supply of suitable yarns at reasonable prices. At present the yarn is produced locally where the jute cottage industry exists but the process is tedious and not remunerative, and then the yarn, necessary for better goods, cannot be spun. Such yarns cannot also be obtained from the local mills. I have seen small plants in several Belgian concerns, which do not cost more than Rs. 75,000 per unit, which can produce fine yarns of various qualities. If such units are established in mufassal centres by some kind of co-operative organisation, and the yarns distributed to the weavers or cultivators who are prepared to do weaving, an important type of cottage industry may be developed to the immense benefit of the country and of the jute crop. If necessary, I can work out the details.

Q. 54 to Q. 58.—Yes, propaganda should be taken in foreign countries for popularising jute. It is also imperative that all statistical details regarding consumption, condition of the jute industry in foreign countries, should be collected and avenues for new business explored.

This organisation should be a part of the Jute Board suggested before.

The Calcutta shippers will not be adversely affected by such organisation; on the other hand, they will be materially benefited by the activities of these special representatives.

No. 27.

The Collector of 24-Parganas.

Dated the 16th March 1933.

The only remark I have to offer is that it will be very difficult, if not quite impossible, to control the growing of jute. The price received one year reacts, by the law of supply and demand and of its own accord, directly on the area put under cultivation by *raiya*t in the following year. Action may be confined, as at present, to Government propaganda when restriction is thought necessary.

No. 23.

Babu Satis Chandra Majumdar, Subdivisional Officer, Basirhat, district
24-Parganas.

Dated the 14th March 1933.

Q. 1.—Yes. Production of jute requires regulation.

Q. 2(a).—Yes.

Q. 2(b).—The main object would be to stabilise the price of raw fibre and regulate the output.

Q. 4.—Jute Sale Societies established by the Co-operative Department in some parts of Bengal have been successful in selling the raw material of the growers.

Q. 5.—The low price of jute is due to financial crises and over production of jute.

Q. 6.—No.

Q. 7.—I do not think so.

Q. 8.—Regulation of production on a voluntary basis would be a failure.

Q. 9.—Legislation is the only means in our country to regulate production of jute. A certain portion of a cultivator's land shall be fixed for the production of jute in proportion to the average of his holdings.

Q. 10.—Union Boards and Co-operative Societies may be utilized to implement compulsory regulation.

Q. 11.—A Jute Marketing Board may be established to check the evasion of jute regulation procedure.

Q. 12.—It would be necessary in the interest of trade.

Q. 13.—*Aus* paddy and sugarcane may be grown as alternative crops.

Q. 14.—The propaganda work had no effect. The low price of jute had some effect in keeping down the area of jute under cultivation.

Q. 15.—The cost of cultivation of jute per acre is Rs. 24 and the average yield is 12 maunds per acre.

The average cost of cultivation of sugarcane is Rs. 150 and the average yield is 60 maunds per acre.

The average cost of cultivation of *aus* paddy per acre is Rs. 12 and the average outturn is 14 maunds.

Q. 16.—Rupees 5 should be the minimum price of jute per maund.

Q. 17.—Financial crises and over production are the chief factors in bringing about the fall.

Q. 18.—Yes. Department of Agriculture may be assisted by Union Boards and Co-operative Societies.

Q. 19.—Jute forecast is not beneficial at all to the growers and middlemen because it does not reach them. The forecast may be published in Bengali and distributed to the growers through Union Boards and Co-operative Societies.

Q. 20.—No.

Q. 21.—Yes. Organized markets for jute may be started in each *thana* in jute growing area.

Q. 22.—If organised markets are started there will not be any middlemen as the growers themselves will take their jute to those markets.

Q. 23.—*Beparies* collect jute from the growers and sell it through the *aratdars* who get some commission on the sale.

Q. 24.—Yes.

Q. 25.—Yes. It can be abolished by establishing organised jute markets in *ghanas*.

Q. 26.—No.

Q. 27.—Villagers borrow from village *mahajans*. The creditors are not the ultimate buyers of jute.

Q. 28.—The whole system of marketing jute may be placed in the hands of co-operative organization such as jute sale societies. They may be financed by the Co-operative Department and by the Government.

Q. 29 to Q. 31.—Not known.

Q. 32.—No.

Q. 33 and Q. 34.—Not known.

Q. 35.—For the benefit of the growers there ought to be fixed standard for loose jute and they should be fixed by legislation.

Q. 36.—The organised jute market may be authorised to supervise the working of the standards.

Q. 37.—I am in favour of Mr. McDougall's marketing scheme specially as its lines of working are on the same basis as those of Co-operative Jute Sale Societies which have been successful when properly managed.

Q. 38.—For want of mass education our country is not yet fit for it.

Q. 40.—Wireless telegraphy with loud speakers will certainly be of great assistance.

Q. 41.—In the event of a slump in the market jute may be purchased by Government.

Q. 42.—Yes.

No. 29.

**Mr. K. K. Hajara, I.C.S., Subdivisional Officer, Barasat, district
24-Parganas.**

Dated the 16th March 1933.

Q. 1.—Yes.

Q. 2(a).—Not ordinarily, unless jute growers are organised into co-operative societies.

Q. 2(b).—Such regulation may both raise and steady the prices.

Q. 3.—Ordinarily it is not possible to regulate production. Propaganda may have some effect but it is impossible to force cultivators to regulate production according to the demands of the market.

Q. 4.—No.

Q. 5.—It is due to general economic depression as well as over-production. Speculators and middlemen have also played their part.

Q. 6.—Jute is practically a monopoly crop in India and no substitute crops are known which can take the place of jute. For these reasons competition is unlikely.

Q. 7.—It is very difficult to say. But if stable prices and better return are assured they may.

Q. 8.—There is a chance but this can be avoided by having a board of control for marketing. Consumers may be asked to deal with the recognized marketing board and in that case producers will be discouraged from increased sowings as they will not be able to find a market for their produce.

Q. 9.—It is not feasible.

Q. 10.—There cannot be any compulsory regulation but Union Boards, Co-operative Societies and *zemindars* may help in doing propaganda work.

Q. 11.—Yes, as I have already remarked in answer to Question No. 8.

Q. 12.—Certainly, otherwise the scheme will fail. There may be unfair competition by the producers, middlemen and speculators in those provinces.

Q. 13.—Paddy and sugarcane. Propaganda is necessary. Starting of sugar factories on a co-operative basis will also help. Sugar making and *gur* making are lucrative propositions now.

Q. 14.—These had some effect. Such propaganda should be continued. Officers of the Agricultural Department and the Co-operative Department who have to go about in rural areas may be asked to talk to people for restricting cultivation.

Q. 15.—I have no idea.

Q. 16.—As I do not know the cost of cultivation, I cannot answer this question.

Q. 17.—General economic depression, over-production as also natural causes like want of sufficient and timely rainfall as well as of better seeds resulting in a deterioration of the quality. Cost of production on account of some of these difficulties exceeds prices obtained.

Q. 18.—Yes. Co-operative Sale and Supply Societies may be organized to help in obtaining better seeds, better manures and better implements on a co-operative basis.

Q. 19.—It is not satisfactory as correct figures are hardly obtained. Forecasts are prepared from the reports of Presidents of Union Boards and similar agencies who take very little interest in the work. It is difficult to obtain correct information unless and until the producers are organized.

Q. 20.—I have no idea.

Q. 21.—Yes. I cannot give the number as it requires a knowledge of the nature and extent of the business. Yes.

Q. 22.—Yes, village co-operative societies will help the cultivator and eliminate middlemen.

Q. 23.—Generally, *dadans* or advances are given to the producers by these people and the producers have practically to hypothecate the produce. When the crop is ready it passes on to the *mahajans* and through

them to *aradars* or dealers. Most of the profit is taken by these middlemen and the cultivator hardly gets enough to leave him any profits.

Q. 24.—Yes. Often there is a long chain of middlemen.

Q. 25.—I am not aware of any.

Q. 26.—Please see answer to Question No. 23.

Q. 27.—From village *mahajans*. Yes. This does affect the price the cultivator gets as he is in the grip of the *mahajans* and cannot dictate terms.

As I have suggested the organization of Co-operative Societies among the growers will help them and free them from the clutches of *mahajans*.

Q. 28.—Yes. I have no knowledge of the Co-operative Jute Sale Societies and consequently I cannot answer this.

Q. 29 and Q. 30.—I have no knowledge.

Q. 31.—I cannot suggest any improvement but it is possible to fix the standard by legislation and put up inspecting bodies.

Q. 32 to Q. 36.—I cannot answer these questions as I have no knowledge of the business.

Q. 37.—The scheme is sound but it is doubtful if the proposal of controlling production by legislation is a practical proposition.

Q. 38.—Very little information reaches the growers now. If producers are organized on a co-operative basis, dissemination of information would be possible.

Q. 39.—Yes. It is for experts in the business to say.

Q. 40.—Please see answer to Question No. 38. Wireless telegraphy and loud-speakers would be very suitable as most of the cultivators are illiterate and cannot read pamphlets but is doubtful if the proposed scheme is a practical proposition.

Q. 41 to Q. 50.—I cannot answer these questions.

Q. 51.—It appears that wearing apparel, some classes of articles known as artificial silk, are made of fine jute fibres. Most of these are made in Japan or other foreign countries. This industry could be taken up in India.

Q. 52 to Q. 58.—I cannot answer these questions.

No. 30.

**Babu K. N. Mitter, President, Modhyamgram Union Board,
24-Parganas.**

Dated the 16th March 1933.

Q. 1.—I do not think any regulation is necessary.

Q. 2(a).—No.

Q. 2(b).—No useful purpose would be served.

Q. 3.—I do not believe it to be possible to regulate production. Regulation would, in the circumstances, be feasible.

Q. 4.—No.

Q. 5.—The depression of price is due to world wide depression of trade.

Q. 6 and Q. 7.—No.

Q. 8.—Yes.

Q. 9.—I am opposed to any regulation either compulsory or voluntary.

Q. 10.—Please see above.

Q. 11.—No.

Q. 12.—Yes.

Q. 13.—For low lands I would suggest *aman* paddy, and for high lands sugar-cane. As regards paddy the *raiya*s should be supplied with latter classes of seeds or tractors on loan; as regards sugarcane they should be supplied on loan with better class of sugarcane machinery.

Q. 14.—Government and other propaganda during last years sowing had some effect. Such propaganda should be continued.

Q. 15.—The normal cost of cultivation per acre is about Rs. 60. The cost of alternative crop is nearly the same.

Q. 16.—Rupees 8 per maund.

Q. 17.—Please see answer to Question No. 5.

Q. 18.—Agricultural Department should assist.

Q. 19 to Q 21.—Yes.

Q. 22.—Formation of village co-operative societies is necessary.

Q. 25.—Selling to firms is detrimental to the interest of *raiya*s.

Q. 26.—No.

Q. 27 and Q. 28.—Yes.

Q. 38.—At present they obtain information from jute *aradars* of Calcutta.

Q. 40.—Yes.

No. 31.

Mr. M. Worth, I.C.S., Subdivisional Officer, Barrackpore, district
24-Parganas.

Dated the 11th March 1933.

Q. 1.—Yes.

Q. 2(a).—Yes.

Q. 2(b).—The main object of such regulation would be to curtail or increase when necessary the production of jute according to the demand in the market in any particular year so that actual growers of the fibre do not suffer. It would lead to a steadying of prices and would check the gambling in jute which causes fluctuations in the price of the commodity.

Q. 5.—It appears that the main cause for the low price of jute is the present economic depression and not over-production.

Q. 7.—Very improbable.

Q. 8.—This is quite likely to happen.

Q. 9.—Regulation of jute cultivation, if adopted, should be made compulsory by legislation in order to be effective. The cultivators should be protected against the *farias*, *beparis*, *mahajans* and others and should be given proper facilities for marketing their produce direct instead of through a middleman.

Q. 10.—Union Boards and Co-operative Societies should be used. small *zemindars* are in most cases village *mahajans* to whom the cultivators are in debt and who in many cases make the cultivators pledge their crops to them. It would be difficult also to rely on private individuals to co-operate properly.

Q. 11.—Yes.

Q. 13.—In this subdivision the alternative crops would mainly be *aus dhan* and some *rabi* crops. In order to encourage cultivation of these crops much propaganda will have to be done and free distribution of improved paddy seeds, tobacco seeds, etc., made, so that the *raiyat* may learn that there are other means of using excess land profitably. The Agricultural Department could assist in this work.

Q. 14.—Propaganda has been effective. It should be continued. It is probable, however, that propaganda would be more effective if backed by legislation controlling the marketing of jute.

Q. 15.—The average cost of cultivation and the yield per acre of jute and of *aus dhan* are as follows in this subdivision. Jute cultivation costs per acre Rs. 50; yield per acre 15 maunds. *Aus dhan* cultivation costs per acre Rs. 35; yield per acre 21 maunds.

Q. 16.—Rupees 6 to Rs. 7 a maund.

Q. 19.—Compilation of figures for jute and the publication of the forecast are necessary but the present methods can be bettered if the figures prepared by the Presidents of *panchayats* and Union Boards are checked by the staff of the Agricultural Department.

Q. 20.—No. The grading is generally made by the *aratdars* and the cultivator generally loses on the deal.

Q. 21.—Provided that the Central Marketing Board or its agents can deal directly with the cultivators I think that local markets would prove most useful and popular. Three operating in areas of about 35 square miles might be started in this subdivision.

Q. 22.—At present there are no such societies. The main difficulty with the formation of such societies in this subdivision is that here there are only small holders who may not be able to find the capital to finance the societies.

Q. 23.—The main function of the *farias* and *beparis* is to visit the local *hats* and village in order to purchase jute. The purchase is always made at a price much below the prevailing rate which is seldom known to the cultivator. The jute is then taken to the *aratdars* who dispose of it at a premium or on commission. The profit made by the middlemen is generally not less than 25 per cent.

Q. 24.—I knew of no instances.

Q. 25.—I do not know of any such custom.

[The Subdivisional Officer, Barrackpore 24 Parganas.]

Q. 26.—In most cases they do so when the plants have just come out of the ground. The terms are not uniform. In many cases the crops are pledged to a *mahajan* in consideration of money borrowed from him.

Q. 27.—The cultivators generally borrow from the village *mahajans*. In most cases the creditors are the ultimate buyers of the crops. The creditors can dictate the price for their own benefit. A Co-operative Society, if financially sound, is the best channel through which credit can be given to the cultivator. There is scope for properly managed societies to form themselves into Co-operative Sale Societies for selling the crops of members.

Q. 28.—In order to be successful, Co-operative Societies must be sound financially and must be properly and honestly managed.

Q. 37.—Mr. McDougall's scheme appears to be practicable and should be seriously considered.

Q. 38.—The cultivators of jute seldom receive any market information. The *farias* and *beparis* do their best to prevent them from getting this information. Information regarding the market could best be disseminated through Union Boards and other local bodies.

Q. 39.—If jute marketing boards were established they would be able to supply information regarding stocks, etc. The most important information for the cultivator would be with regard to the quality of the fibre in demand at any particular time and with regard to questions of prevailing rates.

Q. 40.—Information can be disseminated quickly if sent to Union Boards and other local bodies.

Q. 42.—I do not see that the additional expense involved would be worthwhile. Agents at the jute markets could do this work.

Q. 43.—Yes.

Q. 47.—No.

Q. 53.—I think that a research department should be established.

No. 32.

Maulvi Fazle Ali Khan, President, Nabinagar Union Board, district Tippera.

Dated the 5th April 1933.

Q. 1.—Jute production requires regulation.

Q. 2(a).—If the scheme of regulating jute product be adopted jute crop should be regulated with reference to expected demand of the market.

Q. 2(b).—The final result will be to keep steady the minimum price of the jute.

Jute production and jute market require, under the present circumstances, to be controlled by authority.

Illiterate and ordinary cultivators give very little attention to the propagandas made by the Government. Every one is ready to take advantage over others. Thus, if a wise cultivator make arrangement to sow jute in a small quantity of land his illiterate neighbour will take this opportunity to increase some quantity of land for this jute

plantation. Until mass education is introduced in this country this cannot be remedied. Hence jute production and control of jute market are essentially necessary. If it is approved that some legislation is required to control production of jute and jute market, the first step would be to compel the buyers of different classes to submit a statement of their demand to the Government before the jute sowing season sets in and Government to distribute the requisite quantity to the areas where jute cultivation is possible. The statement suggested above should also contain a certificate of the minimum price they offer for jute in the ensuing jute season. Unless Government takes charge of the jute market there will be no satisfactory result of controlling their production of jute.

Q. 3.—This regulation will not be impossible if the supervision is kept under the direct control of the Government.

Q. 5.—Over-production and want of any control of the price of jute are some of the reasons for depression of the price of jute. Over-production is the main factor for depression of the price of jute.

Q. 7.—Not at the first instance. They shall have to be forced to adopt the regulation by means of law and propaganda.

Q. 8.—Yes.

Q. 9.—This should be made compulsory by legislation. The main provision in this regulation will be to take permission every year from the controlling body with regard to the land to be used for sowing jute and penal clauses for breach of such laws.

Q. 10.—Best agency to be utilised would be a Union Board and a Supervision Board consisting of Subdivisional Officer, Circle Officer and some non-official gentlemen from each subdivision to hear complaints against the work of the Union Boards as regards the production of jute.

Q. 11.—I do not agree.

Q. 12.—In this area only alternative crop is paddy of different kinds for low lands and sugarcane for the high lands. Agricultural demonstrations are necessary for the purpose.

Q. 13.—There was no appreciable effect of the propaganda. For the present it is almost useless. Only some propaganda before the sowing season may be necessary.

Q. 15.—

		Cost of jute. Per acre.				Cost of paddy. Per acre.	
		Rs. A.				Rs.	
Ploughing	15 0	Ploughing	..	..	6
Seeds	1 8	Seeds	..	..	3
Weeding	6 0	Weeding	..	..	3
Cutting	6 0	Cutting	..	..	4
Skinning	6 0				—
			<u>34 8</u>				16

The above figures will show the cost for cultivation of jute and paddy besides the rent of the land and other initial expenditure.

[The President, Nabinagar Union Board, Tippera.]

Q. 16.—In this area an acre of medium land will yield 12 maunds of jute. If sold at a minimum rate of Rs. 8 per maund, the cultivator can meet his two ends easily. Any prices less than this will leave very little margin for the cultivators.

Q. 17.—It is essentially necessary to help the cultivators with experts of Agricultural Department to better the quality of jute and to lower the cost of production.

Q. 18.—Jute forecast is not satisfactorily worked out and growers have no touch with it.

Q. 21.—It will be of great importance to the jute cultivators if organised markets are opened in each *thana* area.

Q. 22.—This will not be practicable.

Q. 23.—*Farias* are the feeders of *beparis*. *Farias* go from village to village and purchase jute direct from the cultivators. They use measures of greater weight than standard ones and assort jute according to their desire. Thus they deceive cultivators when they purchase jute and after purchasing they also adopt heinous means to increase the quantity of jute by mixing sand and water with it. When their commodity after various adulterations are fit for sale they go to a market and sell those commodities to a *bepari*. This *bepari* having purchased the requisite quantity of jute go abroad to a busy market and sell his jute there. The result is that the quantity of jute purchased from *farias* turns worse after a few days on account of adulteration. The adulteration by the *farias* give a death blow to the jute market. If a central jute market is established in a defined area specially for controlling jute and if *faria* and *bepari* system is done away with and the cultivators got easy access of direct sale of jute there will be every possibility of greater profit to the growers.

Q. 24.—Yes, explained in answers under Question No. 23.

Q. 25.—No such custom in this area.

Q. 26 and Q. 27.—Not in this area.

Q. 28.—It will not be practicable. This is possible only in cases of members of the Co-operative Societies. This will require a warehouse for stocking jute in each Central Bank.

Q. 38.—Growers of jute at present receive no information.

Q. 40.—Yes, this will help the growers to a great extent.

No. 33.

Syed Siadat Hossain, President, Mudaforganj Union Board, district Tippera.

Dated the 18th March 1933.

Q. 1.—No.

Q. 2.—Requires no reply as the reply to Question No. 1 is in the negative.

Q. 3.—Regulation of production of jute will necessarily mean increase in production of other crops. The present condition of the market does not manifest any additional demand for paddy or other

crops also. It is, therefore, clear that regulation of jute crop will not be in any way, under the present circumstances, beneficial to the agriculturists. I think regulation will in no circumstances be feasible.

Q. 4.—United States of America adopted a scheme for control of production of cotton and food-stuff. But experience taught that the rise of price effected by that procedure did not increase country's income by exports, for purchasing countries either took recourse to substitutes or satisfied themselves with inferior raw materials from other places. The case of jute may ultimately prove to be similar to that of the United States of America cottons. There is already a movement afoot in some countries to replace jute fibre by other fibres locally produced.

Q. 5.—Factors that have caused depression in the price of jute are: (a) world-wide economic depression, (b) substitution of other fibres, and (c) arbitrary control of price by the monopolist exporters.

Q. 6.—Yes, I think there is danger of competition from substitute crops in purchasing countries if regulation scheme is adopted. It would necessarily shatter the jute production monopoly of Bengal and the agriculturists will be at a loss to find out means to utilise profitably such lands as are now engaged in jute cultivation.

Q. 7.—No they will not come voluntarily so long as they find it more profitable than other crops.

Q. 8.—Of course.

Q. 9.—I do not think it feasible.

Q. 10.—If it is at all to be done it should be done through Union Boards.

Q. 11.—Evasion of jute regulation procedure may partly be detected by a Jute Marketing Board.

Q. 12.—Yes.

Q. 13.—Low lands can be used for paddy, pulses, fodder and other winter crops while high lands may be utilized in producing oil seeds, sugarcane and cotton. The cultivators should be given necessary experimental lesson and be provided with necessary seeds and to arrange a ready and easy market for their produce.

Q. 14.—Yes, it did. The village Union Boards may be asked to co-operate in the matter and successful Union Boards may be rewarded for effective co-operation at an early stage.

Q. 15.—Sorry, the question is vague and wide.

Q. 16.—Rupees 10.

Q. 17.—(1) Monetary crisis, (2) margin reaped by middlemen, and (3) monopoly of purchasers.

Q. 18.—The agricultural research and propoganda has done no good in improving either the quality or quantity of any crops whatever. The Department of Agriculture should seek co-operation of Union Boards and Co-operative Department to make their attempts successful.

Q. 19.—No, the present system is doing no good to growers, though it does to the balers and mill-owners and middlemen to some extent. The growers should be informed of the correct actual demand of the market for jute a little before the sowing season sets in every year,

[The President, Mudaforganj Union Board, Tippera.]

through the Union Boards and the Co-operative Department, so that they may produce accordingly. Regulation of jute market is a greater necessity than the regulation of jute production. A scheme should be worked out so that the growers and the consumers may participate directly thus avoiding over-production, worse-production and the operation of middlemen, etc.

Q. 20.—It is not satisfactory for the growers, though it does some good to the *farias* and middlemen.

Q. 22.—Yes. It may be possible.

Q. 23.—Intermediate dealers such as *farias*, *beparis* and commission agents enter into a contract with the balers, mill-owners, etc., to supply a certain maunds of jute within a certain period of time at a rate specially confidential to themselves and strictly concealed from the actual producers. This rate fluctuates from week to week. The *farias* and *beparis* take to such underhand means as to expose the purchased jute to mist at night and sometimes sprinkle water to enhance the weight, before they are made over to the godown of the balers through their *jachandar*. This causes some loss to the balers and mill-owners, who thereupon decrease the rate to make good the loss thus sustained, which finally hits the producers though they are not in the least responsible for this foul play.

Q. 24.—Yes; these middlemen often make as much and sometimes more than the real producers get.

Q. 25.—No marketing customs are generally noticed. But the middlemen take something more than the standard weight as they are to satisfy the local final purchaser, be he mill-owner or baler, at a higher rate of weight. This is no doubt the foul play of the employees of the balers or millers. This can be abolished by a scrupulous check over the works of the employees.

Q. 26.—Yes, the sowing season and the period thereafter before reaping begins, are the most dearth part of the year when growers are almost without any resources for their own sustenance and weeding and other steps to be taken for their proper growth. They are therefore to borrow money on pledge of their expected harvest at a very lower rate than what is expected. Sometimes it is fixed at $\frac{1}{2}$ or less than the actual market rate.

Q. 27.—Sometimes they borrow from intermediate dealers and sometimes from local *mahajans*. It is not always safe to say that these creditors are the ultimate buyers. It partially affects the price the cultivators get. Better credit facilities may be arranged but very scrupulously.

Q. 28.—Jute marketing on a co-operative organisation basis may be established on a monopoly basis with full knowledge of demand and supply. I have no idea of Co-operative Sale and Supply Societies. The question of financing is the most problematic, whose solution I can hardly cope with. Whatever little I can say is that it should proceed from the Government, the Government acting as a go-between between the actual producers and consumers.

Q. 29.—I do not know.

Q. 30.—These seem to have some standards of quality. It is one-sided, being done by the balers, and mill-owners, varying year after year according to demand and supply.

Q. 31.—Standardisation by legislation may prove to be ineffectual and unworkable.

Q. 32.—None to suggest. Standards adopted on the lines of the American Cotton Standards Act of 1923 may prove to be inoperative.

Q. 33.—The balers and millers purchase jute on a nominal standard of classification such as (1) Rejection, (2) Cross, No. 4, No. 3, No. 2, No. 1, etc., but this classification is arbitrary and despotic. The producers put the loose jute in the market for sale indiscriminately, the balers and millers buy them and classify them before they are baled.

Thus while purchasing from the producers no real classification is made.

Q. 34.—Yes.

Q. 35.—It may not prove successful as the experts in different centres of business may not be in a position to discern with a uniform eye and as the growers are without any knowledge of the criterion of classification.

Q. 36.—The growers should at first be given a thorough and comprehensive idea of the criterions of classification, so that they may fight out their own cause with the experts, be they Government employed experts or men taken up by the millers and balers, and may put up for sale after a proper classification.

Q. 37.—Mr. McDougall's Marketing Scheme may be experimented with some changes in the number of representatives of different interests allowing half participation to the growers and half to the buyers in different forms.

Q. 38.—The growers are scrupulously kept in the dark about the market. They know neither the demand nor the rate. The Government should take a first hand step in the matter. It should review carefully the condition of the market of demand regarding (i) the quantity in different grades or class of jutes required this season and (ii) the approximate rate of price per maund of different grades, and intimate the same to the growers through the Union Boards and the Co-operative Department, a little before the sowing season sets in. An information regarding the present stock in the hands of both the producers and dealers of different grades is essential. These informations may be given to all concerned in this trade with a forecast of the crop.

Q. 39.—The Committee should be constituted with a due representation of all interests under the direct control and supervision of the Government, which may keep the growers, dealers, stockists and consumers informed of another's affairs and condition. It is desirable that the grower should know the extent of demand of different grades of jute with the approximate price per maund of each kind. The dealers, millers, etc., on the other hand, should know a probable forecast of the total output, grade by grade, with a rough estimate of the cost of production per maund including rent of the soil.

Q. 40.—Wireless telegraphy with loud speakers at certain centres may help the propaganda by announcement of reliable information to growers.

[The President, Mudaforganj Union Board, Tippera.]

Q. 41.—When the demand and the cost of production are known and a sudden slump in the market mars the prospect of the growers to an extent below the cost price, the Government may tackle the situation by stocking at a price yielding a reasonable margin to the growers with no risk of loss to itself. The fund may be taken as a temporary short term loan from the Government Reserve.

Q. 42.—I do not understand if it will do any good.

Q. 43.—Jute Committee, if at all created, it must be done on the same lines in Bengal, Bihar and Assam, the three jute growing Provinces.

Q. 44.—The main function of the Jute Committee would be to check over and under production, monopoly, arbitrary high and low price at the whims of the producers and buyers, to make a free exchange of informations among the growers and traders, balers, millers and consumers, so that none of them can overstep their limits and devise means of causing loss to any. It is to be under the direct control of the local Government to avoid excesses.

Q. 45.—No, it cannot. Committees alike and akin should also be established in Bihar and Assam, the other two jute-growing provinces, with full co-operation with one another.

Q. 46.—It is difficult to suggest.

Q. 47.—Very partially the jute industry has been affected by paper substitute, the other having proved a failure, though it is temporarily undergoing a higher percentage of loss owing to bulk shipment, etc.

Q. 48.—(a) Hemp is more durable but it is too costly and so could not do anything by way of capturing.

(b) Paper by its cheapness is doing some loss but it is fragile and so cannot do any permanent injury.

(c) No loss is sustained on this account.

Q. 49.—Reply has substantially been given under reply to Question No. 48.

Q. 50.—No. May be regained.

Q. 51.—No.

Q. 52.—Cannot say.

Q. 53.—No research department is necessary to recoup the losses sustained by substitution as it is of negligibly small magnitude. One such department may be started to devise ways and methods of its wider and more profitable use.

Q. 54.—Propaganda in other countries will hardly do any good.

Q. 55.—No propaganda is necessary so long as the producing country is not ready to take finished goods of jute from the manufacturing countries.

Q. 56.—Yes.

Q. 57.—Cannot say.

Q. 58.—Not known.

The President, Elliotganj Union Board, district Tippera.

Dated the 12th March 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes.

Q. 2 (b).—The main object and likely effect of such regulation will be to raise or at least steady the prices of the raw fibre.

Q. 3.—As I am in favour of regulation, it is my belief that it is possible to regulate production.

Q. 4.—Yes, I know of a scheme of control of production of cotton in America but do not know whether the scheme has been successful. Jute being a monopoly production of Bengal, it is possible that the scheme will be successful.

Q. 5.—They are (i) financial crisis; (ii) boycott of foreign goods, specially British and (iii) over-production.

It is not a fact that prices have been poor only at times of financial or other crises, for some 17 or 18 years ago the prices fell due to over-production.

Q. 6.—It might be. But such competition is also possible, if a jute regulation scheme were not adopted. Such competition will surely affect the jute industry in Bengal.

Q. 7.—No.

Q. 8.—Yes. The cultivators being ignorant of the laws of demand and supply, any success achieved in one year would tend towards inducing increased sowings in the following year.

Q. 9.—Regulation made compulsory by legislation will compel the growers to reduce sowings. Sowings must be limited.

Q. 10.—(a) Union Boards may be utilized to implement compulsory regulation.

Q. 11 and Q. 12.—Yes.

Q. 13.—For low lands:—

In the dry season—(1) *Til*; (2) *Kayun*; (3) *China*; (4) *Mung*.

In the rainy season—Paddy.

For high lands—Sugarcane and potato.

In my opinion, no step is necessary. If jute is regulated by legislation, the *raiyyat* will be compelled to produce alternative crops.

Q. 14.—Yes, to some extent. Such propaganda should be continued.

Q. 15.—In our quarters the cost of cultivation per acre of jute is at present Rs. 25 and the yield is only 12 maunds on average; and per acres of paddy is Rs. 15 and the yield is 20 maunds on average.

Q. 16.—At least Rs. 12 a maund.

Q. 17.—(i) The world-wide fall in trade.

(ii) The boycott of foreign goods, specially British.

(iii) Over-production.

- Q. 19 and Q. 20.**—Unable to answer.
- Q. 21.**—(a) Yes.
(b) Unable to answer.
(c) Yes.
- Q. 22.**—No means at present. The formation of village co-operative societies is necessary.
- Q. 23.**—Unable to answer.
- Q. 24.**—Yes.
- Q. 25.**—There are marketing customs detrimental to the *raiyat*. The owners of the market should be persuaded to abolish these.
- Q. 26.**—Such system is not in vogue in these quarters.
- Q. 27.**—They generally borrow from money-lenders. No.
- Q. 28 to Q. 37.**—Unable to answer.
- Q. 38.**—The *farias* and the *beparis* supply the information. The District Magistrate should be the best authority to supply the information.
- Q. 39.**—Unable to answer.
- Q. 40.**—Yes.
- Q. 41.**—(i) Yes.
(ii) By the Government.
(iii) Yes.
(iv) Unable to answer.

No. 35.

Babu Surendra Nath Datta, President, Dharker Union Board, district Tippera.

Dated the 15th March 1933.

- Q. 1.**—Yes; the production of jute requires regulation by legislation.
- Q. 2 (a).**—Yes; it is possible to regulate the jute crop with reference to the demand of the market, and the easiest way to bring the area under control is to make jute seed excise property; so that nobody can use seed not recognised by the Government.
- Q. 2 (b).**—The main object to regulate production of jute would be to keep steady the minimum price of jute.
- Q. 3.**—I do believe that if the Government is earnest and the Union Boards are given sufficient scope to check the cultivation of jute it is possible, under all circumstances, to regulate the production.
- Q. 4.**—Yes; the scheme is highly successful in Naogaon, Rajshahi, where *ganja* is grown in direct supervision of the Government.
- Q. 5.**—There may be other more important features which are responsible for the depression of the price of jute, but it is undoubtedly true that over-production, or shortness of production, plays a very prominent part in determining its price.

No. 34.

The President, Elliotganj Union Board, district Tippera.

Dated the 12th March 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes.

Q. 2 (b).—The main object and likely effect of such regulation will be to raise or at least steady the prices of the raw fibre.

Q. 3.—As I am in favour of regulation, it is my belief that it is possible to regulate production.

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- Q. 41.**—(i) Yes.
(ii) By the Government.
(iii) Yes.
(iv) Unable to answer.

No. 35.

Babu Surendra Nath Datta, President, Dharker Union Board, district Tippera.

Dated the 15th March 1933.

- Q. 1.**—Yes; the production of jute requires regulation by legislation.
- Q. 2 (a).**—Yes; it is possible to regulate the jute crop with reference to the demand of the market, and the easiest way to bring the area under control is to make jute seed excise property; so that nobody can use seed not recognised by the Government.
- Q. 2 (b).**—The main object to regulate production of jute would be to keep steady the minimum price of jute.
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- Q. 4.**—Yes; the scheme is highly successful in Naogaon, Rajshahi, where *ganja* is grown in direct supervision of the Government.
- Q. 5.**—There may be other more important features which are responsible for the depression of the price of jute, but it is undoubtedly true that over-production, or shortness of production, plays a very prominent part in determining its price.

For instance, in the year 1925, when there was nothing abnormal in the economic world, the price of jute went up to highest pitch due to production being short. Then again it came down, under the same economic condition, to almost $\frac{2}{5}$ of the previous year's rate due to over-production, consequent on the fabulous rate received by the cultivators on that year. Again, the early part of the year 1929, although jute was being sold at the rate of Rs. 10 to Rs. 12 per maund, all on a sudden the market collapsed and the price per maund of jute was only Rs. 2-8 to Rs. 3 almost throughout the year.

Q. 6.—So far we can see no such contingency likely to arise in the near future.

Q. 7.—No; they will never respond voluntarily.

Q. 8.—Yes; as the cultivators have neither sense nor responsibility of any organised life nothing will prevent them from moving independently and of their own accord.

Q. 9.—Regulation of jute by legislation must be made compulsory, some exception being given in unavoidable circumstances. The Committee, vested with the power to deal with the jute situation, will have to submit their considered views as to the area to be sown in the ensuing year, by the 15th of January, their estimate being reckoned on the figures of the stock on the 31st December. As soon as the Committee will publish its opinion, Union Boards should proceed with the circulation of the report of the Committee among the cultivators. As the selection and preparation of jute fields are finished by the *raiyats* by January it is absolutely necessary that the decision of the said Committee should reach them not later than the 31st January so that they may not be forced to change their opinion.

Q. 10.—Yes; in this respect Union Boards will be a great helping hand of the movement. And if any fine is to be realised for the penalty of the defaulter, it should go to the fund of the Union Board.

Q. 12.—Yes, it is necessary.

Q. 13.—In the case of decrease in the area of jute, high lands should be filled in with sugarcane cultivations while departmental paddy should be grown in low lands with sufficient manure so that the yield may be considerably increased. Besides, steps should be taken to protect deep-water paddy from being damaged by water-hyacinth, which has been a standing menace to the cultivators of East Bengal and Assam for the last seventeen years.

Q. 14.—No. Government propaganda has been quite unsuccessful. The cultivators take a quite contrary view of the matter and instead of decreasing cultivation they increase it.

Q. 15.—The normal cost of cultivation of one *bigha* of jute in our locality is as follows:—

- A. Rent—Rs. 2.
- B. Ploughing—Rs. 3.
- C. Seed—Annas 8.
- D. Manure—Rs. 3-8.
- E. First weeding—Re. 1-8.
- F. Second weeding—Re. 1.
- G. Cutting, steeping, etc.—Rs. 2-8.

[The President, Dharker Union Board, Tippera.]

Add interest on the principal laid, Rs. 4 approximately in six months. The total cost per *bigha* is about Rs. 18 only and the normal yield of jute per *bigha* here is 6 maunds to 5 maunds on average. As regards paddy yield, it is 8 to 9 maunds at present. *Chinabadam* may also be grown with profit in high lands.

Q. 16.—If the present cost of cultivation, as mentioned in the previous answer, continues, fair price level for jute, in my opinion, ought to be Rs. 6 to Rs. 7 per maund in the maximum. If this price remains fixed throughout the year it would bring at least a tolerable return to the cultivators growing it. It should be noted here that it is not the high price but the amount of money they can get in exchange for their crop, that will produce satisfactory results in their money market.

Q. 17.—One of the main reasons that contributes to the fall of the price of raw jute is deterioration in the quality of the jute fibre. The K. B. jute grown here though yields satisfactorily, its quality is affected by the early inundation which is a common phenomenon here every year.

Q. 19.—The present system of compiling forecast is not satisfactory. It pays nothing to the clerks of the Boards. And it is doubtful whether such a responsible work may be done correctly free of cost. Moreover, the forecast is published too late and it never reaches them for whom it is intended. In my opinion, clerks supplying the information, should have some remuneration in the shape of rewards either from Government or from the Union Board Fund for the accuracy and correctness of their report. Local reports should reach the authorities not later than the 15th of May. As soon as reports are submitted responsible officers should come to the mufassal to testify to the truth of the reports. Preliminary report from the Government Agriculture Department should be published by the end of July and final forecast by the end of August. With the publication of the forecast sufficient information should be sent to Union Boards for circulation among the cultivators concerned.

Q. 20.—No, not at all. Grading in the mufassal is done most whimsically in utter negligence of the interest of the *beparis* and ultimately of the growers. There is no systematic marketing in the locality. *Beparis* and *farias* make door-to-door purchase and carry their jute to the nearest agents according to the advice given to them. But as soon as they have carried their jute to the godowns the agents, getting them under their grasp, play with them as cats and dogs. The *beparis*, illiterate as they are, are compelled to sell their jute according to the price the agents dictate them and the weight they desire. This weight is taken in such a fraudulent manner that it ultimately tends to the ruin of both the *beparis* and the cultivators. In short, the *beparis* get the price of 90 maunds of jute for every 100 maunds put under their scales, 10 maunds per cent, being *dhalak*, *basat*, *sample*, *excess*, etc.

Q. 21.—It will be a sad failure as it had been the case with regard to co-operative sale and supply society.

Q. 25.—The present marketing custom is quite unsatisfactory. As soon as import reaches the agencies the price and the grade of jute are changed to the loss of the *beparis*. And besides this, the weight of 88 *tolas* per *seer* is quite intolerable. These two systems deserve careful attention of the Committee in the interest of the *raiyats*.

Q. 26.—In very few cases.

Q. 27.—The *raiyats* generally borrow from the *mahajans*. It is not correct to say that in the large majority of cases the buyers are the creditors. Loan in the shape of an agricultural one may be useful in giving timely relief to the cultivators. The terms of payment in these cases must be short, namely, 3 months only.

Q. 28 and Q. 29.—No.

Q. 34.—Yes, and it is very dangerous.

Q. 38.—No. There is no systematic way of getting market information except from the reports of the *beparis* and the brokers. If timely information of sudden change of the market is sent for circulation through different agencies it will be quite beneficial to the *beparis* as well as cultivators.

Q. 40.—Yes; wireless telegraphy with loud speakers at certain centres would be useful.

Q. 41.—In the event of a possible slump in the market, instead of purchasing and holding back jute for the time being, which work is a fearfully tremendous one, agricultural loan granted to the cultivators who deserve it for bare necessity of food only, will be a quite practicable and feasible scheme.

No. 36.

Babu Jitendra Nath Mukherjee, Deputy Chairman, Madaripur Central Co-operative Bank, Madaripur, district Faridpur.

Dated the 16th March 1933.

Q. 1.—Yes.

Q. 2(a).—Yes, it is possible.

Q. 2(b).—The object of regulating production would be to control the production of jute in such a manner as the growers may not suffer, through ignorance, by over-production. If the establishment of any scheme for regulated marketing of jute is seriously contemplated, then the regulation of production must invariably have to be made by legislation; or else the object of helping the jute industry will be futile. The effect of regulating production would be to steady the prices of raw jute, as also to effect an improvement on the quality produced. For, by so doing, the eternal question of supply over demand will be extinct and the growers in their attempt to secure better prices for the regulated quantity, must pay their attention to improve the quality.

Q. 3.—I do not believe that regulation is not possible either at present or in any time for any other reason.

Q. 4.—The scheme of controlling, regulating and of exporting *ganja* has been made successful and jute is similar to that in as much as it does not spontaneously grow in other provinces except Bengal, Bihar and Assam. Cotton in America is another production, whose markets and standards have been regulated by legislation by virtue of its being the staple produce of the country, like jute of ours.

Q. 5.—Over-production is the main factor for the depression of prices and other crises, if any, should be considered along with it. Financial crises are accidents and they do not occur often but the prices of jute suffer annually.

Q. 6.—Jute, hithertofore, has little or no substitutes and the question of likely competition from substitutes, is yet premature.

Q. 7.—No.

Q. 8.—Yes.

Q. 9.—Regulations have to be made compulsory by legislations. In framing legislation the following points may be considered elaborately:—

- (1) Taking stock of jute-cultivable lands.
- (2) Establishing ware-house for selling improved jute seeds.
- (3) Granting of licences to cultivators for purchase of jute seeds and for sowing jute on acreage.

Q. 10.—The agencies of Rural Co-operative Societies and Union Boards will surely be very helpful for these purposes as they have direct contact with the growers.

Q. 11 and Q. 12.—Yes.

Q. 13.—Paddy, sugarcane, *rabi* crops, etc. To the *raiyats* to grow better qualities by instruction and demonstration through the Agricultural Department.

Q. 14.—Very little. No harm in continuing such propaganda.

Q. 15.—Rupees 4 for jute and less for other crops.

Q. 16.—Rupees 6 for middling quality.

Q. 17.—Over-production is for raw jute and trade depression for manufactured jute.

Q. 18.—Yes, by Union Boards, Co-operative Rural Societies, etc.

Q. 19.—No, as they do not contain even approximate reports. All parties suffer for want of any approximately accurate forecast. In finding the total acreage of land sown by jute and of yield per acre, the Union Boards and Co-operative Societies may be of immense help. Besides a Market Committee should have it as a part of their duty.

Q. 20.—The present form of grading is profitable only to mill-owners as they only dictate it and the present form of marketing is of some profit to balers, mill-owners and middlemen.

Q. 21.—Organised markets need be established on the lines of Cotton Market Committee. This will not only be advantageous to *raiyats* but these are a necessity also to them.

Q. 22.—With organised markets, Co-operative Societies are likely to oust the middleman's profit.

Q. 23.—*Farias* and *beparis* are sometimes helpful to the poor cultivators who cannot bring jute to the marketing centre but generally they trade upon the ignorance of the illiterate and uninformed. To explain, I may note here an instance—one *hat* day several *beparis* formed into a clique and when jute was importing encouragingly a certain person came running to the market and informed the *beparis* not to purchase

jute at the increased rate as telegraphic message just now received from Calcutta is abnormally low. *Farias* are in the pay of *beparis* who in their turn are engaged by *kutchas* balers in the mufassal—both of them enjoy commission; the *farias* from the *beparis* and the latter from merchants.

Q. 24.—Certainly.

Q. 25.—*Vide* answer to Question No. 23.

Organised markets are likely to eliminate these evils.

Q. 26.—Yes, by the most needy. Some before cultivation and some at the time of weeding. Generally the *mahajan* takes the lion's share, 50 per cent. of the produce.

Q. 27.—From local *mahajans* and Co-operative Societies. No; it affects the price to some extent. There should be a network of co-operative societies and the *mahajans* should be made to advance through Co-operative Societies.

Q. 28.—No; so long the various interests are not co-ordinated it would be futile.

Q. 31.—Standard by legislation is likely to obviate difficulty.

Jute is the main crop of the Bengal peasants. Its production needs to be regulated by legislation without which the miseries of the cultivators shall know no bounds. While regulating the production by legislation the interests of all, *e.g.*, the growers and the consumers, should be carefully safeguarded. There should be a Jute Corporation. They should take stock of the jute in hand and should gauge how much jute will be required next year. They should issue licence to growers specifying the acreage. The price of jute also be settled. Excess jute should be brought and held over by Corporation. Corporation will not be looser since it retains the power to issue licences. Mill-owners should also have licences and they will be bound to purchase the quantity that may be required by them. They should give an idea of their requirements before licences to cultivators are issued.

Besides these, there should be organised markets at convenient places. Such markets will be under the supervision of Corporation officers or co-operative auditors, having training in assortment. Their business will be to see that there is no smuggling, that growers get the standard price and that disputes arising between sellers and partners are decided, etc. This is likely to put everything in order. Loans taken by the peasants may be, to some extent, credited from the sale proceeds of the jute and financiers repaid. Thus there will be circulation of money and security of the financiers; what is needed now is legislation.

No. 37.

Babu Karunamay Mitra, Subdivisional Officer, Nilphamari, district Rangpur.

Dated the 14th March 1933.

Q. 1.—Yes; for the purpose of adjustment of the yield to the requirements.

Q. 2 (a).—Possible to a great extent, if not completely.

Q. 2 (b).—Object—to maintain an adequate difference between the price and the cost of production so as to leave a fair margin of profit for the growers.

Q. 3.—Does not arise.

Q. 4.—No particular scheme.

Q. 5.—Mainly due to over-production and partially to financial crisis which adversely affects the disposal of finished products.

Q. 6.—No cheaper substitute is known to have been grown or manufactured; so no danger of competition is anticipated. It is understood that attempts made in Germany to manufacture artificial stuff as substitute for jute has not been successful.

Q. 7.—Yes. It is only a question of time, and the success of any scheme for regulation depends on the nature and extent of educative propaganda to be carried on by competent agencies.

Q. 8.—There may be a tendency to increase the acreage, but the state of things may, to a great extent, be checked by intense propaganda work.

Q. 9.—Any attempt to restrict the production of jute by compulsory legislation will be strongly resented to by the growers who practically represent the agrarian interest in Bengal. The present moment, when the country is passing through a period of transition in constitutional reforms, is most inopportune for introduction of any legislation which is likely to bring about a situation that may be improperly exploited by self-seekers in the field of politics.

Q. 13.—In view of the natural condition of this subdivision the following crops are suggested:—

High land.—Sugarcane, pulses, *aus* paddy and tobacco, groundnuts, potatoes, barley and wheat.

Low land.—*Aman* paddy and fodder crop.

Steps.—Instructive propaganda.

Q. 14.—Yes, in this respect that the rate at which the acreage was increasing in the past has been checked, though the desired result has not yet been achieved. It cannot be denied that in consequence of the propaganda the cultivators have come to realise that the price of their commodities are regulated by the rule of "Supply and Demand." It will take some time for the cultivators, normally lacking in initiative as they are, to decide and translate their desire to action. Besides the items of propaganda already adopted the following may be tried:—

- (1) Peripatetic cinema show.
- (2) Experiment and demonstration of the cultivation of substitution crops on selected plots in important villages by the Agricultural Department.
- (3) More extensive propaganda by Agricultural Department for instructing the cultivators on practical lines to improve the quality of jute fibre and to reduce the cost of cultivation.

Q. 15.—Cost Rs. 60 per acre including land rent, etc. Yield 15 maunds per acre.

Q. 16.—Rupees 10 per maund in Calcutta and Chittagong.

Q. 17.—Inadequate demand from overseas and to less movements of goods in India.

Q. 18.—Yes. The Agricultural Department in the normal activities may be assisted by Union Boards, Co-operative Societies and *zemindars* and in their research work by a representative working board in charge of an agricultural research institution to be financed from the proceeds of the export duty on raw and manufactured goods.

Q. 19.—The present system is not unsatisfactory though there is much room for improvement. It is beneficial to all concerned in this respect that it is compiled at the cheapest expense possible and it aims at reaching an approximately correct estimate.

Q. 20.—The present system of grading *kancha* bales in the mufassal is not satisfactory. Definite standards of quality should be prescribed and followed.

The *fatka* system which is prevalent in Calcutta and which disturbs the equilibrium of the jute market in the mufassal, should be stopped.

Q. 21.—Yes. Four markets in this subdivision, *i.e.*, one at each of the places, *viz.*, Domar, Chilahati, Nilphamari and Saidpur from where jute is exported to Calcutta by railway.

Q. 22.—There are practical difficulties on the way of formation of co-operative societies. Such societies may not be agreeable to run the risk which attends the fluctuation of prices at the shipment centres. The marketing scheme, if successful, will do away with a large number of middlemen.

Q. 23.—*Faria* purchases from the growers keeping a margin of profit in rates and weight for himself. He delivers the goods to the *bepari* who again brings the stuff mixed with water so as to increase in weight to the principal *hat* where he sells the same at a margin of profit to the agents of the local merchants, who in their turn export the jute in *kancha* bale form through brokers to mill-owners and balers in Calcutta, keeping an adequate margin of profit for themselves. In some places the *aratdar* who provides storing accommodation, and occasionally funds, to the *bepari*, derives a small commission for the services rendered. Generally, the sale-proceeds are appropriated by the growers and dealers as follows, taking the price of jute sold in Calcutta at Rs. 10 per maund:—

	Rs. a.
(1) Grower	6 8
(2) Cartage in up-country	0 4
(3) <i>Faria</i>	0 8
(4) <i>Bepari</i> (with <i>aratdar</i>)	0 8
(5) Commission agents of local merchants	0 4
(6) Local merchant	0 8
(7) Railway freight including insurance, cartage, etc.	1 4
(8) Calcutta brokers	0 4
Total	10 0

Q. 24.—Yes.

Q. 25.—The *raiya*s are generally defrauded in weighment by the *faria*. The mal-practice may be stopped by establishing organised markets where the *raiya*s can come in direct touch with established firms of merchants dealing with Calcutta mill-owners and balers.

[The Subdivisional Officer, Nilphamari, Rangpur.]

Q. 26.—The system of pledging crop before harvesting is not prevalent here.

Q. 27.—Cultivators borrow money mainly from village *mahajans* and *jotedars*.

Q. 28.—Not possible in view of the magnitude of the work involved.

Q. 30.—For export to foreign countries there are fixed standards of *pucca* bales prescribed by the Calcutta Jute Balers Association.

Q. 31.—The establishment of a jute grading and certifying board at each of the export centres may improve matters.

Q. 32.—The working of the jute grading and certifying board may be studied before introduction of any scheme on the lines of the American Cotton Standards Act, 1923.

Q. 33.—The mill-owners and balers may be persuaded to transact direct with the *kancha* bale consignors in the *mufassal*.

Q. 34.—Yes. Standards and grades of *kancha* bales are changed.

Q. 35.—Yes, but not by legislation: if possible through a representative board of jute mill-owners and balers.

Q. 36.—Standards: 1st, 2nd, 3rd, 4th and rejection.

Q. 37.—Mr. McDougall's marketing scheme is no doubt sound on principle but the administrative difficulties involved are almost insurmountable in the existing conditions.

Q. 38.—The growers do not receive any authentic information about the prices ruling in Calcutta. The price in the local market is regulated on the demand of the local merchants.

Schedules of Calcutta prices may be broadcast through Union Boards at intervals.

Q. 39.—Yes.

Q. 40.—Setting up of wireless telegraphy with loud speakers is not a practical idea.

Q. 41.—Advisable but not practicable on account of the risk and expenses involved.

Q. 43.—Yes.

Q. 44.—(1) To co-ordinate the activities of the several branches of the trade.

(2) To encourage propaganda and research work.

(3) To arbitrate on matters in dispute.

(4) To compile final forecast and returns.

(5) To advise in matters connected with the fixing up of standards of quality, etc.

(6) To take steps for improving marketing facilities and otherwise aiding the interests of the jute growers.

(7) To suggest methods for bringing jute into use on commercial scale in various directions, *e.g.*, in the consolidation of roads, platforms, etc.

Q. 45.—Co-operation of the other Provincial Governments and Indian States, *e.g.*, Cooch Behar, where also jute is grown is indispensable for the successful working of the committee.

Q. 46.—From the jute export duty.

Q. 47.—The loss due to substitution of jute by other materials, *e.g.*, paper and the use of the elevator and bulk shipment in the grain-carrying trade in America is likely to be permanent.

Q. 48.—Due to cheapness and stability of price and also to mechanical conveniences.

Q. 50.—By stabilising the price of jute the loss may be partially recouped.

Q. 51.—In the manufacture of carpets, *punkha* frills, screens and canvas, etc. A research may also be made whether jute of inferior quality and jute stalks may be converted into paper pulp. Jute may also be used in road construction.

Q. 52.—No. The mills do not undertake any work of fine spinning.

Q. 53.—Yes. Half and half by the mill-owners and manufacturers of jute articles and by taxation on bales exported.

Q. 54.—Yes. To popularise the domestic and commercial use of finished products.

Q. 55.—Propaganda should be carried on in co-operation with the Indian Trade Commissioners abroad.

Q. 56.—Yes.

Q. 57.—By taxation on exported jute.

No. 38.

Maulvi Abdul Majid, Subdivisional Officer, Caibandha, district Rangpur.

Dated the 14th March 1933.

Q. 1.—No. It should be left to informed and natural adjustment between demand and supply.

Q. 2 (a).—I do not. Any method of procedure artificially or arbitrarily adopted will defeat its own end.

Q. 2 (b).—Does not arise.

Q. 3.—*Reasons*—

(1) In order to regulate production, Government will have to make a complete and correct survey and maintain an authoritative register of all the culturable lands possessed by each individual cultivator, prior to, and at the time of, each sowing season. This would entail very heavy expenditure annually.

(2) A correct estimate will have to be made of the quantity of food crop, and other necessities of life each cultivator requires, the extent of his indebtedness and the possibility of the production of respective crops with reference to the lands in his possession, qualitatively and quantitatively, keeping sufficient margin for the unscientific state of agriculture in this land and the dependence of each individual cultivator on the yearly weather condition. So a compulsory regulation is neither feasible nor desirable.

Q. 4.—I do not know of a scheme, but I hope I can formulate one. It is this:—

- (1) A standing committee of elected members from—
 - (a) the association of jute mills,
 - (b) association of jute merchants or farms, and
 - (c) association of jute cultivators
 to be formed.
- (2) This committee will take annually and keep a correct estimate and account of (1) the world demand of manufactured articles from jute, (2) the quantity of jute required for the manufacture of those articles, (3) the quantity of jute required for local consumption in mills and household affairs, and (4) the quantity of land or area required normally for the production of the total quantity of jute noted above.
- (3) This will have to be done with the help of, and in co-operation with, the Government and Government experts.
- (4) Having ascertained thus the total demand in the world market there should be sufficient propaganda by the above committee in co-operation with the Government and local bodies and association of jute cultivators for the required quantity of land required for the production of the requisite quantity.

Q. 5.—Over-production is not only the cause to depress the price of jute. It may be one of the causes. The main cause is (i) the proverbial poverty of the cultivators and their consequent inability to hold on and dictate terms to the purchasers, and also (ii) the absolute dependance of the producers on the jute for cutting down their debts to the creditors, paying the rents, buying the necessaries of life, meeting the cost of litigation and medical treatment, in fact every incident in life, from the sale proceeds. There must be another crop to supplement the jute or an industry for additional income to lighten the basket of burden weighing on the shoulder of cultivators.

Q. 6.—Yes, there would be danger of such competition with the result of further depression of the jute price and consequent fall in the income and Government revenue.

Q. 7.—No, I do not think they would voluntarily come.

Q. 8.—It is likely and an answer to this question is deducible from the answer to Questions Nos. 1 to 7.

Q. 9.—I am against regulation made compulsory by legislation, both as a policy and on principle, for more reasons than one. Under the present political, economic and industrial condition of the land, it would bring the Government into further discredit with illiterate millions.

Q. 10.—This question does not arise in view of the opinion expressed in answer to Question No. 9 above. Yet I would desire to utilise these three agencies in the way outlined in answer to Question No. 4 above.

Q. 11.—Does not arise.

Q. 12.—Co-operation of Government and the organisation in Behar and Assam would be necessary in any case.

Q. 13.—I can suggest nothing for the low lands. I suggest sugarcane, groundnuts (*Chinabadam*), *til* and similar other crops. Educative propaganda and free supply of seed grains.

Q. 14.—The propaganda noted in the question could not do much. It should have been conducted on the lines suggested under Question No. 4.

Q. 15.—This is a very wide question and the cost of production and the yield of jute and the alternative crops vary in different districts and according to the nature, quality and position of the soil in the same district. Moreover, the nature, quantity and continuity of rainfall in the year, count for much in determining the matter of cost and yield. Therefore in this matter no standardised estimate and forecast are possible, *e.g.*, the yield of jute in the soils of Mymensingh, Tippera, Jalpaiguri and Pabna is more than that of the other districts of North Bengal. The quality also vary accordingly. The labour condition not being the same everywhere, the cost of cultivation, weeding, harvesting also differ in different districts. Roughly it may be said that the cost of cultivation of jute per acre vary on the average in these days from Rs. 14 to Rs. 18 and of sugarcane from Rs. 60 to Rs. 90 per acre (this includes crushing, etc., also).

Q. 16.—In the present economic conditions Rs. 7 to Rs. 9 would be fair price giving the cultivator a reasonable return.

Q. 17.—The monopoly of the business in the hands of a few foreign and local firms and mill-owners, the absolute indebtedness and so helplessness of the cultivators and the absence of free foreign competition and free trade are, in my opinion, the chief factors to bring about the fall of the price of raw and manufactured jute.

Q. 18.—The quantity and quality of assistance now rendered by the Department of Agriculture to the cultivator is practically nil and therefore it has no justification for its existence and continuity. Instead of confining its activity to the so-called research work only if it is made to make the cultivators willingly seek its free aid, and that profitably, to bring their antiquated type of cultivation more and more in line with the improved and scientific culture of each particular crop and its economic growth, then, and then only, it can have the justification for its existence at such an enormous cost. The department has had to be popularised.

Q. 19.—The present system is not satisfactory at all. It is very defective. The ultimate source of information for these forecasts is the village *chaukidar*, and the less said about the correct nature or authoritative character of the information supplied the better. It may help, I do not know, the baler or the mill-owner, but it does no one else. I would prefer instead, the collection of the information through the gradation of the order of tenancies, coming down ultimately to the actual cultivator, by an institution of experts, working directly under the Government, who would compile and publish the jute forecast through Government.

Q. 20.—The present forms and methods are not satisfactory from the point of view of the growers and the community generally directly and the balers and the mill-owners indirectly. The reason is in the answer to the next question.

Q. 21.—I am in favour of establishing organised markets for jute in the various districts of Bengal, Assam and Behar (growing jute), almost similar to those provided for cotton in the Central Provinces, etc., by the

[The Subdivisional Officer, Gaiandha, Rangpur.]

Central Provinces Cotton Market Act of 1932 with certain modifications:—

(i) I will have the big balers and the mill-owners purchase a certain percentage of their total consumption in these markets directly from the growers.

(ii) There should be a market committee to check, amongst others, that the purchasers do not form a clique, in the matter of purchase, against the growers and assume the roll of the dictator of the price—the price being daily published in the market by the Government through the market committee.

(iii) Each market should be so located as to afford opportunity for easy import into the market and an annual sale of jute for at least 5 to 7 lakh of maunds in the minimum.

It would certainly be advantageous to the cultivator. The number of such markets in each district would depend on the nature of the communication, transport, facility and the compact character of the area under cultivation.

Q. 22.—I would very much like to give this idea a trial.

Q. 23.—The answer cannot but be as vague as the question itself. There is no standardised or recognised system or forms of remuneration. It is a matter of haggling and bargaining—one trying to get openly or clandestinely as much as and the other trying to give as less as possible.

Q. 24.—I think, no.

Q. 25 and Q. 26.—The cultivator with his pinch of poverty and the threatening demand for rent by the landlord and for the money by the creditor, is much in need for immediate sale, giving rise to all sorts of inequitable customs, to the detriment of the interest of the cultivator—the custom of pledging the crop is one of them. The terms must vary, as can be easily understood, in each individual case according to the intensity of the want of the cultivator and the absence of the floating money in the locality.

Q. 27.—They do generally from the Marwari and the few money-lenders, as also, and that in recent years, from the local banks and loan companies. Yes, it is correct. It does affect the price—for in such cases the grower is entirely in the grip of money lending purchaser. I would prefer the amalgamation and co-ordination of all existing banks and their working on a system with some similarity with Co-operative Banks with necessary modifications.

Q. 28.—This is a very big question and should have formed a separate subject for enquiry. The answer is not free from complication. I consider it possible to bring the whole system of marketing jute into the hands of a co-operative organisation under the supervising control of the Government financed, partly by (1) the Government, (2) from deposits from the Insurance Companies, (3) the Reserve Funds of indigenous funds and loan offices and (4) from such other sources as may consider a deposit there, a safe investment. The details may be worked out if this scheme is approved.

Q. 29 and Q. 30.—The answers to these questions may be gathered from the proper quarter. I admit my inability to supply one

Q. 31.—The answer to the first part depends on the correct answer to Questions Nos. 29 and 30. The answer to the second part is that such a legislation is unnecessary, if the market is thrown open to the whole world on terms of equality of advantages and privileges.

Q. 32.—I would not object to the introduction of a system of standards adopted on the lines of the American Cotton Standards Act, 1923, yet consistently to my views expressed in the answers to the previous questions, for the *pucca* bales in Bengal and Assam.

Q. 33.—I consider not satisfactory. The system is best learnt by examining it locally (Calcutta Market). The answer to Question No. 21 (i) should be implemented to it.

Q. 34.—I do not know.

Q. 35 and Q. 36.—The answer to these questions requires further enquiry into the matter.

Q. 37.—I am against Mr. McDougall's marketing scheme. It would further strengthen the overhead monopoly, *viz.*, monopoly of the whole jute business by those who are practically the dictators to-day, leaving the producers entirely at their mercy. It militates against open market and free trade system.

Q. 38 and Q. 39.—No. The position is not satisfactory and the remedy lies in answer (iii) to Question No. 21.

Q. 40.—I do not think wireless with loud speaker is at all necessary.

Q. 41.—The answer to the question is to be found in my answer to Question No. 28.

Q. 42.—The answer to this question depends on the adoption of the scheme of creation of sale markets and the creation of market committees. If that is done the necessity or otherwise for points raised in the question would be best decided in consultation with and the demand by the market committee.

Q. 43.—No.

Q. 44 to Q. 46.—Do not arise.

Q. 47 to Q. 53.—No. My knowledge and information are insufficient.

Q. 54.—Not necessary at this stage.

Q. 55.—Does not arise.

Q. 56 and Q. 57.—Yes, the organisation named in answer to Question No. 28.

Q. 58.—By mutual agreement and adjustment.

[The Subdivisional Officer, Gaibandha, Rangpur.]

No. 39.

Babu Girish Chandra Das, Subdivisional Officer, Kurigram, district Rangpur.

Dated the 13th March 1933.

Q. 1.—Yes.

Q. 2 (a).—An attempt might be made in the direction though the task would be a stupendous and an uphill one.

Q. 2 (b).—Mainly to steady prices, but immediate object is to raise the same.

Q. 3.—No doubt regulation is a difficult task for following reasons :—

(i) Expected demands of the market should be laid before the public long before the agriculturists take to cultivating lands for growing jute.

(ii) In places where there have not been settlement operations we all practically go on guess work as far as area which is the most important factor of the subject concerned. This is a great impediment at present in the matter of regulation.

Difficulties referred to above would apply to present circumstances but certainly it is feasible.

Q. 4.—No.

Q. 5.—Over-production, dearth of demand, and competition.

Q. 6.—In India not possible. Might be in other countries. Competition outside India might result in reduction of demand for the crop and consequent reduction in prices in Bengal.

Q. 7.—Cultivators as a class are credulous fellows and speculators in the matter of growing jute—as such they will not voluntarily choose to come under any scheme of regulation.

Q. 8.—Yes.

Q. 9.—I am for regulating production to be made compulsory by legislation. Within the short time allowed to me I could not offer an outline of legislation as desired.

Q. 10.—With the help of agencies referred to in (a) and (b). They are in direct touch with the agriculturists.

Q. 11.—Yes.

Q. 12.—Yes. Specially for adjoining and contiguous areas of the bordering Provinces.

Q. 13.—I would suggest sugarcane “Coimbatore 213” which thrives well both in the low and high lands.

Q. 14.—I do not think to any appreciable extent. Yes, by all means, we should continue the propaganda.

Q. 17.—*Vide* reply to Question No. 5.

Q. 19.—Yes, until another machinery is set. If touring officers of all departments could supervise this work then more accurate figures could be had.

Q. 21.—Yes. One at Chilmari.

Q. 22.—Yes, by formation of Village Co-operative Societies.

Q. 25.—They sell at 120 *tola seer* weights thus losing 40 *tolas* in a *seer*—besides this, *farias* take one bundle of jute. By criminal prosecutions.

Q. 26.—Not that I am aware of.

Q. 38.—Hardly any reliable. I would suggest that such price should be hung up at *thanas* from where cultivators may get news.

Q. 40.—Loud speakers at big markets would be of great use for this purpose.

Q. 53.—Yes.

Q. 54.—That would be very useful.

Q. 55.—By sending representatives.

Q. 56.—Yes.

Q. 57.—Bengal Presidency Jute Market Committee helped by Government.

No. 40.

Maulvi M. A. Khan, Secretary, Muhammadan Association, Rangpur.

Dated the 14th March 1933.

Q. 1 and Q. 2 (a).—I should think so.

Q. 2 (b).—The main object and likely effect of such regulation would be both to raise and to steady the prices of raw fibre.

Q. 5.—In my opinion the factors which depress the price of jute, are its over-production and decreased demand. I do not think that prices have been poor only at times of financial or other crisis. During the time of the last Great War, the prices were abnormally high, owing to its great demand by the combatants.

Q. 7.—No.

Q. 8.—Any attempt to regulate production, on a voluntary basis, would totally fail, as the producers are all illiterate and do not understand their own welfare. They must be compelled to understand it.

Q. 9.—I am strongly for regulation made compulsory by legislation.

The legislation shall take the line of increasing or decreasing the acreage of lands for sowing them with jute crop in accordance with the world wide demand of it, to regulate the price and keep it steady.

Q. 10.—The Union Board, I think, would be for the present, the best statutory body to implement compulsory regulation than the rest.

Q. 11.—I have no definite idea of such Marketing Board but the method might be tried experimentally.

Q. 12.—I should think so.

Q. 13.—The alternate crops for high lands would be for Rangpur district, sugarcane, tobacco, cereals, etc., and for low lands *boro* paddies or *boona* paddies.

The cultivators will have to be induced first by propaganda work to break down their long imbibed prejudice; when they will find out the benefit, they will voluntarily do so.

Q. 14.—The first propaganda was more or less successful but the second one was not, as some of the people believe it to be work of Congress for some ulterior motives.

Such propagandas ought to be continued. It should be carried out through the Union Boards and *thana* officers. The benefit accruing to the growers should be explained to them in *hats*, *bazars* and *melas*, like missionaries.

Q. 16.—The fair price level, would, I think be from Rs. 5 to Rs. 7.

Q. 18.—It would be a good thing, if this could be done.

For the present the Department of Agriculture is the best agency.

Q. 19.—The present system of compiling and publishing the jute forecast, is not beneficial from the point of view of (a) the growers, who have not the least intimation of such matters. It may be beneficial to (b) and (c) because they can fix their prices beforehand.

Q. 20.—I do not think they are satisfactory from the point of view of the growers as their ignorance and dependence upon the middlemen are great and are exploited by these unscrupulous persons.

Q. 22.—It would be good thing if these unscrupulous middlemen and *beparis* could be eliminated out of the market.

Formation of some village society which can buy jutes from the growers in small or large quantities and pay cash down at a reasonable and fixed price (if possible) would do immense good to the growers who want money badly to keep them above starvation and pay off their landlords and creditors who patrol the villages about the jute season and press for money.

Q. 25.—I should think so.

Q. 26.—In some cases they do.

Q. 27.—The cultivators borrow from village *mahajans*, co-operative village societies and banks.

It would not be correct to say that in large majority of cases, the creditors are also the buyers of the crops but where it is, the growers get considerably lesser price than they would get in an open market.

Q. 37.—The scheme is a good one and might be tried experimentally and the result watched.

Q. 38.—They do not in the majority of cases. The literate growers, if there be any, glean the price in the vernacular weekly papers at best.

The village *chaukidars*, under the responsibility of the Union Boards, would, I think, be the best persons at present to communicate in their respective beats and market places the latest bulletin as to market price of jutes prevailing in Calcutta.

Merchants and manufacturers easily know the price and manipulate the information to mislead and cheat the growers who go to them for sale of their stock.

Q. 40.—*Vide* answer to Question No. 38.

I do not think that wireless telegraphy with loud speakers would be of any real service to the cultivators who are mostly illiterate. The system runs the risk of being mis-stated and misrepresented to the cultivators by designing persons.

Q. 41.—I should think so.

It should be done by the Government for the present. Private agency would not do.

It would be very helpful, if Government is inclined to do so.

I am sorry, short time at my disposal prevents me to chalk out a comprehensive scheme.

Q. 43.—I should think it necessary.

No. 41.

North Bengal Zemindars Association*, Rangpur.

Dated the 14th March 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes.

Q. 2 (b).—To steady prices of jute fibre if not to raise it.

Q. 5.—Over-production is one of the factors which depress the price of jute.

Q. 6.—Danger of competition from substitute crops either in India or in other countries is very remote.

Q. 7.—No scheme of voluntary regulation of the jute crop stands any good chance of success in the present condition of the country.

Q. 8.—Yes.

Q. 9.—Legislation is the only method of regulating the crop in the interests of all concerned.

Q. 10.—Yes, (a), (b) and (c) should be utilised together.

Q. 11.—Yes.

Q. 13.—*Aus* paddy is the only substitute for jute so far as low lands are concerned.

Q. 14.—Yes, the propaganda had some effect.

Q. 16.—In view of the existing cheap labour conditions and the prices of all the necessities of life, Rs. 5 a maund, may be considered a fair price of jute.

Q. 18.—Agricultural research and propaganda to assist the grower in producing better jute and especially to lower his cost of production are highly desirable.

*Vice-President, Babu Surendra Chandra Roy Chowdhury.]

The committee of my association are generally in accord with the views expressed in the note on proposed Jute Control Corporation written by Mr. A. P. McDougall, C.B.E. (Appendix C) with this modification of the constitution of the Directorate (*vide* page 28) that at least 3 representatives of the landholders should be included in the Directorate.

No. 42.

**Messrs. George Henderson & Company, Limited, Gaibandha Branch,
district Rangpur.**

Dated the 19th March 1933.

Q. 1.—Yes, production of jute requires regulation to stop over-production.

Q. 2 (a).—It is possible with the help of Government.

Q. 2 (b).—It would tend to make prices steady for the raw fibre and this would stop unnecessary fluctuation.

Q. 5.—Over-production, also financial crisis and the poor demand from over-seas.

Q. 7.—Cultivators would not voluntarily come under a scheme of regulation of the jute crop unless it was properly explained to them and the benefits they would derive and this must be done by Government alone.

Q. 8.—Voluntary basis would fail on the ground that success achieved in one year would make the cultivator inclined to sow more the following year. Only Government regulation could stop this.

Q. 9.—Regulation made compulsory by legislation would be the only cure for over-production and a stable price.

Q. 10.—The help of (a) Union Boards, (b) Co-operative Societies, (c) *zemindars* would be essential to implement compulsory regulation.

Q. 11.—If widespread evasion of jute regulation procedure is apprehended it could not be checked if the purchase of jute were concentrated in a Jute Marketing Board and the only department which could detect increase in total yield, and therefore in total acreage, would be the Bengal Agriculture Department which gets the help of the Union Boards through the local *thanas*.

Q. 12.—The Governments of Bihar and Assam must come into line with Bengal or else the whole scheme of regulation of jute cultivation would not have the full desired effect if only it was made compulsory in Bengal.

Q. 13.—The alternative crop for highland sugarcane can be given and midland tobacco (in North Bengal) only, lowland *aus* paddy. To encourage sugarcane for the highland, free cuttings of sugarcane should be distributed in a much larger scale by Government.

Q. 14.—Government and other propaganda during the last two seasons has had some effect in keeping down the area of jute under cultivation and such propaganda should be continued.

Q. 15.—Normal cost of cultivation is about Rs. 3 per maund since 1931-32 and average yield per acre is from 12 to 15 maunds, and for paddy average yield per acre 24 maunds to 28 maunds and cost is about Re. 1-2 to Re. 1-4 per maund. In growing paddy they are therefore losing and so are inclined to grow more jute.

Q. 16.—Rs. 5 per maund would be a fair price level for jute to bring a reasonable return to the cultivator for sowing it.

Q. 18.—The Agriculture Department should assist the grower in producing better jute but as regards to lower cost of his production he is about down to rock bottom.

Q. 19.—The present system of compiling and publishing the jute forecast is far from satisfactory as the figures that are brought in by the village *chaukidars* to the *thanas* are not properly checked by any responsible Officer from the Agricultural Department. These figures are in turn given to the Circle Officers who take the figures as correct and they are forwarded to the Collector of the district and then to the Agricultural Department who modifies it. The suggestion is that until Government fix by regulation the acreage to be sown correct figures will be hard to get and until these regulations come into force besides reports from *thanas* through village *chaukidars*, union boards and local boards may be asked to submit acreage figures.

Q. 20.—The present forms and methods of grading and marketing jute in the *mufassal* is not satisfactory to the grower and the middlemen as the standards once agreed on at the beginning of the season subsequently change as the season progresses.

Q. 22.—Formation of village co-operative societies would be a great help in bringing the *raiyyat* closely into touch with the jute baler.

Q. 23.—*Faria* and *bepari* act as middlemen between the *raiyyat* and jute buyers and their remuneration is very small, since last 2 years about 2 annas per maund.

Q. 25.—Marketing customs detrimental to the *raiyyat* are that in every district they sell in a different weight from 60 *sicca* weight to 96 *sicca* weight. A standard weight, such as 80 *sicca* weight, should be adopted in the whole of Bengal. Cooch Behar is the only place where they are made to sell in 80 *sicca* weight.

Q. 26.—Previously cultivators used to pledge their crops before harvesting but since 1931 this custom has practically ceased owing to tightness of money.

Q. 27.—Cultivators borrow from local banks and *mahajans* who in turn charge interest on the money lent and also take a bond from the cultivator to supply them with jute and value it less by one-third of the prices prevailing. This must affect the cultivator and he loses by this transaction.

Q. 28.—To bring the whole system of marketing jute into the hands of co-operative organization this only can be done under a scheme as outlined by Mr. A. P. MacDougall in Appendix C.

[Messrs George Henderson & Co., Gaibandha Branch, Rangpur.]

Q. 33.—The method of marketing jute in Calcutta is satisfactory. All upcountry jute merchants have their principals in Calcutta and their brokers go round and offer their jute to the mills and balers. There are fixed standards.

Q. 34.—Yes, standards are sometimes changed even in the middle of the season due to competitors vieing with each other to pack a better mark and so mills try to pick those marks which are of the best.

Q. 35.—Fixed standard for loose jute should be fixed by legislation or by the Chamber of Commerce and a proper Arbitration Board appointed to deal with disputes.

Q. 36.—The present standards as worked in 1932-33 should be fixed, i.e., 4, R, LR, XLR, with proper guarantees to be fixed by the Bengal Chamber of Commerce in consultation with the Jute Mills Association, and merchants should pack to the guarantee and not to their own standard of the mark. There would be no necessity for any authority to supervise the standard, the manager of the firm would supervise and be responsible and if the mills or balers found the marks not up to guarantee it would be referred to the Arbitration Board whose award would be final.

Q. 38.—The information the grower gets is from the middlemen who in turn get the *fatka* information and this market being a speculative market is unable to give correct information and so upsets the interior market. The only suggestion is to do away with the *fatka* market and then what information is received from Calcutta would be a correct one as it would deal with the prices of business being done with mills.

Government should publish a daily market report in all English and vernacular papers and this information would reach the grower more rapidly. But the *fatka* market should be abolished.

Q. 39.—The Government report published could also deal with stocks, quality, demand, etc.

Q. 40.—Owing to the transit facilities and telegraph centres we do not think the grower can receive information more rapidly. Wireless would not be of much assistance.

No. 43.

The Collector of Burdwan.

Dated the 23rd March 1933.

Q. 1.—Some are of opinion that production of jute requires regulation while others doubt if such regulation will be needed when normal conditions return.

Q. 2 (a).—Possible to a certain extent.

Q. 2 (b).—There are differences of opinion on the subject. Some are in favour of diminishing the area under jute cultivation and thereby raising the price over the present low rate and steadying it at a moderate rate leaving sufficient margin of profit for the growers and dealers. Some are of opinion to safeguard the interest of actual growers against middlemen and speculators.

Q. 4.—Overwhelming majority do not know of any scheme. Very few say that control of raw material like cotton has been successful in America by adjustment of tariff and by controlling boards. Jute in India is similar to cotton in America.

Q. 5.—World-wide economic crisis is the main factor although overproduction has a little effect in diminishing the price.

Q. 6.—There is no danger of competition from substitute crops either in India or abroad.

Q. 7.—No.

Q. 8.—Yes.

Q. 9.—Compulsory legislation desirable but the success is doubtful. Certain percentage of the total area under one's cultivation may be fixed as the maximum area for jute cultivation and Government may issue orders each year on what proportion jute should be grown.

Q. 10.—Union Boards as well as Co-operative Societies.

Q. 11 and Q. 12.—Yes.

Q. 13.—Sugarcane, cotton, vegetables, etc., on high lands. *Aus* paddy, etc., in low lands. In case of decrease in area of jute the cultivators will welcome any suggestion that may be given to them by the Agricultural Department.

Q. 14.—Yes, to some extent. The propaganda should be continued by organising lantern lectures at suitable centres fixed by the District Magistrate.

Q. 15.—Normal cost of cultivation of jute per acre—Rs. 25 to Rs. 35.

Normal cost of cultivation of sugarcane per acre—Rs. 30 to Rs. 40.

Normal cost of cultivation of *aus* paddy per acre—Rs. 15 to Rs. 25.

Normal yield of jute per acre—12 to 18 maunds.

Normal yield of sugarcane per acre—10 to 15 maunds of *gur*.

Normal yield of *aus* paddy—15 to 20 maunds.

Q. 16.—Rupees 6 to Rs. 8 per maund.

Q. 17.—Decrease in demand is the chief factor in bringing about the fall in price of raw jute.

Q. 18.—Agricultural research and propaganda should be continued for the production of better jute at a lower cost of production.

Q. 19.—Present system of compilation and publication of jute forecast is beneficial only to mill-owners and balers and beneficial, to some extent, to the middlemen. Broadcasting at villages may be beneficial to actual growers.

Q. 20.—Present form of grading and marketing jute in *mufassal* are not satisfactory from the point of view of growers though it may, to a certain extent, benefit the dealers, mill-owners and the middlemen.

Q. 21.—Establishment of organised markets are desirable. Number of markets will vary according to the condition in each district.

Q. 22.—Yes, partially by co-operative societies. Middlemen cannot altogether be eliminated.

[The Collector of Burdwan.]

Q. 23.—In this district *farias* are not known. *Beparis* purchase from cultivators at a small profit.

Q. 24.—Certainly, the multiplicity of middlemen causes the cultivators to get lower price. Unsteadiness of market rate is also responsible to a certain extent.

Q. 25.—Deduction from price settled as *kayali*, *iswar britti*, allowance for dryage, the *dalali* and the like diminish the profits to the cultivators.

Q. 26.—The growers generally do not pledge crops before harvesting.

Q. 27.—They borrow from *mahajans* as well as from the jute dealers in the nearest market. In such cases cultivators get less than market value. No.

Q. 28.—Possible by organising Co-operative Societies with a central store in the *bazar*.

Q. 35.—Yes, by legislation.

Q. 36.—Standard to be suggested by an expert committee and to be supervised by an independent authority binding sellers and buyers.

Q. 37.—Mr. McDougall's marketing scheme may be workable.

Q. 38.—Cultivators of jute generally do not receive any market informations. They may be informed of the market conditions through wide circulation of leaflets and by publication of the same in the newspaper.

Q. 39.—Yes. The actual prices of different qualities of jute.

Q. 40.—Reliable information can be made to reach growers rapidly by wireless telegraphy at convenient centres.

Q. 41.—Yes. By Government. Yes. The scheme can be financed by the Imperial and other reliable Banks on the security of the jute purchased and stocked.

Q. 42.—Yes, to bring in steady prices.

Q. 43.—Yes.

Q. 44.—To regulate price, as well as area.

Q. 45.—No. A central committee with representatives from Bengal, Bihar, Orissa and Assam may be formed.

Q. 46.—By provincial Governments.

Q. 47 to 52.—Unnecessary, as there are hardly any substitutes for competition.

Q. 53.—Yes. By Government.

Q. 54.—Yes.

Q. 55.—Publication of booklets containing all necessary information regarding jute.

Q. 56.—No.

No. 44.

Khan Bahadur Maulvi A. K. Kabiruddin Ahmad, Chairman, Central Co-operative Bank, Faridpur.

Dated the 20th March 1933.

Q. 1.—Yes.

Q. 2 (a)—Yes.

Q. 2 (b)—To raise the price to a reasonable amount and also to steady it to a great extent. This will not only benefit the *rai-yats*, but the *Zemindars*, money-lenders, and even the Government will be benefited to a great extent.

Q. 3.—Does not arise.

Q. 4.—I do not know.

Q. 5.—Low prices are mainly due to overproduction. The forecast plays a prominent part in this, but adversely to the interests of the growers, as it helps the purchaser only. Financial and other crises may have some remote bearing on the prices to a certain extent, but not to the extent as at present. If there were regulation to control production, such crisis, so far as it affects the cultivators, would have been reduced to a minimum. It is not a fact that prices have been poor only at times of crises.

Q. 6.—I do not know.

Q. 7.—No. The cultivators would not willingly submit to this. But I think it is the duty of Government to see to this. If the facts be properly and sympathetically explained by officials and non-officials of the right type, I do not think there would be much opposition in the beginning, and later on there would be no opposition at all; specially, as the present time is the most opportune one for the purpose and the cultivators, of their own accord, are taking to the cultivation of other crops. But much would depend on the agency employed for the purpose.

Q. 8.—Yes. It would be useless expenditure of energy to attempt this, but probably not on the ground that success in one year would tend towards increase in sowing next year. I think it would never work at all. Few would agree voluntarily to adopt the scheme, and it would be impossible to control production.

Q. 9.—It is not possible to deal with this question in a short note and with the short time at our disposal for reply. I am convinced that without regulation made compulsory by legislation, no useful purpose would be served. The scheme (Appendix C) with modification and alteration, may be adopted. Rules for cultivation and control of *ganja* (in Naogaon, Rajshahi) would be helpful in framing the rules for control of jute. The total acreage under cultivation and the acreage under jute may be ascertained from Government Statistics and the District Settlement Records (though in some cases the record would be over 20 years old). Normal average price should be calculated and the average acreage for production of jute should be fixed. The district officer with his subordinates assisted by the members of Local and Union Boards would be able to control the cultivation.

Q. 10.—The assistance and co-operation of the agencies mentioned, (except that of the *Zemindars*) with the active and sympathetic guidance of District Officers with his subordinates, would be more than sufficient for the purpose.

Q. 11.—Please see answer to Question No. 37. Jute control corporation is absolutely necessary.

Q. 12.—For the purpose of control of production, the Act may be extended to the Provinces of Bihar and Assam. It may be enacted by the Government of India.

Q. 13.—The average *raiyat* knows very well what would be the best crop for the excess portion of his land. Necessary instructions may be promulgated through the Union Boards. I know that there has already been a movement among many cultivators, on account of the low price of jute, to take to other crops, such as sugarcane, garlies, etc., of their own accord.

Q. 14.—No. In fact the propaganda had the opposite effect in most places. But the fall in price of jute had opened the eyes of the cultivators to a certain extent. Propaganda would be useless waste of public money, and I am afraid, it may have the opposite effect.

Regulation alone could save the situation.

Q. 17.—Over-production.

Q. 18.—It will be sheer waste of public money to continue this propaganda by the Agricultural Department. Propaganda work should be entrusted to the Union Boards under the supervision of the Subdivisional Officers and Circle Officers. The officers of the Co-operative Department also can help to a great extent. If real work is intended, it should not be left to the Agricultural Department.

Q. 19.—I do not think it serves any useful purpose, so far as the growers are concerned. It may probably help the others a lot. The growers have neither the opportunity nor the capacity to take advantage of these forecasts. It is doubtful if ever there was any intention of these being helpful to the growers.

Q. 20.—I do not know.

Q. 21.—The scheme (Appendix C) with alterations and modification may be useful.

Q. 22.—No. These sorts of institutions would never be useful. Jute control is the only remedy. The *raiyats* can never be benefited otherwise.

Q. 23.—I do not know.

Q. 24.—Yes. The greater the number of middlemen—the exploiters, the smaller the price the poor growers will get.

Q. 25.—I do not know.

Q. 26.—In many places the cultivators are given advances, or *dadon*, by Marwaris and others before the crop is sown, and they have to give the crop at a low rate per maund fixed at the time of the advance. The advances are generally part payment of the actual value of the crop. The system at *Bai Salam* is also in vogue in many places. Orthodox Moslems, who do not take interest for loans advanced, purchase the future crop outright at a very low rate per maund.

Q. 27.—Cultivators ordinarily borrow from village *mahajans*, co-operative credit societies, and, in some cases, from wealthy villagers. In majority of cases, except those mentioned in answer to Question No. 26, the creditors are not the buyers. The only suggestion that appears feasible to me is the enactment of an Act to regulate production and safeguard the price (*vide* Question 37). Co-operative credit societies, if these could be run on really business lines and controlled by the District Magistrate, could have saved the situation. But so long as these societies are to be managed, in the majority of cases, by unprincipled village *panchayets*, and supervised by dishonest and corrupt bank officials, and there be no penal section in the Act, for the Registrar or his subordinates, to bring to book the offender without putting the ordinary machinery of law into action, it would be advisable not to organise credit societies for this purpose.

Q. 28.—It is not only possible but urgently necessary to have such an organisation as is contemplated in Appendix C. But any other co-operative organisation, specially like those which have been liquidated, would be a colossal failure. It is the most inopportune time to think of marketing jute through such co-operative organisations. It will take years for the jute growers of the localities, where these liquidated societies held their activities, to forget the consequence of liquidation.

Q. 29 to Q. 36.—I have no information.

Q. 37.—This scheme is an admirable one, and with modification to suit local condition, should be immediately adopted by Government, if the Government sincerely want to save the jute industry, and the jute growers of Bengal. I would also refer to my answers to Questions Nos. 21, 22, and 28, in this connection.

Q. 38.—No. It is not possible to supply information; and even if supplied, it will be of little use; growers would not mind it.

Q. 39.—None.

Q. 40.—Not necessary at all, as few indeed would take advantage of it.

Q. 41.—No. The jute control corporation would be sufficient.

Q. 42 to Q. 52.—I have no opinion to offer.

Q. 53 and Q. 54.—At present it will be useless waste of public money. This may be taken up later on. The Government should immediately take up the question of saving the jute growers of Bengal.

Q. 55 to Q. 58.—No opinion.

I beg to append the following short note on Appendix C. As stated in answer to Question No. 37, it is an excellent scheme and requires the most careful immediate consideration. I would suggest that the proposed Directorate (page 28) should have—

- (a) The Member of the Board of Revenue as its *ex-officio* Chairman;
- (b) The cultivators should be represented not by the 5 Directors of Agriculture, but by 4 Commissioners, of the Presidency, Dacca, Rajshahi and Chittagong Divisions, and the Director of Agriculture, Bengal.

I would also suggest that there should be at least 3 non-official representatives of the growers nominated by Government.

[The Chairman, Central Co-operative Bank, Faridpur.]

No. 45.

Maulvi Fazle Ali Khan, Secretary, Nabinagar Central Co-operative Bank, Tippera.

Dated the 16th March 1933.

(Same as statement on pages 93-95.)

No. 46.

Babu Kalipada Maitra, Subdivisional Officer, Munshiganj, Dacca.

Dated the 11th March 1933.

Q. 1.—I certainly think that the production requires regulation as the supply in recent years has been far in excess of the demand bringing about a crisis and fall in the price below the cost rate.

Q. 2 (a)—It is possible to regulate acreage of jute with reference to the expected demand of the market. But I must confess that it is not possible to regulate the net outturn, as nobody can control weather conditions. Because of the want of timely rain, plants are sometimes destroyed late in the season giving no opportunities for fresh sowings. Untimely floods also affect the net outturn and we cannot regulate such acts of God.

Q. 2 (b)—The main object of the regulation would now be to steady the prices of raw fibre so that the growers can secure the cost of production *plus* a reasonable margin, say, Rs. 2 to Rs. 3 per maund. If this amounts to raising the price now prevailing, it would come in as a consequential effect and not the primary object, though both seem inter-related. Any object or attempt to raise the prices from Rs. 15 to Rs. 20 per maund is now out of question, for because of the world-wide trade depression there has been a general fall in prices of every commodity.

Q. 3.—As I believe in the possibility of regulating the production, this question does not arise in my case.

Q. 4.—I have no personal knowledge of any scheme of control of production of any raw material. But I have heard that in America they have succeeded in controlling cotton production or rather cotton markets, if need be, by burning down the excess production. Jute is a fibre too and it can be similarly controlled, though I do not believe in wasting it by burning.

Q. 5.—The low prices of jute are due to two causes, (a) general fall in prices of all commodities due to the world-wide trade depression; (b) the eternal economic law of demand and supply. Every nation is trying to be self-supporting in the matter of fibre. America is using cotton waste. Russia is using indigenous hemp. On account of trade depression packing materials are less in demand and the demand is met sometimes by other substitutes. While the demand has gone down, the output of jute has remained the same. So there is bound to be a slump in the market.

Q. 6.—If jute regulation is carried on simply to secure to the growers the cost of production *plus* a reasonable profit of Rs. 2 to

Rs. 3 per maund, I do not apprehend any danger of competition from substitute crops. If, however, jute regulation is carried to an excess, raising the price to Rs. 15 or Rs. 20 per maund, not only the American cotton waste and Russian hemp would come into the market, but a fresh attempt would be made in Java to produce jute.

Q. 7.—I do not, for a moment, think that, circumstanced as the Bengal peasants are, they would voluntarily come under a scheme of regulation. There are about one million jute growers and if they could act in unison in any matter affecting their own interest, the economic history of Bengal would have been different.

Q. 8.—Voluntary co-operation cannot succeed on various grounds, only one of which has been indicated in the question, *viz.*, that the success achieved in one year would tend towards inducing increased sowings in the following year.

Q. 9.—Regulation can only be enforced by legislation. But I do not believe in a scheme of regulation requiring every cultivator to increase or decrease the output according to the requirements of the year. Who is going to see if a particular grower has reduced his acreage by $\frac{1}{4}$ th or $\frac{1}{3}$ th or $\frac{1}{2}$ th? We have no agency for that. We have no faith in 90 per cent. of the union boards or co-operative societies, or *zemindars*, though the remaining 10 per cent. might be excellent institutions or men. My idea of the process of jute regulation is, indeed, very novel and may appear to be amusing, if not shocking. I am for total prohibition of jute in the whole of Burdwan and Presidency Divisions and in the Districts of Chittagong (where there is no jute), Chittagong Hill Tracts (where there is no jute) and in the following other districts where the normal jute area is not very considerable *e.g.*, Noakhali (38,500 acres), Bakarganj (46,600 acres), Darjeeling (2,500 acres), Jalpaiguri (50,000 acres), Howrah (13,100 acres), Hooghly (3,300 acres), Midnapur (11,500 acres), Bankura (nil), Birbhum (nil), Burdwan (7,800 acres), Khulna (23,400 acres),—Murshidabad (2,470 acres), Nadia (67,600 acres), 24-Parganas (64,500 acres), Jessore (86,200 acres), Dinajpur (70,200 acres) and perhaps Rangpur, though the acreage there is very high. Jute is, after all, a new crop. The total export of jute in 1828 to Dundee was 510 maunds at a price of Re. 1-3 per maund. It was only in 1832 that jute was recognised as a commercial fibre. It was only in 1840 that jute was first exported from Dacca and it was not until the sixties that the cultivation of jute was encouraged by the European firms in Serajganj, Narayanganj etc. While it is difficult to find a suitable substitute for jute in eastern districts where the land is low-lying and goes deep under water, it is not so in West Bengal or in North Bengal where the land is very high and is fit for other crops including sugarcane, tobacco, transplanted rice and kitchen vegetables. The only two districts in North Bengal which present East Bengal conditions, are perhaps Pabna and Rajshahi where, because of the Chalan Beel, land is still low-lying. So I am for allowing jute only in these two districts in Northern Bengal. Excepting in the district of Rangpur, every other district named above grows very little of jute and the people will not suffer materially if they take to tobacco or sugarcane. Then again, the soil and climate of the abovenamed districts are hardly suitable for jute-growing. Nor is there sufficient water there for steeping of jute (excepting of course in the district of Bakarganj).
[The Subdivisional Officer, Munshiganj, Dacca.]

Lastly, the quality of the jute grown in Western districts and some of the Northern districts is hardly so good as the jute grown in Dacca, Mymensingh or Sirajganj. So I think, no real harm would be done if total prohibition of this comparatively new crop is enforced in the above districts. It is true that Rangpur grows an enormous quantity of jute. But the Rangpur soil is so well suited for tobacco cultivation and for sugarcane that Rangpur will not feel any difficulty in finding a substitute for jute. If, however, it is thought that Rangpur cannot be included in the list of prohibited areas, I would keep Rangpur as a sort of a reserve where jute-growing would be allowed when there is considerable demand. But in the other districts named before, no jute would be admissible under any consideration. If it is necessary to decrease the acreage still further, I would exclude Manikganj subdivision, Goalundo subdivision, and the high-land *thanas* of Pabna and Rajshahi. It is well-known that all the areas noted above, excepting Bakarganj and Noakhali, are malarious, and majority of the people there rightly or wrongly think that they should not grow jute. Bakarganj and Noakhali grow such enormous quantities of coconuts, betelnuts and other vegetable products that no body would grudge this prohibition. In fact, jute in Bakarganj district is of very recent origin. I, for one, would always think that this mass-regulation or mass prohibition is much better than any attempt to deal with one million individual growers. The idea may be new or revolting or uneconomic in its principle, but the circumstances of the case require that my view of the matter should be investigated before any other process of regulation or prohibition is decided upon.

Q. 10.—I have already stated in my reply to Question No. 9 that I do not propose to utilise the Union Boards, Co-operative Societies, or *zemindars* for reasons already given by me. When I say that 90 per cent. of these institutions or men cannot be trusted, I think, my estimate is very conservative, particularly in view of the fact that the Commissioner of this Division, inspecting the Munshiganj Union Board this week, noted that in the whole of the Munshiganj Union, there is not a single person with sufficient strength of character to be entrusted with the charge of that Union. If my theory of mass-prohibition finds favour, we shall not have to seek the help of any institution or individual. If any jute is found in any prohibited area, the *choukidars* and *dafadars* would be able to report straight for dealing with the culprits, and the existence of jute in a prohibited area will be so conspicuous that it will not escape the notice of any one.

Q. 11.—If my scheme of prohibition is adopted any evasion can be easily detected. But if it is not adopted it can certainly be detected, rather suspected, by the jute marketing board or any other organisation which might be brought into being. But I am not sure if they will succeed in actually checking it. For individual check of one million growers, on the basis of a rate of reduction in fractions, is evidently difficult, if not impossible.

Q. 12.—In the event of regulation of jute cultivation being arranged in Bengal, it would be necessary to secure the co-operation not only of the Governments of Bihar and of Assam but of the Indian States in North-Eastern India. If my proposal of mass prohibition finds favour, I would not allow jute anywhere in Bihar and only in the districts of Sylhet and Cachar in Assam—hill-areas being excluded.

Q. 13.—For the high-land areas I would suggest (1) sugarcane, (2) tobacco, (3) kitchen vegetables including potato, (4) perhaps cotton, if feasible, and it may be feasible in laterite soils of Kapasia and other *thanas* in Dacca, Madhupur in Tangail, Chittagong, Tippera, Midnapur, Bankura, etc. Low lands have got to be subdivided into two classes: Ordinary low lands which go under water only few feet or cubits, can grow sugarcane, but the other low lands can grow nothing but deep-water paddy, which grows or rises with the rise of water. Any attempt to increase the growth of paddy at a time when paddy is selling at the rate of 26 to 30 seers per rupee in this district or 40 seers per rupee in Bakarganj would mean appointing another Enquiry Committee to regulate the growth and price of paddy. It should be noted that the normal jute area is less than 1/10th of the normal cropped area. So it is possible to regulate the produce of this 1/10th of the area. But it is much more difficult to regulate the produce of paddy.

In this area I find that the cultivators have already taken to sugarcane, tobacco, etc., and other crops. This is so. In fact, the last Season and Crop Report of Bengal (1931-32) shows that there has already been an increased cultivation of sugarcane, tobacco, etc., compared with the normal acreage (*vide* page 15 of the report).

Q. 14.—Last year the propaganda for reducing the jute acreage was conducted on a gigantic scale and with the help of aeroplanes. But the outturn of crop last year was greater than the outturn of the year before. So I do not think that such propagandas always have their desired effect. I am, therefore, not for any costly or lavish propaganda. I think that the growers should be kept informed of the requirements of the manufacturers as far as known and advices should be sent to every *chaukidar* to keep the cultivators well-informed. Some hand-bills may be printed and circulated for this purpose.

Q. 15.—It is difficult to say what the normal cost of cultivation is, for it rises and falls with the wages. When the wages were high, it used to be about Rs. 65 per acre as I calculated some 16 years ago (*vide* page 23 of the Dacca Settlement Report). I would now put it at Rs. 48 including rent of the land. Average outturn was 15 to 17 maunds before. But now it can be put down at 18½ maunds per acre. Taking the current price at Rs. 3-8 per maund of jute, the money value of the yield of jute per acre comes to Rs. 64-12. These are the rates for the District of Dacca. I wish I could supply the corresponding rates in different parts of Bengal required by the question. But the time given to me is too short for the purpose. As regards the alternative crops I had time to work out for sugarcane only. The cost of production per acre comes to Rs. 200 (approximately) and the value of the produce, at the rate of 72 maunds of molasses per acre at an average price of Rs. 3 per maund and 30,000 cuttings per acre at the rate of Rs. 2 per thousand, comes to Rs. 286 in all.

Q. 16.—Considering the prices and wages, now prevailing, a price of Rs. 5 to Rs. 6 per maund may be considered reasonable.

Q. 17.—In my reply to Question No. 5, I have already pointed out that the fall in price of jute is due to the combined effect of a general decrease in demand for this fibre for various reasons as well as to the world-wide trade depression which has brought down the prices of everything and has raised the purchasing power of silver.

[The Subdivisional Officer, Munshiganj, Dacca.]

Q. 18.—There can certainly be no objection to researches and propagandas to assist the grower in producing better jute and to lower his cost of production. But a still lower cost of production is almost unthinkable in a district where the average size of a holding is 1½ acre and the average size of a plot is .57, and consolidation of holdings cannot be arranged as in the Punjab. Left to myself, I would think that it is high time for Government and the people alike to take into consideration the possibilities of carrying on researches and propagandas to find out if water-hyacinth plants can be used as a cheaper substitute for the more costly fibre of jute. This is not only necessary for solving the water-hyacinth problem but to provide the world with a still cheaper variety of fibre. I always apprehend that days are coming when the poorer classes of people would take to water-hyacinth fibre instead of to jute fibre.

Q. 19.—This is an awkward question for me to answer. As the whole thing is dealt with confidentially, I would prefer to answer this question confidentially also, of course, if so asked. There is much to be said about it on either side.

Q. 20.—I have no personal experience of the methods of grading and marketing of jute. There are certain recognised gradings or standards, but they are not always adhered to. My information is that it does not so much affect the grower as it does the balers, mill owners, and others. Methods of marketing are less satisfactory. I shall deal with these questions in detail in replying to the other questions coming hereafter.

Q. 21.—The Central Provinces Cotton Market Act of 1932, no doubt, looks good in its provisions. But I do not suppose that the actual operation of this Act has yet been seen in the Central Provinces. Before the actual working of the Act is judged for some time, I would prefer not to answer this question, particularly as the circumstances of East Bengal are not quite similar.

Q. 22.—While I fully appreciate the desirability of eliminating the middlemen and middlemen's profits and consider that the village Co-operative Societies ought to be formed to bring the growers and the balers in closer touch, my own personal ideas about the co-operative movement in Bengal is far from happy. While in the Punjab or in the Central Provinces much has been or is being done through the societies, here in Bengal they have not succeeded in doing so much, and in my previous paragraph I have said that 90 per cent. of these societies are not good. In fact, there is not much of a co-operative spirit in Bengal and every man is out for himself. In spite of the failure of the Co-operative Jute Sale Societies started some time ago, I have no objection to giving the scheme a fresh chance by starting experimental societies in specially selected areas in normal conditions.

Q. 23.—This question of *farias* and *beparis* and their methods of work and their remuneration or profit opens up a vast field for investigation and discussion. All that I should say here is that *farias* or smaller traders come in the first link in the chain of middlemen. It sometimes happens that a *faria* purchases and sells at the same rate and still makes a profit by adding or subtracting moisture in the shape of water of the river or *khal*. *Beparis* are bigger fellows and worse speculators. They might make a profit of even Re. 1 per maund, and might as well lose at the same rate.

Q. 24.—*Farias, beparis*, and other middlemen flourished far more when jute was selling at Rs. 10 to Rs. 20 per maund. The margin of profit was so much at every link in the chain that nobody grudged the existence of these middlemen. Now as the total margin is less, the growers grudge paying these middlemen anything. It cannot be said that the low price the cultivator is getting for jute is on account of these middlemen. They are no doubt contributory causes but not the real and the sole cause of their misfortune.

Q. 25.—The existence of a chain of middlemen between the grower and the ultimate consumer is certainly detrimental to the *raiyat*. But unless there grows up in this country a set of real co-operative workers the substitution of Co-operative Societies for the middlemen will have no real value and might even prove worse.

Q. 26.—Forward sale of crops before harvest was the custom before the Great War and sometime after. It is understood that the system does not exist any longer. Nobody wants to take the risk in the present conditions of the jute market.

Q. 27.—The cultivators now borrow from the ordinary village *mahajans*. It would not be correct to say that in the majority of cases the creditors are also the ultimate buyers of the crops. This is not so at any rate in my subdivision. So I do not think that the price of the jute has any connection with the personnel of the creditors. All that I should say is that, had the *raiyat* been a little less involved in debts or less needy, he would have been able to hold out for some time without selling his output when in the beginning of the season prices rule very low. As regards suggestions regarding the provision of better credit facilities, I would have to refer to the replies given to the Banking Enquiry Committee, or in other words, possibilities of state banks at a lower rate of interest may be considered.

Q. 28.—I have already given sufficient indications that I have not much confidence in the co-operative organisations, particularly after the collapse of the Co-operative Jute Sale Societies, but I am still in favour of making more experiments. But pending further experiments I would not bring the whole system of marketing jute into the hands of a co-operative organisation all at once. I must say that it is my ideal that the co-operative organisation should take up this business, but chastened by experience or hard logic of proved facts, I would not open a central co-operative organisation all at once for this purpose, but would strive by further experiments to work towards a progressive realisation of that ideal. To start with, I am for opening at least one Co-operative Sale Society once again under each co-operative inspector or auditor. But one society to start with must not have 400 growers as contemplated in Mr. McDougall's scheme. I would limit the number to 50 to start with.

Q. 29 to Q. 31.—I would prefer not to answer these highly-specialised and technical questions.

Q. 32.—This question is also technical like the last 3 questions. But I am told that the present standards or classifications into—

- (1) 1st Mark,
- (2) Lightning;
- (3) Cuttings,
- (4) Tossa (I), (II), (III),

[The Subdivisional Officer, Munshiganj, Dacca.]

are working well enough for all practical purposes. As these standards are not codified, some codified standards, on the lines of the American Cotton Standards Act of 1923, may be suitably adopted: But I would leave the details to be discussed by experts.

Q. 33.—The loose jute is now classed into 4 standards:—

- (1) 4's—80 Warp 40 Hessian.
- (2) Rejections—70 Warp.
- (3) L. R.—40 Warp.
- (4) X. L. R.

But these are not the only standards. Every baler has got his own marks e.g. "Birla," "B.K.P." etc., etc.

Some codified standardisation will be helpful.

Q. 34.—It is a fact that standards or grades are sometimes changed even in the middle of a season. I am told that when the market is very dull and prices rule low the buyers expect or insist on 70 Warp in L.R. or 80 Warp in Rejection.

Q. 35.—For the facts stated above, standards should be fixed by legislation and I do not know of any objection which there may be to such a legislation.

Q. 36.—This is another technical question. But I think the work of supervision should be arranged by the Jute Committee proposed to be installed.

Q. 37.—I have perused Mr. McDougall's Marketing Scheme. The scheme, as drawn up on paper, looks excellent, and certainly, as I have said before, this is the ideal. But I think it is my duty to point out at the same time that the persons I consulted seemed to think that this was all a gambling on paper.

A central corporation with representatives of Europe and America to notify their probable demands for the year or season and of the growers is essential to a successful working out of the scheme. But it is doubted if Japan and China can work together, so also Russia and America. Would all the nations of the world care to notify their requirements? This is not a question for me to answer. If they do, the first difficulty is solved. The next difficulty pointed out to me is that this corporation would not be representative of the *raiyats'* interest so well and that Government might not be able to protect them against a consumer-cum-merchant combine. The third difficulty is that the *bepari* evil is perpetuated in some shape. The fourth point in the scheme rests on the idea of forming 2,500 rural co-operative societies with 400 growers in each society in spite of the knowledge that the co-operative movement in Bengal has never been a success and the fate of the Co-operative Jute Sale Societies is still fresh in our memory. But the principle under-lying this corporation and co-operative organisation is so sound in theory that I am almost tempted to make an experiment with it. My only apprehension is that if perchance the scheme fails—and nobody can guarantee that it will not—the financial loss to a Government, not very financially fit, would be almost irreparable. The last objection which I have already taken to Mr. McDougall's scheme is his theory of limiting or increasing the output of each member *pro rata* according to the requirements of the corporation. I have already said before that it

will be impracticable to deal with one million men if they are asked to reduce their output by any small fraction. Mr. McDougall's scheme will work very successfully in a very advanced country where the peasantry is more educated and organised and the co-operative workers more selfless. But introduced in Bengal this scheme will thrive no better than the Himalayan fauna and the flora on the Gangetic delta.

Q. 38.—The only market information that the jute growers now get is through the vernacular weeklies and the gossip they hear on the *hat* days from divergent sources. The position is not certainly satisfactory. The proposed Jute Committee ought to issue weekly bulletins about the requirements and the Calcutta prices. If there be a sudden change within the week, there should be an *extraordinary* bulletin. Now, how are these bulletins to be broadcast? Wireless telegraphy with loud-speakers is certainly the best, but perhaps a bit too costly. They may be certainly installed at more important centres like Narayanganj, Sirajganj, Chandpur, Bhairab, Sarishabari, Lohajong. There are already such apparatuses at most of these places. But there are no loud-speakers. I wonder if it would not be possible to send down daily quotations to each telegraph office in the jute area during the jute season at a concessional rate requiring the Postmaster to post them on the notice board early in the morning. In these days of progress in education there would be no difficulty in explaining to the illiterate growers the contents of these telegrams, if posted on the notice board.

Q. 41.—The idea of Government purchasing the entire stock of jute in the event of a possible slump in the market is purely theoretical. I do not think that Government should go to this extent. While we are all anxious to protect the growers as best we can, we must not make a fetish of it. We should not lose sight of the fact that after all jute does not cover even one tenth of the total cropped area.

Q. 42.—The report of the Royal Commission on Agriculture is not before me. So I am not in a position to do justice to this question.

Q. 43.—But I think that it is necessary to create a jute committee to deal with the whole question.

Q. 44.—It should be the duty of the Jute Committee to compile statistics of probable requirements of the consumers and to communicate the same to growers through the executive officers, police, Union Board or any co-operative organisations. The Jute Committee should advise how much jute is to be grown every year and to what extent the output of the individual grower is to be increased or decreased, if the theory of individual regulation finds favour, or to advise which subdivision or subdivisions are to be prohibited from growing jute, if mass prohibition is decided upon. The Jute Committee may be constituted on the lines of Mr. McDougall's corporation, with this distinction that I do not consider it necessary that it should be a statutory body. I would advise legislation only for prohibiting jute cultivation in certain areas or for regulating the output of individual growers *pro rata*. I would advise legislation for standardising the quality or brand of the jute, both loose and baled. This Committee should be a body under the Ministry of Agriculture. The Registrar of Co-operative Societies should be on the Committee if further experiments are to be made with Co-operative Sale Societies.

[The Subdivisional Officer, Munshiganj, Dacca.]

Q. 45.—I do not find any insurmountable difficulty in carrying out the limited duties of the Jute Committee as outlined by me above without the aid of the Governments of Bihar and Assam. They can send their representatives or can nominate some one in Calcutta to represent them.

Q. 46.—The Jute Committee should be financed out of the jute cess which now goes to the Central Government, but is expected to come to the local Government. So long as this cess continues to go to the Central Government, there can be no objection to approaching that Government for a subsidy.

Q. 47.—I cannot give exact particulars and figures to show the extent of loss the jute industry has suffered through competition from substitutes, etc. But I venture to think that the loss is likely to be permanent if the price of jute goes up on account of better trade regulations and growth regulations.

Q. 48.—The substitutes in question have captured the trade by reason of better durability in case of cotton waste, of cheapness in case of paper and artificial appliances and of stability in price in case of Russian hemp as well as in other cases.

Q. 49.—I am not in a position to furnish any comparative statement of costs and conditions of production of these substitutes and jute. But I venture to think that every other nation is trying to be self-supporting and will necessarily try to improve their own fibre and to cheapen its cost.

Q. 50.—The only suggestion that I can put forward with a view to regaining the trade lost by reason of such competition, is to see that the price of jute in future does not exceed the cost rate of other fibres which are now entering into competition.

Q. 51 and Q. 52.—Jute might perhaps be economically put in making coarse coatings but I have no idea if it can be manufactured locally.

Q. 53.—I do not think that a research department to help manufacturers to overcome the difficulties which might attend the making and the marketing of new jute products will prove remunerative.

Q. 54.—I am not quite sure, if in the present temper of other nations who are all trying to be self-supporting and are bent on buying their own products, any propaganda on the continent or America will serve any practical purpose.

Q. 55.—But I think special representatives should be appointed in various countries to keep the jute trade or the Jute Committee posted with statistics and to explore other possible avenues for new business.

Q. 57.—The expenditure on these special representatives shall be met by the Jute Committee which in its turn will be financed out of the jute cess fund.

Q. 58.—This is a matter of detail and the Jute Committee may be left to settle it.

No. 47.

Maulvi K. Ahmed, Vice-President, Munshiganj Union Board, Dacca.

Dated the 12th March 1933.

Q. 1.—Yes, I think so.

Q. 2 (a).—With an efficient organisation, backed by official assistance, there is no reason why this will not be possible.

Q. 2 (b).—The main object would be to limit and regularise production and secure a reasonable margin of profit for the producers. After raising the prices to that standard, it should be the endeavour of the organisations working out those regulations to steady the prices.

Q. 3.—Does not arise, in view of the answer to Question No. 2.

Q. 4.—No. I am not aware of the working of any such regulations any where.

Q. 5.—World crises are the most important cause, but our production also had much to do with the fall of prices.

Q. 6.—There is no effective substitute crop for jute in this country.

Q. 7.—There would be much opposition, at the initial stage at any rate, but gradually the opposition may die down when the cultivators will realise that it is to their own benefit to come under these regulations.

Q. 9.—Compulsory operation of the regulations by legislation is surely the better method.

Q. 10.—The instances of the Union Boards and the Co-operative Societies would be very useful in working out the schemes enunciated by the regulations.

Q. 11.—Yes. Concentrated purchase by a Jute Marketing Board is likely to succeed in dealing with any such general evasion of the regulation procedure.

Q. 12.—Yes. Cultivation and production of jute.

Q. 13.—Sugarcane, potatoes, etc., for high lands and paddy for low lands. Propaganda by issuing notices and by lecture work.

Q. 14.—Government propaganda had considerable effect in some areas while at other places it fell on deaf ears. Propaganda on the existing lines should be continued.

Q. 15.—The normal cost of jute production per acre is about Rs. 55 and the yield per acre 18 maunds.

Cost of sugarcane production per acre is about Rs. 60 and the yield per acre is 30 maunds.

Q. 16.—Under the present day conditions eight rupees (Rs. 8) per maund of jute would be a fair price. But the present rate of wages and cost of living cannot be expected to continue indefinitely.

Q. 17.—The causes are—

- (a) The influence of the general trade depression all over the world,
- (b) Sudden fall in the quantity of demand and the consequent accumulation of stocks with the large scale consumers,
- (c) Over-production, and
- (d) Unorganised and imprudent ways of marketing the raw products.

Causes (a) and (b) alone apply to the case of manufactured jute.

Q. 18.—It does not seem likely that Government propaganda for producing better jute at lower prices are likely to counteract the effects of improved methods of transport in the form of bulk shipment, etc., which are the results of specialised machinery. But substitutes like paper could be fought by a decrease in the cost of jute production.

Q. 19.—Growers and middlemen do not derive much benefit from the jute forecasts, but the balers and mill-owners do, as practically it is the latter who dictate the prices in the market. Their education and organisations enable them to dictate.

Q. 20.—The present method of grading is working fairly but there is much room for improvement.

Q. 21.—Yes. That would be a step in the right direction. There may be two or more such markets for each jute-growing subdivision.

Q. 22.—This idea does not seem to be practicable in the near future.

Q. 23.—As merchants, these *beparis* and *farias* are mostly speculators, their rates of profit varying widely. As commissioned agents, their remunerations vary from 2 annas to 4 annas per maund plus other income that may be derived from the difference of the rates given by the baling company and the rates at which the commission agents actually buy the jute from the growers.

Q. 24.—Yes.

Q. 25.—These middlemen take a lot of the profit which would otherwise have gone to the *raiyat*.

Q. 26.—In exceptional cases they do, but only few of them and under hard pressure. There is no fixity of the time and terms of such pledges.

Q. 27.—They borrow from the local *mahajans* and the co-operative credit societies, where they exist. These creditors are not always the ultimate buyers of the crops.

Expansion of the co-operative movement will ensure better credit facility to the growers.

Q. 38.—There is no satisfactory source for the growers to receive any such market information. It is possible only through the agency of the Government to supply such information to the growers, merchants and manufacturers. The middlemen often suppress a rise in prices.

Q. 39.—(First part)—Not answered.

(Second part)—Informations regarding the probable amount and nature of the demand from the world market.

Q. 40.—Yes, the method proposed promises to be effective.

Q. 41.—Any scheme like this would call for a very huge capital not easy to be supplied even by the Government under their present financial conditions.

No. 48.

**Babu Manindra Chandra Das, President, Fatulla Union Board,
Narayanganj, district Dacca.**

Dated the 15th March 1933.

- Q. 1.—Yes.
- Q. 2 (a).—Yes. Though it is difficult it is not impossible.
- Q. 2 (b).—To raise prices of raw fibre.
- Q. 5.—Main causes are both financial crises and over-production.
- Q. 6.—Yes. There is apprehension of competition from substitutes and it may affect the jute industry as demand for jute will be less.
- Q. 7.—No.
- Q. 8.—Yes.
- Q. 9.—Though there are difficulties in the matter, regulation should be made compulsory by legislation.
- Q. 10.—Through Union Boards.
- Q. 12.—Yes.
- Q. 13.—Only alternative crop possible in low lands is paddy and in high lands sugarcane and cotton. Demonstration farms may be opened in each subdivision showing the cultivators the practical way of cultivating the crops.
- Q. 14.—No.
- Q. 15.—Jute—Cost of cultivation—Rs. 30.
Yield—Rs. 34
Paddy—Cost of cultivation—Rs. 20.
Yield—Rs. 20.
- Q. 16.—Rs. 5 to Rs. 6.
- Q. 17.—Low prices of finished articles of jute due to world depression and also over-production.
- Q. 19.—Beneficial from the point of view of balers and mill-owners, because when they see that sufficient quantity has been grown they go on purchasing very slowly to stop the market from rising.
- Q. 20.—Yes.
- Q. 22.—No.
- Q. 23.—*Farias* buy jute from cultivators and sell it generally to *beparis*, and *beparis* sell to merchants. Both make profit at a rising market by selling at a higher price but suffer loss when the market falls.
- Q. 24.—No.
- Q. 25.—Taking of excess in weights. By standardising the weights (measurements).
- Q. 26.—In some places they do when the plants are grown up, i.e., a month before harvesting. To sell the crops to persons only from whom they take money and at a little lower rate.
- Q. 27.—*Mahajans*. No.
- Q. 28.—No.
- Q. 38.—*Fatkabazar* reports are telegraphed from Calcutta to important jute centres.
- Q. 40.—Yes.
- Q. 42.—Yes.

No. 49.

Babu Kumudini Kanta Roy, Narayanganj.

Dated the 15th March 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes.

Q. 2 (b).—To save the growers as well as the dealers from heavy losses owing to fluctuation in the market. To raise the price to its economic limit and then to make it steady.

Q. 3.—It is possible to regulate production and the question does not arise.

Q. 5.—Price of jute depends mainly on the demand. Over-production by itself gives no meaning. It simply signifies growing more than what is required. At present the low price of jute is due to general trade depression and consequent financial crisis.

Q. 6.—There can be no apprehension if production and price are regulated on a reasonable basis.

Q. 7.—No.

Q. 8.—Yes. Regulation of production on a voluntary basis will not be successful even for a year.

Q. 9.—Regulation has got to be made compulsory by legislation. With regard to restriction of production, certain percentage of every cultivator's land should be fixed for jute. There should also be regulation with regard to moisture in raw jute and weight, *i.e.*, jute should be free from moisture so far as the seller is concerned, and there should be fair weightment in 80 *sicca* weight, all throughout, so far as the buyer is concerned.

Q. 10.—Competent independent agencies, with a respectable Government official (whole time worker) at the head, should be established in every subdivision, with strict provision of heavy penalties in case of wilful and dishonest omission or false report. Union Boards, Co-operative Societies, *zemindars* or similar agencies will be of no practical use.

Q. 11.—This will be of no practical use.

Q. 12.—Co-operation necessary.

Q. 14.—Propaganda produced very little effect and, in future, its efficacy is very doubtful.

Q. 15.—Normal cost of jute cultivation per acre—Rs. 60. At present, Rs. 36 per acre. Yield per acre, white—4 maunds, *tasha*—5 maunds (East Bengal).

Q. 16.—Minimum price, Rs. 5 per maund.

Q. 17.—Want of demand owing to general trade dislocation.

Q. 18.—Propaganda and research are of very little practical use.

Q. 19.—Present system of compiling and publishing forecast is hopelessly defective and misleading. It is based on the report of the *chaukidars* who do not take any care to know the real state of things. Independent agency, with responsible officer at the head, in each subdivision, as suggested before, may take up the work.

Q. 20.—Present forms and methods of grading and marketing in the mufassal are not satisfactory. By mufassal we mean big jute centres like Narayanganj, Serajganj, Chandpur and similar other places. Rate standard of assessment, grading and weight should be uniform in all buying centres.

Q. 21.—Not at all feasible and would be highly disadvantageous to the growers.

Q. 22.—Not practicable.

Q. 23.—The *farias* and *beparis* buy directly from the growers in the interior and sell to balers and other big buyers and other villagers and their agents in big purchasing centres at their own risk. A few firms have got a few commission agents who get fixed commission per maund on the quantity purchased at the rate fixed by the firm itself.

Q. 24.—Yes, there is relation between low price and multiplicity of middlemen.

Q. 25.—Yes, custom itself is not detrimental but means which are adopted are objectionable. They can be put a stop to if uniformity is adopted as previously suggested.

Q. 26.—Not in this part of the Province.

Q. 27.—Cultivators borrow from the village *mahajans* who are not the ultimate buyers ordinarily.

Q. 28.—Not practicable.

Q. 34.—Standards are changed very often in the middle of the season.

Q. 35.—Yes, it should be fixed by legislation.

Q. 36.—Guarantee system should be introduced and should be supervised by some jute experts not directly interested in the trade.

Q. 37.—Marketing scheme is not practicable. An experiment may be made in big jute centres for sale and purchase of assorted bales or *iboghas*.

Q. 38.—Yes, the source of their information is from the *beparis* and other mufassal agencies; the information is not always correct. Information may be supplied to the growers in every subdivision through the agencies the formation of which has been suggested before. Notices may be hung up in Post and Union Board offices.

Q. 39.—Yes, the type of information would be the same as is supplied by Messrs. J. M. Banerjee & Co. by telegram every day.

Q. 40.—As suggested above. No. Not practicable.

Q. 42.—Not necessary under the present circumstances.

No. 50.

Mr. Arthur Hughes, J.C.S., Additional District Magistrate, Dacca.

Dated the 19th March 1933.

My answer to the first question is in the negative, because my answer to Question No. 2(a) is that I do not believe it possible to regulate the production of jute. The following are my reasons in answer to Question No. 3:

(1) It is not difficult to elaborate schemes such as that contained in Mr. McDougall's note, or Dr. Naresh Sen Gupta's Bill. But I consider it impossible, with the present machinery of Government, to prevent widespread evasion, corruption and oppression, however water-tight the scheme on paper. For example Mr. McDougall glibly says, "the allocation can be based on the previous output of the *raiyat*." What impartial authority can we trust to ascertain a *raiyat's* previous output? Such a scheme, would result in the creation of a multiplicity of vested interests, liable to inheritance, subdivision, disputes and litigation as in the case of any other vested interest in land, *e.g.*, the right to receive rent. The Permanent Settlement in 1793 of the right to receive rent has wrought enough evil in Bengal without making another permanent settlement of the right to cultivate jute. One can imagine the situation in fifty years time—all the old evils of land-holding repeated in the new right—sub-infeudation of the right to grow jute, minute fractions of the right to grow jute, growth of *salamis* and *abwabs* and exactions on the holders of jute growing rights, registry offices filled with documents transferring the right to grow jute under restrictions which would form the subjects of civil court litigation and High Court rulings. All this beside the petty oppression of Union Board Presidents (under Dr. Sen Gupta's Bill), and the local associations (under Mr. McDougall's scheme). To my mind, and I am sure to the mind of any person familiar with conditions in rural Bengal, the whole scheme of restriction by legislation has only to be pictured as it would work out fifty years hence to realise its essential unworkability.

The enclosed scheme* of the Subdivisional Officer, Munshiganj, is more practical and has many features to commend it. It proceeds on familiar lines, as we already have examples on smaller lines in the restriction of *ganja* growing to Naogaon and opium-poppy growing to Ghazipur. It has also the merit of being simple, both as regards legislation and executive machinery, and feasible also for practical enforcement. But I think the same objections attached to it, of leading to evasion, corruption, oppression and extortion on a large scale in the absence of a large preventive staff of people sufficiently well paid to be above reproach, and sufficiently energetic to be constantly moving in the villages at the sowing season. This is apart from the political objection that there is a doubt whether Government would feel itself strong enough to face the local outcry resulting, say, from a total prohibition of jute-growing in the district of Rangpur. I imagine the outburst from the local press, the local representatives, and local associations, and the appeal to ignorant cultivators, always prone to see their parochial affairs loom more than the welfare of the Province, and rightly so, since any abrupt change would certainly cause much hardship and suffering, while the relief to the whole Province would be, to say the least, problematical.

As against this blank negative to the idea of regulation, I can only suggest treading the well-worn lines of the Tea Cess Committee and Lac Cess Committee, extending the work of the Council for Agricultural Research and attacking the main problems—the ignorance and indebtedness of the peasantry—along the tried paths of co-operation and extension of primary education. Useful suggestions can be made, *e.g.*, the wide broadcasting in village markets of Calcutta jute prices, and the abolition of the Jute Forecast, but these are matters for those professionally interested in jute.

* *Vide* page 127. *et seq.*

My own belief, based partly on a belief that there should be a minimum of legislative restriction and government interference in the working of economic laws, and partly on a conviction that any elaborate scheme in the present undeveloped state of rural Bengal would be inherently unsound and top-heavy, is that *laissez faire* is the best policy, with only a judicious oiling of obviously creaking machinery, by research, by fixing of standards, by inspection, by dissemination of information, by building up credit, by attacking the ignorance of the growers.

Q. 27.—Cultivators borrow chiefly from village money-lenders and from local Co-operative Societies where they exist and have sufficient funds.

In my opinion Co-operative Societies should be extended and improved. This will be a long and slow process but seems to me the only real solution of the way to finance the crop. Failures have in the past generally been the result of attempting to extend the co-operative system quickly and paying little attention to slow but steady development. I am opposed to creation of special societies and favour the slow creation of one or more village banks in every village from which the cultivator will borrow for all his needs. The control should be vested in central banks which should be eventually opened in every police station of every district but this expansion must also be made slowly and carefully.

No. 51.

**Rai Bahadur Nagendra Nath Mukerji, Chairman, District Board,
Nadia.**

Dated the 18th March 1933.

Q. 1.—Yes.

Q. 2(a).—Yes.

Q. 2(b).—It would raise or at least steady prices.

Q. 5.—Low prices seem to be due to over-production and want of demand from foreign countries.

Q. 6.—I do not think there is at present any danger of competition

Q. 7.—Yes; if a suitable scheme of regulation can be drawn up.

Q. 8.—Yes.

Q. 9.—I do not favour regulation by legislation. What I mean by regulation is that supply should be regulated on demand as ascertained beforehand.

Q. 10.—I would suggest intensive propaganda giving them figure and possible price of jute next year.

Q. 12.—Yes.

Q. 13.—I would suggest sugarcane, potato, *aman* paddy, etc.

Q. 14.—Not much. Yes. Agricultural demonstrators should be slowed down with advantage, if necessary, for providing funds for paganda approaching every cultivator.

Q. 15.—Normal cost of cultivation of jute is Rs. 4. From Rs. 2 to Rs. 4.

- Q. 16.—Rupees 6.
- Q. 17.—Over-production and want of demand in foreign countries.
- Q. 18.—Yes.
- Q. 19.—It is not satisfactory from the view of growers and middlemen. Cultivators are most illiterate. Because they are published in English and in newspapers which do not reach the growers or middlemen.
- Pamphlets in Bengali giving these informations should be circulated through Presidents, Union Boards, and published in conspicuous places in villages.
- Q. 20.—No.
- Q. 21.—I have no idea of such markets in Central Provinces and Berar.
- Q. 22.—Yes.
- Q. 23.—*Beparis* purchase from cultivators; the rate of commission generally varies between 2 annas to 4 annas per cent.
- Q. 24.—Not much.
- Q. 26.—They do not actually pledge, so far as my knowledge goes, but they take advances carrying interest and under which they are to give $2\frac{1}{2}$ seers in excess for a maund.
- Q. 27.—Village money lenders and *beparis*. Yes. No. They may take advances from rural societies.
- Q. 28.—I have no idea of Co-operative Jute Societies. There are practical difficulties in the way.
- Q. 29 and Q. 30.—I do not know.
- Q. 31.—I have no idea.
- Q. 33.—Yes; only third-hand information from people coming from Calcutta concerned in the business give the information. See answer to Question No. 19.
- Q. 39.—Definite information on these points.
- Q. 40.—Certainly. It would be of very great help.
- Q. 41.—It would be beneficial to the growers in case of slump if Government or a Jute Syndicate formed purchase jute at a minimum price. Yes. The amount required would be very heavy. By issuing debentures by Government this money could be raised.
- Q. 42.—Yes. He may be entrusted with giving information regarding the price, quality, weights, etc.
- Q. 53.—Yes. By Government or from funds raised by Government, somehow.
- Q. 54.—Yes.
- Q. 55.—Distribution of literature on the subject and personal propaganda, if possible.
- Q. 56.—Yes.
- Q. 57.—Government should finance either from its own funds or by funds raised somehow, e.g., by issuing debentures.

Mr. N. K. Basu, M.L.C., Member, District Board, Nadia.

Dated the 21st March 1933.

Q. 1, Q. 2 and Q. 4.—We think that regulation of the production of jute is both possible and necessary. It may not be always possible to estimate precisely the demand for jute next season before the time for sowing; but it is always possible to make a businesslike calculation of probabilities which may furnish a basis for action. Such calculations are not likely to be very far out except in very unexpected contingencies.

The object of such regulation would be to give the best economic return for the jute to the growers. The aim must naturally be to raise the prices of jute fibre to as high a level as is consistent with the maintenance of a steady market for jute. And when that level is reached, the aim would be to maintain it steadily at that level. Where the limit of safety lies will have to be determined by a close study of changing world conditions.

We know that the attempt to control cotton and wheat and coffee have not been so far successful in other parts of the world. But it is worth noticing that those countries have not yet abandoned their efforts. So it would be premature just yet to pronounce them to be absolute failures. On the other hand, as pointed out by Mr. McDougall: "Jute is the only crop of any magnitude which, under existing conditions, lends itself to such a form of control as would ensure a stabilised price to the grower." It is a monopoly of Bengal with just a small fraction to Behar and Assam, while none of the other commodities in respect of which control has been tried is a monopoly.

Where there is a monopoly and it is properly organised, regulation would always be possible. This is evidenced by the enormous success of the regulation of *ganja* in Nowgaon. No doubt *ganja* cultivation differs in many superficial respects from jute, but in essence the only difference lies in the great disparity of the size and extensity of the two crops. That means that with reference to jute the effort to be successful has to be made on a far wider scale.

It is noteworthy also that although not a monopoly commodity, Indian tea is being put under regulation by voluntary restrictions by growers. If that experiment has been found worth trying, it is far more worthwhile trying to regulate the production of jute which is the financial mainstay of the province.

In this connection it is worthwhile noting that in the face of the great work of planned and regulated production of all things now being carried out in Russia any suggestion of the futility of regulation of jute would seem to be hopelessly out of date.

Q. 5.—The factors are numerous—(1) The shrinkage in the world demand for jute consequent on the worldwide trade depression has been a most potent factor. (2) In addition, jute shares in the general depression owing to an undue appreciation of the currency. (3) Conditions relating to the marketing of jute have also been a contributory cause of the decline in prices. Notable amongst these is the *fatka* which is so organised as to give a great handle to bears over bulls.

The second part of the question is not understood. It may be a fact that low prices have in the past been the result of financial crisis. But the fact cannot be gainsaid that in the present crisis the prices have fallen chiefly on account of over-production, relatively to the demand.

Q. 6.—We do not anticipate that there will be any fear of competition with substitute crops if the scheme of regulation is rational, that is, unless the prices are raised so high as to stimulate such competition. A close and constant study of world conditions will always enable those responsible for control to keep the prices under control so as to obviate danger from ruinous competition.

Q. 7.—Cultivators would welcome a scheme of control which would ensure them a good price for jute. But considering the vast and unorganised body of the growers a purely voluntary scheme would be wholly unsafe.

Q. 8.—Yes.

Q. 9 and Q. 10.—Having regard to present conditions the simplest and the most feasible scheme for immediate action would be one based on Dr. N. C. Sen Gupta's Jute Bill. It would enable the regulation to be immediately put into operation by utilising the existing organisation of Union Boards, or by creating special village organisations for the purpose.

A great co-operative organisation, embracing a whole set of inter-related co-operative societies from the village credit society and the village sale society up to a great wholesale society, a great Provincial Bank, would undoubtedly be an ideal organisation for the purpose. But the organisation of such a network of societies will take time, while the problem is one requiring immediate action.

We do not think that *zemindars* as such could give much assistance in the matter. But really public-spirited *zemindars* can do a lot by placing themselves at the head of their tenants, organising Co-operative Societies and, if necessary, placing their credit at their disposal.

Q. 12.—Yes, if the regulation is to be perfect. The organisation necessary for the purpose should be one embracing the three Provinces. But if co-operation of Bihar and Assam is not available on suitable terms, regulation of the Bengal crop alone would go a great way, considering that the present output from the sister provinces is negligible.

Q. 13.—This question is primarily a matter for the agricultural expert. Expert advice on such matters ought to be placed within easy reach of the actual cultivators. For this purpose it is necessary to evolve a complete cadre of agricultural officers who would be readily accessible to cultivators and constantly advise them in pursuance to definite provincial plans.

Q. 14.—As an abstract proposition there would be no hesitation to answer the question in the affirmative. But in the first place, the competition from substitutes and elevators has not yet become so formidable that it need cause immediate uneasiness. Secondly, agricultural research in the past has not yielded much substantial benefit to the grower. Thirdly, the problem of vital importance at the present moment is economic reorganisation and not improvements in cultivation. Without, therefore, disparaging a properly regulated research work on problems of actual interest to the cultivator, we are of opinion that the efforts and the expenditure on scientific research could be slowed down with advantage, if necessary, for providing funds for

economic reorganisation. Besides, scientific research may profitably be delegated very largely, if not wholly, to the Universities for the present.

Q. 14.—Propaganda has been successful in some measure but chiefly because the low prices of jute helped the propaganda. It would be foolish to rely upon such propaganda, except as an emergency measure, for coping with the great problem before us. What is wanted is a great organisation which will regulate the production of jute. Propaganda is no substitute for organisation.

Q. 19.—We do not know for whom the jute forecasts are made and what benefit it does to them. To start with, the crop forecasts, if reliable, can only arm the buyers with a useful weapon for beating down the seller as low as possible, while the grower has not the corresponding advantage of knowing the market forecast and regulating his sowing accordingly. Whoever may be benefited by the forecasts, the grower gains nothing by it, unless by accident the forecast happens to be very short of actuals.

Apart from this the forecasts are unsatisfactory.

The reason lies in the method of making the forecasts. Nobody ever measures the total acreage of sowings and there are no materials upon which the acreage can be mathematically worked out. As a rule, Union Boards send the primary forecasts, not on any calculation, but by guess. The District Magistrates make their reports on these elusive data. On the other hand, Agricultural Officers, when making their tours, make their observations, which are at best casual. The Director of Agriculture then sets to work on these two sets of data and makes his own conclusions after further consultations with Collectors. It is throughout a case of the blind leading the blind, for none of these persons have any definite tangible bases to work upon beyond guesses of various degrees.

A forecast based on such unsatisfactory data can be good material for gamblers but not such as an organised Government could be proud of.

The only satisfactory basis for accurate forecasts would be to have registers of jute lands in each Union Board, such as was contemplated in Dr. Sen Gupta's Bill. These would give data upon which definite forecasts would be made.

Q. 28.—Yes. The co-operative organisation, we should suggest, would be a chain of Co-operative Societies. On the one hand there will be the financing societies from the Provincial Bank down to the Village Credit Society, and on the other, the sale societies.

Each member of the Village Society who is financed by a Co-operative Society would be under an obligation to sell his crops to a Sale Society of which he must be a member. The Sale Society, on receiving the jute, will issue a scrip for its price at the market rate for the day, against which the financing society will give credit to the member. When the Sale Society completes the sale it would pay to the credit society the value of the crops covered by the scrips. This is a system working successfully at Gosaba.

The Sale Societies, again, will form a complete set from the Village Society to the Wholesales at Calcutta and Chittagong.

[Mr. N. K. Basu.]

When the organisation of these societies is completed there should be no difficulty of financing it by temporary debentures or bills issued by the Provincial Bank, as all the money would come back in the course of six to nine months.

But in the beginning the Government must undertake to finance the first set of societies by guaranteeing the debentures of the Provincial Bank on the security of the jute held by the co-operative sale societies on which the Provincial Bank would have an ultimate lien.

We are unable to examine these proposals in the light of the experience of the co-operative jute sale societies as the Government has chosen to treat all reports of inquiries into them as strictly confidential and the real truth about them has been kept shut out from the public.

Q. 37.—Mr. McDougall's scheme is admissible in all respects, except with reference to the Directorate. The constitution of the Directorate spoils the whole scheme. The effect of it would be that while the Government holds all the capital of the Corporation, its affairs are managed by a body of persons whose interest it is to exploit the growers.

Every other detail of the McDougall scheme can be worked into the scheme of a co-operative organisation outlined above. If the Government is prepared to find the capital for Mr. McDougall's Jute Corporation it ought not to be difficult for them to finance the twin bodies, the Provincial Bank and the Co-operative Wholesale, and these bodies between them can perform all the functions assigned by Mr. McDougall to the Jute Corporation.

Q. 38 to Q. 40.—It would be of some use to growers to have reliable market information promptly. But few of them would be competent to make the necessary deductions from them about their future sowing programme. To guide them on this it will be necessary to have that deduction made by experts at Calcutta and to communicate to the grower exactly by what proportion he is to increase or decrease his sowing.

Wireless telephony with loud speakers at each jute market would be a most useful means of communicating this information. The cost of such apparatus would not be prohibitive.

No. 53.

Babu Mrityunjoy Acharjee, Member, District Board, Nadia.

Dated the 21st March 1933.

Q. 1.—Yes.

Q. 2(a).—We do not think it is possible except by legislation.

Q. 2(b).—Both to raise and steady prices.

Q. 3.—Because regulation would interfere with the rights of growers by curtailing their choice in regard to land under jute cultivation and their expectation of profits. Regulation would not be feasible on voluntary basis.

Q. 4.—No idea.

Q. 5.—Manipulation of prices by mills, balers and shippers. It is not a fact that prices go down at the time of financial or other crises. Over-production and financial crises are partly responsible for the low prices.

Q. 6.—Not likely.

Q. 7.—No.

Q. 8.—Certainly.

Q. 9.—Compulsory regulation by legislation may be tried on the lines outlined by Mr. A. P. McDougall in Appendix C. We have no suggestion to offer.

Q. 10.—Only (a) Union Boards, (b) Co-operative Societies and (c) Jute Merchants' Associations by forming such associations at each producing and purchasing centre.

Q. 11.—A Jute Marketing Board is expected to check the evasion to a very great extent.

Q. 12.—Yes, it would be necessary.

Q. 13.—*Aman* paddy for low lands. Sugarcane and linseed for the other. Propaganda by the Agriculture Department would be necessary.

Q. 14.—Yes, to some extent. Yes, such propaganda ought to be continued.

Q. 16.—Rupees 10 seems to be the fair price level.

Q. 17.—Economic crisis. Over-production and dictation of prices of mill-owners, etc., and middleman's profit, in the case of raw material. First two seem to have brought about the fall in the case of manufactured articles.

Q. 18.—The agricultural research and propaganda ought to continue unabated.

Q. 19.—Yes, from the points of view of (b) and (c).

(a) Never take any notice of the system.

(b) and (c), who are the buyers from growers, regulate the season's price by making estimate of the year's expected output and stock held over in the previous years. (b) being the ultimate buyers, are specially benefited as (1) they know the stock in hand in different centres and agencies which may be utilised, (2) they can estimate the bulk which would be required to meet the world's demand, and (3) can estimate the year's yield in advance. Thus they are in a position to know, by the present system, all that they want to know.

Q. 20.—They are not satisfactory from the point of view of growers and the community generally.

Q. 21.—I consider it is feasible to establish such markets. I have no idea as to the number required and the area to be served by each. Yes, they will be advantageous to the cultivators.

Q. 22.—Such societies may be formed.

Q. 23.—Work and method and remuneration vary in different areas.

Q. 24.—Yes, to some extent.

Q. 25.—I have no suggestion to offer.

Q. 26.—They are not pledged or sold before harvesting formally in these parts. But they are practically so. *Raiyats* and *farias* take advances from middlemen after sowing on the understanding (generally oral understanding) that they would sell this produce to these middlemen.

[*Babu Mrityunjoy Acharjee.*]

Q. 27.—Yes, creditors are ultimate buyers in the huge majority of cases. Yes, it does affect the prices. I have no suggestions to make.

Q. 28.—No. Such a huge task can neither be managed nor financed by co-operative organisations in the form in which they now exist. The purchase and sale societies used to make this purchase at different centres; the task of assessment, grading and valuing were left to different persons; the weighing done at different places differed materially; the difficulty of finding money was found to be insurmountable, and lastly, the difficulty of consigning bales to Calcutta for sale was the same as that felt by private middlemen. The task of selling was given over to the Wholesale Society, a quite different body which sold, or had to sell, the bales sent by different sale societies at much lower prices even without reference to the sale societies which were the owners of these jute. Unless one identical body can be created for doing both, *i.e.*, purchase and sale, no better achievement can be expected by utilising the co-operative organisation.

Q. 29 to Q. 34.—No idea.

Q. 35 and Q. 36.—No suggestion.

Q. 37.—I think the scheme is workable and may be advantageous.

Q. 31.—Not in this part. I cannot suggest any practical method.

Q. 39.—The same agency ought to be able to do so. The current rate per maund and whether a fall or rise is expected in the near future, whether they should market their produce or whether they should hold back for a given period.

Q. 40.—Wireless telegraphy with loud speakers at all markets is, I think, a good idea.

Q. 41.—The Government agency should, in case of slump, hold back the jute. But the cost would be so enormous that the Government, it is feared, may not be able to raise sufficient funds. I have no suggestion to offer for raising funds for such cases.

Q. 42.—I approve of the recommendation of the Royal Commission. I have no suggestion to offer.

Q. 43 to Q. 46.—No answer.

Q. 47 and Q. 48(a), (b), (c).—No idea.

Q. 49.—No answer.

Q. 50.—No suggestion.

Q. 51.—No.

Q. 52.—Cannot say.

Q. 53.—No idea as to how it should be financed.

Q. 54 to Q. 58.—No idea.

No. 54.

Rai A. K. Mukharji Bahadur, District Officer, Bogra.

Dated the 21st March 1933.

Q. 1.—Yes.

Q. 2(a).—Yes.

Q. 2(b).—It will steady the price of the raw fibre.

Q. 3.—Regulation is possible for the following reasons:—

(1) The area under jute is known and the total production in one year can be approximately estimated. The demand also for any one year can be approximately calculated. The area sown may be, therefore, regulated in such a way that the total produce may correspond to a great extent to the demand for the year.

(2) It would be possible to enforce restriction by legislation.

Q. 4.—The production of *ganja* is restricted in the *ganja-mahal* at Naogaon in Rajshahi. The production of opium also used to be controlled. The case of jute, of course, is not similar, as *ganja* and opium are excisable articles while jute is not such an article and the area under jute is far greater than that under *ganja* and opium.

Q. 5.—The main factor, I think, is that the countries where jute used to be exported, *viz.*, Europe and America, have become financially crippled for various reasons, and are at present taking very little jute. The volume of international trade has, for various reasons, *e.g.*, heavy tariffs, etc., shrunk up considerably. The low prices are due to over-production in the sense that the demand has been greatly reduced for reasons mentioned above.

Q. 6 and Q. 7.—No.

Q. 8.—This is possible but it will be counteracted by suitable legislation.

Q. 9.—Regulation should be made compulsory by legislation which should be a temporary measure. It may be on the lines of the note in Appendix C.

Q. 10.—Union Board, Circle Inspector of Societies, *zemindars*, *chaukidars*, Circle Officers, should be utilised.

Q. 11 and Q. 12.—Yes.

Q. 13.—On low land only long stemmed *aus* and *aman* can be grown and on high land sugarcane and *aus* followed by *rabi* crops can be grown. If the area under jute is decreased by the *raiyats* they will automatically take up these crops. Some propaganda for this should also be made and sugarcane cuttings be supplied.

Q. 14.—Yes. Yes, until the *raiyats* themselves realize their position and do not make speculation with this crop. The propaganda can be made by all departments of the Government stationed at the rural areas, and by other touring officers as well, and by beat of drum in local *hats* just before sowing time, by the Union Boards of the respective areas, stating what are expected to be the requirements of jute fibre in the following year and the price thereof.

Q. 15.—

Name of crop.	Normal cost of cultivation per acre.	
	Rs.	Mds.
Jute	45	15
<i>Aus</i> paddy ..	25	15
<i>Aman</i> paddy ..	18	20
Sugarcane ..	75	60

[The District Officer, Bogra.]

Q. 16.—Rupees 5 to Rs. 6 per maund.

Q. 17.—*Vide* reply to Question No. 5.

Q. 18.—Yes, if some more high yielding variety be found out, and that be better in quality, then the cost of production would be less, and on smaller area the required quantity can be produced. Local bodies, associations, etc., should help the Department in the propaganda work for demonstration and introduction of the improved varieties.

Q. 19.—The jute forecast is of no benefit to the cultivators. It benefits only the balers and mill-owners and middlemen. They should have their own agencies for collecting figures and, as a rule, they have such agencies on whose reports they rely. They do not rely on the Government forecast, which is really a forecast made by the Director of Agriculture and his subordinates, though figures are taken from the Presidents of the Union Boards, and the public are told that the latter's figures are reported. The cultivators do not derive any benefit, as prices do not increase on account of the forecast. What the cultivators need is a forecast of the demand, and Government should collect this information from all available sources and publish it for their benefit.

Q. 20.—Not satisfactory.

Q. 21.—Yes. Thirty markets may be established in this district. The area served by each would be about 50 square miles. They would be advantageous to cultivators.

Q. 22.—Co-operative jute sale societies were started but had to be liquidated. An attempt may be made again on a modest scale, but difficulty may be experienced on account of economic crisis in financing them.

Q. 23.—*Farias* purchase from villages and make a profit of 2 annas to 4 annas per maund. *Beparis*, in many cases, purchase from *farias*, and make a profit of 1 anna to 2 annas per maund.

Q. 24.—There is no doubt that the cultivators cannot have the benefit of the full market price on account of the multiplicity of the middlemen.

Q. 25.—I am not aware of any such marketing custom.

Q. 26.—No, not in this district.

Q. 27.—From village money-lenders, Co-operative Societies and from private loan offices. It will not be correct to say that in the large majority of cases the creditors are the buyers. Credit facilities had been given by the establishment of Central Co-operative Banks and Co-operative Rural Societies. If possible, Government may give agricultural loans for the purpose at a slightly higher rate of interest than that at which they are advanced under the Agricultural Loans Act. The rate under the latter is 1 anna per rupee per annum. The rate may be 2 annas per rupee per annum in the case of jute.

Q. 28.—I do not think it possible.

Q. 29 to Q. 36.—Cannot be answered from here.

Q. 37.—The scheme may be tried.

Q. 38.—Some of the better class growers keep information of the market prices at Calcutta through the vernacular daily papers. If information could be sent to the Presidents of the Union Boards the growers can get information from them.

Q. 39.—Yes. Information regarding prices ruling in Calcutta for different grades of jute would be of the greatest value.

Q. 40.—Loud speakers may be installed at the markets.

Q. 41.—It would be certainly helpful if Government announced its willingness to buy and stock jute at a minimum price fixed by it, but crores of rupees will be required if Government has actually to buy, and it would be impossible for Government to spend so much money. The cultivator also, in that case, will not restrict the area under jute to the quantity for which only there is demand.

Q. 42.—Market surveys and appointment of Marketing Officers will certainly be useful. The subjects mentioned in pages 409-10, Chapter XI, of the Report of the Royal Commission on Agriculture, should be taken up by the Marketing Officer. The cultivator will be benefited as questions of price will be examined, and the trade also will benefit by the examination of these questions.

Q. 43.—Yes.

Q. 44.—The Committee should watch over the interest of all branches of the trade from the field to the factory. Details should be worked out afterwards.

Q. 45.—No. There should be representatives from Bihar and Orissa.

Q. 46.—By levying a small cess on raw jute.

Q. 47.—No.

Q. 48 and Q. 49.—I do not know of any substitutes.

Q. 50.—No.

Q. 51.—In Naogaon in Rajshahi there is a Jute Weaving Co-operative Society which manufactures *asan*, backs and seats of easy or deck chairs, etc., from jute.

Q. 52.—No.

Q. 53.—Yes. From the cess levied on raw jute.

Q. 54 to Q. 58.—No.

No. 55.

Rai Sasadhar Chose Bahadur, Chairman, Mymensingh Central Co-operative Bank, Mymensingh.

Dated the 21st March 1933.

The questions are so very numerous and require the knowledge of an expert to answer all of them. So, instead of answering the questions I beg to send you herewith my opinion on the matter.

The subject of enquiry, so far as jute growers are concerned, may be divided into 2 parts. 1. Production of jute. 2. Marketing of jute.

With regard to production of jute, suggestions are made to control the area of production. In this respect my humble opinion is that the task seems to me to be an impossible one. Any legislation that may be made on the subject will cause intense trouble on the growers and no suitable agency, freed of corruption, can be possibly obtained. As

a matter of fact I am of opinion, legislation on the subject will not likely improve the situation in any way.

With regard to marketing of jute, in this respect I believe if a minimum price is fixed by legislation it may result in some good to the cultivators. Such legislation may have the effect of reducing the area of cultivation. It is in my humble opinion the combination of the millers that keeps down the price of jute. They know fully well that the growers cannot hold back sale and wait for better price. So the combination of the millers becomes successful.

The three classes of persons who are primarily interested in the price of jute are the growers, financiers and the landlords. Co-operation of these three bodies can only bring about a success to fetch proper price of jute. This subject was discussed here on the 8th March 1931 in a meeting of the representatives of the Central Co-operative Banks of the district of Mymensingh. The meeting was presided over by our eminent countryman, Babu Brojendra Kishore Roy Choudhury, *Zemindar* of Gouripore. In the said meeting I suggested the formation of co-operative village community. My suggestion was accepted by the meeting. I sketched out my idea in my speech in the said meeting. I enclose herewith a copy of my speech from which you will get some idea about it.

Unless these three classes of persons interested in the price of jute can possibly join hands there is absolutely no possibility of getting proper price for it.

I believe the Government will not interfere in this matter on the ground that, anything that is done to help the growers might be a cause of grievance for the millers, and as you know, the millers are a body of people who are most influential and can frustrate any measure that may be adopted by the Government to give redress to the growers.

No. 56.

Mr. H. Quinton, I.C.S., District Officer, Howrah.

Dated the 25th March 1933.

Q. 1.—Yes.

Q. 2 (a)—Yes, but it would be in the nature of a difficult experiment.

Q. 2 (b)—To raise and steady the price.

Q. 3.—The difficulties are not, I think, peculiar to the present circumstances. Voluntary regulation would probably not work. Compulsory regulation would be such a novelty to the cultivator that it might cause serious resentment though under "Self-Government" there is less chance of this than restriction by law under the existing constitution. There would be cost of supervision and enforcement which might prove prohibitive, and there would be much evasion.

Q. 4.—I have no expert knowledge, but rubber restriction succeeded up to a point and only failed ultimately because there was not, as in the case of jute, a practical monopoly.

Q. 5.—World economic conditions, especially unstable exchanges. Over-production follows financial crisis and aggravates depression of price.

Q. 6.—I have no knowledge on the point. So far as I know, substitutes at present are not formidable, and are not likely to be formidable even if regulation raised the price of raw jute.

Q. 7.—No.

Q. 8.—Yes—human nature.

Q. 9.—A survey of jute growing area in every union might be made. It could ascertain very roughly what land had actually produced jute in, say, the last 3 years, and more exact survey, say, for 2 future years, of actuals could be made. An average could be ascertained then for each union or division of a union, and a percentage fixed as a maximum to be grown in such areas. Permits to cultivate jute should then be granted only on application and apportionment. The main factor, but not the only factor, in apportionment should be average production of the area, but other factors would be suitability of the soil and competition for permits. The percentage would of course depend on the estimated requirements of the whole industry for the year.

Q. 10.—Union Boards would be the most suitable agency. Co-operative Societies have very limited scope, and *zemandars* could only be utilised to assist by propaganda.

Q. 11 and Q. 12.—Yes.

Q. 13 to Q. 18.—I agree generally with the replies of the District Agricultural Officer and 2 Union Board Presidents sent herewith.

Q. 19 to Q. 21.—I cannot express an opinion. Question No. 21 depends on the success of the Cotton Market Act.

Q. 22 to Q. 27.—I agree with District Agricultural Officer's replies. I am inclined to think that middlemen perform a necessary function and only Co-operative Societies can, in the present economic condition of cultivators, be a substitute.

Q. 28.—No.

Q. 37.—The scheme is attractive and workable so far as I can judge.

On other questions I do not think I can supply any useful opinion.

No. 57.

The District Agricultural Officer, Howrah.*

Dated the 27th March 1933.

Q. 13.—In the case of a decrease in the area of jute, sugarcane, *aus* paddy, *rahar*, chillies, brinjal, fodder crops, potato and other English and country vegetables, tobacco, fruits such as plantains, papayas and pineapples, peepul, betelvine, cotton, etc. may be suggested to be grown as alternative crops on high lands. *Aman* paddy; pulses, such as *khesari*, *matikalai* and gram; oilseeds, such as mustard, linseed and *til*, *hogla* and *panifal*, etc., may be grown as alternative crops, instead of jute, on low lands.

To encourage the *raiya*t to grow such alternative crops, regular organisation and propaganda should be necessary, Co-operative Agricultural Associations and Sale and Supply Societies may be formed.

* See also page 456.

Manufacturing side of such agricultural produce, where necessary, may be taken up by these associations and societies.

Q. 14.—I believe that Government and other propagandas have been effective to some extent in keeping down the area under jute cultivation. I am of opinion that this propaganda should be continued. This propaganda, I consider, could be made more effective if it be taken up by Union Boards, all local bodies, influential local people and *zemindars* having public confidence.

Q. 15.—The normal cost of cultivation of jute is Rs. 90 per acre and yield is 15-maunds in this district.

Name of crop.	Probable cost	Probable yield
	per acre.	per acre.
	Rs.	Rs.
Sugarcane	250	375
<i>Aus</i> paddy	45	60
<i>Rahar</i>	25	40
Chillies	60	200
Brinjal	90	250
Fodder crops	30	120
Potato	150	300
Vegetables (both English and Country)	150	300
Peepul	100	250 (on the 2nd year.)
Betelvine	1,000	1,250
Cotton	45	100
Tobacco	150	300
Fruits	150	250
<i>Aman</i> paddy	45	90
Pulses	30	75
Oilseeds	30	60
<i>Hogla</i>	50	150
<i>Panifal</i>	100	300

Q. 16.—In view of the present day conditions, I consider Rs. 8 per maund of jute would bring a reasonable price to the cultivators.

Q. 17.—The trade depression of the world, the accumulation of stock of both raw jute and manufactured goods from the produce of previous years—these are probably the causes which have brought about a fall in price of jute.

Middlemen's practice among the poor cultivators is also to some extent responsible for the low price of jute.

Q. 18.—Departmental research and propaganda should be continued with a view to grow jute of better quality at a lower cost.

The Department of Agriculture can be assisted in research work by different Universities in the province, and non-official associations and public bodies can also help in the propaganda work among the jute growers.

Q. 22.—The existing union boards may be utilised for the purpose of forming village Co-operative Societies with the help of the Co-operative Department whereby the *raiyat* may be brought in close touch with the jute baler, thus eliminating the middlemen and middlemen's profits.

Q. 23.—Middlemen such as *farias* and *beparis* go from house to house of the cultivators and purchase jute from them and sell the same to *aratdar* at a certain profit, approximately annas four per maund of jute.

Q. 24.—Yes, there is some relation between the low price the cultivator is getting for his jute and the multiplicity of middlemen.

Q. 25.—There are no marketing customs which are detrimental to *raiyat* in this district, but there is *fatka* market in Calcutta, conducted chiefly by Marwaries, which is injurious to the *raiyat* and it differs always from the actual market for jute.

Q. 26.—No.

Q. 27.—Cultivators generally borrow from village *mahajan* or village creditor, and sometimes they also borrow from a *kabulwalla*. The creditors in this district are not the ultimate buyers of the crops. Organisation of village co-operative credit society may give better credit facilities to cultivator.

Q. 38.—Growers of jute at present do not, in most cases, receive any accurate market information. By the organisation of jute sale and supply societies, and by publishing periodicals dealing on jute and other crops, growers, merchants, as well as manufacturers, could be supplied with information regarding market conditions both here and abroad. Generally, *aratdar* gets information from Calcutta market, and this information is circulated to *farias* and *beparis*. These *farias* and *beparis* give the cultivators some sort of market information but which is always misleading and the existence of *fatka* market makes the situation worse.*

No. 58.

Nikhil Banga Proja Samiti, Calcutta.†

Dated the 27th March 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes.

Q. 2 (b).—It will steady the price of jute.

Q. 3.—Does not arise.

Q. 5.—The low prices are mainly due to over-production.

Q. 6.—There will be no substitute if the price of jute is kept within reasonable limits.

* The Presidents of the Union Boards at Jagacha and Bally in the district of Howrah agree with the views of the District Agricultural Officer, Howrah.

† For oral evidence of nominees of the Samiti, vide page 469 et seq.

- Q. 7.**—No.
- Q. 8.**—Yes.
- Q. 9.**—Legislation is necessary for the regulation of jute crop.
- Q. 10.**—Through the Union Boards only.
- Q. 11 and Q. 12.**—Yes.
- Q. 13.**—Paddy for low lands. Sugar cane and cotton for high lands and the like.
- Q. 14.**—Non-official propaganda was more effective in reducing the area of cultivation. If there be no legislation, propaganda should be continued. This should be carried on through the "*Nikhil-Banga-Proja Samiti*" and the "Jute Growers Association."
- Q. 15.**—Average, Rs. 150 per acre. About 15 maunds per acre.
- Q. 16.**—Rs. 12 per maund.
- Q. 17.**—Over-production for raw jute and world-wide trade depression for manufactured goods.
- Q. 18.**—We do not consider that substitute and elevators have appreciably reduced the demand for jute. Agricultural research is always welcome.
- Q. 19.**—The present system of compiling forecasts is not beneficial to the growers. The Union Board Presidents ought to be made responsible for sending correct forecasts and their action should be properly checked. The Union Board Presidents should be given some remuneration; as otherwise they become careless in compiling the forecasts.
- Q. 20.**—There is no fixed system of grading and owing to this the growers suffer from losses. The present system of marketing is against the interest of the growers.
- Q. 21.**—Yes, organised markets are necessary and advantageous to the cultivators.
- Q. 22.**—No. In the presence of the organised markets no other society is necessary.
- Q. 23.**—The *faria* and *bepari* are the instruments for the collection of jute from the cultivators. They are useless and unnecessary.
- Q. 24.**—It is one of the causes.
- Q. 25.**—(1) Want of standardisation of weights and measures.
(2) *Britti, gadi-salami, koyali*, etc. These may be abolished by legislation.
- Q. 26.**—No.
- Q. 27.**—From village *mahajans* and also from jute merchants. In some cases the money-lenders are ultimate buyers of jute. No, by improving the co-operative banking system and granting agricultural loans.
- Q. 28.**—We do not approve of co-operative marketing organisation. We propose a scheme which is as follows:—
- Q. 26.**—No.
A Statutory Board under the name of "Jute Corporation" is to be established. It is to be directed by the representatives of the jute growers of Bengal, Bihar-Orissa and Assam. As all the jute comes into

the ports of Calcutta and Chittagong it will be possible to derive an annual revenue of about 25 lakhs of rupees by levying a cess of one anna per maund. The Corporation will fix a minimum rate for jute and be prepared to purchase any quantity whenever the price goes below that fixed limit. Owing to its annual income it will not be difficult for the Corporation to raise the necessary finance in order to purchase the quantity of jute offered. It is most likely that the Corporation will not have to purchase any jute since the consumers will always be willing to pay a higher price for it, when they will see that the lowest limit has been fixed.

The Corporation can only succeed if the production be regulated.

Q. 35.—We advocate legislation for fixing the standard of loose jute.

Q. 36.—Any definite standard which will clearly define the quality. The Government should be the supervising authority.

Q. 37.—We do not approve of the McDougall scheme.

Q. 38.—The growers get very little market information. We suggest supplying market information by installing radio in all the important mufassal *hats* and *bazars*. The radio must be spoken in simple Bengali language.

Q. 39.—The same agency must describe the general condition and tendency of the market.

Q. 40.—Yes. It is answered under Question No. 38.

Q. 41.—Yes; as suggested in answer to Question No. 28.

Q. 42.—No.

Q. 43 to Q. 46.—The questions do not arise, if the scheme of the "Jute Corporation" as suggested under Question No. 28 is accepted.

Q. 47.—The jute trade has not suffered from substitutes. There are reports that paper-bags are being used. We consider that the loss is negligible. Elevator-system being comparatively costly should not be taken as a substitute for jute bags.

Q. 48 to Q. 50.—Do not arise.

Q. 51.—Other uses for jute must be found out by undertaking researches by the Government.

Q. 52.—Does not arise.

Q. 53.—There is no loss due to competition but in order to find out markets for new manufactures of jute a Research Department may be established which should be financed by the jute mills.

Q. 54.—The work of propaganda in other countries should be entrusted with the proposed "Jute Corporation" (*vide* answer to Question No. 28).

Q. 55.—It is a matter of detail.

Q. 56.—The proposed Corporation will decide it.

Q. 57.—Partly by the Government and partly by the proposed Corporation.

Q. 58.—The proposed Corporation will decide according to the representations made by the Calcutta shippers.

[Nikhil Banga Proja Samiti]

The District Board, Jalpaiguri.

Dated the 24th March 1933.

- Q. 1.—Yes.
- Q. 2 (a)—Yes.
- Q. 2 (b)—It is expected that it will raise the price of the raw fibre.
- Q. 3.—Does not arise.
- Q. 4.—We are not in a position to give any reply to this.
- Q. 5.—The factors which depress the price of jute are both over-production and world-wide economic depression.
- Q. 6 and Q. 7.—No.
- Q. 8.—Most likely.
- Q. 9.—The regulation should be made compulsory by legislation. It may be done on the line suggested by Mr. A. P. McDougall, C.B.E.
- Q. 10.—Union Boards and Co-operative Societies may be utilised.
- Q. 11 and Q. 12.—Yes.
- Q. 13.—Cotton and sugarcane propaganda works.
- Q. 14.—To some extent. Yes, propaganda works should be conducted with lantern lectures through Union Boards.
- Q. 15.—Cost of cultivation for jute per acre will be about Rs. 35 and yield per acre is expected about 12 maunds. We are not in a position to express opinion of the alternative crops suggested.
- Q. 16.—At least Rs. 8 per maund.
- Q. 17.—Over production and world-wide economic depression.
- Q. 18.—Yes, Union Boards and Co-Operative Societies.
- Q. 19.—Present system of compiling and publishing the jute forecast is not satisfactory from the point of view of the growers inasmuch as they never reach the growers. We would suggest that the forecasts, etc., should be circulated through Union Boards.
- Q. 20.—No, from the point of view of the growers.
- Q. 21.—Yes. It is difficult to answer. Yes.
- Q. 22.—It is very difficult to suggest. But if village co-operative societies can be formed successfully then the *raiya*s can be brought more closely into touch with jute balers.
- Q. 23.—We are not in a position to give details.
- Q. 24.—Yes.
- Q. 25.—We cannot say.
- Q. 26.—Yes. In most cases—about 3 months before. Generally crops are pledged for some 50 per cent. below the expected market price. In case the full quantity of jute pledged cannot be delivered within the specified time, the price for the same is realised at the full market rate. Interest is also charged on the same at 25 per cent, which is realised in kind.

Q. 27.—Yes. Only better provision of credit facilities may be given if Co-operative Societies can be established successfully.

Q. 28.—Possible. We have no experience and cannot make any suggestion.

Q. 37.—In our opinion Mr. McDougall's marketing scheme may be feasible.

Q. 38.—No. The growers may be informed about market conditions through Union Boards and Co-operative Societies who should be informed.

Q. 39.—Yes—price of various qualities of jute.

Q. 40.—Through Union Boards and Co-operative Societies. In big hats and important jute centres wireless telegraphy with loud-speakers would be of assistance.

Q. 41.—Yes, by Government. Yes. We cannot express any opinion for the last part.

Q. 43.—Yes.

Q. 45.—No.

Q. 53 to Q. 56.—Yes.

No. 60.

Babu Rasik Lal Cuha, Merchant, Balurghat, District Dinajpur.

Dated the 20th March 1933.

Q. 1.—No. I am in favour of voluntary restriction.

Q. 2 (a).—It is not always possible.

Q. 2 (b).—The main object of regulation would be to restrict production and the likely effect of such regulation would be instead of raising the prices of raw fibre only to help to make the price somewhat steady.

Q. 3.—As the cultivators of our province are not quite familiar with the question of supply and demand of jute, and as they are not conversant with the world money market, and lastly, as the cultivators of our province are quite ignorant of the most up-to-date agricultural procedure and implements, at present regulation in the production will not serve its purpose. But in future, when the general standard of education of our producers will be raised, and when they will be in a position to understand the question of demand and supply, and also the question of world money market, then, and then only, such a regulation will serve its purpose.

Q. 5.—In my opinion the factors which depress the price of jute are manifold. Over-production is one of the factors no doubt, but that is not the only factor. And as regards over-production the cultivators are not to be blamed because sometimes the forecasting proves false. Hemp and paper are two products in competition with jute. Now-a-days gunny bags are being displaced by cement bags, and the want of research association, which discovers other useful purposes, as yet unknown, for

which jute would be used, are some of the factors which depress the prices of jute. Over and above all these, the world-wide depression is the immediate cause for the fall of price of jute.

Q. 6.—I have already noted that even in these days, when there is no regulation in jute production, foreign countries, such as Java and West Africa, are making attempts to produce jute in those countries, and other countries are making preparation to make some substitute for jute. But as the attempts in Java—the climate and soil of which are in parts almost similar to India—have failed, there is little danger of competition either in India or in some other foreign countries. So, jute industry in Bengal will not be materially affected by any competition which is not possible.

Q. 7.—Yes, when the cultivators will be able to study the world market, and when the system of scientific cultivation on a large scale will be possible in our province, then, and then only, the cultivators will join together and will understand the utility of voluntary plan.

Q. 8.—When Bengal has the monopoly of jute trade, then once the cultivators quite understand well the advantages of voluntary plan, and once they become familiar with the world's jute market, and once the forecasting of jute is correct, then there will be no fear of failure of voluntary basis.

Q. 9.—I am not in favour of regulation by legislation.

Q. 10.—Does not arise.

Q. 11.—Of course the purpose of jute regulation procedure can be well served by forming a Jute Marketing Board, under the Co-operative Societies system, which may control the production and marketing of jute.

Q. 12.—In order to utilize the lands which will remain fallow if there be any decrease in the area of jute, the most effective substitute for jute will be sugarcane and *araha*r in the high lands, *aus* paddy, *kheshari* and wheat in the low lands.

Q. 13.—Propaganda made by Government during the last two sowing seasons had some effect in restricting the production of jute. In my opinion, such propaganda should be continued in a more vigorous way. Lectures with lantern slides on the utility of voluntary restriction and scientific cultivation of jute should be introduced. Government agricultural farms should be established in the area where jute is cultivated on a big scale. Agriculturists should be united on co-operative societies' basis.

Q. 14.—The cost of cultivation of jute in a *bigha* is not less than Rs. 6 and the yield per *bigha* is not more than 3 maunds; and the cost of cultivation of *aus* paddy is not less than Rs. 4 and the yield is not more than 5 maunds per *bigha*.

Q. 15.—In the present conditions, the fair price level for jute, which would bring a reasonable return for the cultivator, would be as follows—

Standard—1st quality—Rs. 10 per maund.

Standard—2nd quality—Rs. 8 per maund.

Standard—3rd quality—Rs. 6 per maund.

Q. 16.—In my opinion, the chief factors which have brought about the fall in the prices of raw jute are many, of which special mention

should be made of the ignorance of peasants, over-production, the world-wide economic depression, the indebtedness of the Bengal peasantry and the want of co-operative system among the growers. As regards the fall of the prices of manufactured jute in Bengal, substitution of gunny bags by cement bags, and the endeavour of other countries, like Java and West Africa, to grow jute in those countries, are some of the causes. Hemp products have stood in the way of many manufactured jute goods. Paper is also being used in place of finished jute products.

Q. 18.—In view of the fact that jute is meeting with competition from paper and other substitutes I quite agree that agricultural research and propaganda works should be started at once under the supervision and financial assistance of the Department of Agriculture. And in this connection the Department of Agriculture should work conjointly with the Department of Industries and the Co-operative Societies Department of Bengal.

Q. 19.—I do not think that the present system of compiling and publishing the jute forecast is at all perfect and satisfactory. It is not beneficial from the point of view of the growers. It may be somewhat beneficial to the interest of the balers and mill-owners. As the method of publishing the jute forecast is not very perfect, and the producers are not well conversant with the statistics and other information regarding the demand of the jute every year, and moreover, as the system of scientific agriculture is not possible in our province, the present system of compiling and publishing the jute forecast does not materially help the grower. There should be a net-work of Co-operative Societies among the growers, and selling and buying associations should be established in the chief jute centres, and thus the holding powers of the jute growers should be substantially increased so that the distribution may be made in a more adequate way.

Q. 20.—The growers have little hand in the present methods of grading. The mill-owners and balers and the several associations, e.g., Indian Jute Mills Association, Calcutta Baled Jute Association, Calcutta Jute Shippers Association, Calcutta Jute Dealers Association and Bengal Jute Association, are the main bodies which generally control grading and marketing jute in the mufassal.

Q. 21.—Organised jute markets should be established in the various districts of Bengal, which produce jute on a big scale, under the co-operative system. These markets would be of great help to the cultivators.

Q. 22.—Establishment of Co-operative Jute Societies in the jute growing districts of Bengal is the only means, according to my humble opinion, by which the cultivators may be brought to a close touch with the jute balers, thus eliminating the middlemen such as *farias* and *beparis* and merchants (Marwaris and Europeans).

Q. 23.—The existing methods of distribution in the jute trade are as follows:—

- (1) The cultivator.
- (2) The *faria* and *Bepari*.
- (3) Merchants (Marwaris and Europeans).
- (4) Mills, balers and shippers.

[Babu Rasik Lal Guha.]

So, under the existing system, the producers get a very small margin of the profit in comparison with the labour and capital invested by them in the production of jute.

Q. 24.—Inasmuch as there is no direct touch between producers and the balers, the producers get a very low price, and the middlemen's profit, *i.e.*, the profit derived by *beparis*, *farias* and the merchants, stand in the way of getting a reasonable profit by the producers.

Q. 25.—At present the cultivators, owing to their indebtedness and want of power of holding, pledge or sell their crops, before they are harvested, to the village *farias* or *mahajans* at a very low price. So, in order that the cultivators may get a reasonable remuneration, there should be established selling associations under the co-operative system.

Q. 26.—The cultivators without knowing the real price which his produce can fetch are forced to sell or pledge their produce long before they are harvested and that is simply due to the want of co-operation among the producers and their want of power of holding.

Q. 27.—Cultivators generally borrow from the village *mahajans* who sell the produce to the nearest jute merchant, thus making a good middleman's profit. It is really correct that the village *mahajans* or the *farias* and the merchants of the nearest markets are the creditors of the growers, and because of their indebtedness to these *mahajans*, *farias* and merchants, they cannot demand a reasonable price from them.

Q. 28.—According to the system of cultivation of our province, the co-operative organisation among the cultivators is the only suitable system of marketing of jute. Rural Co-operative Societies should be established in every village, and mutual co-operation among the producers should be fostered and Co-operative Jute Sale Societies formed in the chief jute growing districts, and the Department of Agriculture and Industries should finance these organisations.

Q. 30.—At present, there is practically no fixed standard of quality on which business is done for export. It is the balers and mills which practically fix the standards at present and these standards vary from year to year.

Q. 37.—Though Mr. McDougall's marketing scheme, as published in the Report of the Central Banking Enquiry Committee (Appendix C), is not a perfect one but still I should say that he has studied the jute industry very closely and his scheme may be of great help to the producers for the present.

Q. 38.—The growers of jute at present get little market information. The village merchants and *farias* have no direct touch with the balers and mill-owners, both here and abroad, and that is why the growers of jute receive no information regarding market.

Q. 40.—The wireless telegraphy with loud-speakers at Calcutta, Chittagong and other jute export centres will be of great use to the exporters in getting direct touch with the world market.

Q. 41.—It is quite practicable on the part of the Government to purchase and hold back, for the time being, in the event of a possible slump in the market. This is possible specially in view of the fact that Bengal has got a monopoly in the jute trade and the demand for jute in the world market will remain for ever. No other substitute, at such

low cost of production, has yet been found in spite of vigorous attempts by different countries of the world. So long, Government showed a good deal of indifference to the jute trade of Bengal. But much capital and labour and proper organisation are urgently required at the hands of the Government in this direction, thus to save the poor cultivators from the clutches of the middlemen, such as *farias*, *beparis* and merchants, both here and abroad.

In this connection it should be further stated that research organisation should be established in the mufassal, thus to make the fibre more strong and durable, and at the same time, to help the cultivators to produce jute at a low cost of production in a scientific method.

I have no practical experience, nor have I responsible interest in other questions. So I am unable to give any opinion regarding all those questions. Moreover, Balurghat is not a chief jute growing subdivision. It is famous for paddy. So I have no practical knowledge regarding all the questions.

No. 61.

Mr. T. M. Dow, I.C.S., Collector of Nadia.

Dated the 22nd March 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes, effective regulation of the crop is only possible by taking careful note of the expected demands of the market.

Q. 2 (b).—The main object of such regulation would be to give the jute grower a fair and certain price for his crop. The likely effect would be to raise price for the present and to steady it in the long run.

Q. 3.—Question does not arise.

Q. 4.—The production of excisable crops like *ganja* and poppy are thoroughly state-controlled. The jute growing area would of course be immeasurably bigger than these and the task of controlling jute production would be immensely more complicated. The control of exports of raw material has been successfully tried in many countries by export duties, and the export of jute is much more amenable to control as it is practically a monopoly of Bengal. If Calcutta and Chittagong were declared to be the only clearing ports for jute its export could be controlled by Bengal.

Q. 5.—Both financial crisis and over-production depress the price of jute. An economic depression reacts unfavourably on the demand for manufactured jute and what would have been considered normal yield in a prosperous year becomes over-production in a bad year.

Q. 6.—If a jute regulation scheme were adopted the danger of competition from substitute crops would not increase provided that the price of jute be not raised above economic level.

Q. 7.—Not likely.

Q. 8.—If regulation of production is voluntary and not controlled, the cultivator is likely to grow more jute at the slightest rise in price.

Q. 9.—Regulation, to be effective, must be made compulsory by legislation. In my opinion a statutory body might be created in which the following interests should be represented:—

- (1) The jute growers.
- (2) The jute manufacturers.
- (3) The jute exporters.
- (4) The Agricultural Department.
- (5) The Co-operative Department.
- (6) The Administrative Department.
- (7) The Governments of Bihar and Orissa and Assam.

This body should be given powers by legislation—

- (a) to regulate production,
- (b) to fix standards and prices,
- (c) to market the produce, and
- (d) to levy a small cess on jute.

The jute mills and export balers would be debarred by law from buying jute except from this Committee. They would be required, at a reasonable time before the sowing season, to notify their requirements to this Committee. The Committee, after taking note of the total requirements for the year, and of the stock of jute in hand, if any, would fix and declare the total acreage that may be sown with jute for that year. They will next proceed, with the help of the experts in the Agriculture department, and after considering the normal yield of each district, to fix and declare the jute-growing area of each district for that year. These figures should be communicated to District Committees which should also be statutory bodies with powers to regulate production and marketing within the district. This Committee should be presided over by the District Magistrate and the jute growers should be strongly represented there. This Committee would, after necessary consideration, fix the area to be sown in each union. The Union Boards will finally fix the area for each jute growing cultivator. The procedure should be similar to that of Union Board assessment. If a cultivator produces more jute than his allotment, the surplus will not be taken off his hands. This will be possible, since the buying and selling of jute will be a monopoly as proposed in answer to Question No. 28. If the buying and marketing of jute can be made a close monopoly there will be no special difficulty in controlling production, though there will be, of course, evasions and attempted evasions in plenty, to begin with. To make the over-production of jute a penal offence is hopeless and could not work for a second, and the only way to control production is to be in a position to refuse to take, and to ensure that nobody else can take, any excess over clearly stated requirements. This means cutting out middlemen altogether and the difficulties, one can easily see, will be immense. But things have come to such a pass, and the actual producers are in such a bad way that, sooner or later, something must be attempted.

Q. 10.—(a) Union Boards would be very helpful in effecting compulsory regulation, and (b) Co-operative Societies in marketing jute. (c) *Zemindars* are best left out of this scheme as it might give them an undue power over the *raiyats*. (d) As for any other agency, the

help of the executive officers of the Government would be indispensable in any scheme of compulsory regulation.

Q. 11.—Unless strict and proper marketing arrangements are made there is every chance of the evasion of jute regulation procedure by many. It would also be unfair on the honest producer to restrict his production and then not to help him in getting a proper price and a fair market for his jute. The Central Committee should have the monopoly of selling jute to mills and balers and they should buy it at regulated and licensed markets either direct from the growers or through Co-operative Societies.

Q. 12.—Yes, the Governments of Bihar and Orissa and Assam should join the scheme to make it fully effective.

Q. 13.—Paddy for low lands and *rabi* crops and sugarcane for high lands might be the alternative crops. *Rabi* crops would also grow in low *char* areas. Propaganda and loans of seeds would encourage the *raiyat* to grow alternative crops.

Q. 14.—The propaganda during the last two seasons has had some effect in keeping down the area under jute, and it should be continued so long as there is a slump in the market, and so long as compulsory regulation is not introduced. The propaganda could be more effective by a more intensive campaign, and by telling the *raiyat*, with simple facts and figures, the real state of the jute market.

Q. 15.—The normal cost of cultivation of jute in the district is from Rs. 30 to Rs. 40 per acre and the normal yield is about 12 maunds per acre.

Q. 16.—Rs. 8 per maund should be a fair price level for jute under present day conditions.

Q. 17.—The world-wide trade depression resulted in definitely lowering the demand for manufactured jute, both at home and abroad. If supply had been restricted proportionately, the price would not have gone down so much, but that was not to be. The money scarcity which resulted from trade depression, and various other causes, pushed up the value of money abnormally, with the inevitable result that, the price level of all articles fell very low. Jute being practically the cash crop of Bengal, the *raiyat* turned to its production on a larger scale for the much needed money. The result was over-production and the lowering of the price practically below the economic level.

Q. 18.—Research, to find out means of lowering the cost of production and of improving the quality, should certainly continue unabated. Demonstration of effective methods would be more convincing than mere propaganda.

Q. 19.—The present system of compiling and publishing jute forecast is hardly useful to the growers, is fully beneficial from the point of view of the balers and mill-owners, and partly so for the middlemen. The reasons are not far to seek. The forecast does not reach the growers, and even if it did, they are much too disorganised to take advantage of the forecast and dictate prices. The mills and the balers are influential and organised. They can form an approximate idea of their total requirements; the forecast gives them the knowledge about the expected supply; and armed with this knowledge they (the buyers) dictate prices and control the market. Jute forecast will not be useful

[The Collector of Nadia.]

to the growers so long as they are not organised, and so long as this forecast of supply is not preceded by a forecast of demand.

Q. 20.—The present methods of grading and marketing jute in the mufassal are unsatisfactory because they are perfunctory and does not follow fixed standards. The worst sufferers are the jute growers and the greatest gainers are, possibly, the middlemen. The cultivator is at present too weak and disorganised to protest against the malpractices of the middlemen.

Q. 21.—There should certainly be organized markets for jute in every jute growing district. If a Central Jute Committee be established to regulate the production and marketing of jute, these markets should be under the general control of that Committee. There are quite a number of markets throughout Bengal which clear thousands of maunds of jute annually. A complete list of all these markets should be obtained and all, or as many of them as are found necessary, should be declared to be regulated markets.

Q. 22.—Formation of village co-operative societies that would market the jute from the actual growers is very necessary to eliminate the middlemen and his profit. At the outset, a co-operative society for a group of 3 or 4 villages should be aimed at which would, later on, extend to separate societies for each village.

Q. 23.—The replies from the subdivisions deal in detail with the work and method of the various middlemen.

Q. 24.—There is certainly a close relation between low price and the multiplicity of middlemen.

Q. 25.—Unsatisfactory and variable standards of weight used by the middlemen are marketing customs which are detrimental to the interests of the cultivators.

Q. 26.—Cultivators do pledge their crops before they are harvested but they do not resort to it unless they are forced. The standing crop is generally pledged 4 or 5 months before the harvest.

Q. 27.—The cultivators generally borrow from the village *mahajan*. In this district at least it would not be correct to say that the creditors are also the ultimate buyers of jute. Better credit facilities might be given to the growers by co-operative societies, but so far as jute is concerned, if marketing and production are controlled, even the usual indebtedness of the Bengal cultivator would not be able to affect the price he would obtain for his produce.

Q. 28.—Though the task would be immense the whole system of marketing jute should be in the hands of co-operative societies under the guidance of the Central Committee. The last attempt in Co-operative Jute Sale Societies failed because they had not the monopoly, and had to meet with unfair competition from the existing middlemen, for want of finances and of efficient direction. My idea of the future system would be that there should be village societies in every jute growing village. They will collect jute from the village and take it to the market. The market, organised on a co-operative basis, will have a marketing officer. The jute from the village will be weighed in the market and will be paid for at a fixed price according to the quality of the jute. The Marketing Officer will be in direct communication with the Central Committee daily, and on his informing the Committee about the stock of jute in hand, he will be advised to despatch his jute direct to a mill or to an exporter. As the Central Committee would be

previously aware of the requirements, and as it would be kept aware of the daily stock in every market, it would not be difficult for it to manage the distribution of jute quickly and easily. As to financing, the Provincial Co-operative Bank should be the financier. Every exporter and mill would be required, at the time of notifying their requirements, or later if found necessary, to deposit with the Bank an amount at least equal to the price of his requirement. This deposit will be an ordinary deposit and will bear ordinary interest. There will be branches of the bank at every market. The agent of the branch bank, on the advice of the Marketing Officer, will keep sufficient cash to meet the price of the jute sold in that market and will pay the amount on the requisition of that officer. The branch bank will keep the Provincial Bank informed daily about the amount of jute bought, stocked or despatched. The mills and the exporters, immediately on receipt of a consignment of jute, must pay its price to the Provincial Bank. They may issue cheques against their deposit in the bank. This, in a very broad outline, is the system which I would advocate and many details might need to be changed before it is found workable.

Q. 29 to Q. 34.—Answers to these questions cannot be given from the mufassal.

Q. 35 and Q. 36.—I do not advocate that standards for loose jute should be fixed by legislation because it would be too rigid. It would be better to empower the Central Committee to fix standard and to supervise the working of the standard.

Q. 37.—I have already given the outline of my scheme.

Q. 38 to Q. 40.—The growers of jute do not at present receive any reliable market information. At best, they hear village gossip about the rate of jute prevailing at the nearest *bazar*. This problem would hardly arise if production and marketing are regulated. But if they are not, then the market information, even if it is made available, would hardly be of any use because they are too disorganised to utilise it. Such information might be useful to the small middlemen of the villages but would leave the actual growers near by where they were. The daily market rate at Calcutta, if disseminated through wireless, might be of some assistance to the cultivator provided we can instal a loud-speaker in practically every village, which would be an impossible luxury at present.

Q. 41.—I do not consider it advisable or practicable to purchase and hold back jute in the event of a possible slump in the market.

Q. 42.—A market survey for jute is necessary before any scheme of regulation and marketing is launched. I have already dealt with marketing officers.

Q. 43 and Q. 44.—I have already dealt with these subjects in my previous replies.

Q. 45.—The co-operation of the Governments of Assam and Bihar and Orissa is necessary to make the scheme fully effective. Seats should be allotted to representatives of these Governments in the proposed committee and the respective Governments should get their share of the jute cess already proposed by me.

Q. 46.—Ordinary activities would be financed from the cess received. The buying and selling, as already mentioned, would be financed by the Provincial Co-operative Bank.

[*The Collector of Nadia.*]

Q. 47.—I cannot give particulars but it seems that the loss is likely to be permanent unless, by research, we can improve the quality of jute on the one hand and lower the cost of production on the other.

Q. 48 to Q. 52.—These questions can be best answered by business men.

Q. 53.—Research, to help the manufacturers, should certainly be financed by them, but if a Research Institute is established, which would also try to lower the cost of production of the raw material, it should be partly financed by the Jute Committee from out of its cess income.

Q. 54.—Any new line for the use of jute should certainly be brought to the notice of the world by propaganda.

Q. 55.—Advertisements and demonstrations in exhibitions of different countries would be helpful.

Q. 56 and Q. 57.—We have Trade Commissioners in London, Hamburg and one or two other European trade centres. They should do this work. The United Kingdom and Germany are the biggest importers of jute and we are represented there. The United States of America is not a great buyer of jute but if we get a Trade Commissioner there he might legitimately look after this work in America. Special Representatives, appointed purely for this purpose by the Central Committee would not, I am afraid, pay for their expenses.

Q. 58.—Our Trade Representatives in other countries will try to find other avenues for new business and will keep the Central Committee posted with statistics, etc. Their work, therefore, need not interfere with the present selling arrangements of Calcutta shippers.

No. 62.

Syed Ittihadali and Babu Satya Jiban Chose, Circle Officers, Kushtia, district Nadia.

Dated the 11th March 1933.

Q. 1.—Yes.

Q. 2(a).—We do not think it would be possible to regulate jute crop with reference to the expected demands because both products and demand will vary from year to year.

Q. 2(b) and Q. 3.—Regulation will prevent the abnormal fall of price and thereby save the hardship of the jute growers. It is possible to regulate jute production.

Q. 4.—Any scheme of control of raw materials that has been tried or proved successful has not come to our notice.

Q. 5.—We think that partly the financial crisis and partly over-production are responsible for the fall of price of jute.

Q. 6.—The jute regulation scheme adopted and price fixed at a reasonable rate, there is hardly any danger of competition from substitute crop, either in India or in other countries.

Q. 7.—No.

Q. 8.—Yes.

Q. 9.—Yes, the regulation should be made compulsory by legislation.

Q. 10.—Compulsory regulation should be implemented by Union Boards.

Q. 11.—The suggestion of creating a jute marketing board with a view to check the evasion of jute regulation will hardly be of any practical use, because the persons influencing the regulation will take the help of non-growing jute cultivator and sell the excess through them.

Q. 12.—Yes.

Q. 13.—For the selection of alternative crops it should be left to the cultivators, and we think necessity would teach them to utilise their lands to the best advantage.

Q. 14.—Yes, the propaganda produced some effect in keeping down the area of jute under cultivation and this should be continued.

Q. 15.—Lecture by magic lanterns and cinema performance will produce better result. The normal cost of cultivation per acre of jute is about Rs. 30 and the normal yield per acre of land is 12 maunds.

Q. 16.—Rupees 5.

Q. 17.—Trade depression and over-production are the main factors which have brought about the fall in prices.

Q. 18.—Agricultural research and propaganda might be given a trial, but we think that cost entailed for this will not be commensurate with the result arrived at.

Q. 19.—We do not see any defect in the present system of compiling and publishing the jute forecast from all points of view.

Q. 20.—Yes.

Q. 21.—We do not see why the establishment of organised markets should not be feasible in Bengal. The markets should be as many as there are *thanas* and the area should be co-extensive with that of *thana* area.

Q. 22.—If organised markets are created in every *thana* there is no necessity for formation of village co-operative society.

Q. 23.—The *farias* and *beparis*, as merchants, buy jute from the actual cultivators in the interior, and sell the jute to neighbouring jute business centres at a profit, which varies from 4 annas to 8 annas or 12 annas. They, as commissioned agents, act as middlemen in the transaction in the jute business centres and generally get 2 annas per maund as commission.

Q. 24.—We do not think there is any relation between the low price for jute and the multiplicity of the middlemen, because the growers have become clever enough to keep themselves informed of the current price of jute.

Q. 25.—Not to our knowledge.

Q. 26.—In rare cases the cultivators pledge to sell their crops before they are harvested. They pledge on the terms that the jute would be sold to them only.

Q. 27.—They borrow from money-lenders. It is not correct to say that in the majority of cases the creditors are also the ultimate buyers of the crops.

[Circle Officers, Kushiya, Nadia.]

Q. 28.—We think it will not be possible to bring the whole system of marketing jute into the hands of co-operative organisation, because of the magnitude of the task involved, and the little profit that will be levied therefrom.

Q. 38.—Yes, through newspapers and letters from agents.

Q. 39.—They are competent enough to supply information regarding stock, complaint from the buyers regarding quality, etc.

Q. 40.—The idea of establishing wireless telegraphy with loud-speakers for the purpose of supplying reliable information is quite good but the question of expenditure comes in.

Q. 41.—In the event of jute slump it would be very helpful if Government announces its willingness to buy and stock jute at a maximum price fixed by it. If the market is regulated in this way it will bring handsome profit by which the probable cost of working the scheme could be financed. To begin with, the Government may take loans.

Q. 42.—We do not see any necessity for carrying out market survey and also for the appointment of special marketing officers.

Q. 43.—We do not see there is any necessity for creating any Jute Committee for Bengal. The Agricultural Department would be able to cope with the work.

Q. 44, 45 and 46.—Questions do not arise.

Q. 47.—We do not think that there has been much loss to the jute trade through competition from substitutes because the price of hemp and papers is much higher than that of jute and their use is not so extensive as jute is.

Q. 48 to Q. 52.—Do not arise.

Q. 53 and Q. 54.—This may be given a trial.

Q. 55.—Special representatives be appointed in various countries who would popularise jute.

Q. 57.—By a duty on jute.

No. 63.

**Rai Sahib Bhabesh Chandra Ray, Subdivisional Officer, Ranaghat,
district Nadia.**

Dated the 15th March 1933.

Q. 1.—Yes.

Q. 2(a).—Yes.

Q. 2(b).—To raise for the present, but to steady in the long run, the price of the raw fibre.

Q. 3.—Does not arise.

Q. 4.—No.

Q. 5.—Production in excess of demand is mainly responsible for depression in the price of jute. It is not a fact that prices have been poor only at times of financial or other crises, although they have been poorer at such times.

Q. 6.—There is no fear of competition from substitute crops unless regulation is carried so far as to raise the price of jute unjustifiably beyond an economic figure.

Q. 7.—Not always. Cultivators are generally ignorant and, certain amount of compulsion would be necessary to bring them under a scheme of regulation.

Q. 8.—Yes.

Q. 9.—Compulsory regulation by legislation to a certain extent seems necessary, as cultivators are generally ignorant about their real benefits in these respects. Legislation should aim at the limitation of the acreage of cultivation.

Q. 10.—It would be desirable to utilise the (a) Union Boards and (b) Co-operative Societies for the purpose of implementing compulsory regulation.

Q. 11 and Q. 12.—Yes.

Q. 13.—Paddy for low lands and sugarcane and pulses for high lands. Seeds could be supplied free to cultivators by District Boards through the Agricultural Department.

Q. 14.—Propaganda for restriction during the last two seasons have been effective to a certain extent although it has not been so effective as it was expected. Yes, propaganda should be continued.

Lantern lectures and cinema shows might be arranged by the Publicity Department to make such propaganda more effective.

Q. 15.—Cost is about Rs. 80 per acre and yield about 12 maunds. No attractive crop is grown in this subdivision and hence it is not possible to supply the cost or yield per acre of the same.

Q. 16.—Rupees 10 per maund would perhaps be fair under present day conditions.

Q. 17.—Over-production and economic depression.

Q. 18.—Yes, the Department of Agriculture could be assisted by District Boards, Union Boards and Co-operative Societies, and also by Jute Marketing Committees to be established for the purpose of regulation.

Q. 19.—No, as the forecasts are only approximate and not accurate. It is necessary to make a field-to-field survey, and the function should be performed in future under the supervision of special marketing officers for jute.

Q. 20.—(a) No. (b) Yes. (c) Not always. (d) No.

Q. 21.—So far as this subdivision is concerned, there can only be three organised markets for jute—one at Bagula to serve the Hanskhali police-station, another at Ranaghat to serve Ranaghat and Santipur police-stations and the third at Kaliganj to serve Chakdah and Harin-gata police-stations. Yes.

Q. 22.—Village Co-operative Societies are not always successful owing to the ignorance and illiteracy of the people. The best course for eliminating the middlemen and middlemen's profit would be to empower the marketing committees to act as commission agents between the growers and the balers and manufacturers.

Q. 23.—There are 3 methods—(1) The *bepari* or the *faria* advances money to the cultivators at the sowing time and buys the crops from them when they are ready at the prevailing market rate in the villages. In this case the remuneration takes the form of profits, which are the

[The Subdivisional Officer, Ranaghat, Nadia.]

margins between the buying and selling prices. (2) The *bepari* or the *farja* advances money, as before, and buys the crops by deducting annas two per maund from the prevailing rate at Calcutta as commission. Here, the form of remuneration is commission. (3) The *bepari* or the *farja* advances money on interest and takes the crops in lieu of the total dues at the harvest time. The form of remuneration is profits, which are the margins between the total dues and the total receipts at the prevailing selling rate.

Q. 24.—Yes.

Q. 25.—The custom of giving advance to the cultivators (what is called *dadān*) by the middlemen is detrimental to their interest. The standard of measurement usually used by these middlemen is 5 seers for each 6 seers. This could be abolished if jute were purchased from cultivators by the marketing committees.

Q. 26.—Yes. About 5 months before. The terms are practically dictated by the *dadādar* and the grower has no voice of his own.

Q. 27.—Village money-lenders, who are also, in most cases, the ultimate buyers of the crops. The cultivators are thus at a disadvantageous position and cannot get a fair price for their crops. The funds at the disposal of marketing committees might be utilised in providing credit facilities to the cultivators. This could be supplemented by the establishment of Co-operative Credit Societies.

Q. 28.—This is hardly possible, and hence the necessity of establishing marketing committees.

Q. 29 to Q. 34.—The answer can be given only by actual exporters.

Q. 35.—It would be better to fix standard by legislation.

Q. 36.—There should be a central jute corporation and the supervision of the working of the standards might be entrusted to it.

Q. 37.—It appears to be quite a good scheme.

Q. 38.—No. The required information might be gathered by the central corporation and disseminated through the agency of the marketing committees.

Q. 39.—Yes. Information regarding the demand of the various standards of jute.

Q. 40.—Telegrams seem to be the best means for distant areas. Wireless telegraphy with loud-speakers would no doubt be of assistance at certain centres.

Q. 41.—Yes. This should be done by a jute corporation to be set up for the purpose. Yes, not by Government but by the jute corporation. The funds could be provided by the Government holding the entire share capital of the corporation.

Q. 42.—Yes. The special function of such officers should be to supervise the administration of jute control regulations and to prepare forecasts with the help of local bodies.

Q. 43.—A jute corporation like that proposed by Mr. MacDougall should be created.

Q. 44.—Refer to Mr. McDougall's scheme.

Q. 45.—Possibly not. The respective Government may be invited to let this Government know how best they could co-operate in our scheme of jute control.

Q. 46.—By Government, holding the entire share capital.

- Q. 47 to Q. 52.**—Cannot give any definite answer.
- Q. 53.**—Yes. This should be a branch of the present Agricultural Department.
- Q. 54.**—Yes.
- Q. 55.**—Publicity.
- Q. 56.**—Yes.
- Q. 57.**—The Jute Corporation.
- Q. 58.**—Cannot give any definite suggestion.

No. 64.

Maulvi A. Sattar, Subdivisional Officer, Meherpur, district Nadia.

Dated the 21st March 1933.

- Q. 1.**—Yes.
- Q. 2 (a).**—Yes, with elaborate machinery.
- Q. 2 (b).**—To raise the prices to a reasonably high level and then to steady them.
- Q. 5.**—Over-production and the activity of middlemen who transport jute from producers to exporting merchants. Even at times other than economic crisis over-production has lowered the prices of jute.
- Q. 6.**—There is no other crop which can substitute jute as far as I know. So no such competition is likely at present, particularly if the prices are kept at a reasonable level.
- Q. 7.**—No. Because they do not understand the underlying principles of regulation.
- Q. 8.**—Yes. Experience shows that such will be the case.
- Q. 9.**—Regulation by legislation is very desirable but it would be very difficult to regulate the production.
- Q. 10.**—Yes.
- Q. 13.**—For high lands, sugarcane or linseed can be substituted for jute. To encourage the *raiya*s, free distribution of seeds coupled with propaganda will be helpful. Moreover, they should be helped in disposing of their agricultural products.
- Q. 14.**—The propaganda was not effective. The propaganda should be coupled with some more tangible help in the form I have mentioned under Question No. 13.
- Q. 15.**—In Nadia, cost of cultivation per acre, including rent of land, is Rs. 32; average output, 12 maunds.
- Sugarcane—Rs. 93; output—90 maunds.
- Rabi crops—Rs. 15; output—6 maunds.
- Q. 16.**—Rupees 5-8 per maund.
- Q. 17.**—Raw jute—over-production, economic depression and holding of stock by people other than producers.
- Manufactured jute—economic depression.
- Q. 21.**—Establishment of such organised markets is feasible. Such markets would, to a certain extent, be advantageous to the cultivators.

Q. 22.—The formation of village co-operative societies is doomed to failure unless the *raiyats* are educated enough to know their own interest. They can form such societies only under some sort of compulsion, not on a voluntary basis.

Q. 24.—Yes.

Q. 26.—Yes, in some cases. Advance of money is given about 2 or 3 months before harvesting on condition that the jute grown would be sold at a certain price.

Q. 27.—From landlords, money-lenders and traders.

In the great majority of cases the creditors are ultimate buyers. It surely does affect the price which the cultivator is able to obtain.

Q. 28.—Co-operative organisation will end in failure.

Q. 37.—The defect of the scheme lies in the fact that it does not look after the interest of the producers. The corporation will mainly consist of business people who would fix the price; in other words, they will control the price wholly.

Q. 38.—In the majority of cases the growers do not get any market information. Even if they did, I doubt whether they would guide themselves in the light of such information received. Sometimes the middlemen supply wrong information to buyers to induce them to sell jute at a low price. Fortnightly information about the market can be sent to the Union Board in the form of pamphlets through local Sub-divisional Officer or through Marketing Board.

Q. 39.—Yes. The information regarding current price and expected rise of price, as also the condition of the market, would be helpful to the growers.

Q. 40.—Wireless telegraphy with loud-speakers will be of assistance.

No. 65.

Babus Ajit Kumar Sen and Sasanka Sekhar Majumdar, Circle Officers, Sadar, district Nadia.

Dated the 15th March 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes. By legislation and proper propaganda work as also by timely publication of forecast regarding the expected demands and of information regarding the existing stock.

Q. 2(b).—The main object of jute regulation is to stop over-production and surplus stock, thereby to bring in reasonable profit to the actual producers. This is likely to raise the price.

Q. 3.—Does not arise.

Q. 4.—The case of cotton in America—but the case is not similar with jute. Unless the particular kind of produce happens to be the monopoly of a particular country any attempt to control its production or export is bound to fail for obvious reasons. The case of jute is just the reverse—as it is a monopoly of India. It can be said to be no less a monopoly of Bengal in that the quantity of jute grown in Bihar and Orissa and Assam is very small in comparison with that grown in Bengal (out of total area of 3,000,000 acres in which jute was grown in 1928-29, the Bengal figure amounted to nearly 2,700,000).

It is thus needless to say that the control of jute production in Bengal is likely to produce the desired effect.

Q. 5.—Various factors generally co-operate in depressing the price of jute. Of these, over-production, on account of ignorance of market condition, appears to be the main reason. Crises, financial or otherwise, might be taken to be temporary reasons, and do not affect the trade in any way seriously in consideration of the economic principle of demand and supply, unless of course there is any danger of any substitute crops, which fact will, as a rule, tend to lower the rate of price. The question will be more elaborately dealt with in our reply to Question No. 17.

Q. 6.—Competition is apprehended mainly from hemp, paper bags, cocoanut fibres and iron wire. That hemp will not be able to compete with jute was amply manifested by the middle of the 19th century when the Russian hemp was completely ousted from market. The Indian hemp does not appear to be of good variety. Besides, hemp fibres (as also the fibres from cocoanut skins) are more costly than jute. Competition with paper bags and the like is feasible by mass production, which will considerably reduce the price of the manufactured goods from jute. The demand for raw jute is more in other countries than the manufactured jute. In order to compete with the substitute crops of other countries more jute mills are required to be started in this country with a view to manufacture articles of the kind the substitute crops will make. Here is also a new avenue for jute industry.

Q. 7 and Q. 8.—Not likely, as is evident from the fact that there has not been any decrease in area under cultivation in spite of propaganda work. Due to general ignorance and absence of knowledge as to the market condition, the cultivators are likely to grow jute more than the expected demand at the slightest rise of price.

Q. 9.—This is necessary and powers to regulate cultivation in the light of the expected demand may be delegated to the Jute Committee proposed by the Royal Commission on Agriculture. Normal area to be brought under jute cultivation ought to be fixed for each district *Union-wari* with a view to stop over-production.

Q. 10.—Union Boards may be employed and *zemindars* might be required to help in the matter.

Q. 11.—Yes, if any legislation is made on the point, and some disinterested persons (preferably officials of the Department of Agriculture) and actual producers are taken in the personnel.

Q. 12.—This is necessary. Otherwise there may be competition and consequent fall in prices. It is also necessary to specify the ports of exports (preferably Calcutta and Chittagong).

Q. 13.—Low lands—paddy and *rabi* crops (for *char* areas).

High lands—*Rabi* crops (for *char* areas) and sugarcane.

Proper propaganda work and distribution of improved type of seeds are necessary for encouraging the cultivator to grow the alternative crops. Seeds might be distributed as loans as is done in Japan—on certain conditions. The officers of the Department of Agriculture should move about a little more freely amongst the *raiyats* in order to give necessary instructions. If seeds are distributed as loans, such “moving about” will be a necessity. The cultivators are often forced to take

[The Circle Officers, Sadar, Nadia.]

loans of seeds from *mahajans* at a high rate of interest. This ought to stop and hence is the above suggestion.

Q. 14.—The last propaganda work has at least stopped any increase in area under cultivation. Mere propaganda without any statistical figures means nothing. To educate public opinion by deputing experts armed with statistical figures is what is indispensably necessary. Various associations and bodies, *e.g.*, District Boards and Union Boards, may be engaged for the purpose. The most fundamental thing appears to be the publication of a demand forecast before the growing season commences. Correct information regarding the surplus stock should also be given out.

Q. 15.—Jute—Rs. 30 to Rs. 40 per acre (average outturn is 12 to 15 maunds per acre).

Paddy—Rs. 18 to Rs. 21 per acre (Sadar Subdivision). *Rabi* crops Rs. 9 per acre (Sadar Subdivision). Sugarcane Rs. 40 per acre (Sadar Subdivision).

Q. 16.—Assuming that labour is to be paid in cash and considering that rents, etc., are to be paid, Rs. 7.8 to Rs. 8 per maund should be fixed as a reasonable price.

Q. 17.—Various factors have co-operated in depressing the price of jute. The following appear to have been the main ones:—

- (1) Over-production.
- (2) The universal scarcity of money and consequent trade depression. The very unequal distribution of gold is ascribed to be one of the reasons.

The American economic crisis of 1929, is also pointed out to be a cause.

- (3) Competition from substitutes.
- (4) Indian political troubles and boycott of British goods.

[*N.B.*—Great Britain and the United States of America were the principal countries where raw and manufactured jute used to be exported. The following figures will speak for themselves.

In 1929-30—

Great Britain—

Raw—Rs. 556 lakhs.

Manufactured—Rs. 314 lakhs (decrease from the previous year).

United States of America—

Raw—Rs. 552 lakhs.

Manufactured—Rs. 1,876 lakhs (decrease from the previous year).

In 1930-31—

Great Britain—

Raw—Rs. 223 lakhs.

Manufactured—Rs. 279 lakhs.

United States of America—

Raw—Rs. 104 lakhs.

Manufactured—Rs. 1,190 lakhs.

In 1928-29 Germany was the greatest purchaser of raw materials; in 1930-31 the figure came down to nearly one-third of the figure for 1928-29.]

Q. 18.—So far as India is concerned, elevators are expensive as the Royal Commission on Agriculture has pointed out. The process does not also appear to be as simple as it strikes at the first sight. The same must be the case with other countries where the system is in vogue. There is thus hardly any fear of competition on that score. So far as other forms of substitutes are concerned, paper bag for instance, the competition is to be somehow met, and proper research work appears to be necessary for this purpose. What is necessary is that the staff is to be made cheaper and of greater durability. The Royal Commission on Agriculture has not spoken very highly of the quality of Indian jute—especially that of the recent years—and it is necessary to find out how to improve the quality of the fibre. Hence is the necessity of proper research, and of the propaganda work in the light of the findings of such researches. District Board and Local Board may be employed for assisting the Department of Agriculture in this propaganda work.

Q. 19.—The existing system of compiling jute forecast is unsatisfactory as calculation on the basis of quinquennial average is *prima facie* wrong. It is obvious that quinquennial average is bound to differ from the actual outturn of a particular year. There is also no guarantee that any particular quinquennial figure will represent the actual state of things seeing that, for all we know, the figure may be that of a bumper crop—or of one below average. *The actual figure should therefore be published.* In my own opinion the gain from the existing system of calculation is on the side of (b) and (c) and (a) comes to be the loser.

Q. 20.—It is doubtful if there is any fixed method of grading in the mufassal area. Classification is generally done on the basis of length of fibres and colour. The matter is often left with the *beparis* or agents. It follows from this that so far as mufassal area is concerned, different method of classification is adopted for different jute areas, which is obviously detrimental to the interest of the actual growers. Only big firms have their own experts to classify the stuff. Yet the Indian jute was found to be unsatisfactorily classified by the Royal Commission on Agriculture. Some universal standard requires therefore to be fixed by legislation—the matter being placed in the hands of the Jute Committee as proposed by the Royal Commission on Agriculture.

The system of marketing (this will be presently dealt with more or less elaborately) is also unsatisfactory in that it does not bring the growers in actual touch with the balers—a number of middlemen intervening. The ideal should always be to give the actual producer his own due and the marketing and grading systems should both be changed with the spinning quality of the stuff, and as such, bad grading is only the growers of the legitimate share of profit but the community in general of really good stuff. Classification has got something to do with the spinning quality of the stuff, and as such bad grading is detrimental to the interest of the mill-owners (in a sense). The net result is that the brokers and the middlemen become the real gainers.

Fixed standards of weights and measures are also necessary for the benefit of the cultivators.

Q. 21. Yes. The number of markets will depend on the area under cultivation. So far as this subdivision is concerned, police-station [The Circle Officers, Sadar, Nadia.]

Chapra may have two (Bangalji and Bara Andulia) and the other thanas, one each.

Q. 22.—Yes. Jute Sale Societies (Co-operative) are possibly a hint.

Q. 23.—The system is not the same everywhere. Sometimes there are as many as four middlemen, viz., agent of the local *mahajan*, local *mahajan*, Calcutta *araddar* and broker. In some cases the local *mahajans* deal directly with the brokers and in others the agents work for the Calcutta *araddars* who transact with the balers. The agents do not receive more than about annas 2 per maund. The agent always appears to be a commission agent—the margins of the middlemen are bound to vary according to the distance to be covered—and as such, it is difficult to give any definite figure. It has been found that, when the local *mahajans* sell to the Calcutta dealers at Rs. 3-8 per maund, the actual grower does not receive more than Rs. 3 and sometimes even Rs. 2-12. In dealing with the balers, the Calcutta *araddars* are bound to make some profit in addition to the cost of transportation, which must be about annas 4 per maund, as I am told. The rates may be more or less according to the market condition. The agents are generally asked to purchase from the growers at some fixed rate: as such, if the market is high other middlemen are sure to get more than the usual rate. The case might just be the reverse in case the market is dull. Approximately speaking, the actual grower receives about Re 1-12 to Rs. 2 (sometimes more) less than what is paid by the mills. In the transaction the money-lending agents, viz., *mahajans*, reap the largest amount of profit.

Q. 24.—The larger the number of middlemen the lower will be the price the cultivators will get.

Q. 25.—The existence of too many middlemen is detrimental to the interest of the producers. What is necessary is to bring them in closer touch with the mills or exporters. Proper co-operative organisation is necessary for the purpose. In the present circumstances the middlemen are indispensable in that the producers cannot deal direct with the firms or exporters. They have neither the money nor the training. Their usual indebtedness also forces them to sell at whatever price they are offered. The Co-operative Jute Sale Societies have sufficiently hinted the line to proceed along. They have not been successful mainly because of the heavy establishment charges, as also due to the unsympathetic attitude of the competitors. In spite of all these drawbacks their place as exporter comes to be the third in the list. Some clear provision in the Act to the effect that Indian jute must be exported through sale societies appears to be necessary. These societies had their balers in Calcutta, and as such, middlemen could easily be dispensed with. In order to bring the actual growers in closer contact with the exporters (i.e., Central Society) small societies (with growers as members) might be started for the mufassal area. The Royal Commission on Agriculture seems to hold that the middlemen cannot be entirely dispensed with. If the transaction be carried through the sale societies the multiplicity of these middlemen will at least be abolished, and the only middlemen will be the agent who might deal with the actual growers.

Q. 26.—This is not a case here. It might be in other districts where, however, the system is more detrimental than above.

Q. 27.—(1) Local money-lenders.

(2) No.

(3) Does not arise.

(4) The Co-operative Banks.

The indebtedness of the Indian agriculturists is proverbial. This reacts on the quantity of stuff they grow. Unable to keep their produce in stock for any length of time they are often forced to sell it at whatever price they can get. They have hardly any cash money, and as such require to borrow for agricultural purposes. The private money-lending system therefore requires to be reorganised. The Money-lenders Bill for some provinces is a happy move in this direction. Loans of improved type of seeds on co-operative basis may also be arranged by Government. This has proved successful in many countries. The Co-operative Banks, too, require to be organised on a better line and public opinion should be educated for the purpose.

Q. 28.—*Vide* Question No. 25. The provincial and local banks used to finance these societies. It has been found that the jute export duty amounts to about 4 crores of rupees. Besides, some extra amount per maund is realised by the Improvement Trust of Calcutta (*vide* the Royal Commission on Agriculture Report). The amount realised as export duty goes entirely to the Central Government, and neither the Local Government, nor the agriculturists, derive any benefit from it. A portion of this money may easily be spent for financing the societies, and there is no reason why this provincial revenue should go to the Central Government seeing that jute is practically a monopoly of Bengal.

Q. 29.—Cannot be answered from here.

Q. 30.—“Bad velting, bad grading and selection and excessive moisture were characteristic of much of the jute exported.” This was the remark of the Royal Commission on Agriculture. It goes to show that the matter is entirely left with the businessmen, who have possibly their own experts to classify the stuff. Some official control appears to be necessary on the matter, and the work may be entrusted with the Jute Committee by proper legislation.

Q. 31.—Yes. *Vide* above.

Q. 32.—*Vide* above. Yes.

Q. 33.—Cannot be answered from here. This has, in a sense, been already replied to.

Q. 34.—Not in mufassal area.

Q. 35.—Yes. But the main objection appears to be that the quality of the stuff is not the same everywhere. As such, while the cost of cultivation will be the same everywhere, the rate of profit will vary according to the quality of the produce. The remedy appears to lie in supplying improved type of seeds everywhere, as also in taking special measures of cultivation (*e.g.*, manuring, etc.), for special areas. It is here that the Agricultural Department may prove useful. It should also be seen if different rates of price should be fixed for jute grown in different districts.

Q. 36.—This requires expert opinion. Jute Committee may supervise.

Q. 37.—This is undoubtedly an improvement over the present marketing system, but considering that here, too, the service of the [The Circle Officers, Sadar, Nadiu]

middlemen will not be dispensed with, the position of the actual grower will hardly be secure. As the proposed "corporation" is not necessarily going to be the exporter, the share of profit will not reach down to the actual grower. As an alternative, the following suggestion may be considered. The proposed Jute Committee (in the line suggested by the Royal Commission on Agriculture), will act in co-operation with the Department of Agriculture, and will be responsible for standardisation, prices, etc., and will be empowered to inspect the stuff before baling and export. Normal area to be brought under cultivation is to be fixed by legislation and the local officers and local bodies (preferably union boards) will be required to see that the cultivators act according to the provisions of law. The jute sale societies will be started with areas fixed under each, and it will have to be provided that the jute sown in the area under each society will have to be sold to these societies only. These societies may have some officer with powers to inspect, etc., the crop. The societies will, of course, have representatives from the cultivators. These societies will send the stuff purchased to the central societies, where baling, etc., will be done. It should be clearly provided that the export business will be carried on by these central societies alone. The question of financing the societies have already been discussed; besides, shares will be sold.

Q. 38.—The growers of jute do not get any market information whatsoever. According to the official figures, jute trade is carried on with some fixed countries. Their probable requirements, etc., should be ascertained beforehand and some approximately correct figure should be published before the sowing season begins. Along with this, the quantity of stock in hand should also be given. Information regarding the expected price and the quality preferred by the buyers is also necessary. The Government may take up the matter and the proposed Jute Committee may be entrusted with the work.

Q. 39.—Yes. *Vide* above.

Q. 40.—May be helpful. But the suggestions made under Question No. 38 may serve the purpose in a way, as the growers require the information only before they commence sowing. Although difficult, some direction as to what should be the approximate area to be brought under cultivation in each district, should be given. For this, it is necessary to collect figures regarding sale of jute, district by district. The proposed sale societies of the mufassal area may do so after collecting necessary information from the central societies. Otherwise, the information will have to be elicited from the exporters and various middlemen, by proper legislation. This means that the exporters and middlemen will be required to be licensed.

Q. 41.—The course will be unnecessary if the transaction is carried through the Co-operative Societies (Sales). If legislation be made to the effect that the jute is to be exported through the Co-operative Sale Societies Government need not take up the matter in their own hand. Being the genuine Government institutions they may hold back a portion of supply in case of slump. As for costs, the Government may advance money, or the societies may be authorised, by legislation, to float loans. Ultimately, the societies will be in a position to utilise the reserve funds created out of the profit.

Q. 42.—For the present, the Agricultural Department may take up the matter and its officers may be entrusted with the work. The co-operation of the local bodies will have to be sought. *Vide* also above.

Jute Committee may co-operate with the Agricultural Department in the work. For functions, *vide* below.

Q. 43.—The constitution and functions of the Jute Central Committee have been described in paragraph 30 of Royal Agricultural Commission Report. It will be helpful to have a Jute Committee on these lines.

Q. 44.—The Committee is to be a sort of advisory body to help Government, growers and dealers in the matter of policy as also of trade and agricultural development. It might serve as an information bureau (just as is the case with the Cotton Committee), and may thus prove really helpful to the Government, dealers and growers. Standardisation of the stuff, fixing of prices and inspection of the materials will be within its scope of duties.

Q. 45.—Co-operation with the other jute growing provinces is indispensably necessary and these provinces may have representatives on the Committee.

Q. 46.—A portion of income from jute duty, etc., should be spent for financing the Committee which should have a research institute under it on the line indicated in answer to Question No. 53. *Vide* also above.

Q. 47.—Cannot be answered from here.

Q. 48 to Q. 51.—All these have, in a sense, been discussed above. Fact remains that jute will have to compete with other similar crops, etc. New avenues of trade will have to be found out and regular research work will have to be undertaken in order to see how the stuff produced from jute may be made more durable and cheaper. That jute stuff happens to be less expensive has already been pointed out. As for foreign imports of the similar stuff they should be subjected to heavy duties both in this country, British Islands and other dominions. Co-operation of all these countries require to be sought for the purpose. The raw materials should be utilised more in this country than what is the case at present, and for this purpose, more mills are to be encouraged.

Q. 52.—Requires expert opinion.

Q. 53.—Yes. There may not be any difficulty in financing the department if the provincial jute revenue is not allowed to go to the Central Government. There may be additional income by levying heavier duties on the competitive goods imported from foreign countries.

Q. 54 and Q. 55.—Yes, but it is difficult to chalk out a clear outline. Generally speaking, the propaganda work should be directed to enlist the sympathy and support of the foreign Governments, and through them, their businessmen. Some sort of agreement with these Governments appears to be necessary, and such agreement is to be on the basis of reciprocity so that preference may be given by these Governments to Bengal jute, raw or manufactured.

Q. 56 to Q. 58.—Yes. The Royal Commission on Agriculture suggested Trade Commissioners, but in unimportant countries, Government Consuls may serve the purpose. They might advise the Indian Government which is to take the proposed Jute Committee in confidence. There must be co-operation between these representatives and Calcutty shippers.

[The Circle Officers, Sadar, Nadia.]

**Babu Akshay Kumar Bose, Subdivisional Officer, Chuadanga,
district Nadia.**

Dated the 18th March 1933.

Q. 1.—Yes.

Q. 2(a).—Yes, to a considerable extent.

Q. 2(b).—To prevent over-production and restrict production to the limit of probable demand.

Q. 4.—The co-operative movements of Ireland, Germany and Denmark have been working up to that ideal. Among these, Denmark has been successful to a considerable extent as regards control of manufacture of butter and marketing of eggs.

Q. 5.—The factors that depress the price of jute are mainly:—

- (1) Artificial variation in the demand for which the ultimate exporting agencies are mainly responsible.
- (2) Want of proper grading at the source.
- (3) Unsettled political conditions prevailing in the country.
- (4) World-wide economic depression. Prices are generally poor in times of financial and other crises, rather than due to over-production.

Q. 6.—There is a danger of competition from substitute crops if a jute regulation scheme is adopted, but if the scheme is worked on strictly business principles the danger can be reduced to a minimum.

Q. 7.—That would depend upon the scheme itself and how it is worked.

Q. 8.—Not necessarily, of course some effective propaganda and educating the jute growers in this matter will be necessary.

Q. 9.—I am against any such legislation.

Q. 10.—The Union Board and Co-operative Societies may be utilised for the purpose but not *zemindars*. Agricultural Associations and Rural Welfare Societies may also be utilised.

Q. 11.—I do not think so. There will be many loopholes for abuse which are likely to frustrate the object in view.

Q. 12.—To a small extent.

Q. 13.—For low lands—Paddy.

For high lands—Sugarcane and ground-nuts.

Propaganda as to the comparative advantages of the alternative crops, followed by facilities for their marketing, will be necessary.

Q. 14.—They have been partially successful in reducing the acreage. There is not much necessity of continuing the propaganda. The propaganda may most effectively and quickly be made through the medium of rural *hats*, where every villager assembles, by distributing leaflets.

Q. 15.—Rupees 4 per *bigha*. The cultivators, however, do the greater portion of the work by exchange of labour.

Q. 16.—Rupees 6 per maund for the cultivators.

Q. 17.—A dull market created by the absence of demand in foreign countries and encouraged by the factors that the cultivator, has got to dispose of his produce as quickly as possible out of sheer necessity even at sacrifice prices.

Q. 18.—Yes, the agricultural research and propaganda should continue but effort should be made to establish a greater personal touch between the Department and the agriculturists. For this purpose, supervisors serving under Central Co-operative Banks may be given the required agricultural training by the District Agricultural Officer and the results of research may filter through them and reach the actual cultivators. The Department of Agriculture and the Co-operative Department should work in greater co-operation along with the Union Boards.

Q. 19.—No, but it would be too costly to attempt greater precision. Under the present system one has to depend mostly on Presidents of Union Boards who do not always take the amount of care that is required. If the work is distributed between 9 members in a Union Board area and one or two villages allotted to each and a certain per cent. of work is checked by the Circle Officer and the President, Union Board, some improvement may be obtained.

Q. 20.—No. There is much room for improvement.

Q. 21.—Not under the present conditions. They will be disadvantageous to the cultivators rather than advantageous.

Q. 22.—Yes. The village Co-operative Societies, given the proper lead, might do a lot in this respect.

Q. 23.—Calcutta mills, Calcutta balers, jute merchants, *farias* and jute growers.

Local *farias* buy on cash or credit from growers and they sell to jute merchants. *Farias* cheat the growers in weighment. *Farias* generally undertake to supply to jute merchants a certain quantity of jute at the price prevailing on the date of supply.

Q. 24.—Certainly.

Q. 25.—There is a practice of taking 2½ to 4 seers per maund more as drirage, etc.

In some places weighment charge of 1 seer per cartload is realized.

Q. 27.—From the *farias* generally. The *farias* used to get advance from jute merchants. The system is gradually getting abolished in many cases.

Q. 28.—Yes, in spite of the collapse of the Pioneer Jute Sale Societies in this province I am emphatically of opinion, a continued believer in co-operation that I am, that it is possible to bring the whole system of marketing jute into the hands of co-operative organisations. To state briefly, the organization will be of jute growers themselves, to be financed by share capital to be raised among themselves and by advances on the security of their jute. The Co-operative Jute Sale Societies failed for defective organization, and also because they wanted to achieve too much and went beyond their depth.

[The Subdivisional Officer, Chuadanga, Nadia.]

Q. 31.—I think it is feasible to fix standards by legislation as suggested.

Q. 32.—I think that a system of standards will be of ultimate benefit to the growers and the trade though there may be some opposition in the beginning.

Q. 35.—Yes, I think that fixed standards will be of ultimate benefit to the growers and the *beparis*.

Q. 37.—Mr. McDougall's marketing scheme deserves careful study but I do not fully agree with the scheme as outlined in Appendix C.

The marketing scheme that I would advocate is some organisation, preferably co-operation of the jute growers themselves.

Q. 38.—No, excepting the rate that prevails in the neighbouring *hats*. Information regarding market conditions, both here and abroad, may be prominently published in a special notice board at subdivisional headquarters.

Q. 39.—Yes. Information as regards fluctuations in price and the particular kind of commodity in demand.

Q. 40.—*Vide* answer to Question No. 38. If the informations are similarly published at *thana* headquarters also they will reach the growers rapidly.

Q. 41.—This involves speculation, more or less, and should be left to non-official organisations including co-operative organisations for the purpose. Government might help co-operative organisations with loans and advances for the purpose through the Provincial Co-operative Bank on adequate security.

Q. 42.—Market surveys for jute will be helpful. Marketing officers should be entrusted with the functions of collecting and supplying correct informations.

Q. 43.—Yes.

Q. 44.—It should primarily be a Committee of Experts in which the different interests will be represented. The Committee should have a respectable status and the Hon'ble Minister in charge of Agriculture and Industries may be the President, *ex-officio*, of the Committee and it should have an official as Secretary.

Q. 45.—Yes, it can.

Q. 46.—The Committee should be financed by Government, if necessary.

Q. 53.—A separate Research Department is unnecessary. The Department of Industries might interest itself on the matter and rest may be left to private enterprise. Occasional distribution of prizes and rewards for specific objects might prove an encouragement to private enterprise.

Q. 54.—Yes.

Q. 55.—Through influential newspapers and by advertisements.

Q. 56.—Yes, this will be helpful.

Q. 57.—Government.

Q. 58.—The representatives will be responsible to collect and supply correct information and also such other information as the trade might require.

No. 67.

Indian Chamber of Commerce, Calcutta.*

Dated the 29th March 1933.

The present price of jute which a few days back dropped to Rs. 23 per bale of 400 lbs. of "Firsts" quality is perhaps the lowest on record in the present century. It should have been considered low even in the pre-war period as will be seen from the table of prices given below—

Year.	Highest.		Lowest.	
	Rs.	A.	Rs.	A.
1900	34	8	29	12
1901	35	0	25	4
1902	34	8	26	0
1903	35	0	28	0
1904	38	8	29	8
1905	47	8	37	8
1906	70	0	47	0
1907	65	8	32	8
1908	45	8	34	0
1909	35	4	30	0
1910	48	0	31	8
1911	63	8	43	8
1912	60	8	49	0
1913	87	0	61	8
1914	83	8	33	8

The Committee of the Chamber will examine here in brief the causes of the present low prices of jute. An unfortunate combination of lack of holding power and large surplus supplies is, in our opinion, responsible for the fall in the price of jute. During the last three years, due to falling prices, every one in the trade has lost so much money that it is not possible now for, either the merchants engaged in the trade or the cultivators, to withhold their supplies when the buyers do not feel inclined to purchase. On the other hand, the consumers are very favourably situated regarding the supply of the raw material. In the beginning of the 1932-33 season the jute mills of Calcutta had a carry-over of about 41 lakhs of bales which, at the present rate, represents about eleven months' consumption. There is no hope of any reduction in this huge stock by the end of the season. On the contrary, there may be a slight addition to it. In such circumstances, it is not possible for the sellers to make the buyers pay any increase in prices. In short, the position is this, that whilst it is possible for the consumers to keep out of the market for any length of time, the sellers cannot do so, hence the decline in prices. Unless the sellers are provided with more holding power, and there is a reduction in the large

* For oral evidence of the Chamber's representative *vide* page 536 *et seq.*

stocks carried by the buyers, it is futile to expect any improvement in the price of jute.

It is said jute is a monopoly of Bengal, and therefore its price should not have shared the fate of other commodities, the production of which is not the monopoly of any one particular country. No doubt, jute is a monopoly, and no country has so far succeeded in challenging this position, the decrease in the demand for this commodity being merely due to less international movement of goods. But the mere fact that we are the sole producers of a commodity cannot prevent its price from falling. A position of monopoly can be utilised to the advantage of the producers only if the producers are able to regulate their supplies in accordance with demand and do not force their production on the buyers. It will be seen from what we have said above that neither of these conditions exists at present in the case of jute so far as the producers are concerned. The Government of India, the rail and steamship companies engaged in the transport of jute and the jute mills of Calcutta are the only parties who have been able to utilise the monopoly of jute to their advantage.

The Committee of the Chamber believe that, if suitable steps are taken, it is possible to ensure a fair margin of profit to the cultivators of jute. The Government of the country, which alone can take those steps, has failed to show any appreciation of the serious fall in the income of the jute cultivators. For the last three years, the whole of Bengal has been united in asking the Government to come to the rescue of the cultivators; but that demand has always been refused on the ground that artificial interference with the laws of supply and demand is always fraught with danger. Two and half years back, at a conference convened by the Bengal National Chamber of Commerce, all sections of the jute trade combined in asking the Government of India to expedite the appointment of the Central Committee for jute, which was recommended by the Agricultural Commission, and which was promised to us by the highest in the land. We hope the appointment of the present Enquiry Committee is an indication of the fact that the Government are now alive to the plight of the jute cultivators.

No scheme designed to ensure a fair price to the cultivators of jute can succeed, unless it is supplemented by a scheme of regulation of production. During the present economic depression, efforts have been made in other countries to hold back excess supplies from the market. But this has meant only loss of public money and postponement of the evil day, because no efforts were made, or were possible, to control the output in succeeding years.

It may be argued by those who are opposed to schemes of restriction that so far no country has been able successfully to apply a scheme of restriction to any commodity. First of all, the conditions that exist in the case of jute do not exist in the case of other commodities. In no other commodity is production confined to one single country. Mr. N. R. Sarkar, in his speech delivered at a conference of jute interests held at the Bengal National Chamber of Commerce on the 17th October, 1930, has very ably dealt with this aspect of the question.

In spite of the fact that British possessions produced only about 70 per cent. of the total rubber supplies of the world, the Stevenson plan was adopted with great success, and had to be abandoned only

when it was found that production in other countries was going up considerably, reducing the share of British possessions to only 50 per cent. of the total. The price of kerosene oil and of German dyes in India has been kept at a high level by combination. To those who doubt the success of any plan of restriction about jute, we would recommend a study of the history of the jute mill industry of Calcutta. Ever since the jute mill industry was established here, there have been only rare occasions when all the mills have worked to their full capacity. The industry has always tried to regulate production in accordance with world demand, and has thereby always ensured a certain measure of prosperity for those engaged in it. Even now, when we are passing through the worst economic depression, the jute mill industry is, perhaps, the best paying industry in India. It is also curious and significant that, whenever it is proposed to control the output of raw jute, those engaged in the manufacturing of jute are the strongest opponents of such proposals.

If it is accepted that regulation of production is necessary, the next question that requires consideration is, what are the means that can be employed to achieve this purpose? In our opinion, it is dangerous to embark on any scheme of marketing, involving large sums of money, on the strength of a mere voluntary restriction of production. Recently, even such a highly organised industry as the jute mills of Calcutta, the control of which is confined to a few firms, had to seek Government intervention to enable it to come to an understanding regarding regulation of output. How, then, is it possible for the millions of cultivators, whose individual interest is more or less insignificant compared to the huge stakes in a jute mill, to effectively carry out a scheme of regulation of production by mere propaganda? Besides, unlike the jute mills, there is always a tendency on the part of the cultivators to increase their sowings as soon as they are able to realise a good price for their jute. The result is a big crop, and it takes several years for the position to right itself. The 1925-26 season, during which the cultivators were able to get a very good price for their produce, was followed by an abnormally large crop which enabled the consumers to store their godowns with jute to the limit of their capacity. The cultivation of jute is not simultaneous all over Bengal. If it is known that the cultivators in some districts are reducing their output, what is there to prevent other districts from taking an undue advantage of that position? During the last two seasons sowings have been on a restricted scale simply because the cultivators have realised very low prices for their produce. If by withholding surplus stocks the price had been kept above a fixed level, the cultivators would probably have produced a normal crop, and the surplus would have grown to unmanageable proportions. If the cultivators are not to be forced to sacrifice their jute at very low prices before they can realise the necessity of restricting their output, some sort of control will have to be applied.

After careful consideration, we suggest a scheme which is a combination of voluntary and compulsory restriction. We have made certain suggestions later on regarding the method by which the price of jute is to be kept up above a certain minimum and the way in which that scheme is to be financed. Should that suggestion be adopted and a cess levied, as suggested, and a Board constituted to administer that

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fund, that Board may carry on propaganda amongst the cultivators in the beginning of each season, explaining to them the position regarding stocks and requirements. If by voluntary restriction the crop is kept within the desired limit and the Board does not find it necessary to purchase any jute, compulsion would be obviated. But if due to excess production, the Board should be obliged to purchase a part of the crop to maintain prices, it should have the authority to regulate production. Through the agency of Union Boards, or some other administrative agency, a record should be kept of all lands put under jute each season by each individual cultivator. If it is necessary to reduce production, the licensing system, as proposed in Dr. N. C. Sen Gupta's Bill, may be introduced with suitable modifications. Besides, normally, it would not be quite expedient to regulate production. It will be necessary to do so only when the price falls below a certain level, and the control will be relaxed as soon as normal conditions are restored. Under this scheme, there will be no danger of its being utilised in such a way as to send up prices beyond a reasonable level.

If it is found that regulation of production to suit world demand can be achieved, whatever the means, the next question that requires consideration is the setting up of some organisation whereby the cultivators can be assured of a fair return for their labour. For reasons given hereinafter, the Chamber finds itself unable to support the scheme that was prepared by Mr. McDougall. The scheme proposes to set up an elaborate machinery to replace the present trade organisation. The more elaborate a scheme, the greater the chances of abuse by subordinate officials and consequent breakdown. Mr. McDougall says that his proposals are merely the outline of a scheme of stabilisation of price. But in the very next paragraph of his scheme it is proposed that prices shall be fixed in advance in consultation with the various interests involved. Though it is not mentioned expressly, the intention of the scheme apparently is to fix a price for the crop of each season and that *stabilisation* will be confined to that season only. The method of fixing the price, as proposed by the scheme, is not at all desirable. It is proposed that a *Corporation*, which shall consist of the representatives of consuming and growing interests, shall fix the price for each season. There will be naturally a tendency on the part of each section to fix as high or as low a price as may suit its own interest. Whether it is desirable to give such arbitrary powers in the hands of a body of men whose decision may make a difference of crores of rupees to the growers and consumers, is a matter which requires very serious consideration. Besides the objection set forth above, a closer examination of the scheme will show that there are other difficulties in the way of its adoption. The quality of jute grown in different places varies considerably and the quality of the jute of individual cultivators also varies. The scheme proposes that each lot tendered is to be kept separate by the collecting authorities and that the final payment is to be made after assortment by the purchasers at the central depot. Anyone acquainted with conditions in the jute trade will see that there are practical difficulties in the way of each individual lot offered by cultivators being kept and transported separately to the central depots.

Evidently, Mr. McDougall was not familiar with the conditions in the jute districts and the jute trade, as can be seen from his remark

that the retail price of the manufactured article would not be influenced to any appreciable extent by the difference of, say, four rupees per maund on the raw material.

The McDougall scheme says that manufacturers shall notify the Corporation of their requirements at the beginning of each season, and shall be bound to take the amount specified. So far as the jute mills in Calcutta are concerned, it may be possible for them to do so to a certain extent, but as regards overseas consumption it is impossible to get any such notification, as the consumers are spread all over the globe. If it is intended that the shippers here should declare the quantity on their behalf, naturally they would not like to take this responsibility.

What is necessary is not that prices should be stabilised but that the cultivators of jute should get an assurance that the jute grown by them will not be sold below a minimum price which may be decided after taking into consideration the cost of production. To achieve this purpose, the scheme suggested by the Bengal Jute Growers Association in their communication to the Government of Bengal in September last is more suitable.

The suggestion is that an organisation should be set up with adequate funds which should be prepared to buy jute at the minimum price fixed. As regards funds, it is suggested that a cess of say, two annas per maund, may be levied on all jute exported out of India and consumed by the local mills. This cess, even at the present restricted scale of production, will yield about 45 lakhs of rupees a year. We suggest that instead of imposing a cess a part of the proceeds of the jute export duty should be earmarked for this purpose. If necessary, a loan can be raised on the security of this income to finance the purchasing of jute. But, the Chamber would suggest, it will not be necessary for the proposed organisation to raise any loans because the mere existence of a powerful body with ample resources and willing to purchase all available jute at a fixed rate will keep the price above the minimum. It may be necessary to purchase jute only if the supplies are very much in excess of demand. If such a contingency arises the Board can correct the situation by regulating production.

As regards the composition of the Board, we suggest that a small body like the Tariff Board should be constituted. The members of the Board should be salaried whole-time men. They should not represent any particular interests. We are not in favour of setting up a body consisting of the various interests concerned because there are so many interests concerned that it is impossible to satisfy all unless a very big body is set up. Besides, the presence of different interests will prevent the Board from discharging its duties in a satisfactory manner. If it is not necessary to raise loans for the purchasing of jute and pay interest thereon, then a certain portion of the income may be used in building warehouses, conducting technological research and such other schemes as are likely to better the economic condition of the growers.

The scheme proposed above will not only ensure a minimum price to the cultivators of jute but is simple in operation and the burden of providing the necessary funds is thrown on the cultivators themselves. Besides, it has not the effect of fixing a maximum price as the McDougall scheme does. We are passing at present through a period

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of severe depression, and are naturally inclined to think of the minimum price; but if, fortunately for all, prosperity is restored, there is no reason why the cultivator should not get the fullest advantage thereof.

Jute Standards.—The position regarding standards of quality for jute is, in some respects, worse than the position of cotton as described by Mr. W. R. Meadows of the United States Department of Agriculture.

Mr. Meadows' complaint was that they were shipping cotton against standards of which they were not furnished copies and that, when the cotton reached the other side, it was arbitrated against an unknown standard before a Board of men who represent the buyers and on which no American shipper had any American representative. The conditions in the jute export trade are similar to what has been described above, whilst in the case of local trade the conditions are still worse.

Jute is to Bengal much more than what cotton is to the United States of America. This Chamber has several times drawn the attention of the Government to the desirability of fixing standards of quality by legislation. The Federation of Indian Chambers of Commerce and Industry passed a resolution on the subject at its annual session held in Calcutta in the year 1928. Both the Provincial and the Central Banking Enquiry Committees have recommended the fixing of standards by legislation. But the Government have, we regret to say, done nothing in the matter. We attach herewith a note* on the subject which explains how, by manipulating standards, the mills are able to bring about a sudden fall in the price of jute.

Freight rates.—Another matter which we find has escaped the notice of the Enquiry Committee is the question of freight rates both for inland and external transport. The transport agencies concerned are, by combination, keeping up freight charges at a very high level. Recently, there has been a considerable reduction in freight rates all over the world, but the freight on jute has been kept unchanged by the agencies concerned. On the contrary, in some cases to make up the loss in revenue due to fall in the freight for other commodities, the freight for jute has been increased. For jute moved from the mufassal to Calcutta the freight charged by steamship companies is higher than what it was in 1918 when the price level was much higher. We are informed that it is possible to bring down jute to Calcutta by country boats at less than half the charge, but it is not done so because the mills will not accept that. It is also our information that the freight for other commodities, moved over the same distance, is much less than what has to be paid for jute. For some time past, some trade organisations have been trying to bring about a reduction in freight charges; but the railway company and the steamship companies concerned have turned a deaf ear to these proposals. We submit a statement showing the freight charged on jute and other commodities over equal distances. It will be seen from all these that the fullest advantage has been taken by the transport companies of the position of monopoly whilst the poor cultivators have been suffering from acute economic distress due to fall in the price of jute. The Committee should go thoroughly into this question and should recommend to the Government of Bengal to take suitable steps to effect a reduction in these charges.

*Vide page 198 et seq.

Export Duty.—The export duty on jute and jute manufactures is a specific duty; and therefore its burden is not adjusted according to a rise or fall in the value of the exports. Due to the present low prices the export tax has become a heavy burden on the cultivators. The duty on raw jute works out at about one-third of the value realised by the cultivators. Efforts should be made to lighten this burden because the cultivators who contribute this tax get no benefit out of it.

Currency policy.—Although the Committee of the Chamber believe that it is possible to raise the general price level by adoption of a suitable currency policy and thus to benefit the agriculturists, they have not referred to questions of currency and monetary policy in this memorandum as the Government of Bengal have decided that they are outside the terms of reference of the present enquiry.

With these preliminary observations, the Committee will deal with the questions in detail.

Q. 1 to Q. 5.—Have been dealt with in our preliminary observations.

Q. 6.—No. Unless the price is pushed up beyond a reasonable level.

Q. 7 to Q. 11.—Have been dealt with in our preliminary observations.

Q. 12.—Yes. A system of quotas can be arranged on the basis of the average production of the previous five seasons.

Q. 13.—That is a matter which primarily concerns the Department of Agriculture of the Government of Bengal. So far as our information goes, paddy can be grown on the low-lands and sugarcane can be easily and profitably grown on the up lands. Starting demonstration farms, free supply of seeds and propaganda.

Q. 14.—In connection with the extent of sowings the price realised in the previous season is the determining factor with the jute cultivators. Before the sowing season starts information should be supplied to the cultivators regarding the stocks carried by the consumers and the probable requirements for the next season, the condition of the market and such other information as may be of use to the cultivators in deciding the extent of their sowings. Steps should be taken to see that such information does actually reach the cultivators.

Q. 15.—The Provincial Banking Enquiry Committee has estimated the cost of cultivation to be about Rs. 6-8 per maund. Since then, there has been a falling off in wages and other charges. We are informed that if cultivation of jute is done by hired labour the cost of production would probably come to about Rs. 4-8 per maund. The yield per acre of jute is about 16 maunds. We have no information about other crops.

Q. 16.—An average price of Rs. 6 per maund in the mufassal is a fair price level for jute under the present circumstances.

Q. 17.—General economic depression, excess supplies, reduction in the holding power of the producers and merchants, exchange difficulties and decline in international trade.

Q. 18.—We hear from time to time that paper and other substitutes are competing with jute. Such reports generally come from the consuming centres, but no statistics are available. We have no definite

information regarding the extent to which jute bags are being displaced by the use of elevators and bulk shipment, but we fail to understand as to how the production of better quality jute can eliminate this competition. Though we have no definite figures, the cost of a paper bag must surely be considerably cheaper than that of a jute bag. In order to capture an insignificant portion of the trade, it is not desirable that the entire production of jute should be sacrificed at ruinous prices. In our opinion, it is not possible to effect any further reduction in the cost of cultivation so far as the cultivators are concerned. As regards jute manufacturers, it is possible to do so. We have suggested in our preliminary observations another direction in which the cost to the consumer can be reduced, that is, by reducing the transport charges. The jute export duty being a specific duty has, owing to the fall in the price of jute and jute manufactures, become a very heavy tax. It should be abolished or its burden should at least be lightened.

Q. 19.—So far as the cultivators are concerned, they derive no benefit from the present forecast, though their interests are affected by the rise or fall in the market as a result of the publication of these figures. As regards the traders, they are able to form their own ideas with the help of the reports published regularly by several jute firms. Besides, the publication of these forecasts, sometimes causes considerable disturbance to the market. We suggest that weekly reports should be issued showing the progress of sowing, as compared to the previous season, weather in the jute districts and condition of standing crops as is done by several private firms. The publication of weekly reports will prepare the trade for the publication of the final forecast which will not come as a surprise.

These forecasts have been criticised on the ground that sometimes there is a big discrepancy between the actual import and the estimated outturn. We do not agree with this view. Compared with Cotton Reports published in the United States of America, the jute forecasts are many times fairly accurate.

Q. 20.—So far as the cultivators are concerned they do not sell jute on grades. They sell their jute as it is produced in the fields. The *farias* and *beparis* also do not sell according to any specified grades because they do not make any forward sales. They sell ready goods only, the quality of which is open to inspection by the buyers before fixing the price. We have been informed by some important merchants that the practice of fixing the price of jute on the basis of assortment has been introduced in several upcountry markets. The balers who purchase jute from *farias* and *beparis* assort it according to the standards current in Calcutta and ship it to Calcutta to be sold to either the *pucca* balers or to the mills. As regards marketing we do not think the present system is satisfactory. According to our information the cultivators sell the bulk of their crop in their villages to the *farias* and a small part of it at *hats* that are held regularly in all parts of Bengal. We are informed that in many cases no regular scales are used and jute is sold by the cultivators on *dharo-ganti*, i.e., the cultivators prepare their jute into small bundles of an approximate weight and the weight is ascertained by counting the bundles. It is complained that in many *hats* unauthorised deductions are made from the price paid to the cultivators, and that, in some cases, scales and weights are manipulated, and many times false objections regarding

quality are raised if the market declines before the price is fixed. On the other hand, we are informed by several merchants that the cultivators and *farias* resort to watering jute, especially when the market has a rising tendency. This puts the purchasers to unnecessary loss as they have to pay allowances to the buyers if jute contains more than certain percentage of moisture. Besides, the quality of jute is damaged by watering. Another question that requires attention, is the question of weights. We understand that the weight of one seer varies from 55 *tolas* to 110 *tolas* in the different parts of Bengal. It is, therefore, not easy to compare the prices prevailing in any two districts or even in any two villages. Owing to the diversity in weights, the ignorant cultivators are never in a position to know as to whether they are getting a fair price for their jute or not. We, therefore, suggest that by an act of legislation the weights in Bengal should be standardised.

Q. 21.—We consider it feasible to establish such markets in the various districts in Bengal. When the cultivators will find that they get a better return by taking their jute to such markets naturally there will be a tendency on their part to take their jute to such markets. It is difficult for us to give the number of such markets, but it can easily be ascertained by the Committee by finding out the number of places at which regular *hats* are held where jute is brought for sale by the cultivators.

Q. 22.—Yes. By the formation of co-operative societies on right lines the services of unnecessary middlemen can, to a certain extent, be dispensed with, but we doubt very much whether that will mean any additional return to the cultivators because the co-operative societies will have to incur certain expenses for the management of their business, and we think that what represents the middlemen's profit will go in the way of expenses of co-operative societies.

Q. 23.—The *farias* and *beparis* are generally petty dealers. They purchase jute from the cultivators and sell to the balers. In some places the *beparis* act as commission agents for the balers and charge one anna per maund as their commission.

Q. 24.—No. On the contrary, during the last three years, owing to continuous fall in prices, the middleman has been giving a sort of bounty to the growers of jute by buying jute at a higher price and selling it to the consumers at a lower price. This can be seen from the fact that practically every firm engaged in the jute trade has lost large sums of money during the last three years.

Q. 25.—Has been dealt with in our answer to Question No. 20.

Q. 26 and Q. 27.—No. Up to some times back some of the balers used to advance money to the *farias* and *beparis* on interest, the object being to get supplies at proper time. But owing to general financial depression, this has been discontinued.

Q. 28.—From the experience of the working of the co-operative jute sale societies and from enquiries made regarding the working of co-operative credit societies, we are of opinion that in the present backward state of the cultivators it is not desirable to bring the whole system of marketing jute into the hands of a co-operative organisation. First of all, the management expenses will be very heavy, and secondly, we are doubtful, whether the cultivators will get the full benefit of the proceeds realised. Illegal gratifications and deduction

are likely to absorb not an inconsiderable portion of the dues of the cultivators.

Q. 29.—Dundee spinners buy jute according to the terms of the Dundee Jute Association. Other countries buy on London Jute Association Contract terms.

Q. 30 to Q. 32.—There are certain fixed qualities on the basis of which sales are made to foreign countries. Some shippers sell their own private marks, the quality of which varies according to each mark. The exact description of each quality is not defined anywhere though the trade has a fairly good idea of what is expected against each quality. The names of the various qualities do not vary from year to year as in the case of sales made to jute mills. For sales made to Dundee spinners arbitration is held in Dundee and in the case of sales to other countries arbitration is held in London. The London Jute Association appoints both the arbitrators. The sellers have no representatives on the panel of arbitration. Arbitration charges are very high and sellers naturally try to settle all claims amicably by offering some allowance. Shippers protect themselves by taking from balers a letter of guarantee whereby the sellers are bound to pay all allowances and arbitration expenses. Under a Home Guarantee letter the sellers are not responsible if the jute is invoiced back, but cases of invoicing back are rare as the shippers will not ship the jute if it is so inferior to the standard as to be liable to be invoiced back. There is now a tendency on the part of the balers to sell their jute direct to the spinners. The Home Guarantee is peculiar to the jute trade alone. In the case of sales made to the jute mills the standards vary from season to season. Besides, the panel of arbitrators consists of either the representatives of the mills or their brokers. The arbitration charges are also very high. We suggest that the system of Home Guarantee should be abolished. All standards of quality for dealings in jute should be fixed by legislation. A Jute Grading Board on the lines of the Licensed Measurers Department of the Bengal Chamber of Commerce should be established which should be managed by the representatives of the various associations connected with the jute trade. Types may be prepared for each season and duplicates may be supplied to the buyers if desired. So far as we know, except Dundee spinners, the Continental and other spinners will be willing to buy jute on Calcutta arbitration terms.

Q. 33.—In our opinion the various methods of marketing jute in Calcutta are not satisfactory. Jute balers purchase their requirements mostly from Hatkhola and Cossipore markets and a part of it on forward contracts. Jute in the Cossipore market is sold immediately on arrival by rail. In Hatkhola, jute is stored in the godowns of sellers or commission agents. For purchases made in Cossipore weightment is done in the press house of the balers, but in the case of purchases made in the Hatkhola market, jute is weighed in the seller's godown. When weighing is done in the buyers press-house, balers deduct one seer of jute per bale of 3½ maunds which is known as *dhalta* allowance. Many balers also deduct brokerage at the rate of 1 per cent., a part of which is given to the brokers and a part is retained by the balers. They also deduct cart hire and tarpaulin charges. Owing to the favourable terms which the balers get for purchases made in Cossipore, they naturally like to buy their requirements in Cossipore, and go to

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Hatkholā only when they get jute there about two annas per maund cheaper. For these reasons imports in the Cossipore market are increasing. Jute is sold immediately on arrival by rail, otherwise heavy demurrage charges have to be paid; such a state of affairs is not desirable from the sellers' point of view. We suggest that licensed warehouses with proper railway siding facilities should be established in Cossipore so that sellers may be able to hold back their jute when the prices are not favourable to them. If proper warehouses are established it will be easy to arrange financial facilities against the security of the jute stored there. For forward purchases all balers have their own separate contract forms.

In the case of purchases by jute mills, most of the purchases are made for forward deliveries on the basis of certain standards, which, at present, are L.R.'s and X.L.R.'s. These standards have varied considerably during the last ten years. The Managing Agents of most of the jute mills are also agents of insurance companies, and they insist on jute sold to them being insured with the company with which they are associated. We are informed that it is possible to bring down jute from the mufassal by country boats at half the freight that is charged by the railway and steamship companies, but owing to the difficulty in delivering that jute to the mills, it cannot be done. We have no association for jute like the East India Cotton Association of Bombay, on the governing body of which every section of the cotton trade is represented and which controls all dealings in cotton in Bombay. In the absence of such an institution certain sections are able to impose their terms on others. We suggest that a central association like the East India Cotton Association of Bombay should be established which should settle the terms of the various contracts that are to be used between buyers and sellers so that no section of the trade may be at a disadvantage.

Q. 34 to Q. 36.—Have already been answered by us.

Q. 37.—We have already expressed our opinion regarding Mr. McDougall's scheme, and we have also suggested an alternative scheme to ensure a minimum price to the cultivators of jute.

Q. 38.—The growers of jute at present receive practically no information about the market. The only information that they sometimes get is the quotations in the Futures Market. We are informed that many cultivators go to railway and steamer stations to know the Futures quotations. In the organised markets established in Berar, the Market Committee makes arrangements about getting by telegram the latest quotations in the Bombay market, and these quotations are posted in a prominent place so that the cultivators who bring their cotton for sale know the trend of the market. In the case of jute, the present position is not satisfactory. The cultivators should be supplied with information about Calcutta market. If, as we have suggested in our preliminary observations, a Board is established, that Board can very easily make arrangements to supply such information to the cultivators. Regarding supplying of information to merchants, they are in a position to get all the information that they want. The only direction in which we can suggest an improvement is that at present very little information is available regarding the extent of stocks in the hands of foreign spinners. Some arrangement should be made to get this information.

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Q. 40.—Yes.

Q. 41.—We have dealt fully with this question in our preliminary observations.

Q. 42.—Yes. The question has been discussed in detail by the Report of the Agricultural Commission and we do not like to repeat the arguments used by the Commission. A detailed survey regarding the marketing of jute will, in our opinion, prove of use.

Q. 43 to Q. 46.—These questions have been discussed very often by the trade. If the suggestions made by us in our preliminary observations are not accepted, then, we are in favour of the appointment of a Central Committee for jute. We would, however, like to draw the attention of the Committee to the resolution passed by the Federation of Indian Chambers of Commerce and Industry in the session held at Calcutta in the year 1929, about the constitution of such a Committee. The success or otherwise of the Committee will depend very much on the manner in which it is constituted. Some of the functions that may be entrusted to this Committee are:—

- (1) The improvement of marketing conditions.
- (2) Supplying of information to the cultivators.
- (3) Technological research with a view to finding other uses for jute and reducing the cost of cultivation and improving quality.
- (4) Promoting legislation to help the jute growers.

The Director of Agriculture, Bengal, should be *ex-officio* Chairman of the Committee. The Committee can function without the co-operation of the Provincial Governments of Assam and Bihar, but we do not see any reason why these Governments should not co-operate in a matter which is likely to improve the condition of the cultivators. The Directors of Agriculture for Assam and Bihar may be invited to serve on the Committee. As regards finance, we approve of the method that was proposed, that is, levying of a small cess on jute exports and a corresponding reduction in the export duty on jute.

Q. 47 to Q. 50.—We have no figures about the extent to which trade has been lost to the jute industry from substitutes. We understand that Russia, which used to buy about three lakhs of bales of jute from India, has stopped buying because they have succeeded in producing a fibre from which they can make bags. This is evidently a part of Russia's policy to make that country independent of imports from other countries, and not due to the fact that they have been able to produce a fibre on a commercial scale which can be produced cheaper than jute. We also understand that in North America there has been some substitution by paper bags but we have no figures available, regarding the extent to which this substitution has taken place. If paper can be used in place of jute bags it will be done so because it will never be possible to compete with paper nor is it worth our while to do so. As regards the use of elevators and bulk shipments in the grain carrying trade, the Chamber has also heard of it, but is not in a position to state the extent to which such displacing has taken place. We have no figures available to us by which we can know whether it is really cheaper to handle commodities in that manner. We suggest that efforts should be made to secure this information by

sending out a representative to North America, Australia and Argentine. It is not possible to form any opinion on the information that comes from consumers, because no proper statistics are supplied and there is a tendency to exaggerate even some small substitution. In fact, we have been hearing of substitutes ever since the jute industry assumed any importance.

Q. 51.—Recently, some of the jute mills have started manufacturing carpets, durries, and curtains out of jute. This is a matter which requires technological research. The jute mill industry which ought to have carried on such research has so far failed to do so. Owing to the position of monopoly, they had no difficulty in selling their produce. In fact up to recently, this was practically the only industry in the world in which no effort to dispose of the production was necessary. The jute mills of Calcutta could have very easily carried on such research work and can do so even now.

Q. 54.—We do not think propaganda in other countries will in any way help the jute trade, but we favour the suggestion to appoint special representatives in the principal jute consuming countries. A beginning may be made with New York and Buenos Ayres. About 90 per cent. of our hessian exports are taken by North America and Argentine.

Q. 57.—The appointment of special representatives may be financed partly by the jute mills and partly by the Central Jute Committee that may be set up.

Q. 58.—They should work under the Central Jute Committee. The appointment of such representatives will not in any way interfere with the working of the shippers. In fact it will be a help to them. The Chamber has reasons to believe that the jute mill industry in the past has paid very little attention to the complaints of buyers. In our opinion, the appointment of such representatives will be of great help in bringing the consumers and producers together.

A Note on Jute Grades and Standards.

When transactions are entered into for spot delivery, or on the basis of a sample, the question of standards does not arise. The goods are there and the buyers can inspect the quality at the time the transaction is entered into.

But when business for a forward delivery is transacted, it is essential that the various grades, under which a commodity is dealt in, should be clearly defined, and such definitions should not be subject to change by either the buyers or the sellers unless mutually agreed upon. In all important trades of the world such grades and their definitions are mentioned either in the contracts or in the rules and regulations of the various associations which control such transactions. Jute is the only commodity in which such definitions of grades do not exist.

The various grades under which jute transactions are carried on are nowhere clearly defined, and are subject to constant fluctuations and interpretations according to the whim and fancy of the buyers. In case of a dispute regarding quality there is no test provided for by

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which the quality could be decided to the satisfaction of both buyers and sellers.

All sales of jute made to the local mills are made on the basis of various grades which, during the last ten seasons, have been known as 1's, 2's, 3's, 4's, 5's, 6's, R.'s, X.R.'s, L.R.'s, X.L.R.'s, H.J.R.'s, T.R.'s, B.T.R.'s, and so on. The quality of jute to be tendered against each grade is not defined either in the contract or in the rules of the Indian Jute Mills Association. The result is that the quality to be tendered against each grade varies not only in the different seasons but even in any one season there are frequent changes.

A good deal of confusion prevails in the trade owing to these constant changes. The sellers are never able to know as to what they are expected to deliver against their contracts. They make sales of lakhs and lakhs of bales on a certain understanding, and by the time of delivery they find that the grade, which they had contracted to deliver, has appreciated very much with the result that, they have to pay a heavy allowance, or deliver jute far superior to the quality originally agreed upon, thereby suffering loss without any change in the market. No seller under such circumstances can ever hope to make profit. During the last several seasons the importers have been put to a loss of crores of rupees by such appreciation of the standards.

In the case of a dispute between the buyer and seller regarding the quality of a particular lot, there is no basis on which the arbitrations proceed. The only basis described in the contract is what is known as the "Standard of the Mark," which means that the quality of jute to be tendered against each grade will vary according to the standard set up by each individual seller.

Regarding the basis of arbitration we will quote here what one of the buyers themselves, Mr. C. A. Wild of Messrs. Anderson Wright & Co., said at a meeting of the Indian Jute Mills Association held on 21st January 1927. He said that he did not think that the "Standard of the Mark" was a clear enough basis and if they bought on this standard and the matter ever went to court it would be very difficult to prove that standard. He pointed that it would benefit the trade in general if everybody agreed to buy their requirements on a common basis *so that their contracts represented actually what they bought.*

These frequent changes operate detrimentally to the interests of sellers. By means of manipulation of standards, the buyers are able to bring about a hidden fall in the price of jute.

Suppose the jute grades are known as 1, 2, and 3 and that the price for them is Rs. 5, Rs. 4 and Rs. 3 per maund, respectively. The mills after buying a little jute stop all of a sudden buying No. 1. In the absence of any business for No. 1, the sellers will naturally begin delivering in No. 2 all the jute that they used to tender in No. 1, though they get a lower price for No. 2.

The mills after some time stop buying No. 2 also and commence buying another grade known as No. 3. The result is that all that was being tendered in No. 1 and No. 2 begins being tendered in No. 3 which means that the jute which sold at Rs. 5 per maund begins to sell at Rs. 3. It is only as a result of such frequent appreciations that a quality known as L.R.'s, which is inferior to even Rejections, is at present the top quality in the loose jute trade.

We will now give concrete instances of this sort of manipulation by the jute mills. In the season 1925-26, the grades 4's and R.'s and T.R.'s were in force. (The 1's, 2's and 3's had already vanished in the way explained above.) A lower grade called B.T.R. was invented later on in the same season. It will be interesting here to give the full meaning of the word B.T.R. It is, Bad Terrible Rejection. But in spite of its rather terrifying name it was quite good jute from which the mills could spin a high percentage of hessian.

The Jute Mills Association saw that the grades had reached their lowest point; they could not possibly go below Bad Terrible Rejections. They therefore decided that for the season 1926-27 the grades will be changed. They wanted to change the names so that they could play their favourite game of appreciating the standards. By their letter, dated 20th January 1927, they informed the Calcutta Jute Dealers Association as under:

"Regarding the arrangement of jute marks for next year it will be noted by your Association that for the next season the marks at present in force will go up two grades instead of one as previously agreed between your Association and this Association."

No reason is assigned for this change. The will of the Jute Mills Association is law in the loose jute trade.

In the year 1928 the Bengal Jute Dealers Association carried on a good deal of correspondence with the Indian Jute Mills Association on this subject. In their letter addressed to the Jute Mills Association on the 2nd of May 1928, they said:—

"The present grades of jute have been changed very often during the course of the last few seasons, which has resulted in creating many misunderstandings between buyers and sellers.

The 1926-27 crop was sold under the grades 4's, R.'s, T.R.'s, B.T.R.'s. Your Association decided for certain reasons that for the season 1927-28, these marks would go up by two grades, i.e., 4's, T.R.'s and B.T.R.'s of the 1926-27 would be known for the season 1927-28 as 2's, 3's, 4's and R.'s, respectively. When, however, goods began to be delivered against contracts, it was found that there was a great difference between the quality of jute expected by the buyers and the quality which the sellers expected to deliver. This led to great confusion and the sellers had frequently to change their instructions to their mufassal agencies.

The importers were thereby not only put to great deal of inconvenience but suffered heavy losses owing to the difference in standard of the various grades in the beginning of the season and that which prevailed later on. Mr. G. Morgan, the Chairman of the Calcutta Jute Dealers Association, in a meeting of that Association held on the 28th March 1928 referring to this question said:—

"The only unfortunate matter was the question of jute marks and standards which had been decided upon for the season 1927-28 but had not been adhered to in the dealings with the mills."

The Committee beg to make it clear that they do not want to propose any definite guarantees of their own. They leave this question entirely in the hands of your Association. They have not the least objection to your Association fixing any guarantees they like, but what my Committee want is that a standard which is both definite and

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tangible should be fixed, once for all, for dealings between the sellers and the consumers of jute."

It will be seen from the above letter that sellers did not want to propose any definitions of their own. They only wanted that the standards should be fixed. But the Jute Mills Association did not accept this very reasonable request.

After a good deal of agitation over the question, the Jute Mills Association issued a circular on the 22nd June 1929, a copy of which is given below:—

"I am directed to refer to Circular No. 57-D., dated 7th June 1929, on the above subject, and to state that the two suggested modifications of the arrangement set out in Circular No. 35-D., have met with the unanimous approval of the mills in the membership of the Association.

2. I am to recapitulate, for the guidance of members, the arrangement now in force:—

- (a) *The marks for all future seasons, whatever the quality of the crop, to be 1's, 2's, 3's, 4's and R's.*
- (b) *With the exception of weedings and seed jute, which will be packed and sold separately as usual, no marks other than 1's, 2's, 3's, 4's and R.'s to be recognised by the mills in any circumstances.*
- (c) *The mark "1" to represent jute of a superior quality unsuitable for general mill consumption.*
- (d) *The mark "4" to be straight morahed and to contain not more than 70 per cent. sacking weft.*
- (e) *"R" to be the lowest mark; to contain no straight morahed jute, and arrangement regarding 10 per cent. hubby jubby to be abolished.*
- (f) *2's and 3's to be sold either on the standard of the mark or on guarantee terms, according as mills desire."*

The Jute Mills Association have not observed the declaration made in the circular. Rejections instead of being the bottom mark has become the top mark. In fact practically no business has been done during the present season for Rejections. Two new grades called L.R.'s and X.L.R.'s have come into existence.

Before the present basis "Standard of the Mark" was introduced there used to be what is known as yield guarantees for each grade. For the present season owing to the combination of European and Indian sellers it has been possible to confine dealings to the grades fixed in the beginning of the season and yield guarantees have again been reintroduced. But there is nothing to prevent the buyers or sellers from changing this arrangement at any time.

It might be useful to examine here what other countries have done for the protection of the interests of their cultivators. Cotton, jute, hemp and wool are some of the most important textile fabrics of the world. The United States of America are the most important growers of cotton. They have, in order to protect the interests of the cotton cultivators, passed a Cotton Standards Act whereby they have made it a penal offence for any subject of the States to deal in cotton except on standards fixed by the Act. In Australia, which is the biggest producer of wool, practically the whole crop is sold on sample and therefore the question of standards does not arise there. With regard to

hemp, the Phillipine Islands are the biggest producers. They have passed an Act whereby they have set up a Hemp Classification Board and no hemp can leave the shores of the Islands without being classified by that Board, and the foreign buyers are compelled to accept that classification.

To protect the interests of sellers the various standards for dealings in jute should be fixed by law.

A Jute Grading Board may be established and the quality of all jute exported out of India may be classified by that Board.

No. 68.

Rai Bahadur Suresh Chandra Chatak, Collector of Mymensingh.

Dated the 27th March 1933.

I have obtained reports from various quarters in this connection and I am sending herewith a copy of a note prepared by Babu Subodh Lal Banerji, Circle Officer, Sadar*. Questions which are of a purely technical nature are not expected to be dealt with by Subdivisional Officers or Circle Officers; but, with the exception of points which raise purely technical issues, all important items appear to have been suitably dealt with in the Circle Officer's note. I am accordingly sending you a copy of the note prepared by this officer and consider that it will be found to contain materials of a useful nature in connection with your enquiries.

If I may be permitted to lay stress on certain points at this stage, I beg leave to note the following items on which attention may be concentrated:—

- (i) The desirability of assuring the cultivators a guaranteed price so as to cover the cost of growing with a reasonable margin of profit.
- (ii) The elimination of such middlemen as *farias*, *beparis*, etc.
- (iii) The safeguarding of the interests of cultivators against the inroads made upon them by *mahajans*.
- (iv) The restriction of the area of jute as far as possible, the object being to supply the needs of a reasonable demand on the one hand and to prevent over-production on the other.
- (v) The possibility or otherwise of bringing rural co-operative societies to assist in dealing with the situation—such societies being run through the agency of Union Boards as far as possible.

While these objects may be in view, it has at the same time to be recognised that they may not be easy to enforce in practice, as trade

*Vide page 203 et seq.

in jute, like any other trade, largely depends on world economic conditions. The idea of controlling production by legislation may be difficult to materialise in practice; but, having regard to the economic condition of the Bengal cultivators, something may yet have to be done by intensive propaganda.

No. 69.

Babu Subodh Lal Banerji, Circle Officer, Sadar, Mymensingh.

Dated the 14th March 1933.

Q. 1.—The output of jute should be controlled in order to balance the demand and supply and thus secure a stabilised price to the grower.

Q. 2 (a).—Yes.

Q. 2(b).—The main object of such a regulation would be to bring about an equilibrium between the demand and supply of the produce. The cultivators, who have no knowledge of the normal demand of the market, have a natural tendency to increase their output, in the hope of getting a higher price for the crop than the previous year. The effect of regulation of production would be, certainly, to stabilise the price of jute, even if it is not enhanced.

Q. 3.—Does not arise

Q. 4.—Attempts have been made, of late, to control the production and export of coffee, cotton and wheat by the Governments of Brazil, America and Australia, respectively, through Marketing Boards and other agencies. They have not been generally successful, mainly because the crops in question are not the monopoly of the respective countries and are grown in other parts of the world as well.

The case of jute, however, stands on a different footing, so far as India is concerned. Attempts have been made to grow the crop in Java, West Africa and America, but they have failed. There is, therefore, reason to believe that jute is the *monopoly crop* of India and is not grown in any other part of the world.

Q. 5.—Low price of jute is due to (a) over-production and consequent absence of competition amongst the buyers, (b) inability of the growers to withhold their stock from the market for any considerable period, and (c) general trade depression.

Q. 6.—There is hardly any such danger. Hemp is the only substitute crop but it is too expensive to enter into competition with jute.

Q. 7 and Q. 8.—I am not a believer in voluntary regulation. That is possible only where people are sufficiently advanced in intellect and education to realise the benefits of a restricted output.

Any success achieved in one year, would lead people to increase their production in the following year.

Q. 8.—Production of jute should be controlled by legislation. The *raiyat* should not be permitted to grow jute on more than 25 per cent.

of his normal acreage under jute, even if he has to leave some of his land fallow. The allocation must change, of course, every year according to the requirements of that year. But, in any case, none but recognised growers are to be allowed to grow jute.

Q. 10.—There should be a Rural Jute Association for every jute growing *mauza*, composed of members, who will be the actual growers. These associations should keep an exact record of the outturn of each member and the acreage of his holding. There should be a District Jute Association for each district, on the lines of the Central Co-operative Banks and a Jute Corporation for the whole province. The Corporation shall ascertain from the mill-owner and manufacturers, their requirements for the year, at the beginning of each season and it should have power to dictate what quantity of jute is to be grown for the year, and also to fix the price of the raw material. Each Rural Association should, accordingly, restrict or increase the output of its members.

Q. 11.—The Rural Association should be able to detect any evasion of the jute regulation procedure on the part of its members.

Q. 12.—Co-operation of the Bihar and Assam Governments will be necessary.

Q. 13.—I would suggest (a) *boro* paddy, (b) deep water *aman* paddy, and (c) the deep water sugarcane as the alternate for low lands; and (a) sugarcane, (b) tobacco and (c) potato as the alternate crop for the higher land. Seeds should be distributed at the cost price to the cultivators and the necessary propaganda in this direction may be done by the Agricultural Department.

Q. 14.—Jute restriction propaganda should be continued. It had certainly the effect of keeping down the acreage under jute cultivation to some extent. The propaganda may be made more effective by means of cinema lectures.

Q. 15.—

	Normal cost of cultivation per acre.	Normal yield per acre.
	Rs.	Mds.
Jute	40 to 45 at present	17 to 18
Alternative crops—		
(a) <i>Boro</i> paddy ..	15	25
(b) Deep water <i>aman</i>	15	20
(c) Sugarcane ..	125	75
(d) Tobacco ..	25	6
(e) Potato ..	120	50

Q. 16.—Rupees 6 per maund would be a decent price in view of the present day conditions.

Q. 17.—Fall in the price of raw jute is due to the following factors: (i) production in excess of requirements; (ii) inability of the cultivators to withhold their jute stock from the market for a considerable period, and (iii) lukewarmness on the part of buyers; because of the fact that they have already sufficient stock in hand to supply the wants of the

The Circle Officer, Sadar, Mymensingh.

mill-owners and manufacturers for several months, without having to buy anything from the growers.

Fall in the price of manufactured jute is mainly due to (i) the world-wide trade depression, and (ii) to some extent to the displacement of jute bags by the use of elevators and bulk shipment in the grain carrying trade, and (iii) also, owing to competition from paper and other substitutes.

Q. 18.—Propaganda and research by the Department of Agriculture should continue.

Q. 19.—The present system of compilation of the jute forecast is defective. The figures supplied by the Presidents, Union Boards, and *Panchayets* should be checked on the spot by officials of the Agricultural Department. Formerly, jute forecast clerks used to tour from place to place and collect figures from the villagers. Figures so obtained used to be more accurate than the figures supplied at present by the recalcitrant Presidents and *Toushil Panchayets*.

Q. 22.—This can be effected by means of Rural Jute Associations as suggested in my answer to Question No. 10.

Q. 23.—Following kinds of middlemen are found in my circle:—

(a) *Farias*.—These are petty merchants buying jute direct from the cultivators from their doors and selling the same to the *beparis* at a profit. They have no standard weight and as a rule they buy more than 80 *tolas* per maund.

Sometimes *farias* are found to purchase jute from the cultivators at the local *hats*. They are known as *chataiwalas*. They always dispose of their jute to the *beparis* and never hold any in stock.

(b) *Beparis*.—They are the connecting link between the jute firms and the *farias*. They sell jute to the jute *Babus* at contract system and sometimes even enter into forward sale with the firms. They are acquainted with the prevalent rates of the Calcutta market.

(c) *Commissioned Agents*.—They are appointed by the jute firms on commission system to purchase jute. Usually they receive a remuneration of 1 anna per rupee, or 6½ per cent. over the purchase.

Q. 24.—The cultivators are certainly losing some money on account of the middleman's profit.

Q. 25.—*Faria* system should go. The *raiya*s should be encouraged to sell their produce direct to the jute firms through the *beparis* or commissioned agents at the Calcutta price.

Q. 26.—This is not done here.

Q. 27.—The cultivators generally borrow from money-lenders, *Kabuliwalas*, co-operative societies, rural banks, loan offices, *talukdars* and *zamin্দars*. They are not generally the buyers.

Q. 38.—The jute growers do not get any direct information regarding the jute market of Calcutta and abroad. But they receive certain information from the *beparis* and the commissioned agents, at which they sell their jute. They can be supplied with correct information through the President, Union Board, *toushil panchayets*, post office and the *thana*.

Q. 51.—The Calcutta Technical School is manufacturing various kinds of *ashan* (আশন), bags, deck-chair canvas, cheap carpets, badminton and tennis nets from jute fibres, with the help of hand looms.

No. 70.

Khan Bahadur Maulvi Sharfuddin Ahmad, Chairman, District Board,
Mymensingh.

Dated the 28th March 1933.

Q. 1.—No.

Q. 2 (a).—Yes.

Q. 2 (b).—Does not arise.

Q. 3.—It is possible but not desirable.

Q. 5.—Absence of Government interference, over-production and monopoly of trade. It is not a fact that prices have been poor only at times of financial crisis nor are they low due to over-production alone.

Q. 6.—Regulation is not desirable.

Q. 7.—No.

Q. 8.—Yes.

Q. 9.—Legislation not necessary.

Q. 10 and Q. 11.—Do not arise.

Q. 12.—Yes.

Q. 13.—In the case of decrease in the area of jute, we suggest cultivation of sugarcane in both low and high lands. The *raiyats* may be encouraged by establishing sugar-factories in important centres.

Q. 14.—Not to any appreciable extent. Propaganda not necessary.

Q. 15.—Yield per acre is 10 maunds in the average, cost being Rs. 60 per acre in the Mymensingh district. The alternative crop, *viz.*, sugarcane yields 75 maunds per acre, cost of production being Rs. 150 per acre in the Mymensingh district.

Q. 16.—Not less than Rs. 10 per maund.

Q. 17.—So far as prices of raw jute are concerned, the fall is due to—

- (1) absence of state interference,
- (2) trade monopoly,
- (3) publication of forecast, and
- (4) absence of jute industry on extension and intensive scale in Bengal.

Q. 18.—Yes. The Department of Agriculture may be assisted by the District Board.

Q. 19.—Injurious from the point of view of growers, because the mill-owners, balers and middlemen taking mean advantage of the forecast fix the price at a much lower level than what it should be and the growers are not in the least benefited as it is published after jute has already grown.

Q. 20.—From the point of view of (a) growers, and (b) community generally the present method of grading jute is arbitrary and injurious, and that of marketing, unscientific, disorganised and therefore, unsatisfactory.

Q. 21.—Yes. So far as the district of Mymensingh is concerned, every Union Board having at least one jute market, the number will be—, every market would approximately serve an area of 10 square miles and such markets will be advantageous to the cultivator.

Q. 22.—Village co-operative societies will not work satisfactorily.

Q. 23.—A *faria* as merchant purchases jute from the growers in most cases without paying them in cash but only with the promise to pay afterwards and then sells the jute to a *bepari* at a higher price in the same *bazar* and then pays off the growers. The *bepari* then sells the jute to the baler.

As a commissioned agent the *bepari* enters into contract with a baler that he would supply a certain quality of jute within a specified time fixed by the baler himself and would get a commission at a certain rate per maund. The *bepari* in his turn employs a number of *farias* to collect jute at a price lower than the stipulated one.

Q. 24.—The multiplicity of middlemen is, to a considerable extent though not mainly, responsible for the low price.

Q. 25.—Yes, the system of weighing prevalent in this part of the country is that the stone is hung up with the scale by a rope weighing generally $2\frac{1}{2}$ seers and in some cases more, and thereby the growers are being cheated.

This system may be abolished by introduction of stones having chains permanently attached with them.

The baler in his turn deducts $1\frac{1}{2}$ seers per maund from the total quality supplied to him by the *bepari*. Moreover, the standard of weight is not uniform with the *bepari* and the baler.

Q. 26.—Yes, directly sometimes and indirectly always. Indirectly they pledge their jutes before it is harvested in so far as they do and can borrow on the credit of jute.

Q. 27.—Generally from village *mahajans* and Co-operative Banks. It cannot be said that in the large majority of cases, creditors are the ultimate buyers of crops.

Q. 37.—On the whole Mr. McDougall's marketing scheme is workable and deserves a trial but the constitution does not provide for proper representation of the cultivators.

Q. 38.—Not in the true sense. This can be broadcast through Union Boards.

Q. 39.—Yes. Daily price in Calcutta according to classification and an estimate about the steadiness of the same.

Q. 40.—This seems to be a very costly idea and should not be introduced now.

Q. 41.—Yes, it is both advisable and practicable if Government finances such a scheme.

Q. 42 and Q. 43.—No.

Q. 44 to Q. 46.—Do not arise.

Q. 54.—Yes.

Q. 55.—Finding better market and better use for jute.

Q. 56.—Yes.

Q. 57.—Government should bear the expenses out of the jute duty.

No. 71.

**Rai Sahib Surendra Nath Ghosh, Member of the District (24-Parganas)
and Divisional Agricultural Associations.**

Dated the 30th March 1933.

- Q. 1.—I do not think any regulations required.
- Q. 2 (a).—No.
- Q. 2 (b).—No steady price of raw fibre is required to be controlled.
- Q. 3.—I do not believe it to be possible to regulate production.
- Q. 4.—I do not know.
- Q. 5.—I think more jute has been grown in last few years for which there were no customers for purchasing them in proper price as the price of jute has gone down too low; it does not fetch the price of cultivation.
- Q. 6 and Q. 7.—No.
- Q. 8.—Yes.
- Q. 9.—I am not in favour of any legislation.
- Q. 10 and Q. 11.—No.
- Q. 12.—Yes.
- Q. 13.—I would suggest sugarcane, C.O. 213, which grows on high lands as well.
- Q. 14.—I think the Government propaganda should continue as done in the last 2 years.
- Q. 15.—The cost for cultivation of jute per acre will be from Rs. 50 to Rs. 60; average yield per acre, 18 to 24 maunds.
- Q. 16.—At least Rs. 7 per maund.
- Q. 17.—Please see the answer to Question No. 5.
- Q. 18.—Agricultural Department should find out ways and means to ensure better production.
- Q. 19.—I think the jute forecast publishing should be done in a better way.
- Q. 20.—Actual cultivators get very little for their jute they cultivate.
- Q. 21.—Yes.
- Q. 22.—Yes. Co-operative Societies may be formed.
- Q. 23.—The *bepari* and *faria* people mix water to make the jute heavy and this must be stopped.
- Q. 24.—Yes.
- Q. 25.—Selling to middlemen is objectionable. Co-operative Societies can remove this.
- Q. 26.—The cultivators take *dadon* by pledging their jute for taking advance from the *aratdar*.
- Q. 27.—*Aratdar* purchases jute afterwards.
- Q. 28.—Yes.
- Q. 29.—I do not know.
- I cannot give any other answer to any other question.

No. 72.

The Collector of Murshidabad.

Dated the 30th March 1933.

Note.—The area under jute in this district is small. The following replies have been ascertained from the Subdivisional Officers who consulted those likely to have knowledge of the subject:—

Q. 1.—Yes, it is desirable to regulate the production of jute in the interest of the growers.

Q. 2 (a).—Possible, provided there is mutual co-operation between the Union Boards, *zemindars* and other organised bodies, and sufficiently accurate forecast of expected demands is available before the sewing season.

Q. 2 (b).—The main object and likely effect of such regulation would be to steady the prices of raw fibre.

Q. 3.—Does not arise.

Q. 4.—None.

Q. 5.—Monetary crisis, fall of export and over-production are responsible for the depression of the price of jute.

Q. 6.—No.

Q. 7.—Probably not.

Q. 8.—Yes.

Q. 9.—Opinions contradictory. I consider that it would not be a good thing to make regulation compulsory by legislation.

Q. 10.—Union Boards and possibly Co-operative Societies might help in regulating production.

Q. 11 and Q. 12.—Yes.

Q. 13.—Tobacco, sugarcane, ground-nuts, linseed and other suitable *rabi* crops on high lands and paddy in low lands.

Proper extensive propaganda work should be made to encourage the *raiyat* to grow such alternative crops, through the Agriculture Department and Union Boards. Yes, to some extent. Yes.

Q. 14.—By organising mass meetings and also by lantern lectures to bring home to cultivators reasons for low price of jute.

Q. 15.—Average cost of cultivation of jute is Rs. 40 per acre and the average yield is 3 bales (15 maunds) per acre.

The average cost of sugarcane cultivation is Rs. 60 per acre and that of paddy cultivation is about Rs. 15 and the average yield of *gur* is 60 maunds per acre and of paddy is 15 maunds per acre.

Q. 16.—Rupees 8 per maund.

Q. 17.—World-wide economic depression is the main cause; the use of bulk shipment in transit of goods has reduced demand for gunny bags.

Q. 18.—Agricultural propaganda and research should continue, but cottage industries for jute products should be started. It is however doubtful if better fibre will be able to displace back shipment in transit. A home market should be created for jute by opening of new industries in which jute is required.

Q. 19.—The present system is working satisfactorily but the growers are not getting as much benefit out of it as the mill-owners, balers and middlemen, as owing to pressure for money advanced by these merchants and middlemen the growers are forced to sell their jutes at low prices and in advance in most cases.

Q. 20.—The present methods of grading, weighing and marketing jute in the mufassal leave room for improvement; the growers do not get full value of their products.

Q. 21.—Organised markets like cotton markets under Cotton Market Act of 1932 would be advantageous to the growers.

Q. 22.—With strict vigilance co-operative societies can certainly be beneficial by bringing the cultivators in closer touch with balers.

Q. 23.—*Beparis* and *farias* purchase the jute from the growers and sell it to merchants. They get profit over their purchase and also commission in extra weight for moisture.

Q. 24.—Yes.

Q. 25.—None except the monopoly of the market by the present Marwari jute dealers.

Q. 26.—Yes, in some cases and very often in the sowing season of jute. Sometimes the cultivators pledge to sell their crop at a price which is a certain percentage below the market price.

Q. 27.—From the money-lenders, *farias* and merchants. Yes, in many cases. Yes, it does affect. Through Co-operative Village Societies.

Q. 28.—No opinion.

Q. 29 to Q. 33.—Not known.

Q. 34.—Scarcely.

Q. 35.—By legislation.

Q. 36.—No opinion.

Q. 37.—It is a highly commendable scheme.

Q. 38.—The growers of jute who are mostly illiterate keep no information about the markets outside. By establishment of Information Bureau. Yes.

Q. 39.—Information regarding fluctuation in prices, demand, supply, etc., at principal jute centres would be of use.

Q. 40.—By the medium of radio with loud-speakers at co-operative centres.

Q. 41.—No opinion.

Q. 42.—Yes, they should assist in finding suitable markets for the growers.

Q. 43.—Yes.

Q. 44.—No suggestion to offer.

Q. 45.—No opinion.

Q. 46.—By Provincial Government from export duty on jute.

Q. 47.—No.

Q. 48.—Because of cheapness and partly in the case of paper bags for meal, because rats cannot smell through paper. In the case of

[The Collector of Murshidabad.]

cement and finely ground meals, paper bags are also cleaner and less porous.

Q. 49 and Q. 50.—No opinion.

Q. 51.—By production of carpets and wrappers by means of home industries and mills.

Q. 52.—Not known.

Q. 53 to Q. 58.—No opinion.

No. 73.

Marwari Association, Calcutta.*

Dated the 31st March 1933.

Q. 1.—Yes, the production of jute requires regulation to some extent.

Q. 2 (a).—Yes, it is possible to regulate the jute crop with reference to the expected demands of the market.

Q. 2 (b).—The main object of regulation would be to steady prices.

Q. 4.—No, we do not know of any scheme of control of production of raw materials which has proved successful in any country.

Q. 5.—There are three main factors, namely, (1) general trade depression and low prices of other commodities, specially of grains and cotton, (2) disparity between supply and demand, and (3) operations of the futures market, which have depressed the price of jute.

Q. 6.—There would be no danger of competition from substitutes in case of a regulation scheme being adopted, if production be regulated only to a limited extent as suggested above.

Q. 7.—Cultivators should come voluntarily under a scheme of regulation as it will be to their own interest.

Q. 8.—Yes, if the attempt to regulate production proves successful in one year, it may tend towards inducing increased sowings in the following year unless propaganda is continued year after year.

Q. 9 and Q. 10.—We do not approve of regulation being made compulsory by legislation. We suggest propaganda through the agencies mentioned in Question No. 10, *i.e.*, through the Union Boards, Co-operative Societies, *zemindars*, etc.

Q. 11.—The Association is not in favour of the creation of a Jute Marketing Board.

Q. 12.—Yes, if regulation of jute cultivation is arranged for Bengal, it will be necessary to secure the co-operation of Governments and organisations in Bihar and Assam.

Q. 13.—In case of a decrease in the area of jute, the lands may be utilised for paddy and sugarcane cultivation. But it will be for the Department of Agriculture to decide what alternative crops will be really suitable for the high and low lands.

Q. 14.—The propaganda carried on during the last two seasons proved effective and it should be continued.

*For oral evidence of the Association's representative, *vide* page 500 *et seq.*

Q. 15.—Cost of cultivation and yield per acre of each crop varies in different parts in different years.

Q. 17.—See answer to Question No. 5.

Q. 18.—Yes, the Department of Agriculture should assist growers in producing better jute at a lower cost.

Q. 19.—The outturn of jute is generally under-estimated in the forecasts. The collection of primary data is defective and the yield per acre estimated is less than the actual yield which is now greater than before owing to the better quality of the seeds. Such inaccurate forecasts cannot be of any advantage to the growers as trade knows the position better. Either the forecasts should be improved or their publication discontinued.

Q. 20.—The method of grading jute in the mufassal is satisfactory but there is room for improvement in the method of marketing.

Q. 21.—The Association does not think it advisable to establish markets in Bengal similar to those which have been provided for cotton in the Central Provinces and Berar. Such markets will not be suitable for Bengal where the holdings are generally small and the system of fragmentation that exists has many disadvantages. An improvement of the present *hat* system so as to furnish growers with information regarding the trend of the market in Calcutta will be of advantage to them.

Q. 22.—Past experience shows that the formation of village co-operative societies is not to the interest of *raiyats*. There is reason to fear that it will result in fraud and corruption. Furthermore, it will not be to the interest of growers to eliminate the middlemen and to bring them in direct touch with the balers who may prove more exacting about allowances, etc.

Q. 23.—The function of the *faria* is to collect jute from the cultivators in the interior on account of the *bepari* on commission basis. The *beparis* are merchants who have got their own places of business and their own establishment at every centre. They sell the jute to dealers in Calcutta as it suits their convenience to sell. Their profit or loss depends upon the trend of the market.

Q. 24.—There is no relation between the low price the cultivator gets for his jute and the multiplicity of the middlemen. The profit which the middlemen make is due solely to the risk they take, not to their buying at a low price from the cultivators. This is borne out by the disparity between the prices ruling in Calcutta and the mufassal.

Q. 25.—The marketing custom of *dhalta* is detrimental to the *raiyats* and as such it should be abolished and uniform weights should be used. The abolition of the custom will be possible only if organised markets are established.

Q. 26.—The practice of pledging or selling crops before they are harvested is not much in vogue now. Violent fluctuations in the market stand in the way, particularly in these days of depression when *mahajans* do not consider such jute as a safe security for advancing money. Besides, *mahajans* find it very risky to lend money on such security as the interest which has to be charged is not allowed by

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the courts and so ultimately such transactions prove detrimental to the *mahajans*.

Q. 27.—Cultivators borrow from the village *mahajans* but it will not be correct to say that in the large majority of cases the creditors or the *mahajans* are the ultimate buyers of the crops. The provision of better credit facilities to the growers will be possible only when price of jute is stabilised.

Q. 28.—See answer to Question No. 22.

Q. 29.—Jute is sold to Dundee under the terms of the Dundee Jute Association's contract form and to London, under those of the London Jute Association's contract form. In transactions with the continent, Japan and other countries through London, the contract form of the London Jute Association is used but not in direct transactions.

Q. 30.—Yes, there are fixed standards for export, such as Firsts, Lightenings, Hearts, Daises, and Tossas. Balers have their private marks in these grades. The standards do not vary from year to year. The quality of the previous two years is accepted as the standard for any year. Arbitrations are held in Dundee and London on their respective contract forms, referred to above, and the arbitrators are appointed by the Dundee and London Jute Associations. The home guarantee and the invoicing back clauses operate as a hardship to exporters but there are practical difficulties in the way of their being abandoned.

Q. 31.—The existing standards are working quite satisfactorily. To fix standards by legislation is not feasible. The idea of setting up a body recognised by the trade to inspect consignments of jute and to grant certificates which would be authoritative and final in regard to the jute inspected, is a good one but foreign consumers cannot be expected to agree to it for obvious reasons.

Q. 33 and Q. 34.—The various methods of marketing jute in Calcutta are satisfactory. There are three principal loose jute marts in Calcutta, namely, Cossipur, Hatkhola and Fulbagan, where balers make their purchases. Mills mostly buy their jute by contracts. There are fixed standards, such as XLR, LR, R and 4's.

Yes, standards or grades are sometimes changed even in the middle of a season.

Q. 35.—We approve of standards for loose jute being fixed by legislation.

Q. 36.—We suggest that the existing standards should be fixed. The supervision of the working of the standards should be in the hands of a body composed of representatives of different institutions interested in the jute trade.

Q. 37.—We do not approve of Mr. McDougall's scheme. Its adoption will not be beneficial to growers.

Q. 38 to Q. 40.—Growers now receive *fatha* quotations through merchants. Wireless telegraphy with loud-speakers will be of assistance to them. All necessary information can be made to reach them rapidly by this means.

Q. 41.—We consider it desirable to have a scheme, by which, in the event of a possible slump in the market, jute could be purchased and held back from the market for the time being, but we fear it is not a practicable scheme.

Q. 42.—We approve of the suggestion for carrying out market surveys for jute and this, in our opinion, should be one of the functions of the Jute Committee referred to in Question No. 43. The appointment of a marketing officer, on the lines recommended by the Royal Agricultural Commission, is desirable.

Q. 43, to Q. 46.—The functions of the Jute Committee should be as follows:—

- (a) to give information to the growers about prospective demands from outside and mills,
- (b) to collect and give information about the position of the stocks also in and outside the country,
- (c) to look about for information for new uses and fresh markets for jute, and
- (d) to study the internal marketing organisations with a view to improve them.

It should be a body of experts and its status should be advisory. The information collected by the Committee should be made available to the different branches of trade through different trade organisations and to the agriculturists through the Agriculture and Co-operative Departments of Government, and efforts should be made to secure the co-operation of the other provincial Governments but if they do not agree, there is no reason why a Committee for Bengal should not function. If Bengal gets a part of the jute export duty, it should not be difficult to finance the Committee.

Q. 51 and Q. 52.—Some of the ordinary goods, such as *durries asans*, etc., besides bags, and hessians, are being manufactured in the Calcutta mills; as for fine goods, the local mills have not got the proper equipment for manufacturing them and it is doubtful whether there is any market in the country for such goods.

Q. 53.—The Industries Department may be entrusted with the work suggested in the question.

Q. 54 and Q. 55.—So long as the price of jute does not rise disproportionately high, compared to the general price level, there is no necessity for propaganda in other countries, the fibre being well known.

Q. 56 to Q. 58.—Trade Commissioners, when appointed in different countries, may be entrusted with this work. There is no likelihood of their activities interfering with the present selling arrangements of Calcutta shippers.

No. 74.

The Additional Collector, Midnapore.

Dated the 31st March 1933.

Q. 1.—Yes, the production of jute requires regulation.

Q. 2 (a).—Yes, to a certain extent.

Q. 2 (b).—The main object and likely effect of such regulation, if possible, would be to steady prices of the raw fibre.

Q. 3.—Regulation is possible only to a certain extent by co-operation with the growers and extensive propaganda.

Q. 4.—The control of *ganja* is in a very limited area and so what is possible in the case of *ganja* is not possible in the case of jute.

Q. 5.—Low prices are due to over-production and trade depression.

Q. 6.—I do not think that there would be any danger of competition from substitute crops.

Q. 7.—I do not think cultivators will voluntarily come under a scheme of regulation of the jute crop.

Q. 8.—There is reason to believe that an attempt to regulate production on a voluntary basis would fail on the ground that any success achieved in one year would tend towards increased sowing in the following year.

Q. 9.—I think compulsory regulation by legislation will be impracticable.

Q. 10.—Compulsory regulation may be implemented through Union Boards or through the Presidents of *Panchayati* Unions where Union Boards have not been introduced.

Q. 11.—A jute marketing board would be useful, but it should have district jute associations.

Q. 12.—Yes, in that case, it would be necessary to secure the co-operation of Governments and organizations in Bihar and Assam.

Q. 13.—In the case of a decrease in the area of jute the only alternative crops would be paddy for the low lands and sugarcane for the high lands.

Q. 14.—Yes, such propaganda should be continued.

Q. 15.—There is practically no jute cultivation in the sadar subdivision of this district.

In the Tamluk subdivision:—

Jute—normal cost of cultivation per acre—Rs. 90.

Yield per acre—16 maunds to 18 maunds.

Paddy—normal cost per acre—Rs. 30 to Rs. 35.

Yield per acre—20 maunds to 25 maunds.

Sugarcane—normal cost of cultivation per acre—Rs. 100.

Yield per acre (*gur*)—18 maunds to 20 maunds.

Q. 16.—Fair price level for jute—Rs. 10 to Rs. 12 per maund.

Q. 17.—The chief factors which have brought about the fall in the prices of raw jute may be attributable to—

- (1) increased cultivation,
- (2) less demands, and
- (3) general trade depression.

Q. 18.—Agricultural research and propaganda to assist the grower in producing better jute and to lower his cost of production should be continued unabated by the Department of Agriculture.

Q. 19.—Yes.

Q. 20.—The methods of grading admit of considerable improvement. Improvement in communications is necessary for better marketing.

Q. 21.—It is feasible to establish organised markets at Geonkhali in the Tamluk subdivision of this district.

Q. 22.—Yes. Village Co-operative Societies will be useful in this respect.

Q. 23.—The *beparis* in the Tamluk subdivision purchase the raw jute from the cultivators and sell them in Calcutta to the *mahajans* who in turn sell them to the balers or mill-owners.

Q. 24.—Yes.

Q. 26.—No.

Q. 27.—In the Tamluk subdivision the cultivators do not borrow money exclusively for the cultivation of jute.

Q. 28.—It is not possible at present.

Q. 30.—There are no fixed standards.

Q. 31.—It is feasible to fix standards by legislation as suggested in the questionnaire.

Q. 36.—The proper authority who should supervise the working of the standard is the staff of the Department of Agriculture.

Q. 38.—Yes, through newspapers. This can be supplemented by printed leaflets.

Q. 39.—Yes. The market prices and the demand would be of most value to the grower.

Q. 43.—Yes.

Q. 44.—To ensure a fair price to the cultivators and to check the undue profit by traders and mill-owners.

Q. 45.—The co-operation of other provincial Governments should be secured.

Q. 51.—Wrappers and cloths may be manufactured from jute.

Q. 52.—The Calcutta mills, so far as could be ascertained, are not equipped to manufacture such goods.

Q. 53 and Q. 54.—Yes.

No. 75.

Bengal Jute Growers Association, Calcutta.*

Dated the 31st March 1933.

Preliminary remarks.—It is said that jute is a monopoly of Bengal but the fact that the price of jute has experienced in an equal measure with other commodities the severity of the present economic depression proves that so far as the cultivators are concerned they are not in a position to take the slightest advantage of this position of monopoly. We do not mean to say that owing to a position of monopoly it was possible to keep the price of jute unaffected by the headlong fall in the value of other commodities. But the mere fact that, the cultivator of Bengal is the proud possessor of the monopoly of production, cannot bring any comfort to him. If the world requires a certain amount of jute goods and this country alone can supply them, there is no reason why the poor producers should not be able to make some profit out of it, as is being done by the suppliers of other monopoly products.

*For oral evidence of the Association's representative, *vide* page 485 *et seq.*

An examination of the history of jute and the development of the jute mill industry will show that the benefit of this monopoly product has gone to a very small extent to the producers of this fibre, while every other branch of this industry has derived tremendous wealth from handling this commodity for the last fifty years or so. For instance, the jute mill industry of India is a striking proof of what enormous wealth has been yielded by the fertile soil of Bengal and by the labour of the poor cultivators and what tremendous fortunes have been made by a judicious and controlled process of the regulation of output on an organised and scientific basis. In fact, whilst the grower of this commodity have never known except for a brief period what prosperity really means, the only people who have fully benefited from the monopolistic character of jute have been the Government of India, those engaged in the transport of jute and the jute mill industry.

When the imposition of an export duty on jute by the Government of India was opposed by popular representatives, it was contended on behalf of the Government of India that as jute was a monopoly product of Bengal the burden of this duty will fall on foreign consumers and not on the producers. While the argument has lost all its force due to the present fall in the price of jute even below the cost of production, a fact of which the Government of India are probably not aware, because the export duty on jute is specific and not *ad valorem*, the Government of India continue to fill their coffers to the extent of several crores of rupees per year through the tax on jute and jute manufactures. Although the jute cultivators have been making an important contribution to the general revenues of the Government of India, they have received no corresponding benefit as the Government have persistently refused to help the growers in their hour of need. The Government have to all intents and purposes turned a deaf ear to the piteous wails of the jute cultivators of Bengal and have refused them to render any assistance when it is most needed. Even such a small help as the establishment of a Central Jute Committee has been denied to them. Though there is no export duty on cotton, a Central Cotton Committee has been functioning for the last several years and has been doing some useful work to help the cultivators of cotton. It is really sad to find that, although the cultivators of Bengal have been mulcted to the extent of several crores of rupees per year, no committee has been set up to watch and protect the interests of the jute cultivators. We are quite sure that if a committee as suggested by the Royal Commission on Agriculture had been appointed it might have done some useful work for the growers. Though the appointment of such a committee was promised to us we do not know what are the reasons that have been responsible for the Government of India not having taken any action in this matter. Possibly, the want of strong champions to plead the cause of the jute growers is responsible for the neglect of the jute growing interests.

We find that for some time past there has been a strong agitation to make the Government of India give up to Bengal some portion of the revenue derived from the export tax on jute. According to the White Paper recently issued the Government of Bengal is to receive a share of this duty. In our opinion, if the proceeds of this tax are allotted to Bengal, the whole of it or at least a substantial portion of it should be ear-marked and reserved for the benefit of the jute cultivators of Bengal who contribute this tax.

After the Government of India come the various companies engaged in the transport of jute from the districts to the port of Calcutta and the steamship companies carrying jute and jute goods from Calcutta to the various parts of the world. These agencies have fully exploited the monopoly of jute and have reaped large profits without showing any regard for the miserable plight of the producers of this commodity. It is really a scandal that these transport companies should be allowed to fleece the poor cultivators and enrich themselves at their expense. We find that recently there has been a substantial reduction in freight rates in every part of the world, as owing to a fall in the international movement of goods considerable portion of the total shipping of the world is lying idle. But because jute is a monopoly of Bengal there has been no reduction in the freight for jute and jute goods. On the contrary, we find that freights have been increased from time to time because there has been a reduction in the freight for other commodities and jute is made to bear additional burden to make good the deficit. For moving other commodities over the same distance the freight is much less than that for jute. We are informed that whilst rice can be brought from Narayanganj to Calcutta at a charge of three annas per maund, jute has to bear a heavy burden of eleven annas per maund. The freight for wheat from Australia to India is only about four annas per maund. We are sure that such state of affairs would not have been allowed to exist even for a moment in any other country, but whilst a lot of lip sympathy is shown by every one concerned for the interests of the growers, the exploitation of the poor jute grower has been going on unchecked and no steps have been taken so far to stop it. There can be no doubt that the whole burden of the jute export duty as well as these extraordinarily very heavy charges fall on the poor and starving cultivators of jute. The grower is financially weak and unorganised and is being ground down under the heels of these foreign companies, while the Government of India and the Government of Bengal are merely acting the role of a silent spectator of the tragedy without giving any help to the poor cultivator.

The local jute mills have utilised the monopoly of jute to the utmost extent and have made enormous profits for themselves during the last sixty years of their existence. The huge dividends declared by these companies from time to time, the princely salaries paid to the superior staff, fabulous fortunes made by the Managing Agents and the enormous reserves accumulated by them are evidences of the extent to which the manufacturer of jute has prospered to the exclusion of the grower of jute in Bengal. While for the last 50 or 60 years an almost uninterrupted period of prosperity has attended the jute manufacturing enterprise in Bengal, the growers of jute on the other hand have never been known, except for brief periods, to derive any appreciable advantage from the monopoly of the production of jute.

It will thus be seen that whilst the monopoly of jute has brought incalculable wealth in the past, the only people who have failed to get any appreciable benefit from this monopoly has been the unfortunate producers of this commodity. We may point out here that if suitable reduction is made in the direction suggested above it is possible for the cultivators to get a better price without raising the cost to the foreign buyers.

We will briefly examine the factors which have so far stood in the way of the cultivator and have deprived him of getting his legitimate
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share of the profits of production of a commodity which has been the source of so much wealth and prosperity to every other branch of this industry. It should also be our endeavour to discuss and find the means whereby we can help the totally ignorant and utterly unorganised grower to get a proper price of his produce.

Control of production.—The first and foremost pre-requisite for ensuring a remunerative price for a commodity whether a monopoly or a non-monopoly product, is that its supply should not exceed its demand. Due to the very large numbers of growers and their backward state, it has been impossible for the cultivators to take any concerted action. The Government of the country could have helped the growers by adopting a policy of scientific regulation of production, but the Government have up to now done nothing in the matter. The present position of jute is this that whilst it is possible for the consumers of jute to hold out for lower prices for any length of time, the producers cannot hold back their supplies for better prices owing to lack of means. The consumers at present have in their hands stocks which are sufficient for about 12 months' consumption. No wonder, that situated as the consumers are, they are in no hurry to buy jute or add to their stocks to any further extent particularly when it is no longer possible for the mills to make any large forward sales of manufactured goods. Up to two or three years back, it was possible for the mills to sell their output considerably in advance of the actual time of production and thus it was easy for them to carry large stocks of jute. But owing to the fact that the gunny market operators in Calcutta have suffered enormous loss, it is now no longer possible for the mills to make any large forward sales. Under these circumstances, monopoly or no monopoly, it is impossible to effect any improvement in the price of jute unless the large stocks in the hands of the consumers are cut down to reasonable proportions.

A careful appreciation of the facts mentioned above will show that the two essentials for effecting an improvement in the price of jute are:—

- (1) Regulation of production on a scientific basis.
- (2) Providing more holding power to the cultivators so that they may not be forced to throw their jute on the market.

If it is accepted that regulation of production is desirable, the next question that arises is as to how this purpose is to be achieved. In this connection it must be remembered that through natural causes it is not possible for any programme of voluntary reduction of sowings to be successful to any appreciable extent, and in the present state of ignorance of the peasantry, we must dismiss any scheme of voluntary production for any appreciable length of time. What is really essential is a scheme of regulation of production under some sort of Government control and with restrictions of a somewhat compulsory character. A bill for the control of production of jute was introduced in the local Legislative Council by Dr. N. C. Sen Gupta last year. There was a great deal of opposition to the said bill not only from the representatives of the European jute interests, who were rightly apprehensive of the consumers interests being adversely affected, but also from the popular representatives and other Indian sections of the house, who perhaps at that time did not realise the seriousness of the situation, and were averse to any Government interference to remedy a state of affairs which at that time appeared

to be of a temporary nature. The Minister of Agriculture, while opposing the motion to refer the bill to the Select Committee, took his stand on the fact that as during the previous year they had been able to bring about a reduction in the area under jute by carrying on propaganda in the districts, it was unnecessary to do by legislation what was possible of achievement by voluntary efforts. The fact that, in spite of curtailment of production by the cultivators, the price has continued to be on the downward course, proves that the curtailment has not been sufficient. No doubt this season's and the previous season's crops were much smaller than the average crop. But when we take into consideration the decline in consumption, they were not sufficiently small. In spite of the two short crops the huge balance, in the hands of the consumers, has remained unaffected.

The Minister further stated that the scheme envisaged by the bill was wholly impracticable and that fears had been expressed that were the sowings to be controlled and were the economic conditions to turn to be such as to upset the calculations of the controlling body, the whole industry might be involved into a serious disaster from which it might never recover. As stated above, the experience of the last two seasons has proved that it is not possible to have effective curtailment of production by mere propaganda alone. Besides, it must not be forgotten that this curtailment has taken place in the years following a season which witnessed unprecedented fall in the price of jute and when the cultivators were unable to get more than even half the cost of their production. Moreover, it was a year when not only the growers were in a very proper frame of mind but also when it suited the interests of the powerful consumers too not to have a bigger crop of jute for fear of its repercussions on the price of the stocks carried by them and the price of manufactured goods. If the growers were easily persuaded to reduce their crop at such a time there was nothing strange and striking about it. Legislation for control of production is not only necessary when it is in the interests of both the consumers and growers, but also when it is in the interests of the growers alone. Those who are connected with the jute trade know very well how at times when the stocks of the members of the Indian-Jute Mills Association run short and when there is likelihood of prices keeping on a high level during the coming season, the Calcutta jute mills resorted to the clever device of bringing about an artificial rise in the price of jute at the time of the sowing season in order to induce the unsuspecting cultivator to put a larger area under jute. The inevitable result is that the mills are able to get their supplies at their own price and the poor cultivators suffer for their ignorance and simplicity.

As regards the arguments put forward by the representatives of the European manufacturing interests that if the sowings were to be controlled and certain unforeseen economic conditions develop, the industry would be plunged into a great disaster from which it would be impossible for it to recover, it is very difficult to understand what the sponsors of these arguments really meant to convey and what kind of economic developments they referred to. Is it not a fact that the very existence of the manufacturing section has depended on a judicious and well organised control of production, and that the prosperity of the jute mill industry would not have reached a high level if it had not been for the most effective device of regulating the supplies of

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manufactured goods in accordance with the world's demand? The history of the jute mill industry of India is in fact a history of the repeated short working agreements entered into by the members of the Indian Jute Mills Association amongst themselves, and it may well be asked why if the curtailment of production by the manufacturers has so far never led the industry to be involved in a disaster of any magnitude whatsoever, should the curtailment of production of raw material in any year bring a tragedy in its wake? It is really very strange that while the Indian Jute Mills Association have been imposing a course of regulated production on all their members, they fight shy of the proposal for the regulation of production of jute under Government control. Recently, when some mills refused to fall in line with the arrangements proposed by the Indian Jute Mills Association this very section of the jute trade did not hesitate to approach the Head of the Presidency with a request to issue an ordinance to force the outside mills to conform to the schedule of production decided by the Indian Jute Mills Association.

There is no doubt that once a policy of control of production of raw jute is accepted by the Government, and effective measures are adopted to carry it out, the Indian Jute Mills Association will no longer continue to enjoy the exclusive monopoly of the profits of the jute industry of Bengal, and they have to share it to a certain extent with the cultivators of jute, but this should be rather the hopes and not the fears of those who profess so much sympathy for the interest of the masses of India. Is it therefore too much to ask that those who have so far been taking the lion's share of the benefits of the present monopoly of jute should now share it with the poor cultivator who has been kept out of it for the past so many years?

This Association, therefore, beg to impress upon the Committee the importance of a proper control of production without which it is absolutely impossible for the grower to get any reasonable price for his produce for any length of time. If he happens to sow a smaller crop this year and production becomes equal to demand, prices naturally undergo an improvement, but the tragedy of the whole situation lies in the fact that in the very next year the lure of past high prices and the artificial manœuvring of the consumers at the sowing time again lead the grower to put in a bigger crop with the result that in the following season supplies greatly exceed demand and prices undergo a heavy fall from which it takes the grower three or four years to recover. Another factor which goes strongly against any scheme of voluntary restriction is that the sowing seasons in the various districts of Bengal fall at intervals of fifteen days to a month; Whenever any efforts are made to restrict the crop by propaganda, and the East Bengal section of the growers carry out a substantial reduction in the area, the growers in other districts naturally take advantage of the act, and commence to sow a greater area. The result is that whilst a self-sacrificing restraint is exercised by some districts, it is nullified by some other districts. Under these conditions, it is apparent, that unless some legislative measures are adopted to impart a compulsory character to the regulation of the area under jute it is impossible to make the growers get a better return from jute.

If jute is our monopoly, it should certainly be possible to prevent its price from falling below a certain level. The poor consumers in India are being made to pay unreasonably high prices for the supply

of their kerosene oil by a combination on the part of suppliers. The Bengal Telephone Corporation of Calcutta is maintaining its charges at a very high level because it has got a monopoly. The price of German dyes has been kept at a very high level because one country has the monopoly of manufacturing that particular article. We are quite sure that if jute had been the monopoly of any country other than India, and India had been the consumer of jute goods, it would have been impossible for us to purchase our jute goods at the price at which we are selling them to-day to other countries.

We have the example of the rubber industry before us. British governed countries did not possess an absolute monopoly of the production of rubber as we have of jute. But that did not deter them from applying measures of control. The price of rubber which had come down considerably below the cost of production improved to about ten times the lowest price touched before control was established. We may be told that the control had to be given up. We know it; but the reason why control was abandoned was that as the price went up much higher than a reasonable level, production in other countries rapidly increased with the result that British possessions lost the position of being the main suppliers. But we believe unless the price of jute is rushed up to a level out of all proportions to the general economic conditions of the world, there is no danger of any substitute being found or the consumption of jute goods being affected thereby. We believe that it is not desirable to regulate the price of jute because that may tempt us to push it up very high, but what is necessary is that the cultivation of jute should be made reasonably profitable for the peasantry of Bengal. To achieve this object, we suggested, in one of our communications to the Government of Bengal, a scheme whereby a minimum price for jute can be fixed. We suggested that a Board consisting of a majority of the jute growing interests with ample funds at its disposal should be set up. That Board should be prepared to buy all available jute at a minimum price which may be fixed after taking into consideration the cost of cultivation. Our Association is of opinion that the very existence of a strong organisation with sufficient funds to buy jute at a reasonable level of price would be too strong a source of encouragement and confidence to the consumers as well as merchants to allow the price of jute to come down to that level. If it is necessary for the suggested organisation to buy jute to maintain the minimum level of price a scheme of compulsory restriction should be immediately introduced. Only when owing to large surplus supplies, the price of jute comes down to the minimum level and the proposed organisation has to buy jute to maintain that level compulsory restriction should be introduced. As soon as the position corrects itself the control should be relaxed. The advantage of this scheme will be that whilst the cultivator would be assured of a reasonable price there will be no temptation to use the lever of control of production in such a manner as to unduly inflate the price of jute thereby exposing it to the danger of reduction in its demand.

As regards the financing of the proposed organisation it was suggested by us that a cess of two annas per maund should be levied on all imports of jute into Calcutta and Chittagong. In view of the fact that Bengal is to be allotted a share of the jute export duty, it is only fair that at least a part of the proceeds of that tax should be

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utilised in furthering schemes likely to benefit the growers of jute. It should be remembered that it is the jute cultivator who contributes this tax and there is no reason why he should not get the benefit of it. In the past jute has been taxed to beautify Calcutta. We fail to understand of what earthly use the beautiful buildings and the broad avenues that are being constructed in Calcutta can be to the jute growers of Bengal. It would have only been fair and just if the proceeds of any tax levied on jute had been utilised in fighting Malaria, Cholera, *Kalazar* and such other epidemics, to which the jute cultivators are an easy prey owing to their low vitality.

If a body as suggested by us is set up with sufficient fund at its disposal, we are quite sure that the cultivators of Bengal will be able to take the fullest advantage of the monopoly that nature has bestowed on them.

With these preliminary remarks we shall now answer the questionnaire in detail.

Q. 1.—Yes. Without regulation of production it is not possible for cultivators to take any advantage of the monopoly.

Q. 2.—We think by taking suitable measures it is possible to regulate the crops. The object of such regulation will be to enable the cultivators to realise for jute a better price than what they are getting to-day.

Q. 4.—The Stevenson plan was very successfully applied in the case of rubber. The control had to be given up because production in other countries was increasing rapidly as the price had improved to nearly ten times the lowest price touched before the plan was adopted. In the case of jute the production is confined to India, and therefore there is no danger of other countries taking advantage of any improvement in prices.

Q. 5.—Fall in the general price level, over-production and weakness of sellers are the principal causes responsible for the decline in the price of jute.

Q. 6.—There may be a danger of substitutes if the price is raised much above the general economic level of prices, but if the price is kept within reasonable limits, we do not think there will be any danger of substitute crops. There was no attempt to find any substitute when the price of jute goods was much higher than what it is to-day. Recently, there has been some talk of substitutes. This we believe is due to the desire of every country in the world to restrict its imports. If a country does not want to buy goods the question of price does not arise at all.

Q. 7.—We do not know to what scheme the Committee is referring. We may like to draw the attention of the Committee to the fact that recently there was difficulty in persuading some jute mills to agree to restriction of production and His Excellency the Governor had to intervene. From this experience, we can say that it is rather impossible to expect the very large number of cultivators to come under some voluntary scheme of regulation.

Q. 8.—As we have said in the preface, a season during which a better price has been realised by the cultivators is followed by a bigger crop.

Q. 9.—From the experience of the last two seasons, we believe that it is in the interest of the cultivators to apply some sort of compulsory restriction of production so that the price of jute may be prevented

from falling below a certain level. We have given suggestions in our preface regarding the details of such legislation.

Q. 10.—A register should be kept of all lands on which jute is grown and if it is necessary to regulate the production of the jute crop licences may be issued through Union Boards. The organisation that we have suggested to be set up should have the supervising authority over the Union Boards.

Q. 11.—By taking proper steps we do not think there can be widespread evasion.

Q. 12.—It will be necessary to seek the co-operation of the Governments of Bihar and Assam. We do not think there will be any difficulty as the interests are common.

Q. 13.—Bengal at present imports many articles of necessity from other Provinces. There is no reason why the land in Bengal should not be utilised to grow those crops many of which can be successfully grown in Bengal. The Department of Agriculture should carry experiments and start a large number of experimental farms to educate the cultivators about the possibilities of other crops.

Q. 14.—This Association has carried on a good deal of propaganda during the last two seasons. Our experience is that it is not due to propaganda but due to low prices realised that the cultivators have reduced their acreage under jute cultivation. We are very doubtful about the effect or value of propaganda if the cultivator realises a proper price.

Q. 15.—We estimate the cost of production per acre of jute to be as under:—

			Rs.	A.	P.
Ploughing	..	..	15	0	0
Cost of 5 seers of seed	..	..	3	12	0
Weeding	..	..	18	0	0
Cutting and steeping	..	..	12	0	0
Stripping	..	..	16	0	0
Rent of land	..	..	7	8	0
			<hr/>		
Total	..	..	72	4	0
			<hr/>		

Taking the average yield per acre to be 16 maunds of jute, the cost comes to about Rs. 4-8-0 per maund. For paddy the cost of production is about Rs. 15-0-0 per acre and the yield is about 30 maunds per acre.

Q. 16.—In view of the present day conditions we think an average price of Rs. 7-0-0 per maund of jute in the mufassal will be a fairly profitable price for the cultivators.

Q. 17. Decline in the general price level and over-production.

Q. 18.—We do not think there is any room for lowering the cost-of production so far as the cultivators are concerned, but we are informed that there is considerable room for economy in the case of manufacture

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of jute. Owing to absence of competition the jute mill industry has not given much attention to lowering its cost of production.

Q. 19.—In our opinion the present system of publishing forecasts of jute by the Director of Agriculture does not serve any useful purpose so far as the jute cultivators are concerned. The object of this forecast is to enable the trade to formulate its plan of purchases. The trade generally forms its own estimate on the basis of the information received by some of the important firms through their various agencies in the mufassal. The publication of the forecast can therefore be easily discontinued without causing any inconvenience to any branch of the trade. We would, however, not recommend discontinuance because if there is no official forecast available, there is a possibility of the trade being misled by interested parties. Some of the important jute purchasing firms issue a weekly report showing the progress and the extent of the sowing as compared to previous season, weather conditions in the jute growing areas and the condition of the growing crop. We suggest that the Department of Agriculture should issue such reports every week. We also suggest that before sowing season commences a statement showing the total imports into Calcutta in the previous season, purchases by the mills, exports, consumption by the mills, stocks held by the mills, consumption of jute goods as compared to the previous season, prospects of the trade in the next year and such other information as may be useful in determining the course of the market, should be supplied to the cultivators to enable them to decide their plan of sowings. At present the only factor which weighs with the cultivator at the time of sowing his crop is the price realised in the previous season in comparison with other crops.

Q. 20.—Sellers in the mufassal were, up to some time back, not concerned directly with the question of grading as the whole crop was marketed on Ready Delivery Terms, and therefore the question of standards did not arise at all. The cultivators, however, were indirectly interested in the question of grades, as by changing the quality to be delivered against each standard there was an imperceptible fall in the price of jute. Mr. H. P. Bagaria, speaking at the Annual Session of the Federation of the Indian Chambers of Commerce and Industry, held at Calcutta in the year 1929, has very ably shown the way in which these standards are manipulated and the effect thereof on jute prices. A copy of that speech is enclosed herewith for reference.* The representatives of the Indian Chamber of Commerce placed this matter before the Provincial Banking Enquiry Committee. We find that both the Provincial and the Central Banking Enquiry Committees have recommended that standards of quality should be fixed by legislation. We regret to find that owing to the influence of the powerful consuming interests nothing has been done by the Government in this direction, though the absence of definite standards of quality is harmful to the interests of the sellers. The custom of fixing the price on the basis of assortment is growing in the mufassal. This means that the cultivators are now becoming directly interested in the matter of Standards of Quality. The balers tired of paying losses are now taking steps to protect themselves, but there is no one to look after the interests of the poor cultivators. We should draw the attention of the Committee to the case of Manilla hemp. We understand that according to Phillipine Island's law no hemp can leave the shores of that country

*Not printed.

unless it is classified by a Hemp Grading Board and the foreign buyers are not able to claim allowances as they are able to do in the case of jute. We strongly suggest that to protect the interests of the growers, standards should be fixed by legislation.

Q. 21.—Yes. It is impossible at present for the cultivator to come into contact with the balers because he cannot take his small quantity of jute to a big centre and the baler also will not like to purchase a small quantity from the cultivator and consequently the intervention of *farias* and *beparis* becomes necessary. If regulated markets are established in proper places we feel quite sure that there will be a tendency on the part of the cultivators to sell their jute at such markets. Balers also will be able to get their supplies at such markets. It is not possible for us without making detailed enquiry to give the number of such markets. We suggest that a beginning should be made with a few selected centres, and if the experience gained at such centres proves useful, the system may be extended to all the jute districts.

Q. 22.—In our answer to Question No. 21 we have suggested the establishment of regulated markets. We are at present not in favour of the establishment of co-operative societies. First of all, the experience of the co-operative societies that were started is not a happy one. Secondly, the poor cultivators will be liable to be fleeced by the various people through whom money will pass. In his present helpless state of ignorance it is not possible for him to protect his interests. With the spread of education this objection will disappear.

Q. 23.—Generally an intelligent cultivator works as *faria* during the jute season. His main function is to collect jute from the growers and sell it to *beparis* (bigger *farias*). The *beparis*, or sometimes the *farias*, sell jute to jute merchants. The *bepari* works on profit and sometimes acts as commission agent for the merchants for which he charges a commission at the rate of one to one and half anna per maund. The merchants who purchase jute in the mufassal may be divided into three classes:—

- (a) Those who consign unsold jute to Calcutta *aratdars* at Cossipore, Hatkhola and other markets. They keep their jute with the *aratdars* and receive advances from them. The jute is generally sold to the balers in Calcutta.
- (b) Those who sell direct to the jute mills. Sales are made through European brokers and the goods are shipped direct to the mills.
- (c) Mills and balers who have their own purchasing agencies in the mufassal.

The jute balers in the mufassal assort jute according to current standards and pack it into bales of $3\frac{1}{2}$ maunds each.

Q. 24.—It is very difficult to ascertain the middlemen's profits because their profit depends in a change in the market in their favour. If the market goes against them they are liable to lose money. Though there is room for eliminating certain class of middlemen, we do not agree with the view that the present low return to the cultivator is due to the multiplicity of middlemen. We have shown in our preliminary remarks that the transport agencies and the Government of India take away a very big share of the proceeds realised from foreign buyers of jute. The transport charges for jute from the mufassal to the foreign buyers come to about Rs. 9, per bale and the duty levied

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by the Government is about Rs. 4-12-0 a bale as against Rs. 15, received by the cultivators in the mufassal.

Q. 25.—There are various marketing customs in the mufassal which are against the interests of the growers. These can be removed by the establishment of regular markets. Deductions are made by the buyers from the price paid to the cultivators which, in different places, are known as *Dhalta*, *Kabari*, *Jalpami*, *Gadi-selami*, *Bhangti*, *Koyali*, *Britti*, etc. False scales and weights are also used by the *farias*. Besides, owing to absence of information the cultivators are sometimes made to part with their jute when the market has a rising tendency. Owing to the weight of a seer varying considerably in the different districts of Bengal the cultivators are not able to compare the price that they get with the price in other markets. We therefore suggest that weights should be standardised as recommended by the Agriculture Commission and regular markets should be established by legislation.

Q. 26.—So far as our information goes the cultivators do not pledge or sell their crop before it is harvested. Up to sometime back the up-country agencies of jute purchasers used to lend money to the growers at a high rate of interest through the *beparis* and *araddars* on the understanding that the *beparis* and *araddars* should supply jute to them. The price was fixed at the time of delivery. Such loans were known as *dadon*. These loans were generally taken during the sowing season and were paid back when the crop was harvested. The interest varied between one to two annas per rupee per month. Owing to the losses sustained by merchants *dadon* has been discontinued.

Q. 27. The cultivators borrow generally from the village *mahajans*. The village *mahajans* are not the purchasers of the crop, but when the crop is ready these *mahajans* press the cultivators for the repayment of loan and thus the cultivators have to market a bulk of their crop as soon as it is ready, irrespective of the fact as to whether the prices are favourable or not.

Q. 28.—Co-operative marketing organisation on a large scale is neither possible nor desirable in the present backward state of the cultivators. The object of co-operative marketing is to minimise the middlemen's charges. We think that this purpose can be served, to a certain extent by the establishment of regular markets. We are not in favour of doing away with the middlemen entirely, because the existence of powerful middlemen nullifies the effect of combination amongst the consumers.

Q. 37.—We are opposed to the McDougall scheme because it aims at placing the power of fixing the price for the whole jute crop in the hands of a few parties. If the cultivators are assured of a minimum price there is no need for adopting that scheme.

Q. 38 to Q. 40.—The growers at present have no source of information regarding the movements of the market. The intelligent cultivators ascertain the price of the futures market in Calcutta by going to railway stations or steamer stations and enquiring the price in Calcutta from the passengers. In our opinion, the present position is most unsatisfactory. Some methods should be devised to enable the cultivators to know the trend of the market in Calcutta. If regular markets are established as suggested by us, the latest quotations in Calcutta can be posted in such markets. We think that, with the help of wireless telegraphy, it is possible to disseminate information throughout the jute districts.

Q. 41.—This has been answered by us in our preliminary remarks. We have suggested the setting up of a Jute Board with sufficient funds at its disposal and have also pointed out the method by which such finance is to be found.

Q. 42.—If our suggestion for the appointment of a Jute Board is accepted, the question of marketing can be dealt with by that Board. We think that if a detailed market survey is carried out, it will be of great help to the cultivators.

Q. 43 to Q. 46.—If a Jute Board, on the lines suggested by us, is not appointed, then we are in favour of the appointment of a Central Committee for jute. The activities of the Committee can be financed by a small share of the jute export duty. The main functions that can be entrusted to such Committee will be:—

- (1) the improvement of marketing conditions,
- (2) carrying on research for finding other use for jute,
- (3) investigating the question of substitutes,
- (4) preparation of statistics,
- (5) dissemination of information to the cultivators, and
- (6) promoting legislation to help the cultivators.

Q. 47 to Q. 53.—We have no definite information regarding substitutes. We hear from time to time that efforts are made in other countries to find substitutes for jute. In our opinion, the Government of Bengal should take steps to make independent enquiries into this question. Many times, the bogey of substitutes is raised by the consumers to frighten the Calcutta people.

No. 76.

The Secretary, East India Jute Association, Ltd.

Dated the 30th March 1933.

My Association subscribe to the views expressed by the Indian Chamber of Commerce, Calcutta, in the course of their reply to the questionnaire issued by your Committee. (*Vide* page 186 *et seq.*)

No. 77.

The District Board, Howrah.

Dated the 12th April 1933.

Q. 1.—Yes, it requires regulation.

Q. 2 (a).—It is possible to regulate the jute crop with reference to expected demands by means of legislation aided by active propaganda.

Q. 2(b).—The main object of such regulation will be the establishment of equilibrium between the demand and supply of jute. The

probable effect of this step will be to minimise the evils of depression and to prevent the abnormal fluctuation of prices. When the effects of this regulation will be manifest, the price is likely to increase and will gradually become steady.

Q. 5.—Ignorance of the conditions rather than that of demand, is the most deplorable of causes which bring about depression in the price of jute. The ignorant cultivators go on sowing the same quantity of seed almost every year, as they are unable to foresee the condition of future demand.

The proverbial poverty of the *raiya*s prevents them from withholding the supplies from the market. They very often depend solely on the proceeds of the sale of jute for their bare maintenance. In these circumstances, the *raiya*t is compelled to market his jute, even when the price is below the cost of production. What the *raiya*t requires is hard cash and this he readily secures by selling the jute for any available price.

Depression caused by financial breakdown or other crisis is widespread and its effects are more or less shared by all raw commodities. The low price of jute is to a considerable extent due to the first cause giving rise to over-production.

The aforesaid factors coupled with the clever manipulations of the middlemen are mostly responsible for the low price of jute.

Q. 24.—No. The case would have been quite contrary, if the middlemen were on the same footing of ignorance and isolation. They are on the other hand thoroughly conversant with the conditions prevailing in the market and are more organised than the cultivators.

Q. 27.—Cultivators generally borrow from the village *mahajans* and *kabuliwallas*. Sometimes, advances are also made to the cultivators by various classes of middlemen who represent the balers and mill owners. So it is not wholly correct to say that the creditors are not the ultimate buyers of jute. Certainly, it adversely affects the price obtained by the *raiya*t. As the money is paid in advance at a time when the cultivator has no ready money at hand, he is indirectly compelled to accept the price offered by the creditor-middlemen.

Organisation of village co-operative credit societies is very likely to give better credit facilities to the poor and helpless cultivators.

No. 78.

Babu Priyanath Sen, Dacca.*

Dated the 4th April 1933.

Q. 1.—The production of jute certainly requires regulation. There can be no question about this, for the consequences of want of regulation have been disastrous for a long time. The cultivators, left to themselves, are unable to take into account the different factors which govern the situation, and blindly follow the lead of values till the conditions

*For oral evidence, *vide* page 514 *et seq.*

are entirely reversed. I give some striking examples of this from the past. An early instance is recorded in the year 1871. The boats of the country were pressed into Government service for the Lushai Expedition. The consequent dearth of transport raised prices in the Calcutta market by about 100 per cent. to Rs. 4 per maund in March of that year. That is the month of sowing jute and there was a crop next season, 30 per cent. above that of the previous year. The price necessarily fell in 1872 and was Rs. 2 (average of the year). The crop of 1873 immediately shrank by over 40 per cent. Similar wide fluctuations occurred in 1882-83 in which, for some reason not recorded, the price in Dacca, then the principal supply centre, fell as much as to 12 annas a maund. Cultivation contracted next year and the price varied from Rs. 3 to Rs. 8. In 1891-92, or roughly a decade after, the price fell by about 40 per cent. and the cultivation contracted by 100 per cent. In more recent times also the same thing is happening. In 1907 the "M" group, as the Firsts were then called, rose to Rs. 62-8 per bale in January, resulting in the crop being sown in March next which reached the then unprecedented total of 98·18 lakhs of bales. In January next the price was Rs. 36 per bale. The crop sown in the following March shrank to 63·10 lakhs of bales. The price of the "M" group again rose in January 1914 to Rs. 84-8 for the demand for jute came from every quarter and the outturn in 1914-15 increased further to 105·31 lakhs of bales. Through the outbreak of the War price fell to Rs. 42 that season and the crop next year shrank to 74·24 lakhs of bales. In January 1918 again, the price of "M" group was Rs. 37 per bale, and the outturn in 1918-19 further shrank to 70·19 lakhs of bales. The rise of price to Rs. 77 next January brought forth a crop of 89·48 bales next season. The prolonged depression due to the War had, however, completely upset the cultivators and they were very much afraid to sow more, till the price reached Rs. 128 per bale in the 1925-26 season. The bait to the growers was too alluring and the crop in 1926-27 was 121·87 lakhs of bales. From that time prices have been falling till we are in the midst of the present depression when the curtailment of the crop also cannot improve matters. I refer to the above, which are most striking among many similar other instances, to show that the case for regulation is unanswerable. There is also another aspect of the matter, namely, how this fluctuation affects others. It has now become apparent to everybody that the well-being of all classes in Bengal depends very much on the success of the jute industry which can be brought about only by avoiding fluctuations. To ensure that nothing should therefore be left undone. The ideal would of course be to nationalise the industry. The bearing of the success of jute is so important and widespread that without being guided in the least by socialistic principles, any administration of Bengal would be justified in nationalising jute. But that can only be an ideal now. The practical step therefore, is regulation of production which should be devised in the best possible manner without the least delay.

Q. 2 (a).—It is quite possible to regulate the jute crop with reference to the expected demands of the market. The main outlet for jute and its cloth is for use as containers of grains. The estimates of production in all important agricultural countries are now regularly issued. A rough idea can therefore be easily formed of the probable demand. Of course there may be variations, due to unforeseen causes, but that does not occur very often and in such magnitude as to vitally affect the

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estimates. Such estimates are always made in considerable houses of business. With proper help an idea of probable demand may also be made by the Department of Agriculture which will be of great service to the growers.

Q. 2 (b).—The main object, and likely effect, of regulation would be to steady prices. But there is no reason, after the organisation for regulation has become efficient, why no attempt should be made to raise prices at least to safe and economic level.

When means are devised to organise the producers it can easily be imagined that they also will, to the best of their ability, try to raise the prices. But they will always require advice on two points, namely, the probable demand and the limit of safe prices.

Q. 3.—I do not think that it is not possible to regulate production. But that is not to say that any and every step taken for it would succeed. The circumstances prevailing now present the greatest difficulty in leading prices, which is the object of regulation, to economic levels and to steady them. Still, much improvement is possible even at the present time. It is not at all justifiable to say "that regulation would in no circumstances be feasible". A striking example of this has been afforded during the last two seasons. The fall in production during that time was no doubt due, as usual, to the collapse of prices. But the propaganda of the Department of Agriculture contributed substantially in clearly pointing out the situation.

Q. 4.—In recent times a notable instance of control of production has been that of rubber. Strenuous efforts are also being recently made in the United States to curtail the output of cotton. Even in this country the export of tea is being controlled now. I have however no detailed knowledge as to the working of those schemes. The case of jute is entirely different from that of any similar commodity. Bengal has practically a monopoly in the production of the fibre. It would therefore be quite possible in Bengal effectively to regulate the prices of jute, but there are also difficulties. Cotton and rubber are mostly grown by the plantation system, while jute is produced entirely by individual cultivators, who number no less than 3,000,000. Obviously, it would be much easier to introduce any scheme among the plantations than among millions of illiterate cultivators.

Q. 5.—It would not be easy to enumerate the large number of causes that depress the price of jute. Financial and other crises, as well as over-production, equally bring this about. In considering the point it must be noted that, the demand for jute arises from that of the cloth manufactured from it and is naturally affected, along with the demand for the latter, though there has been a striking exception. To explain further, the demand for its cloth and consequently of jute depends mainly on the total amount of agricultural crop grown in the year and the proportion of that crop consumed away from the place of origin. The demand resulting from the above is more or less steady, but is sometimes substantially modified from the most unexpected causes. Some of such cases were the following. In the season 1921-22, the consumption of the jute cloth was affected because Central Europe could not pay for the foodgrains of which she stood in need. In Russia, not only were railways disorganised but it was estimated

that the number of horses in that year was a little more than 1/10th the number before the War, so that the Russian cultivator was unable to transport his produce to the market. This, combined with the general political disquietude, resulted in each man's cultivating only as much as met his domestic needs of the year. In Roumania the change in the system of land tenure, particularly splitting up of large estates, for the time being, reduced the exportable surplus, though it was expected that it would not be long before the export trade became normal again. The demand from South America was very much reduced owing to the uncertain position of a number of merchant firms and the subsequent serious restriction of bank credit. In addition Germany withdrew from the market owing to the depreciation of the mark. Under these circumstances shipments of both raw and manufactured jute were much reduced that year. The above present instances of both financial and other crises. But it is seldom that all of them take place in any single year as was the case in 1921-22, or extend to the majority of the consuming countries.

A striking example of the depression of the prices of the raw material, apart from that of the manufactures, was afforded during the War. A bumper crop estimated to be 105.3 lakhs of bales was produced in 1914-15. During August of that year, when the War had actually broken out, export was not possible. The *Emden*, the German cruiser, practically stopped shipping in the Bay of Bengal, while various complications arose later on in Europe itself. The total consumption dropped that year to 94.79 lakhs of bales. In course of the first year of the War export fell from 41.92 lakhs of bales in 1913-14 to 29.67 lakhs in 1914-15 or by 34 per cent. Next year there was a slight rise to 31.96 lakhs of bales. Then began a downward move and the total quantity exported in 1917-18 was only 17.26 lakhs of bales. Export revived after 1918-19 and at once rose to 21.93 lakhs of bales. This fall was not at all proportionate to the variation in total consumption. The quinquennial average for the pre-war period was 90.07 lakhs of bales, during the War quinquennium it was 86.15 lakhs of bales and for the post-War quinquennium 81.06 lakhs. The closing of the outside market indicated by above was the cause of abnormally depressing the jute market, though manufacturers derived an immense profit from the War demands, for they received whatever they asked for, for the War could not be conducted without jute bags.

It is not always that the mills, who are the biggest purchasers of jute, can dominate the raw jute market in the above way, but their efficient organisation undoubtedly gives them at all times an advantage over the growers. If it were not for the fact that jute is ordinarily sold in a free market, price of raw jute would certainly have been much depressed as a rule. In reality, such fall occurs on occasions. These are the years when there is a large over-production. It is not probably realised that the cultivator is often helpless. Jute is his main, and in many cases, only, cash crop. The strongest demand on his purse comes when jute is marketed. The autumn is the time for both the money-lender and the landlord to collect their dues, the latter having to meet the Government demand for revenue in addition to his *Puja* expenses. The cultivator is consequently in a hurry to sell. And this often depresses the jute market.

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Specific and striking examples of over-production given before show clearly the depression resulting from this cause. There were numerous other instances. In fact, as a general rule, there is more or less over-production and only on rare occasions the whip-hand passes on to the growers, of which the most notable example was seen in the season 1925-26.

Q. 6.—I do not think there would be any competition from substitute crops. The Indian cultivator is, as a general rule, very conservative. It is not at all easy to induce him to go in for a crop which he is not experienced to grow. I have tried to make them cultivate new crops and was able to induce the Government to distribute seeds free of cost. But the introduction succeeded only partially. There are no substitute crops for jute grown in other countries which can compete with it. Extensive investigations have been carried on in other countries and till now nowhere success has been achieved with substitute crops for jute which have been dealt with elsewhere. There is not much fear of competition in this direction affecting the jute industry.

Q. 7.—The cultivators of jute would voluntarily come under a scheme of regulation of the jute crop as far as their circumstances permit. There would no doubt be a tendency on the part of many of them to break through, as the pressure on the cultivators is perennial. But the cultivator of jute is intelligent enough to understand that he should grow less, if by growing less he does not lose money, which would be the result of regulation.

There might, and would, be defections, perhaps numerous on occasions, but good result may be expected from voluntary efforts in the end after the education of the cultivator has gone on for some time and an effective scheme is introduced for it.

Q. 8.—To a large extent this would be the case at the beginning, as is clearly demonstrated by the movement described in answer to Question No. 1. But it should be noted that, no effort has been made to educate the cultivators on this point except by non-official agencies, sporadically, and through Government Department during the last two years. It is not immediately that the best result would be achieved. If the cultivators are systematically taken in hand and the evils of over-production are properly pressed on them, the result would be very nearly satisfactory. But the work of education of growers, which would be backed by practical results over years, would have to be carried out systematically and the cultivators helped by information on other points.

Q. 9.—Regulation of the jute crop by legislation would undoubtedly be perfect. But I have grave doubts if, in the administration of the law on the point, more trouble will not be created in the interior than the advantage it would confer. I cannot suggest the outline of any such legislation, but I have seen the Bill on the subject brought forward by Dr. N. C. Sen Gupta in the Bengal Council. While it has many attractive features, I doubt whether the machinery for the administration of the law that is provided, would prove successful. For instance, what I am afraid of is that in many cases, if not almost in all, there would be appeal against the decision of the Union Board on the curtailment of cultivation. Even if there is one such case from each Board, the likelihood is that there would be several, in a district like

Dacca, where there are about 320 Union Boards, it would be impossible for the District Agricultural Officer to cope with the work. From my close observation of the work of these village Union Boards during the last year or two, I am decidedly of opinion that, in the apportionment of curtailment there would be great dissatisfaction and consequent trouble. The stakes would be often large, and I am not sure that it is not putting temptation in the way of many of the class of men who form the Union Boards and lead the way to corruption, to empower them to cut down the cultivation of the growers. I would like to see regulation by legislation, but not through the Union Boards or even separate Village Jute Boards.

Q. 10.—When it is possible to regulate the production of jute through legislation, the best way to administer that law would be through Co-operative Societies. The Union Boards would be unsuitable for reasons I have stated in answer to the previous question. Being a small *zemindar* myself, I would not have the work thrust on them. Most of them do not live in the interior. The class of men who work for them would be no better than the members of Union Boards. To the unscrupulous, the administration of the law would furnish a great handle for oppression. I cannot also think of any other agency. The advantage of entrusting the work to the Co-operative Societies would be that, they would also themselves be interested in curtailment because it would fetch better income to the cultivators, their debtors. But I recognise the fact that these societies have not yet been established in every part of the jute area. It must however be noted that only four districts, namely, Mymensingh (23·8), Dacca (10·1), Tippera (9·52) and Rangpur (9·51), produce between them 52·93 per cent. (average of five years ending 1928-29) of the total jute, and that with four more, namely, Faridpur (9·3) Purnea (9·3), Pabna (4·6) and Rajshahi 3·3, they produce, roughly 80 per cent. of the Jute. It is no formidable task to organise the co-operative societies in these eight districts. The United States are attempting curtailment of production of cotton with a similar percentage of yield. Establishment of co-operative societies has made great progress, so far as I know, in many of these districts. It will not take long to complete the work. And I would then have the administration of a law regulating production of jute, put into the hands of these societies. I would make a little delay than risk the failure of an experiment which means so much for the welfare of all classes in Bengal.

Q. 11.—If the jute regulation is carried on by co-operative societies, there would be little chance of evasion. It is very difficult to lay down what should be the limit of activities of the Marketing Board. Would it through its agencies take up work which commonly belongs to the trade, or would it act only as the agent in general of the growers? I can imagine that the Marketing Board, strictly confining itself to the last function, may be able to work successfully, but the moment it encroaches on grounds which is the trade's own, the object would be frustrated. The experience and judgment which capable trades-people have, would be too expensive for the Marketing Board to command and its agencies to secure in this country. The jute sale societies established in Bengal failed for that reason. I do not however condemn the idea of a Marketing Board. But its function, if it is created, should be merely the collection of the raw material and then

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hand it over to the trade. But a plan of this nature cannot succeed before the establishment of Co-operative Societies. So, it is no use discussing this scheme now.

Q. 12.—It would certainly be desirable to secure the co-operation of the Governments of Bihar and Assam and to have organisations in the jute areas in those provinces. Five-year average shares of different provinces of the total area and yield, ending in 1930-31, were as follows:—

	Area.	Yield.
Bengal ..	87.1	88.2
Bihar ..	8.4	7.8
Assam ..	5.0	4.3

The work would certainly be more satisfactory if it could be carried on for the whole, though it should be noted that jute produced outside Bengal is very rarely of the standard varieties.

Q. 13.—For the lowlands, which form half the jute area, rice is the only alternative crop during the summer. As regards *rabi* crops, jute or rice would make no difference, except that, of the *rabi* crops mustard grows well if sown after jute. But the demand for mustard is after all small. The production of excess rice would no doubt somewhat affect the market for this crop, but, after all, regulation of the production of jute would not set free so much land as to inflict any permanent injury to rice. In the high lands the most suitable substitute for jute would be sugarcane. Of late, there has been a large increase in the demand for this crop and an adjustment through it is quite possible. A little propaganda would induce the cultivators of high lands to substitute sugarcane for jute and my information is that, the process is going on in some parts of the Dacca and Mymensingh districts and possibly in Rangpur. For the lowlands substitution would be possible only after a time, when the cultivators have gathered some experience.

Q. 14.—The propaganda carried on by the Government as well as by non-official agencies was of great service to the cultivators during the last two years. I have found even before, that propaganda is very helpful to the cultivators in realising the situation. Of course the Government propaganda is most successful, as, apart from the prestige the State agency carries with it, it is more efficient. I doubt very much if the jute area would have been curtailed in the manner it was during the last two years without the Government propaganda which would have greatly added to the keenness of the depression. There should be a regular organisation to educate the cultivators regarding the jute position. All the propaganda carried on till now was done during the sowing season. It should be continued all through the season to make it more effective. One of the ways to carry on this propaganda would be to circulate printed leaflets on *hat* days in the principal jute markets of the interior. These leaflets can easily be distributed through Union Boards and the Union Committees.

Q. 15.—The cost of cultivation is not uniform in all the districts of Bengal or in the jute area of the adjoining provinces. Before the

depression set in the cost of cultivation per acre was estimated by Mr. R. S. Finlow, the then Director of Agriculture, as follows:—

	Rs. A.
Cost of seed	4 0
5 Ploughings and 5 mois (ladder with 5 pairs of bullocks and 5 men)	13 8
Sowing broadcast	1 0
Manure (4 tons per acre) and cost of spreading, 2 carts with 2 men and 2 pairs of bullocks	12 0
<i>Achra</i> or harrow (say with one pair of bullocks and 1 man), twice	3 0
Weeding and thinning (once), 30 men per acre at 8 annas per day	15 0
Cutting and steeping, 30 men and one pair of bullocks	16 0
Stripping and washing (average 40 lbs. per day per man) and assuming an yield of 16 maunds, say 1,300 lbs. per acre, 32 men	16 0
Drying and bundling (4 men)	2 0
Cartage to market (one cart and one man with one pair of bullocks)	1 8
Rent for the land	6 0
Total	90 0

The estimate provides for 107 men days and 10 pair of bullock days and the cost of a man and a pair of bullocks has taken to be about Re. 1.4 per day while the daily wages of a man may be annas 8 only

In an abnormal season it should be noted that, the cost of weeding may be materially increased beyond Rs. 15 per acre. An average yield of fibre is about 16 maunds per acre, so that the average cost would be from Rs. 5-8 to Rs. 6 per maund.

The trade estimate of the cost of cultivation, also gathered before the depression, was a little higher, namely, Rs. 8 per maund. This was stated by a prominent member of the trade in Calcutta to be distributed as follows:—

- (a) Cost of hired labour for manuring, sowing, weeding, cutting retting, stripping, drying, and bundling.
- (b) Interest on capital spent for livestock, farms, storesheds implements, repairs and replacements.
- (c) The price of seeds and manures.
- (d) Land rent and taxes.

All these items, according to the above estimate, cost Rs. 6 to which is added Rs. 2 as the wages of the cultivator's family members.

Q. 16. These estimates have to be modified by the much lower cost of labour which prevails now. Another point of importance is

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the fact that, the cultivator with his family members themselves undertake now as much work as possible, though he also did this to a certain extent previously. He is absolutely in want of cash now, and cannot therefore engage hired labour. He therefore invariably resorts where necessary to a system of borrowed labour which is repaid in kind. But a proper estimate of the cost should include the wages of the cultivator and the members of his family. Estimated on the above basis, a fair price of jute should be from Rs. 8 to Rs. 10 in normal times. Taking the fall in the cost of labour during the depression to be roughly 50 per cent., and taking into account the lower outlay for some other items, the cost at the present time is about Rs. 3-8. A fair price now would obviously be between Rs. 4 and Rs. 5. But the cultivator is getting barely the cost of labour and is thankful for what he receives. In fairness to the cultivator and in consideration of the importance of jute to the Province as a whole, every effort should be made immediately to increase the price from Rs. 4 to Rs. 5. It would be in the interest of all classes in Bengal. Anything less than that cannot be called now a reasonable return to the cultivator. And it is not at all impossible to bring about this slight increase in spite of the depression that has set in.

Q. 17.—The present fall in the price of raw and manufactured jute is mainly due to present world-wide depression. Jute is a commodity of world commerce of which the utility is derived from the consumption of other goods, for the cloth of jute is almost everywhere used in packing only. That, in spite of the secondary nature of its demand, manufactured jute is required so widely and in such large quantities is due to the fact that, some of the primary human necessities such as wheat, cotton, rice etc., cannot be moved without being packed in the jute bag. But the material is required also for packing things of such different nature as the car and the coin. Though there could not be any very large diminution in the circulation of the primary necessities, the universal depression had undoubtedly cut down world commerce in most of other materials. The tariff walls raised in different countries have also played their part, and the volume of world trade is not even half of what it was before. It is therefore no wonder that the demand for jute cloth and its price have fallen so considerably and so also of jute. Another factor is the fall in prices of almost every other commodity. The value of only one material could not remain at its former level when that of all others have gone down. Of course over-production also has its share and naturally has a greater effect now when there is depression all round. These causes combined have brought about the fall in the prices of the jute cloth and, necessarily, of raw jute. The causes are mostly of the nature over which any single country has no control and Bengal has to wait for the turn of the tide. Yet there is a margin of improvement which can be easily brought about by removing over-production. The production of jute can be made at least economic which is not the case now. I would also draw attention to another point here. Opinion is often expressed, even by those who ought to know better, that there is no more any future for jute. Facts, I presume, point to a different conclusion. The world commerce is bound to revive and along with it the demand from all quarters for a suitable container. That purpose cannot be served more economically and more efficiently by any other commodity than jute. Of course, substitutes are being tried at the present crisis, as they were at the time of the War. When normal times come back, it

is jute which will predominate over others. The point has been discussed in greater detail elsewhere.

Q. 18.—It is of supreme importance that agricultural research and propaganda to assist the grower should be systematically carried on. I wonder if there is any country in the world where both the Government and the people have so much neglected a source of wealth as immense as jute in Bengal. The ignorance of the economic value of jute to the people of this Province has left them almost apathetic to the care that ought to have been bestowed on the material. The Government also seemed most surprisingly unaware of the value of jute to their finances, till, mostly through its collapse, the whole economic fabric of the Province has been shattered. The Department of Agriculture has been absolutely starved on the point. One instance will be sufficient to show this. It is perhaps known that by prolonged investigations a variety of jute was evolved known as D. 154 (strain No. 154 cultured in the Central Farm at Dacca.) The excess production of this variety is nearly 5 maunds of fibre per acre which is over $1\frac{1}{2}$ maunds per *bigha*, or 25 per cent. This means that, if it is desired to produce a crop of 105 lakhs of bales, departmental types of jute at 3.66 bales per acre would require about 28.7 lakhs of acres, while local jute would require roughly 35.0 lakhs of acres. The difference is 6.3 lakhs of acres which would be available for food crops or other cash crops, if the whole of the jute were grown from departmental seed. The paddy sown in this area, it is calculated, would in normal times be worth 5 crores of rupees. "This may be called a dream," said the Director of Agriculture, but by 1926, 12 per cent. of the dream had been realised, and by 1928, 33 per cent. By now it must be much over that. For the full effect only propaganda and a little money were necessary. The actual cost of this was estimated at Rs. 20,000 per annum for 15 years. This money was not forthcoming. A sole distributor had to be found to spread the departmental seeds who had his headquarters at Narayan-ganj. He had to be guaranteed against loss to the extent of $2\frac{1}{2}$ lakhs of rupees by the Indian Jute Mills Association but in 1926 the amount was only Rs. 65,000 as a larger deficit was not expected any more. By now there is, I think, no more any guarantee for any loss. The money for the propaganda came from the London Jute Association which made a grant of £15,000 in 1915 for the introduction of the departmental varieties of jute. The facts speak for themselves. They also show that the cultivator of jute is keenly alive to improvements if he is approached in the right manner and if he is educated properly. Not only should regular propaganda be carried on, but it should be continued and arrangement made for systematic research. There should be a separate machinery for this. The point is discussed elsewhere.

Q. 19.—There is room no doubt both for improvement and expansion of the present system of compiling and publishing jute forecasts, but even as it is, these figures are of great service to the trade. Balers and mill-owners, as well as middlemen, base their whole business of the year on the estimates given in the forecasts however much they may murmur on occasions about their inaccuracy. And there does not seem to be any difference on this point between the interests of the balers and the mill-owners on the one hand, and the middlemen on the other, except one of magnitude. The difficulty of compiling these

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figures accurately may be easily imagined from the fact that, they have to be gathered from 3,000,000 mostly illiterate cultivators of jute spread over 3 provinces.

The growers derive very little benefit from these forecasts in their present form. In their interest forecasts about the probable demand should also be published twice in the year, once with the final forecast, giving the probable demand in the current season, and again in February with an estimate of demand during the next season along with the figures of old stock. This is not an impossible thing. Any considerable house of business in jute forms such estimate every year. It should not be outside the competence of a proper agency to form these estimates. The issue of the forecasts however should form a part only of a complete and elaborate scheme of spreading information about the course of business. The forecasts should therefore be fully expanded in the following manner:—

1. Forecasts of demand should be issued twice, once with the Final Forecast and then at the beginning of the sowing season. With the latter an estimate of old stock should also be given.
2. A market report should be broadcast daily. This would best be done by wireless. There are in all about hundred more important *hats* and an installation at each place, along with a mechanic assigned to a group of certain number of them for upkeep would not cost much. This is very necessary, as the growers and lower rungs of middlemen have very little means of knowing the market position. An installation in the market place would easily spread among them the necessary information. Occasional discourses on the jute position would also be of great service.

I have to suggest one or two changes in the manner in which forecasts are prepared. I do not see what good comes from sending up the figures through Subdivisional and District Officers. No doubt, at times, conferences are held among the staff of a division, but in the too crowded official routine of executive officers, jute naturally can find little space and rouse less interest. And perhaps no other purpose is served but giving an idea of the prospects of the year in a general way to the executive officers. I would suggest the figures being passed on by District Agricultural Officers who should go round for checking and ascertaining the character of the season. They certainly have better technical knowledge to do this work. In gathering these figures merchant houses employ officers who have been doing it for 20 or 25 years. That is why their estimates are held to be more accurate. I would also suggest that in the forecasts should also be given the proportion of the broad divisions of jute, such as *deshi* and *jat*, and among the latter eastern and northern to help in a more accurate estimate being formed of the quantity available for the Indian mills, export, etc. It is very difficult to find this out, the information about the different kinds of jute grown being available from only a few big firms who, as a rule, do not give it out.

Q. 20.—If it is realised that at present the method of grading jute in the mufassal differs in different quarters, or *moyals*, as they are called, the system or the multiplicity of them bring on their own condemnation. There is, for the first thing, no uniform method of

grading jute." On one side stands the purchaser, in a much stronger position for five or six seasons now, and on the other, the seller, quite helpless for the same period. It can easily be imagined what happens in the absence of authoritative and definite standards of grading. The business at the bottom is therefore faulty. Balers and the mills do not, as a general rule, suffer much, for they can fully exact satisfactory conditions whoever sells to them. But the ordinary run of middlemen are great sufferers nowadays, even to the extent of being able to do little out of their business. The peculiarity of the present marketing conditions is that, prices are often higher in the interior. The middlemen have, to avoid loss, to do many things which they would not probably otherwise do. The present methods of marketing are therefore often unsatisfactory. As the whole community is concerned in the success of jute, people in general suffer naturally in consequence.

Q. 21.—It would certainly be beneficial to establish organised markets for jute in various districts, on the lines of those established in the Central Provinces. But there would have to be considerable additions and alterations in the Act passed for cotton. For instance, it would not be quite feasible to fix the places for weighing of jute. There are, in East Bengal, what are called *bhashan* (floating) *hats* where the transaction takes place often between boats or any suitable place on the bank of the river. On the other hand, the system which is superseding others is that, jute is taken to the godown of the purchaser and then weighed. If the law laid down that jute could only be weighed in the godown of the purchaser that would undoubtedly handicap the seller. Again, periodical inspection, etc., of the scales, weights and measures, is absolutely necessary; so is the fixation of trade allowances of various kinds. The exaction of unlawful allowances is a great evil in many of the jute markets and the sooner it is prevented by law the better. I have seen even in the present year of acute depression, the money, earned by the cultivator with the hardest possible labour, exacted on some flimsy ground from him, being spent on *jatra* parties and merriments by the Babus of a European firm of very good standing. This must be stopped altogether. On the other hand, watering of jute, whoever does it, must be fully provided against. In East Bengal again, jute is often brought from very distant places. I have seen imports into a *hat* of only second class importance, in the Dacca district, from the Rajshahi district. It would be absolutely impossible, as matters stand, to define the jurisdiction of the *hats*. Any attempt in the direction would entirely disorganise the present system of business and hit at considerable interests. The provision of the Central Provinces Act on this head cannot be introduced here.

Only a few points have been mentioned above. Others have to be thought out and an Act should be passed providing for the organisation of the jute markets. The approximate number of markets which could be brought under this Act would be about a hundred. But these are not naturally evenly spread over the area which produces jute. The reason is, the intensity of cultivation governs the location of these *hats*. In the Mymensingh district, in consequence, the markets are much more numerous than in others. There is yet another point. The different markets for jute have each, for a long time, been known as outlets for only particular kinds of jute. This is a detail, but a very important feature of jute markets in general, though at the more important

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among them, and in many others also, different varieties of the fibre are now available. The Act which is passed, should take note of this feature. Organised *hats* would undoubtedly be of advantage to the cultivators. Some of the points mentioned above show that clearly.

Q. 22.—I do not see how village co-operative societies or any such village organisation can bring the *raiyat* very near to the baler. In numerous cases the two are quite close, for instance, where jute is bought through agencies of big Calcutta firms. It must be very well known that these agencies are now spread over the whole jute area, and between these agencies and the cultivators, there are, in most cases, only two intermediaries, namely, the *bepari* and the *faria* and often one, the latter. There are no doubt cases where it is otherwise. For instance, in addition to the *faria* and the *bepari*, there is the village *aratdar*. There are also *aratdars* in Calcutta, whose approach to the baler may not also be direct but through one or more intermediaries. It must however be noted that there are no hard and fast rules of purchase. Balers who have agencies often make purchases in Calcutta also. But this does not matter much, for at the one end is the cultivator and at the other the baler or the mill. At each end, it is the market rate which is paid or accepted. When there is a multiplicity of middlemen they have to divide among themselves their share, which is more or less fixed, and was about 25 per cent. in all before the depression. If the grower has to be guarded against anybody, it is the baler or the mill. But here again, no hard and fast rule may be laid down, for the same firm often act as brokers, balers and managing agents of mills. And by far the major portion of jute is controlled by these firms.

Q. 23.—The cultivator of jute, as is well known, seldom takes his produce to the market himself. It is as a general rule done for him by the lowest in the rung of traders called *faria* and sometimes the *paiker*, and when a larger amount of trade is handled by such a trader he is called a *bepari*. The difference between the two, except on the point of volume of their business, is that, the *faria* never stirs out of his own area or loses touch with the cultivator. The *bepari*, on the other hand, often makes his purchases, not from the grower, but from *farias* and extends his field of operations even up to Calcutta. A *bepari* has sometimes his business in Calcutta itself.

Neither the *farias* nor the *beparis* hold stocks anywhere, which is done by the *aratdars*. A general practice formerly was that, the *bepari* of the interior left jute at the godown of the *aratdar* and paid him a commission, generally of one anna per maund and one pice for the hire of jute press for packing bales. The rates of course sometimes differed at the various centres. Now, however, the *aratdar* usually makes his own purchases and then, as before, arranges for sale either at some important interior market, or in Calcutta. When the *aratdar* arranges for the sale of jute belonging to others, he is seldom satisfied by taking only the commission. The *bepari* is never told the price at which his jute is sold. The latter generally has not much opportunity of ascertaining prices in the central market, except from what other *beparis* receive. There is another class of traders in the interior who, in addition to functioning as *aratdars*, advance money to the *beparis* or *farias* and take an interest on this money in addition to other charges. The latest tendency, however, is to wipe off the divisions, and in most cases now, one and the same person or firm does all kinds of business. The *faria* is, for the most part, let alone, but the interior *aratdars*, on

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occasions, send out their own agents in the river districts in boats (called *panshies*) which go about securing for the best jute that is available in the area and secure it on advantageous terms due to the position and influence of their principals. The inland purchasers are the big firms with agencies spread out all over, and the balers. The former buy through their own organisations as well as from dealers in Calcutta. The balers make their purchases from *beparis*, *aratdars* or *mahajans*, but at times they too have their agencies. There is yet another class of interior traders, who are practically agents of Calcutta firms and are called Commission Agents; only their remuneration is based on a certain rate of commission, and a hire is paid for the godowns which belong to them. The Indian mills generally make their purchases through the leading Calcutta firms who have agencies.

It is not possible to give the remuneration which each class of the above system receives. The reason is, except in few cases where it has been mentioned, the rates differ. Mostly every one does business on his own responsibility and tries to make the best he can, the only limits being the market rates, both at the time of purchase and of sale. However unsophisticated the cultivator may be, he will not voluntarily part with his jute except at the prevailing rate.

Q. 24.—The multiplicity of middlemen, which in fact is disappearing now in many places, has not much bearing on the return to the grower. The limits of market rates always govern the transactions between the grower at the bottom and the balers and the mills at the top. The point has been dealt with before.

Q. 25.—There are several marketing customs which are detrimental to the *raiyyat*. For instance, in purchases by agencies in the mufassal and by the *aratdars*, as a general rule, jute is first taken to what in former cases were called importing sheds. There the jute is left for 24 hours and then the price is settled. It can easily be realised, once jute is taken into the shed of the purchaser, the chances of a fair price being settled are minimised. The seller is placed in a position where he often parts even at a loss. The reason why there are not more complaints is that, the sellers are, in not a few cases, offenders themselves, which shows the other side of the case. It is necessary for a fair deal that there should be no excess moisture in jute, but this is not always the case. Though wilful wetting and mixture of sand to increase the weight are rarer now, in fairness to the purchaser he should not buy before an interval has elapsed to dry up the fibre. The remedy of course is to put down dishonest watering with a heavy hand and then to discontinue the practice of transfer before purchase. Other practices which should be stopped are excess weights and exactions such as *isvarbritti*, *kayali* and *kabari*.

Q. 26.—There is no system of pledging the crop after sowing in any part of East Bengal, except the general custom of *girbi* in which the land is made over for enjoyment of crops, whatever they are, in return for money borrowed. But I have heard of pledging of crops in the Calcutta area even when weeding is done. But money in this manner is advanced only by a certain class of money-lenders. I do not know the particulars of such transactions.

Q. 27.—Cultivators, for the most part, borrow from professional money-lenders. The custom is growing in East Bengal in which the money-lender also sets up as the *aratdar*. In such cases he is also the
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buyer and the debtor has necessarily no other alternative but reaching his crop to the money-lender-cum-*aratdar*. The grower certainly cannot get a fair return in such transactions. The only means of providing proper credit facilities to the cultivators would be to extend the co-operative societies.

Q. 28.—It can certainly be imagined that a network of Co-operative Societies could cover the whole of the jute area and beginning with financing of the cultivator, take the initial step in marketing of the crop. But much ground would have to be covered before the system could be brought into full working order.

One thing must however be noted in this connection. Co-operative Societies have been before the masses on the countryside for sometime now. Gradually they are understanding the functions and the benefits of these bodies. Any experiment with an organisation working on different lines would have to cover the same ground again which will take time. In bringing the Co-operative Societies into this work, the mistake that was made in case of sale societies should however be carefully avoided. They should not encroach into the province of the trade. Trading in any form and co-operative society work are quite different things. The co-operative societies would work like this. They would gather the outturns of their members and sell it off at the best possible terms, which they would be much better able to do than the individual growers. These societies should never take up the technical work of grading etc., which only long experience in the business can teach. If hired labour is employed for this work there would be no one to supervise it. That is how the sale societies came to grief.

Q. 29.—Jute is sold to Dundee and the Continent through shippers. The terms of delivery generally are that, the jute is to be placed free of charge alongside the steamer. A clear receipt is then given and on this cash payment has to be made by the shipper. Following charges have to be added to the baler's price:—

- (1) Custom dues.
- (2) Consul's fees for countersigning the invoice, if despatched through the Consulate.
- (3) Marine insurance.
- (4) The interest for the period when the payment is made to the baler and the drafts are negotiated.
- (5) Petty expenses including postage, telegrams, etc.
- (6) The Agent's commission, if the order is through a foreign firm.
- (7) The Shipper's commission.

The orders are sometimes F.O.B., which means, "free on board," but ordinarily, C.I.F., that is, "carriage insurance free," at the port of destination. The general practice is to make out bills on a London firm (Documents on acceptance) or on the Bank specified by purchasers. These bills are sold to Calcutta Exchange Banks at the ruling rate of exchange. When the customer is outside the United Kingdom letters of credit are required. Firms with large capital often collect their bills through their London office.

At times, foreign firms or Governments send out actual bullion to create a credit in Calcutta. Jute is sometimes exported on consignment when banks allow between 75 to 90 per cent. on the bills.

Q. 30.—In export the standard is fixed by the “marks.” Annual records of these marks are issued by the London and Dundee Jute Associations and the Baled Jute Association of Calcutta. The British list contains about 135 marks and the Calcutta list just over 2,500 owned by about 150 balers (1929). Arbitrations are generally held in London as most of the foreign orders are placed through London. Arbitrations are also held in Hamburg. Arbitrators are always appointed at the instance of the consignees and home guarantee means that the goods must be approved there. If they are not approved, the goods are invoiced or sent back. This causes no little, though often not unmerited, hardship and a system of Calcutta guarantee is most urgently called for.

Q. 31.—It is not necessary to fix standards for export by legislation as the system of marks is quite satisfactory. But it is very necessary to have a body of recognised standing like Licensed Measurers to inspect all consignments of jute and grant certificates. If the measurement of the bales can be checked, there is no reason why their contents cannot be examined in Calcutta instead of at the destination, which gives rise to so much trouble.

Q. 32.—I have no scheme to suggest but legislation, like the American Cotton Standards Act of 1923, is certainly necessary and may be made to fit in with the system of marks now prevailing in this country.

Q. 33.—I have explained in answer to Question No. 23, the system at present prevailing in dealings in loose jute purchased by balers and mills. There are standards fixed by the Indian Jute Mills Association.

Q. 34.—Standards and grades are often changed. It is done even in the middle of the season. Such a change was made on August 9, 1930.

Q. 35.—It would be difficult to ensure strict adherence to fixed standards in loose jute except by legislation. I see no objection to such a course of action except that, through climatic influence in certain years, it may not be possible to maintain strictly the exact standards, specially with regard to moisture. But provision for this might also be made in the law that is enacted.

Q. 36.—I cannot say what exactly should be the standards, but they should be fixed in such a way that the specifications are easily intelligible to the growers. The authority to fix and judge on the standards should have legislative authority behind it, as otherwise there would be no satisfactory result. For instance, standardisation is now done by a body as competent as any one, but naturally it looks to the interest of one side. It is only by legislation that it would be possible to do the work properly. This should be one of the functions of the Jute Committee.

Q. 37.—I doubt very much if the marketing scheme of Mr. McDougall would improve matters. He has, in some vital points, proceeded on wrong data. For instance, he is entirely in the wrong in stating that the cost of distribution is Rs. 2-8 per maund, apart from speculation and profit. The cost of transit charges from Dacca to Calcutta including handling at both ends is about ten annas and the distance between these two places may be said to be the average between Calcutta and different parts of the jute area. It is authoritatively held that middlemen of all classes together get in normal

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times about 25 per cent. of the Calcutta price. But this has largely gone down now and the latest phase is that middlemen are hardly able to keep anything for themselves. Then Mr. McDougall calculated on the number of jute cultivators being one million. It is in fact fully three millions. It is one thing to control the production of one million and quite a different matter to regulate that of 3 millions. The only scheme of control that could be carried out, it seems to me, is through co-operative societies and any move in a different direction would end in failure.

Q. 38.—The growers of jute at present receive very meagre and often misleading market information. Their only source is the dealers whose interest lies in keeping the growers in the dark. The information generally filters through agencies in the interior with whom the head offices maintain a daily service by wire. The position of merchants is better, for they are much better able to keep themselves posted to the information necessary for their business. The manufacturers also know the position well, generally through their own agents. There should be an organised intelligence service to keep every one of the above classes posted up to date to the information each wants. The jute industry can well afford to maintain it. But the organisation should be under impartial control. Though theoretically there should be no conflict of interests between the three classes in India, practically each wants to gain at the cost of others and the result is all three together play into the hands of foreign buyers. I am of course referring among the merchants to those whose entire business interests lie in India. I am sure that an equitable and fair return is possible from jute to all the three classes, if each is helped, as far as necessary, to look after its own interest. This would be through supply of full and correct information. For that there should be an efficient and well-equipped body for gathering and distribution of information. I have said elsewhere that it is not at all impossible to secure news about market conditions abroad. In fact, as Indian jute industry is placed, the last should be its principal work and should be undertaken through its own agents. The jute industry can afford even to spread out a number of intelligence officers throughout the chief consuming countries. This should be one of the functions of the Jute Committee.

Q. 39.—My idea is that there should be a central organisation, with different sections to take up various work, to be called either the Jute Committee or the Jute Board. One of the sections should gather and distribute information of all kinds, another would deal with standards, a third with research and so on. It is however necessary to draw a line here. This body should never enter into trade disputes but determine and from time to time recast the lines on which the whole jute business ought to be conducted. For instance, there is the question of standards. The section in charge should lay down, to the minutest details, the compositions, etc., of the various grades. It should generally be the lookout of the parties in any transaction, themselves to see that conditions are adhered to. In case of dispute, law courts, or trade organisations for arbitration, would be open to them. In the same manner, the body in question should lay down the rules but would not take upon itself to administer them. The point is further discussed later. I have already suggested that growers should have a daily service of news about market conditions and two estimates in the year, one with the Final Forecast, giving along with probable yield the probable demand of the season; another, during the sowing time, stating what old stock has been left and what may be the demand in the coming

season. In practice of course there should be a great elaboration of the above.

Q. 40.—I have already suggested that the best way to give information to the growers would be to broadcast it by wireless. There would be about a hundred receiving stations in as many of the more important *hats*. The upkeep of these installations would not be at all very costly. Moreover, if during the sowing season and in the autumn discourses on the market position are given, that will prove of immense service to the growers. In fact they require educating to a large extent on the business side. The information given by wireless would at once spread through the *hats* to all parts of the jute area. It is education of the growers which would succeed much better than any plan of unintelligent compulsion.

Q. 41.—It is both advisable and practicable to have a scheme by which in the event of a slump in the market, jute could be purchased and held back for the time being. And this should be done by the Jute Committee acting on behalf of the Government and not by a private agency. I have mentioned and it must be well known by now, that on the success of jute depends the well-being of all classes in Bengal and the solvency even of the Government. Then why should the matter be left to the care of a private agency which would be fully justified to look only to its own interest and not of the province as a whole? The example of the United States must be before Bengal. Jute occupies a position in this province exactly similar to that of cotton in the United States. Faced with an acute financial crisis, one of the first announcements of the new President was with regard to cotton. The Government of Bengal have suffered not a little in the past for their neglect of jute. It cannot afford to do so any longer. A scheme of purchase, as proposed in the question, would go a great way in stabilising the market for jute. But on no account should the Government announce beforehand that it would buy and stock jute at a minimum price. From what I have suggested in answer to a number of questions above, I envisage a comprehensive Jute Act. In it there should be provision that it would be permissible for the Jute Committee, on behalf of the Government, to make purchases of jute in the manner suggested, should a position arise when it is necessary to do so. An expert body, representative of all interests, acting as a section of the Jute Committee, would be there to advise when exactly Government should intervene and what should be the terms. If the Government announced beforehand that they will make the purchase at a certain minimum rate, it will lead to chronic over-production and to bad deals in business. On the other hand, at the prospect of Government intervening when necessary the chances of anything like a slump would recede for ever. The plan is not very difficult to carry out. At the outside, the limit would be 20 lakhs of bales in normal times, and 10 lakhs during the depression. The chance of this proportion of a year's produce being held up would at once keep the market very steady. The outlay would be, at Rs. 60 per bale in normal times, rupees twelve crores and during the depression, at Rs. 30 per bale, three crores. The jute industry of Bengal has yet enough taxable capacity left, after paying the export dues, easily to create a fund in course of a few years through which this money can be secured. This money, it can be easily seen, will be required only for a short time. It will only be necessary to provide for its interest and any probable loss. With the

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credit of the Government at back and enough money to fund the debt, it would not at all be difficult to find the money for the purchases. How further money can be raised from the jute industry is explained later.

Q. 42.—I strongly urge that market surveys for jute should immediately be undertaken and carried out, not once or twice, but regularly. In fact I would suggest the appointment of marketing officers in every suitable foreign country after a preliminary survey of all the possible markets of the world. Any country possessing a monopoly of production of such a useful raw material as jute would have done that long ago. What the marketing officers would do is to furnish accurate and detailed information with regard to the demands in the directions in which jute is being employed at present. They would also be prospecting for new avenues in which jute could be pushed. The benefits accruing from this would be immense. There would on no occasion be any fear of a slump. The cultivation of jute, on the other hand, may be expanded if it is profitable, as at present only 11.39 per cent. of the whole cultivated area of Bengal is under jute. The depression has considerably cut down the proportion. A successful and expanding jute industry would change the face of Bengal.

Q. 43.—It is absolutely necessary that a Jute Committee should be created immediately. It should be set up in Bengal and not made central as proposed by the Royal Commission on Agriculture. The reason is that the problem of jute is almost exclusively that of Bengal. Some of the functions of this Committee could not be carried out except on the spot, as immediate decisions would be necessary about them. The urgency of the problem would be properly attended to only if the control of the Committee does not go outside Bengal, which is so intimately interested in the commodity. As to what should be the lines of work of this Committee, has to be settled after careful deliberation. Though I saw the scheme of the Royal Commission, I cannot say anything definitely about it. But I have suggested myself what should be the principal functions of the Jute Committee.

Q. 44.—The primary function of the jute committee should be as follows :—

- (1) The Jute Committee shall disseminate all kinds of information that may be useful to the cultivators, the traders and the mills.
- (2) It shall provide by regulations that the businesses in jute is carried on proper lines but that no one of the above parties gets an advantage over others.
- (3) The Committee shall carry on full investigations to increase the utility of jute.

In fact, the body should act as the representative and guardian of the jute interests as a whole. Its connection with the Government Departments will mainly be with that of Agriculture. But it should be afforded facilities of working through any department that it may find necessary. For instance, the Committee may require the help of the universities. It shall have to requisition the services of the officers of the Department of Agriculture in the work of forecasts, which should be issued by it. It would undoubtedly want close co-operation of the Registrar of Co-operative Societies to carry out

future plans. Conceivably, the Committee would have something to do with the Department of Commerce as well. Everywhere, it would represent the jute interests. But one thing it should not do, is to engage in trade. It shall merely watch that trade is carried on in proper lines and intervene where it is not. I give only in outline what should be the functions of the Committee. I have, in dealing with previous questions, referred to organisations being entrusted with different works necessary in the interest of the jute industry. It shall be entirely the charge of this Committee to form, guide and control such organisation or organisations. In trying to enhance the usefulness of jute, the main functions of the Committee would be to carry on systematic research work. This should not be left to bodies or persons who have other work also to attend to. This work is of such importance that undivided attention should be paid to it. Market surveys, propaganda and education of the growers should be the work of this Committee. In short, as I have said before, the body would be the representative and guardian of jute interests as a whole. It must, above all things, be a body corporate to remove the chances of interference in its work. It would be seen that I suggest financing this body by the jute industry alone. It would therefore be only just that it should be a body corporate and function as the law lays down without interference from others.

Q. 45.—The work, which I have envisaged for the Jute Committee, would equally benefit the jute interests of the provinces of Bihar and Orissa and Assam. They would naturally be inclined not only to entrust the work of the kind to this body but would willingly help it in the performance of its duties. For, the work that is necessary for the jute interests there, would be performed much more efficiently by the Jute Committee than by any agency in those provinces. I do not think it would at all be difficult to enlist co-operation of other Governments in a work which would benefit them equally.

Q. 46.—It is quite possible and easy to finance the Jute Committee functioning on the lines I have proposed. Adapting the provisions of the Cotton Futures Act of the United States, a tax of half-anna should be levied on every maund of jute in contracts in the futures market of Calcutta in which no delivery is taken. There is at least one jute futures market which is organised, namely, the East India Jute Association, through which it would be quite easy to gather the tax after every settlement. Business in all other associations of the kind is most irregular, to say the least about it. Unless properly organised, all such bodies should be suppressed by law. There have been bitter complaints about them. It would be a relief to the society if all irregular dealings in futures were suppressed. I presume the income from this source would be considerable though I do not know what it may exactly amount to now. There would be every justification for this tax, because without taking the least part in the jute business, which non-delivery means, incomes are derived, many of which run to thousands each week.

A second source of income should be a tax on the purchases of the Indian mills. They are placed in a very advantageous position in manufacture as compared with foreign mills. On the latter fall ultimately the burden of the Jute Export Duty. The Indian mills pay no such tax. On the other hand, because of the fact that mills here use loose jute, they are saved some preliminary operations of manu-

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facture. This cuts down an appreciable amount from their production cost, which in normal times is only Rs. 200 per ton of cloth as compared to £30, or double, at Dundee. I have not been able to ascertain what proportion this saving is of the total manufacturing cost in India. I have only an unverified statement that the saving is about Rs. 3 per bale and Rs. 16 per ton, which would yield nearly the same amount as is received through the export duty on raw jute. The mills could certainly afford to let go this amount for the upkeep of an organisation which would benefit them no less. And the two courses combined would I think provide enough funds for the Jute Committee to discharge all the duties I have enumerated.

Q. 47.—I can give no figures on this point. But I do not think the loss, whatever it is, is likely to be permanent. From time to time several substitutes have been tried but none of them has succeeded in the end. The latest attempt I have heard is being made through elevators and bulk shipment. But it does not seem to me that any of the substitutes will be able to stand permanently against jute. I have discussed these points at length in the two following questions giving the particulars I have gathered, from which I come to the above conclusion.

Q. 48.—The only substitutes which are reported to have encroached into the field of jute are paper and bulk handling with elevators. Of these, paper bags are certainly not more durable, but may be cheaper during the depression. There is probably much greater stability in their price. Regarding bulk handling with elevators its cost must be steady but whether it would be cheaper always, that is after the depression, is more than I can say. The question of durability does not arise with regard to it.

Q. 49.—There are three kinds of substitutes for jute of Bengal, namely:—

- (i) Jute grown elsewhere.
- (ii) Some other natural fibres and artificial products which may be used in place of jute to make the containers.
- (iii) Mechanical devices which do away with packing for which jute is used.

(i) It is well known that jute has been grown in several other countries but nowhere it has been able to compete economically with the product of Bengal.

(ii) There are records of about twenty different natural fibres, which have been tried in place of jute but these too have not succeeded, not being cheaper than jute and available in sufficient quantities. Paper and cotton bags have been used and at times of crisis, in place of those made with jute but their employment has been discontinued at the end of abnormal conditions.

(iii) Mechanical devices such as the use of elevators and bulk shipment. The record which I could find of this system, up to the season 1928-29, was that, bulk freight had been adopted for a portion of the traffic on the great Lakes between the United States and Canada, in New York and near Philadelphia, for handling grains, ores and coal but not in every case. Two general principles have to be observed in its operation. "One is that it is cheaper to lift mechanically free flowing goods to a point from which they can flow into the carrier,

than it is to transfer them horizontally. The other principle, closely associated with the first, is that mechanical hoisting is economical with goods in large volume and of a nature not destructible by rough handling." (*Wharf Management* by MacElwee and Taylor, page 173.) It will be seen that bulk handling can be adopted only where the goods are transported in large quantities, and necessarily, therefore, only between central markets of the same or different countries. It presupposes also that mechanical help would always be at hand. Bulk handling by elevators cannot evidently be adopted universally on the countryside for very few of the conditions stated above can be complied with in such areas. I have however heard that in Canada a practice has lately grown by which grain, after being threshed in the fields, is taken in motor lorries to railway trucks which convey it in turn to the steamer where the loading is done by elevators and it is unloaded in the same manner at Liverpool and similar other large distributing centres.

Analysing the situation we first find that, the adoption of the system of elevators and bulk handling in the Lake ports and one or two other places in the United States of America, had not affected the imports of jute cloth into that country. The record is for the period before the depression. It is not possible to put the same test to the reported development in Canada. It is evidently during the depression that mechanical methods have been adopted in that country. But during this period export of jute fabrics to different countries has been affected by many different causes. One fact however is clear. The whole of the transit of grains, from the grower to the consumer, could not be made by the help of elevators. They have to be put at some stage in bags and no other bag can compete with that of jute. Another fact should also be noted. The cost of paper bags was not lower than that of jute during the War when they were first used. For want of demand for paper now bags made with it may be utilised as substitutes, as those made with inferior qualities of cotton were used when the price of jute rose too high or were not always available as during the War and in the season 1925-26. As matters stand now, the manufacturers of the particular kind of paper, which, as far as I know, is called "kraft," probably are satisfied with any price it fetches and so it can compete with jute. But the point is whether, after the depression, such conditions would continue. Another factor is that, there is not such a perennial supply of the raw material for paper as there is of jute. In the end, it is very likely that paper will not be able to replace jute in making bags. As regards mechanical devices, it is also very doubtful if it will be cheaper after the depression is over.

Q. 50.—The trade which has been lost to jute as a result of competition will most probably come back to it for reasons I have stated above, after the depression is over. One thing shall have to be done for this. The whole industry should be fully organised so as to avoid the fluctuations, and keep prices within safe limits and provide reasonable and fair profit to all who are engaged in the industry.

Q. 51.—There are several uses to which jute was being put in other countries though not in India till the depression set in. I do not know what is happening during the last four years. The fibre was used in making rags, scrimms, backing of linoleum, towels, etc. In mixture with wool, a large variety of fabrics are also made with jute. Jute cloth is made into very good wall paper in America. In
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France, large quantities of soles of shoes are also made with jute. One of its notable uses in old times was for making paper, carried on extensively in Bengal at the beginning of the last century. In England, also, paper was made in early times from jute used in sack cloth. At present, a small proportion of machine made paper, of which the quality is very high, is made from jute. Mixed with straw, very good boards have been made with stalks of jute at the Forest Research Institute at Dehra Dun. From jute, imitation-silk and wool are being made in Europe. It is stated, jute is being employed to make artificial silk even in Bombay. An extensive plant was laid down and is still standing at Narayanganj for improving the quality of jute fibre.

Q. 52.—The Calcutta mills may be able to take up some of the lines mentioned above, for instance, making of the textiles. But adaptation would be necessary in both the spinning and weaving departments. There is no reason why, with immense reserve funds at their back, the Calcutta mills should not make these changes and ensure a flourishing future for themselves as soon as the depression is over.

Q. 53.—Some indication has been given in the answer to Question No. 51 of the new avenues opened by research for the employment of jute. It may be mentioned that the textile properties of jute fibre are low due to its mixture with another material, namely, lignin. It has been found by experiments that jute fibre freed of impurities has quite satisfactory strength, while its colour, glaze and grip are considerably improved, but it becomes very weak when wet, a point which has not been fully investigated. Definite results have, it is reported, been achieved in the attempt to employ jute in the preparation of gun cotton and the process is said to be extensively employed in Europe. Experiments have shown even in India that jute can be turned into nitro-cellulose in the same manner as cotton. Jute can therefore replace cotton in the collodium or gun cotton industries as well as in the manufacture of films, celluloid and other plastic materials. Oil extracted from jute seed has been, when purified, found to possess both edible and burning properties. The above open out important and vast fields for research. For it must be noted that results obtained in other countries would not be available here. The establishment of a Research Department entirely for the purposes of jute, is therefore, immediately and urgently called for to help the manufacturers in making and marketing of new jute products, and also for the improvement of present methods of manufacture. As I have mentioned before, research work should be carried on also in the production of jute but this might be left, as before, to the Department of Agriculture. The Research Institute or Department for other purposes should be established by the Jute Committee or Board, as it might be called, of which such work should form one of the most important functions. Research may possibly be carried on elsewhere, but that would not at all be commensurate with the importance of the work. It should be the sole work of a fully qualified body.

Q. 54.—I think that it would be of great advantage to have propaganda regarding jute in other countries. I have suggested that a permanent organisation should be established in the principal consuming countries. The officers appointed for this purpose should be entrusted with the work of propaganda also. And, as I have indicated, the whole work would be in charge of the Jute Board or the Jute Committee. It should on this point work on the same lines in which the Tea Cess

Committee is working. It is strange that while so much is being done for Tea interests nothing practically is being done for jute interests on which the welfare of the whole people so vitally depends.

Q. 55.—I have suggested, in answer to Question No. 53, the lines on which research work to find out new uses of jute should be carried out. Work on these lines have been already carried out successfully in other countries, though the results will not be available to us. When results are obtained in this country also, the possibility of use of jute in the new lines should be largely advertised. A good ground of propaganda will be that, jute furnishes a cheap and useful raw material which can be turned into use in an infinite number of ways, and the supply of which may be very largely increased. Some of these ways will be clearly revealed by the surveys I have recommended. There will thus be an opportunity to cover new grounds.

Q. 56.—From what I have said above it is clear that my idea is exactly what is suggested by this question. Representatives should be appointed by the Jute Committee in various countries who would keep the trade posted with statistics, etc., and explore avenues for new business.

Q. 57.—The Jute Committee would have, in the way I have suggested, enough funds to finance this work.

Q. 58.—I have all along proceeded on the principle that the Jute Committee should never encroach into the field of business. Its duty should be entirely to help it by a regular service of information and in other ways and to strengthen its hands. There will thus be no interference by the work of this body into that of anyone.

No. 79.

The Collector of Bakarganj.

Dated the 3rd April 1933.

Q. 1.—Yes.

Q. 2(a).—Not possible except by legislation.

Q. 2(b).—Both according to the needs of the hour.

Q. 4.—No.

Q. 5.—Over-production and financial crisis resulting from peculiar world condition.

Q. 6.—Yes, the jute markets would be dumped by substitute crops from other countries.

Q. 7.—No.

Q. 8.—Yes.

Q. 9.—A legislation, providing for licences limiting the total output of any particular area, may be enforced. But any legislation in such a matter is bound to be unpopular and difficult of practical application.

Q. 12.—Certainly, otherwise the Bengal cultivators will be left in the lurch.

Q. 13.—Sugarcane, for high lands and *aman* paddy, for low lands. I do not know of any steps by which the cultivators can be encouraged to grow alternative crops.

Q. 14.—Hardly any. No harm in doing so. Jute restriction committees in each union may do useful propaganda.

Q. 15.—Cost—Rs. 20 per acre. Average yield—12½ maunds per acre. Alternative crops—

(1) Sugarcane. Cost of cultivation—Rs. 25 per acre. Yield—10 maunds per acre.

(2) *Aman* paddy. Cost of cultivation—Rs. 10 per acre. Yield—15 maunds.

Q. 16.—Rupees 6 per maund.

Q. 17.—Unexhausted stock in the mills and private hands.

No. 80.

Mr. S. K. Lahiri, Secretary, Bengal Co-operative Organisation Society, Calcutta.

Dated the 8th April 1933.

[*This note may be taken to be a reply to Question No. 28. It has the approval of the Central Board of the Bengal Co-operative Organisation Society.*]

Since the present economic depression set in, the need of introducing proper marketing arrangements for jute has been keenly felt. The question has, in fact, been discussed by numerous committees, commissions, individuals and public bodies, and various suggestions have been made from time to time. But no effective steps for tackling the problem have so far been taken.

The Royal Commission on Agriculture in India, which reported not long ago, discussed at some length the disabilities under which the Indian cultivator laboured in the marketing of his produce. These disabilities, they said, could "only be removed by the establishment of properly regulated markets," and they held that "the establishment of such markets would confer an immense boon on the cultivating classes of India."

The Bengal Banking Enquiry Committee pointed out how the standards of quality of jute were manipulated. "By far the greatest difficulty in marketing lies," the Committee said, "in the absence of definite standards of quality which often disorganises the jute market in Calcutta, entailing enormous losses on the Indian merchants who import jute from the mufassal centres." They recommended that "the standards should be made definite by some special legislation on the lines of the American Cotton Standards Act and that any difference arising between the buyers and sellers should be settled by a Statutory Arbitration Board including representatives of both the parties."

Mr. A. P. McDougall, member of the Committee of foreign banking experts attached to the Central Indian Banking Enquiry Committee, shows in a note appended to the Report of the Committee, how as a result of the organised competition of the rest of the world, Indian produce is being displaced for want of a proper marketing organisation. He thinks that "unless India can improve her position in the world market, she must remain a poor country." He further observes: "There is one great problem before India—to increase the prosperity of the *raiyat*. If this can be done then not only will the economic but

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also the social position of the country be revolutionised to the advantage of all. There are only two ways—co-operation (in its broadest aspect) and marketing.” Mr. McDougall makes detailed suggestions with reference to marketing of jute and in his scheme the application of co-operative principles forms, perhaps, the most important feature.

Interlinked with the problem of marketing are such questions as improvement of transport facilities, including rural communications; lowering of railway freights and grant of other railway facilities; establishment of regulated markets; standardization of weights and measures; adoption of measures to secure improved quality of produce by organisation amongst buyers and traders and to guard against adulteration; fixation of standards and grades of commodities; promotion of co-operative sale societies and other suitable organisations for purposes of sale; etc., etc. The recommendations of the Royal Commission on Agriculture and the various Provincial Banking Enquiry Committees on these heads have generally received the support of the Indian Central Banking Enquiry Committee.

The International Institute of Agriculture, Rome, has published a work on “The Agricultural Situation in 1929-30.” In this publication recent developments in agriculture in twenty-eight of the most progressive countries of the world are described. Summing up these developments the work says: “The principal lines of the evolution of the agricultural policy of the different governments and of the activities of the different organisations representing the interested persons, seem to be at present directed towards the organisation of markets and the improvement of the methods of marketing farm products.” Whether in India or elsewhere, the introduction of proper marketing arrangements for agricultural produce appear at the moment to be a recognised policy for the improvement of agriculture and of the lot of the vast mass of people engaged in that industry.

It will thus be seen that if proper measures be adopted for the marketing of jute, this cannot be done without the active intervention and initiation of Government. The example of some of the more prominent among the progressive countries of the West also supports this view.

We note that the Government of the United States of America has already adopted legislation of a comprehensive nature “to protect, control, and stabilise the currents of the inter-state and foreign commerce in the marketing of agricultural commodities and their food products.” The Agricultural Marketing Act of 1929 was passed to achieve this object by (1) minimizing speculation; (2) by preventing inefficiency and waste in distribution; (3) by encouraging co-operation among producers; (4) “by aiding in preventing and controlling surpluses in any agricultural commodity.” Under this Act loans may be made to co-operative societies for (a) marketing; (b) construction or acquisition of marketing facilities for storing, processing, etc., (c) formation of clearing house associations; (d) propaganda for increased membership; (e) advances to members on goods delivered. The rate of interest on loans and other advances may not exceed 4 per cent. The measure further recognises a new form of organisation, “the stabilisation corporation,” having most of the characteristics of “the co-operative pool.” The Board may recognise as a stabilisation corporation any properly constituted federation of co-operative marketing societies. Such bodies thereby become entitled to act as marketing

[*Bengal Co-operative Organisation Society.*]

agencies for their members and also to buy up the commodity in question from non-members, and further to receive loans from the (revolving) fund to assist in their operation. An appropriation is made for the working expenses of the Board. [*Vide* Year Book of Agricultural Co-operation, 1930.]

Among European countries in which the State has fostered agriculture in various ways, France is one. The Government in that country has not only fostered co-operation, but has, in addition, promoted the organisation of special credit facilities. The Caisse Nationale de Credit Agricole depends for the greater part of its resources on the Bank of France. The total advances made during the years 1900-1920 amounted to 1,168,557,951 francs, of which 9.1 per cent. were for short term loans, 23.0 per cent. for medium term loans, 44.5 per cent. individual long term loans. These credit societies number about 5,730 and have a membership of 383,000. There are 9,000 co-operative purchase societies with a membership of 1,225,000; 1,500 making societies with 70,000 members and 2,877 societies for co-operative production and marketing, as well as many other types of society. (*Vide* "Land and Life: The Economic National Policy for Agriculture"—by Viscount Astor and Keith A. H. Murray).

"The history of agricultural co-operation in France is instructive" said the late Professor Charles Gide, the great French economist, in a paper on the progress of the co-operative movement in France, contributed to the Year Book of Agricultural Co-operation, 1930, "as it contravenes the theory of the liberal economic school, which refuses to recognise any efficacy in State aid. It shows, on the contrary how, in a milieu hostile to the co-operative idea, and where private initiative would probably have remained impotent, the persevering work of the State has brought into being a flourishing co-operative movement....."

England adopted in July 1931, the Agricultural Marketing Act. "Agricultural Marketing Funds (£500,000 for England and £125,000 for Scotland) are derived from the Treasury and placed in the hands of the Agricultural Marketing Facilities Committee to be used for short term loans, free of interest to those preparing schemes, which loans may be treated as grants if the scheme fails to secure adoption and long-term loans (not exceeding £100,000 in England and £50,000 in Scotland for the working of schemes." (*Vide* Year Book of Agricultural Co-operation, 1932.) It appears that the British Government spends enormous sums for fostering the growth of agriculture. The Government spends annually up to £5,000,000 for encouraging the production of sugar-beet and £2,000,000 to £11,000,000 for the production of wheat by subsidy. Already more than £30,000,000 has been spent in sugar-beet. The Government further encourages by legislation the development of small holdings. The total capital expenditure on Small Holdings and Allotments Act 1908 and Land Settlement (Facilities) Act 1919, amounts to over £21,000,000. Further the Land Settlement (Facilities) Amendment Act 1925, the Small Holdings and Allotments Act 1926 and the Agricultural Land (Utilisation) Act, 1931, provide for expenditure of large sums.

A study of the national agricultural policy of countries like Germany, Belgium, Denmark, Holland, etc., shows that the State has done much in these countries to foster agricultural development by financial assistance and subsidy, by helping in the introduction of better marketing methods and by stimulating the promotion of co-operation. For instance about Germany Astor and Murray say in their recent book "Land and

Life": "Co-operation: In the pre-War years, the credit institutions, which developed greatly in the country during that time, played a great part in stimulating production. It was necessary to finance the purchase of land in connection with the land settlement policy; it was necessary to provide sufficient capital for an intensive system of agriculture. A credit system both for long term and short term loans was built up with the assistance of the State, which for efficiency and for the terms which it was able to give, was probably without parallel in any other country. During recent years, there has been a marked increase in the number of co-operative societies, and these have played a large part in determining the economic status of agriculture."

The particular agricultural commodity with which we are concerned at present is jute; the dislocation of the jute trade since the economic crisis set in affords a proper opportunity to all parties concerned in the matter, including Government, to put their heads together and to devise measure of relief for those who have been hit hard by the present depression.

With reference to marketing of jute three methods have been suggested, namely, (1) that the entire process should be brought under Government control, (2) that marketing should be the concern of some corporation or board such as that recommended by Mr. A. P. McDougall,* (3) that co-operative marketing should be introduced. Under the existing conditions any system of complete Government control and management cannot but be very expensive. Besides, so long as the cultivators of jute will remain mostly illiterate such Government control is likely to give rise to various abuses. The second method will give undue power and influence in the hands of representatives of interests other than those of the producers and the producers will be thrown entirely at the mercy of the former. The former being very efficiently organised and having large resources at their back and the producers of jute being an entirely disorganised mass of people, the interests of the latter cannot be expected to be safeguarded by an arrangement which will place all responsibility and power in the hands of the former. In these circumstances the second method cannot be supported. According to Mr. McDougall's estimate about one million people are directly engaged in the cultivation of jute. It is the duty of Government to protect the interests of this large body of people, instead of placing them at the mercy of a few persons whose sole interest lies in securing jute from the producers at the lowest possible rate in order that they may be able to make the largest possible amount of profit. It is only by introducing an all round system of co-operative method that it can be expected that the interest of the producers of jute will be safeguarded.

Co-operative marketing is considered to be not feasible by many because of the recent failure of co-operative jute sale societies and the heavy loss that they entailed. The objections on this score can be easily met if a suitable scheme be devised avoiding conditions and circumstances that gave rise to the abuses and mistakes of past days and providing proper financing arrangements. It is true that co-operative efforts have sometimes failed. But such failures have often been the stepping stones for future successful endeavour. If failure in an undertaking is put forward as an argument against any similar future endeavour no progress would be possible in this world in any sphere of human activity.

*Vide report of the Indian Central Banking Enquiry Committee.

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Co-operative jute marketing societies may be organised throughout the province in the same way as co-operative credit societies: one, two or three villages may be taken as the unit of organisation. It is realised that it will not be possible to cover the entire ground in less than a decade or more but a beginning may be made on however small a scale. These village societies may be federated to a Central Co-operative Jute Marketing Society located either at the place where the Central Bank is situated or at the headquarters of the subdivision at which arrangements for sorting, grading and baling under expert supervision should be provided. These central societies may in their turn be federated to a provincial organisation in the same way as central banks are linked to the Provincial Co-operative Bank. In this way the entire jute area in the province may be organised on a co-operative basis. The entire organisation should be placed under the control of the Registrar of Co-operative Societies. As the work of the Registrar is very heavy he should be given the help of a Deputy Registrar who is to be entrusted with the work of organisation and supervision of jute sale societies as also of marketing experts.

The Registrar, of course, has to be provided with the proper staff to carry on the work of the proposed jute societies. The total expenditure of Government for maintaining the staff of the Co-operative Department amounted in 1931-32 to about Rs. 7,64,000. Out of this a sum of about Rs. 3,37,000 is to be deducted. This sum was realised from the societies on account of audit fees. Thus Government spends about Rs. 4,27,000 for the maintenance of the staff of the Co-operative Department.

If the entire amount of jute is sold through co-operative societies a sum of Rs. 4 to 5 lakhs may be raised from the sellers and buyers of jute, if for each maund a pice is charged, half to be paid by the seller and the other half by the purchaser. As the entire area cannot be organised all at once, the whole amount will not be required in the beginning.

The staff of the Registrar will not carry on the business of the societies. For this work proper qualified staff will have to be appointed. The apex society in Calcutta will be responsible for the management of the work of the societies. With the Managing Committee of the society, which will be composed of representatives of co-operative jute societies, may be associated representatives of the Co-operative Department and of other interests of the jute trade whose advice will doubtless go a great way in shaping the policy of the society, though such representative may not have the right of vote on any such question. The Committee will have the power to form advisory committees of experts to help them in the work. Owing to the illiteracy and ignorance of jute cultivators, in the initial stages the Department will naturally be endowed with large powers. As the societies grow and develop the Department will gradually part with its power and ultimately the apex society will be entrusted with the entire work.

Questions of policy relating to the marketing of jute will of course be decided by the Committee in consultation with the experts, the representatives of the Department and of the jute trade to be associated with it. The work of preparing the jute forecast will naturally develop on the society. Arrangements will have to be made for carrying on research work in connection with jute. In this way it may be possible to utilise it for purposes other than those for which it is at present used and to improve its cultivation. The Committee will be able to take steps of avoiding over-production and for stabilising prices.

The fact that there will be representatives of the Department and of interests other than those of the jute growers on the Committee will ensure that all possible efforts will be made to keep the price of jute at proper level. A very important work that has to be done is to discourage speculation as far as possible.

There are people who think that as jute is a monopoly it is possible to raise its price considerably. This does not appear to be proved by facts. It should be in the interest of jute growers not to raise the price excessively and to keep it at a reasonable level and on a stable basis if the demand for it is to be kept constant and if it is not to be replaced by other and cheaper substitutes.

The question of prices of a commodity like jute is, indeed, a very complex one. It may, in the first instance, be considered from the standpoint of the country of produce. But such a treatment alone cannot, it must be admitted, help us in finding an adequate solution of the difficulties with which we are confronted. This is so because jute and jute products constitute a very important part of the export trade of India, and dealers of these products have to depend for their disposal on many foreign countries and that under a variety of circumstances. Great Britain, Germany, Austria, Belgium, Bulgaria, Czecho-Slovakia, Esthonia, France, Finland, Hungary, Poland, Yugo-Slavia, Italy, Spain, Norway, Canada, the United States of America, Japan and China are among the customers of these commodities. Further, when one takes into consideration the nature and extent of the present economic depression and the various efforts that are being made for restricting foreign trade and fostering home products by these countries, as also the numerous devices that have been set up for dealing with the present situation, one realises the perplexingly tangled nature of the problem with which one is faced.

If the suggestion that the marketing of the entire jute produced in Bengal be co-operatively organised be accepted then it will be necessary to undertake special legislation for the purpose.

A very important part of the scheme must be the provision of funds for financing jute and for helping the cultivators with advances. Three alternative methods of financial accommodation may be suggested. Now that the Government of India have agreed to pay to the Government of Bengal at least half of the net proceeds of the jute export duty the cultivators of jute may reasonably expect that a portion of the funds to be allocated to this Province should be devoted to the improvement of the cultivation and marketing of jute. If at least a portion of this is made over to the proposed Provincial Co-operative Jute Sale Society for the purpose, ear-marking a small percentage as a permanent grant for the organisation and management of the business in the initial stages, and the remainder as loan, it may be possible to start the work. Another method is to raise funds on the security of jute. A very necessary part of the scheme is to arrange for godowns and warehouses where jute may be stored and graded as also to attempt as far as possible to stabilise prices of jute. With reasonable prospects of stabilised price and proper arrangements of warehousing, it should not be difficult, if help from Government is forthcoming, to raise money on the security of jute stocked in registered warehouses, worked under the supervision of the proposed Provincial Co-operative Jute Society. A third method is the raising of loans or debentures, the Government

[*Bengal Co-operative Organisation Society.*]

agreeing to guarantee the interest. All or any of these methods may be employed for financing the proposed project.

The Government have invested enormous sums for the irrigation of vast tracts of arid land in some of the provinces for stimulating the growth of wheat and cotton. In the same way it should come forward to help in the improvement of the cultivation of jute and its marketing in Bengal.

Such measures as have been adopted by some of the more important among the progressive countries in the West for a better organisation of markets for agricultural products and improvement of agriculture have mostly been worked during recent years. It cannot, therefore, be said that the time has arrived for making definite conclusion about the results of these operations. But encouragement of co-operative organisation forms an important feature in such schemes almost in every country where these have been undertaken. And it cannot be denied that co-operative organisation has achieved definite results wherever it has been worked under proper conditions. Anybody who advocates a wider application and extension of co-operation advocates a policy that has been tried and has not been found wanting.

It may very appropriately be pointed out that experiments in co-operative marketing of agricultural products on a small scale have been attempted and have succeeded in two small areas in Bengal. These are at Gosaba in the 24-Parganas and Naogaon in Rajshahi district. Such experiments have been in respect of paddy and other crops, not jute. Gosaba is a compact area in the Sunderbans, not far from Calcutta. The main agricultural product of the area is paddy. The marketing of this product has been co-operatively organised in the entire area. The producers as a result have benefited by this organisation. The other example is that of Naogaon, a subdivision in the district of Rajshahi. *Ganja* is cultivated in what may be described as a small compact area and both cultivation and marketing are organised co-operatively. Of course there is this difference that while the organisation at Gosaba is a voluntary one and has had to face competition in the open market, that at Naogaon has now the advantage of dealing in *ganja* which is an excisable monopoly.

The results at Naogaon have, however, been an immense improvement of the entire area in various ways and of the condition of the cultivators who were financially at the entire mercy of brokers and middlemen. It is not generally known now "that every effort to organize the *ganja* producers into a co-operative society was discouraged till a situation arose when, tired of the oppression of the brokers, the cultivators did not come forward to take licence for the cultivation of *ganja*. It was then that the Co-operative Department was approached to organize the producers into a Co-operative Society for the elimination of middlemen. If much of the success of the Society is due to the monopoly which it enjoys, it should not be overlooked that it is by co-operation, and co-operation alone, that it has been possible for the producers to secure this monopoly and that the grant of monopoly has been as much to the interest of Government as to that of the cultivators themselves." In this connection the Registrar of Co-operative Societies, Bengal, in his Report on the working of the co-operative societies in Bengal, 1921-22 says: "The success of the Society is undoubtedly discounted by the fact that the Society enjoys a monopoly in trading, and that it is not faced with the difficulties which are peculiar to this type of societies. Critics, however, forget that it is

by co-operation alone that the Society has been able to obtain the monopoly, and that the grant of monopoly has been as much to the interest of Government as to the Society. It has undoubtedly conferred enormous benefits on the *ganja* cultivators who now produce the crop with the certainty of getting a fair price for it; and as the *ganja* society purchases the entire crop the cultivators are no longer haunted with the fear that their crop, if not sold within the year, will be destroyed under the rules of the Excise Department. It has not only freed the cultivators from all anxieties with regard to the marketing of their crop but has changed the whole aspect of the country, has introduced better sanitation, has placed medical aid within the reach of all, has encouraged schools, has provided veterinary aid for their cattle and, above all, has developed in them a sense of self-help and self-respect which is bound to convert the most pessimistic into an ardent co-operator."

The experiments at Gosaba and Naogaon demonstrate in an unmistakable manner that co-operative organisation constitutes a suitable agency for controlling and stabilising the prices of agricultural products.

No. 81.

Mr. A. I. Alexander, Calcutta.

Dated the 5th April 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes.

Q. 2 (b).—The main object of regulating the jute crop would be to keep supply in conformity with demand. This action would inevitably result in steadiness, if not enhancement of prices.

Q. 3.—Regulation is possible.

Q. 5.—(1) Excess of supply over demand.

(2) Financial and other crises which cause trade depression and in consequence a slackening of demand. In the case of supply exceeding demand, the tendency is for prices to fall and any financial crisis or trade depression occurring at the same time accelerates and augments the fall.

Q. 6.—The possibility of a substitute for jute has been discussed for years and investigation becomes especially active when the price of jute is at a high economic level. So far, however, no fibre has proved an efficient, economical and general substitute for jute.

Q. 7.—No.

Q. 8.—Higher prices as a result of a small crop would irresistibly urge cultivators to increase sowings the following season.

Q. 9.—Legislation would be necessary to restrict sowings. Each cultivator should be permitted to produce jute on a specified portion of his holding taking into account whether his land was suitable for jute or any other crop. Cultivators, whose holdings are of very low land, would find it difficult to substitute another crop for jute and in consequence should be permitted to sow more jute than holders of high land. A scheme to regulate production would prove effective if, by legislation, Government compelled all jute cultivators to make over all their

seed to them. The seed could be kept in *thanas* and an individual and collective list made of the deposits at each *thana*. *Thanas* after receipt, should report to the Agricultural Department through their senior officers, on the seed in stock, of the area under jute cultivation the previous season and whether all cultivators have deposited their seed. Government, in consultation with the Agricultural Department, should then decide upon the total area which should come under jute cultivation during the coming season. Under advice from Government, each *thana* should then distribute seed to each cultivator in proportion to his land and the total allotted jute area in its jurisdiction; should there be any surplus stock of seed after distribution it can be kept for one to two months, if it is deemed advisable, to permit resowings to be done in case heavy damage has occurred through drought or excessive rain. After this period the remaining stock of seeds should be totally destroyed. Cultivators keeping back any of their own seed could be penalised and even if they are not detected, as their specific allotted areas are restricted to certain measurements, any excess of cultivation would soon be discovered. Villagers should be informed of the extent of their neighbours' allotments and the fear of information being conveyed to the *thana* would deter a cultivator from over-production. *Thanas*, if there is any shortage, could requisition seed from other *thanas* and different varieties could be interchanged according to the nature of the soil. This scheme is quite practicable and the smaller details can be worked out without difficulty. Within 2 to 3 years, Bengal will be able to control its output of jute quite satisfactorily along these lines.

Q. 10.—Union Boards could be utilised to check up returns submitted by *thanas* regarding the acreage under cultivation as compared with allotment and also the amount of seed distributed. It may be that the utility of Union Boards may be extended after full investigation of the scheme. If all holdings cannot be checked the first year, a certain percentage should be checked to verify returns and once cultivators realise that periodical checkings are likely to take place, they will be reluctant to take any action that will result in a fine or some penalty.

Co-operative societies also could help in seeing that cultivators do not evade the provisions of regulation, and loans issued by the co-operative banks should be made with the stipulation that cultivators should adhere strictly to the area sanctioned for jute cultivation. Any departure from this condition should be penalised by co-operative banks calling up their loans and refusing to sanction further loans to cultivators guilty of any infringement. It will probably be necessary for *thanas* to supply a list of cultivators with their allotted areas to co-operative banks when making loans, and if this is too arduous for *thanas*, Directors of co-operative banks could visit *thanas* and compile lists from the records in the *thanas*. Co-operative societies and banks will prove very deciding factors in the success of the whole scheme, and they should be utilised accordingly. Their knowledge of the area under cultivation, together with the names of cultivators and the probable outturn, will prove a valuable asset in regulation of the output and later on in the disposal of the produce.

Q. 12.—Yes.

Q. 13.—This could best be answered by the Agricultural Department who have made a study of seasonal crops.

Q. 14.—To some extent, propaganda has resulted in smaller jute cultivation but the effect has not been as substantial as anticipated.

Lower prices have been more potent than propaganda in decreasing cultivation, but with paddy at such a low economic level with an accumulation of stocks, it is extremely doubtful if more paddy and less jute will be sown. Something more effective than persuasive propaganda is essential and compulsory restriction is the remedy. The *raiyyat* always hopes that propaganda will have the effect of inducing his neighbour to sow less and thus raise prices. He argues that if he himself sows a bit more, he will get the benefit of higher prices and the excess quantity will make no material difference to the total output. As all his neighbours' minds are working on the same lines, the futility of persuasive propaganda is discovered at the end of the season by the output being very much in excess of the forecast. Propaganda, to explain the purpose of compulsory restriction, would be necessary for a couple of years to allay the irritation in the minds of cultivators. The reason of the failure of persuasive propaganda as explained above, should be exposed, and when the cultivator realises that restriction is general and that his neighbour is also subject to it and has no advantage over him his equanimity of mind will be restored. As the majority of the cultivators in Bengal are Moslems, it is essential that propaganda should be carried on through *maulvis* where this community predominates.

Q. 15.—Costs of jute production have varied considerably in different districts during the last decade owing to the fluctuating rates of labour, price of manure, jute seed, cattle, etc. The peak of expenditure was reached during season 1926-27 when costs were approximately Rs. 6-8 per maund. This season 1932-33 it was approximately Rs. 3-4 per maund.

Q. 17.—World-wide trade depression. The inability of the world to absorb the quantity of the jute produced both as regards the raw and manufactured article and the accumulated stocks in hand.

Q. 18.—All efforts to reduce growers' costs, whether by agricultural research or other methods should be encouraged. To increase the outturn per acre is a doubtful benefit unless the total acreage is proportionately reduced and the vacant land utilised for some other crops, or the world demand increases considerably.

Q. 19.—No. Forecasts, to meet the requirements of all interested in the jute trade from producer to manufacturer and consumer should be fairly correct. How far forecasts have fulfilled this important condition may be gauged by comparing Government forecasts and total arrivals of jute, for the last ten years. The labour and expenditure incurred have not been commensurate with the poor results attained. These incorrect forecasts have been frequently responsible for violent fluctuations in prices and the trade has lost confidence in them. An example can be cited in last year's forecast figures which, if credited, would have made for a bullish market. On publication of the figures, prices rapidly gave way, to touch very low levels eventually. That the trade was justified in disbelieving the figures is proved by the fact, that arrivals of jute in Calcutta and exports from the country jointly have well exceeded the outturn forecast. There are still three months to be accounted for. Growers who believed in these forecast figures kept back their jute at high prices and suffered heavy losses. Government should legislate that each agriculturist should notify his *thana* of his individual area under jute cultivation, this area being allotted him by Government (*vide* scheme as outlined in replies to Questions Nos. 9 and 10). This would mean a small increase of staff for about three months,

[*Mr. A. I. Alexander.*]

but accurate results would be attained. It is obvious from the incorrect nature of the forecasts that either the outturn per acre is greater than what the Agricultural Department calculates or that the acreage under jute cultivation is larger. If the fault is in the first premise, it can be easily rectified by ascertaining outturns from Agricultural Experimental Jute Plots, and adjusting the average yield according to weather conditions and state of growth.

Q. 20.—A grower loses considerably sometimes from middlemen participating in the price which his jute eventually fetches from the European or Indian firm. As a set off to the reduced rate that the grower gets, the middleman sometimes suffers a loss owing to a fall in market prices, between the time of his purchase from the grower and sale to a firm. If big marts are some distance away, the grower prefers to sell his jute at his own house and a middleman proves useful to him in this respect. All firms in mufassal would prefer to get their jute direct from the grower mainly for two reasons. They could buy it a bit cheaper than it would cost from the middleman, and it would be quite dry. Middlemen frequently wet the jute bought from growers or put it out in the dew over-night in winter to absorb moisture. They also buy and mix a percentage of very low quality with the better stuff and try to evade detection of this low stuff at the time of inspection of his lot. This is usually done at centres where the system of purchase on assortment does not obtain. A disadvantage, however, in dealing with growers direct, is that as each grower has only a small quantity for sale, it entails more trouble to deal with a considerable number of small parcels than a few big ones. Grading is a great advantage both to buyer and seller as it ensures correct rates being paid and received. Owing, however, to changes continually being made in standards during the season, growers and middlemen do not get full value for their jute. *Kutch*a balers also often have to pay claims on bales that have been packed previously and sold after standards have been raised. It would be a distinct advantage to all *kutch*a balers, middlemen and growers if grades were standardised on the basis of fixed hessian warp and weft, sacking warp and weft and cuttings. Unless this procedure is adopted, mills and balers in Calcutta have a very unfair advantage over mufassal firms. At present a vague term "standard of the mark" is in force and this in practice invariably means, as determined by the buyer.

Q. 22.—In small mufassal towns or stations where jute firms have purchasing but not baling agencies, this could prove successful. In villages, there is hardly any possibility of coming in touch with a baler. At marts and *hats* this is likely. Villagers, however, could form societies and convey their jute direct to baling or purchasing stations on the co-operative system. If this scheme could be worked up, the pernicious middleman system would receive a severe blow.

Q. 23.—The *bepari* receives monetary advances from firms through brokers who are jointly responsible for repayment. The *beparis* visit villages and buy their jute usually direct from the grower at prices that generally compare favourably with the rates they receive from firms. On returning with the jute, they usually sell at prevailing market rates to firms that have advanced them money. They incur the risk of any fall in prices but also stand to gain more if prices have advanced. Other *beparis* receive no advances from firms and sell their jute wherever they think they will get the best price. Some *beparis* sell on assortment and others on lot prices. The first procedure entails

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but accurate results would be attained. It is obvious from the incorrect nature of the forecasts that either the outturn per acre is greater than what the Agricultural Department calculates or that the acreage under jute cultivation is larger. If the fault is in the first premise, it can be easily rectified by ascertaining outturns from Agricultural Experimental Jute Plots, and adjusting the average yield according to weather conditions and state of growth.

Q. 20.—A grower loses considerably sometimes from middlemen participating in the price which his jute eventually fetches from the European or Indian firm. As a set off to the reduced rate that the grower gets, the middleman sometimes suffers a loss owing to a fall in market prices, between the time of his purchase from the grower and sale to a firm. If big marts are some distance away, the grower prefers to sell his jute at his own house and a middleman proves useful to him in this respect. All firms in mufassal would prefer to get their jute direct from the grower mainly for two reasons. They could buy it a bit cheaper than it would cost from the middleman, and it would be quite dry. Middlemen frequently wet the jute bought from growers or put it out in the dew over-night in winter to absorb moisture. They also buy and mix a percentage of very low quality with the better stuff and try to evade detection of this low stuff at the time of inspection of his lot. This is usually done at centres where the system of purchase on assortment does not obtain. A disadvantage, however, in dealing with growers direct, is that as each grower has only a small quantity for sale, it entails more trouble to deal with a considerable number of small parcels than a few big ones. Grading is a great advantage both to buyer and seller as it ensures correct rates being paid and received. Owing, however, to changes continually being made in standards during the season, growers and middlemen do not get full value for their jute. *Kutch*a balers also often have to pay claims on bales that have been packed previously and sold after standards have been raised. It would be a distinct advantage to all *kutch*a balers, middlemen and growers if grades were standardised on the basis of fixed hessian warp and weft, sacking warp and weft and cuttings. Unless this procedure is adopted, mills and balers in Calcutta have a very unfair advantage over mufassal firms. At present a vague term "standard of the mark" is in force and this in practice invariably means, as determined by the buyer.

Q. 22.—In small mufassal towns or stations where jute firms have purchasing but not baling agencies, this could prove successful. In villages, there is hardly any possibility of coming in touch with a baler. At marts and *hats* this is likely. Villagers, however, could form societies and convey their jute direct to baling or purchasing stations on the co-operative system. If this scheme could be worked up, the pernicious middleman system would receive a severe blow.

Q. 23.—The *bepari* receives monetary advances from firms through brokers who are jointly responsible for repayment. The *beparis* visit villages and buy their jute usually direct from the grower at prices that generally compare favourably with the rates they receive from firms. On returning with the jute, they usually sell at prevailing market rates to firms that have advanced them money. They incur the risk of any fall in prices but also stand to gain more if prices have advanced. Other *beparis* receive no advances from firms and sell their jute wherever they think they will get the best price. Some *beparis* sell on assortment and others on lot prices. The first procedure entails

the jute being graded separately and the price is paid on the percentage of the various grades. This takes some time. The second method is preferred by sellers who mix low quality with the good and consists of an inspection of a few bundles and an offer of price. The *faria* acts as an intermediary between small *beparis* and firms buying small lots from *beparis* and sometimes growers, and reselling to firms. He does not get any advances from firms. Some *farias* sell jute to firms at fixed rates for each of the various grades with a time-limit for delivery, and confirm these sales in contract form duly signed and witnessed. Firms generally prefer this type of business with influential and reliable parties. Money is sometimes advanced against purchase advices when these contracts are being fulfilled. Commission agents buy jute for firms on a fixed basis of commission ranging from 2 annas to 3 annas per maund according to the conditions in force. All expenses are met by commission agents as regards establishment, godown, rent, etc., but the firm supplies boats, towage and money at its own expense. Commission agents are liable for short weight and any great difference between estimated yield and outturn. Few firms adopt this method of purchase. *Aratdars* are other intermediaries between firms and *beparis*. They do not come into direct contact with growers. *Aratdars* advance money to fairly big *beparis* who buy jute from growers and ma'ts. When these *beparis* bring their jute to the buying centre, they inform the *aratdar* and he decides on the firm to whom the jute is to be sold. In most cases the *aratdar* has received monetary advances from jute firms and this usually influences him in deciding where the seller should dispose of his jute. The *aratdar* then acts as a broker between the firm and seller and exercises his power in inducing the *bepari* to accept the rate. From the fixed rate, the *aratdar* deducts a commission of at least 2 annas per maund. In some cases when the market has advanced, 4 annas per maund have been deducted. The seller, frequently, is not aware of the correct rate as payments are made by the firm to the *aratdar* who signs the receipt. The bill also is made in the name of the *aratdar* and this method lends itself to any deception that the *aratdar* desires. The seller hardly enters into personal negotiation with the buyer as the whole transaction is with the *aratdar*.

Q. 24.—As a result of the many types of middlemen between the grower and the final buyer, the cultivator gets a lower price than if he sold his jute direct to the final buyer. It must, however, be borne in mind that sometimes owing to a decline in market between the time of purchase and sale, the middleman suffers a loss. In every case, however, the middleman offers the grower a lower price than a firm would pay for the same jute at the same moment.

Q. 25.—Marketing customs which should be abolished are:—

- (i) The different systems of weights which obtain at several purchasing centres.
- (ii) Illegal payments made to the subordinate staff which have been customary so long that they are treated as usage.
- (iii) A deduction made from the weight of a seller, ostensibly as a gift to the staff.

These are the main detrimental characteristics in the sale of jute to firms. A fixed uniform system of weights should be compulsory in all

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districts and no deductions or allowances should be permitted except perhaps 2½ per cent. for moisture and handling loss. At the same time middlemen should be penalised by law for moistening jute. The buyer at present states that he takes these allowances as an offset against the excessive moisture he has to accept in seller's jute. The middleman states that owing to the extra weight he has to give the buyer, he is compelled to increase his weight by moisture. The grower usually dries his jute thoroughly before selling, and it is only bad weather that prevents him from so doing. To remedy these defects, fix a uniform system of weights and penalise the adulteration of jute by moisture.

Q. 26.—Cultivators sometimes take loans prior to sowing and sometimes on their standing crops on the condition that they sell their jute to the creditor.

(a) Usually, when loans are taken prior to sowings, the cultivator agrees to make over all his fibre to the creditor at prices ranging from 60 per cent. to 75 per cent. of the market rate. The loan is also not made on the full anticipated yield of the field but on an underestimated yield.

When loans are made on the standing crop, the approximate yield is subjected to a cut which leaves a substantial margin of safety for the creditor. The valuation rate is also well below the market price.

(b) Loans also are made on substantial interests to cultivators. Here again the creditor is well secured, valuation being low and estimation of yield small. Security, in cases where sowings have not yet been made, is generally house property, etc., with the future crop thrown in as additional security. The debtor, in case (b), is not provisionally bound to sell his produce to the creditor.

Q. 27.—Cultivators borrow from *mahajans*, loan officers and co-operative societies as a rule. *Mahajans* may even be dealers in jute. Firms also make monetary loans to cultivators but compel them to pledge their lands and other property as security and to deal as *beparis* with the creditor firms during the jute season. Firms, as creditors, are invariably buyers of debtor's jute. In some cases other creditors are ultimately buyers of debtor's jute but not in the majority of cases. Usually when creditors are the ultimate buyers they exert pressure on the cultivators and buy their jute at prices below the market rate. This does not refer to cases where rates have been settled at the time of loans. That procedure has previously been explained under Question No. 26.

Q. 28.—Under the co-operative system, the marketing of jute should be a success if handled intelligently and with sufficient financial resources. It is a scheme of such magnitude and with such great possibilities that a fair working trial should be given it. The *raiyat's* interest is of paramount importance in an agricultural country like India, and to secure the best advantages for him a scheme must be built up on lines that will meet with success. Tradé distrust, conservatism and business jealousy, will be continually met. It will soon be realised by hostile interests, whose opposition will be strong and varied, that the profit accruing to the cultivator by this scheme will cause a corresponding reduction of profits to them and efforts to nullify good results will be apparent continually. Arguments, based on the recent failure of Co-operative Jute Sale Societies, will be repeatedly emphasised and advanced with all the ingenuity and force possible by some of the hostile interests. The success of the scheme to benefit the cultivator will be extremely detrimental to many and it is doubtful if any support or

constructive scheme will be forthcoming in reply to Question No. 28 from the ranks of these hostile factions.

The recent Co-operative Jute Sale and Supply Societies made an attempt to sell cultivator's jute but were also compelled to trade to keep down working costs and in consequence, owing to violent market fluctuations, suffered heavy losses.

To eliminate the possibility of loss, a scheme where the Sale and Supply Societies should merely have acted as commission agents for *raiyats*, would have been more in conformity with co-operative principles. It is on these lines that an organisation should be formed. The co-operative societies should arrange to sell *raiyat's* jute and deduct a commission to meet costs of establishment, storage, godowns, insurance and other charges usually associated with jute business.

Finance should be arranged by Government and obtained from the Jute Export Tax as required yearly. Some capital could be raised by making *raiyats* members or shareholders of the organisation.

Loans could be made to cultivators through co-operative banks on the distinct condition that their jute would have to be sold through Jute Societies.

Jute Societies could be opened at all important centres. Grading would be necessary to be able to value sellers' jute and to apportion their prices when sales were made. Baling would also be necessary if sales were made in Calcutta, but whenever possible and if remunerative sales could also be made locally.

Sellers should receive part value for their jute after weighment and grading at the Society and the balance could be paid after a sale was made and commission deducted. On co-operative lines and with the help of the Co-operative Department, this scheme can be made a success.

Q. 33.—No.

Though there are certain grades and contracts are made on these with guarantees in terms of hessian warp and weft, sacking warp and weft and cuttings, there are certain anomalies that need correction or adjustment. The grades and guarantees are as follows for white jute and tossa:—

	White Jute.			Tossa.	
	Hessian Warp.	Sacking Warp.	Weft and Cuttings.	Sacking Warp.	Weft and Cuttings.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
3s	60	20	20	..	..
4	40	40	20	90	10
R	..	70	30	80	20
LR	..	40	60	50	50
XLR	No guarantee.				

Mills usually buy the two lowest grades LR and XLR as these are quite suitable for the major portion of their manufacturing requirements. A small percentage of *Rej* is bought as an improving mixture for their batch or for special hessians, but we can take it as an established fact that at present, 80 per cent. of mills' purchases are of the two lowest grades. The LR, according to the guarantee, should yield

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40 per cent. sacking warp with 60 per cent. sacking weft and cuttings and the XLR has no guarantee. If all sellers strictly adhered to these guarantees, it is doubtful if they would get more than 1/3 their total purchases to yield these two low grades. As mills invariably desire these two low grades, and sellers have to depend mainly on mills for the bulk of their sales, these two low grades are sold in quantity to mills by sellers. When it comes to delivering these low grades, sufficiently low jute cannot be obtained to meet sales made. We then find that sellers are obliged to put stuff with a higher yield than 40 per cent. weft and warp in the LR to complete their sales. The same applies to the XLR. This takes the yield of the LR to about 70 per cent. sacking warp and the XLR to about 40 per cent. sacking warp. Mills accordingly gain on the transaction. Should any seller strictly adhere to the contract and make a delivery of 40 per cent. sacking warp in the LR, a claim is made, and he either loses in the Chamber of Commerce arbitration, or his jute is not bought again as being below the standard of others. What other alternative has this seller got but to raise his standard?

Balers expect a higher standard of grading than is usually accepted by mills and are invariably more difficult to please. They generally have to pay a bit more than mills to buy the same grade as they want a better standard. When they buy, they expect *kutchā* bale standards to fit in with their *pucca* bale standards and habitually claim if this is not so. The unreasonableness of this attitude is felt by all *kutchā* balers but as they have no outlet for the better grades of their jute, they accept the situation though not without rancour. Balers do not like grey jute or heavy-rooted fibre and these types must be eliminated from the grading. Some balers do not like other classes of fibre and the idiosyncrasies of each and every baler must be studied and met, otherwise claims are made.

Mills, though they are not so exacting as balers, are not unanimous among themselves as to what standards should be kept. It is a well-known fact that some mills expect higher standards of selection than others and as *kutchā* baling firms do not grade specially for any particular mill, there are frequent claims and complaints which have the effect of raising standards as sellers do not want trouble with buyers.

Q. 34.—Standards are frequently changed during the season and it has become the custom during the last few years to improve grades after 3 to 4 months of the current season. (It should be noted that standards are not reduced but improved). As the season advances, grades continue to improve till after 6 to 9 months after the commencement of the season the top mark has practically disappeared and its place has been taken by the subsequent grade. Sometimes the lowest grade is broken up into two and that which was the lowest grade improves considerably and becomes the penultimate grade. The XLR which was the lowest grade retains its name but is improved to the standard of an LR. The LR under its own name is raised to the standard of the *Rej*, the *Rej* is raised to the standard of the 4's, the 4 is raised to the standard of the 3's and this top mark is eliminated.

The result of all this may be imagined when jute packed in July is delivered in January. A claim is certain. To avoid this, sellers have been known to open out their July bales, re-grade according to the raised standards and re-pack at a loss. When the difference between grades is 8 annas per maund as has been the case during the last 3 to 4 years the

result is not so disastrous, but when differences between grades have been Re. 1-8 per maund, sellers have lost heavily by raising of standards. *Beparis* and all types of sellers bring in their jute to find that owing to claims buyers have been obliged to raise their standards and the loss and trouble that occurs dislocate business for some time. Cultivators also suffer for the same reason, as they get the price of one grade lower than what their jute would have been ordinarily.

Q. 35.—Legislation is imperative to fix standards as this will settle the matter finally. If any modifications are necessary after giving the standards a trial, this can be amended by law but final standards should be fixed by law.

Q. 36.—Standards should be fixed in terms of ordinary hessian, warp and weft, sacking warp and weft and cuttings. There should be five grades with the following guarantees and should pertain to balers as well as all mills.

	Hessian Warp.	Sacking Warp.	Weft and Cuttings.
	Per cent.	Per cent.	Per cent.
White Jute—			
“ 3 ”	70	15	15
“ 4 ”	40	40	20
“ R ”	15	60	25
“ LR ”	..	55	45
“ XLR ”	..	30	70
Tossa—			
“ 4 ”	..	90	10
“ R ”	..	75	25
“ LR ”	..	60	40
“ XLR ”	..	35	65

The various classes and qualities of jute that obtain in recent years lend themselves easily to maintaining the above grades. 3's and 4's would prove very suitable for balers' high grades. R's would prove useful for balers' medium grades and mills' good grades, and LR and XLR are just what mills need for their ordinary requirements. If the number of grades are increased to more than five, differences in quality between the grades shrink, make grading more difficult and give rise to claims. If on the other hand, the number of grades is reduced, the differences are enlarged and there is more elasticity, causing irregularity in the grades.

Mills state that *kutcha* balers are responsible for raising standards in competition among themselves. It is the fear of claims and refusal to buy jute from sellers that are the incentives behind the raising of standards. The *raiya*t is ultimately the greatest sufferer.

For the purposes of arbitration, men of experience and integrity should be appointed as arbitrators. Their salaries should be met by

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Government. On no account should brokers or anyone attached to mills or balers be permitted to arbitrate. A select and neutral body of men should be appointed, men who will have nothing to apprehend from an honest and fair decision.

Q. 37.—Mr. A. P. McDougall's note on Proposed Jute Control Corporation, with some alterations and additions, should be taken as a nucleus to work upon. The main principles are sound and when necessity arises alterations may be made. As the scheme progresses, beneficial methods suitable in the circumstances will be discovered and after a few years, a workable scheme will emerge from the experience gained. A bold policy carried out on an extensive and vigorous scale is likely to prove more successful than a lukeworm and wavering attempt dominated by extreme caution.

A few points in Mr. McDougall's note that need elucidation and perhaps modification are to be considered. They are as follows:—

- (1) *Bepari*.—This individual, as outlined in the scheme, is responsible for delivery to the central depot from the local depot. What is his remuneration; is he responsible for handling, shortweight, transit costs, etc.? Is the jute to be insured in transit?
- (2) If manufacturers or jute firms accept jute at one time to the full extent of their storage capacity, heavy insurance charges are incurred; also shortweight.
- (3) It would necessitate legislation to keep jute cultivation in control. Something on the *ganja* and opium principles should be suitable.
- (3) Agriculturists should be compelled to keep a certain portion of their fields for grazing purposes.
- (4) Control, when about to be established, should also apply to merchants and traders who are holding unsold stocks. These stocks should be taken over by the Corporation at a trifle above the prevailing market rate.
- (5) The idea of licensing all dealers and traders in jute, however small, seems quite sound. The revenue from this could be utilised for meeting some of the expenses of the scheme.

Q. 38.—Only in some big centres is market information obtainable daily. Telegrams are sent from Calcutta every evening at the close of market quoting prices and the state of market to some recognised agent, who in turn disseminates this information on slips of paper to members, for a consideration. These members pay a small subscription monthly and are generally *aratdars*, *beparis* and *farias*, but not growers. Merchants and traders also utilise this news agency but usually merchants obtain their information direct from their own agents in Calcutta. Growers cannot be said to get any information about market except what they can gather when they visit towns and marts. They get some idea also by the rates offered by *beparis* from time to time. Telegrams could be sent to important post offices and to every railway station giving market information. Villagers would soon get accustomed to visiting

these places to get market information. Postal runners could also be utilised to convey copies of these telegrams to villages *en route*. Local *hats*, which are held on certain days, are usually the gathering places of cultivators and copies of telegrams could be read out to them and they in turn would spread the news to their co-villagers.

Q. 39.—Not immediately. Complaints regarding quality would have no connection with growers. Market information should be concerning the state of Home and Calcutta markets, both *kutch*a and *pucca*, prices ruling and the tendency, extent of arrivals, weather and river conditions when abnormal, and anything likely to affect the *rai*yat.

Q. 40.—*Vide* Question No. 39 regarding information to grower. Wireless telegraphy is not sufficiently understood to work efficiently. Atmospheric conditions in Bengal are not conducive to good listening-in. Continual breakdowns are certain, and repairs will entail heavy expenses and loss of time. As the suggestion is to have these sets at certain centres only, these same centres could be more efficiently and economically reached by telegrams. The main problem is not communication with important centres, as dissemination of news from these centres to villages in the interior.

Q. 41.—Yes, by Government. Private agencies would look to their own interests and even if they did not, they would be subject to adverse criticism and suspicion. If Government would not consider doing so themselves Government control would be necessary. It would certainly prove helpful if Government agreed to buy and stock jute at a minimum price, but this should only be considered if Government could control and regulate sowings the next jute season. These two factors working conjointly would result in better prices during the current and the following seasons. Without control and regulation, the result would be enormous sowings the next season and consequently lower prices. The whole object of the scheme would thus be defeated. The cost of the scheme would vary according to the price paid for the acquired jute. There would hardly be any necessity to acquire jute if the cultivator gets Rs. 5 and over, per maund. The scheme should operate at about Rs. 4 per maund, but an additional Re. 1-8 per maund should be calculated as costs. If the crop outturn is approximately 7,500,000 bales, or roughly, 37,500,000 maunds, about 40 per cent. of the crop could be taken over at Rs. 5-8 per maund net. This would mean acquiring 15,000,000 maunds at a cost of Rs. 8,25,00,000, or say Rs. 8,00,00,000. Government could float a loan for this purpose, and if the interest is a little higher than the market rate, the loan should prove attractive. If the jute is eventually sold at Rs. 2 per maund profit, a sum of Rs. 3,00,00,000 is gained and this could be held as a fund for the furtherance of this scheme at any time. The main difficulty would be to provide storage for the acquired jute. Merchants, traders and manufacturers could be compelled to retain their stocks for a certain period and the costs of additional insurance, shortweight, etc., could be covered by an extra 2 annas per maund being paid to the sellers. This would account for about 25 lakhs of bales (in terms of *pucca*) being stored in Calcutta and upcountry. The balance would probably be in the hands of cultivators and would have to be restrained from being marketed. In that case, less finance would be required for the scheme. It would, however, be more advantageous for the working of the scheme if the jute held by cultivators come into direct possession of Government. Storage godowns would be necessary and the jute would have to be insured.

Mr. A. I. Alexander.]

Mr. W. H. Belchambers*, Lillooah (Howrah).

Dated the 8th April 1933.

Preliminary.—These replies are confined to the scope of the information of a mufassal Manager and do not cover questions relating to *pucca* baling and to trade practice and conditions in Calcutta.

Q. 1.—Yes, a system of regulation of production is necessary for a limited period. The term of this period should be made subject to the adoption and faithful observance by consumers of simultaneously formulated regulations having for their objects (a) a close adherence to standards of packing agreed upon and fixed at the beginning of each season, (b) differences in price between the standards so fixed with the clear proviso that the differences fixed are not to be varied during the season, and (c) an equitable distribution of the profits of the trade between consumers and suppliers.

By "consumers" is meant particularly the Calcutta Jute Mills; by "suppliers" European and Indian balers in the mufassal, *farias*, *beparis* and cultivators. When the observance of these conditions is established in actual practice I do not think that the necessity for regulations affecting sowings and outturn will continue to exist. In other words the volume of supplies will automatically adjust itself to the scope of the demand and cultivators will have acquired a sufficient holding power to cope with the exigencies created by unforeseen contingencies.

Q. 2 (a) and (b).—I submit that the procedure outlined in my reply to question (1) deals adequately with these further questions. The mere imposition of regulations affecting production of the raw material will serve no useful purpose without adequate safeguards for the protection suppliers.

Q. 3.—Adequate reasons have been furnished in the replies given above.

Q. 4.—I know of no such scheme.

Q. 5.—In my considered opinion the factor which has contributed principally to depress the value of jute has been the monopoly of the trade acquired by the Calcutta Jute Mills, who have for many years past taken by far the largest share of the crop and have been in the position of being able to dictate their own terms and who in the exercise of their commanding position have disregarded the interests of all classes of consumers. Subsidiary factors have been (a) the impoverishment of the soil, (b) a gradual but rapidly increasing deterioration in quality, which is due partly to the impoverishment of the soil and partly to less careful and thorough methods of preparation and to less intensive cultivation and also to a serious extent to the spread of the water-hyacinth.

In the foregoing reply I have dealt with those causes only which directly affect the question from the mufassal standpoint and of which I have direct personal knowledge; but it appears to me that there are other factors which have also contributed materially to the deterioration in quality and depreciation in value with which we are concerned. The employment of improved mechanical devices which have in recent years enabled the mills to be independent of the higher grades and qualities

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that were at one time essential for the manufacture of certain classes of goods has a direct bearing on the question and there are other considerations, such as the spread of industrialism and the artificially improved standards of living adopted by the rural and labouring classes, which cannot be ignored in a comprehensive review of the causes and circumstances affecting the results with which this enquiry is concerned.

Q. 6.—I have heard of no efficient substitute for jute which can be produced at a parity in cost, or placed on the market in the same quantity or with the same regular periodic repetition.

Q. 7.—Yes, with properly organised and conducted propaganda and provided also that the cultivators could be assured that the safeguards which I have indicated as essential for the protection of their legitimate interests would be adopted simultaneously and would, if necessary be enforced.

Q. 8.—Not with the maintenance of a department whose particular function would be to establish and preserve an effective liaison between producers and consumers.

Q. 9.—I have no definite views on the subject of compulsory regulation; but having regard to the very wide area to be covered and the multiplicity of individual interests involved, I do not think that legislation could be successfully employed, or would serve any useful purpose.

Q. 10.—I do not believe that the employment of any of the agencies named would bring about the end in view. It has been my experience that the Local Boards as they are constituted and function in the mufassal are not in general actuated by disinterested motives, or that their paramount consideration is the welfare of the public. Similarly my experience has been that the introduction of the Union Board system in Eastern Bengal has simply led to an increase in corruption and to a misuse of the powers with which they are vested. In regard to the *zemindars*, it should be borne in mind that they are for the most part absentee landlords, and it is by no means certain that they will in any case take any active personal interest in the enforcement of compulsory regulations, and I apprehend that if their powers were delegated to their *naibs* and *gomastas*, such powers would be misused. As to co-operative societies as at present administered, the recent failure of the Jute Co-operative Societies should serve as an object lesson and as an effective warning to the Jute Inquiry Committee. It is no exaggeration to say that the accounts of these societies when they were wound-up disclosed that throughout their career there had been a marked absence of organisation and supervision and that their funds had been grossly maladministered.

Q. 11.—An efficiently organised Jute Marketing Board composed of businessmen and with provision for a safe European working majority could certainly function very usefully. I would also suggest in this connection that the employment of district or circle inspectors with a practical knowledge of mufassal jute working and experience of the jute districts would be a potential factor in the success of such an undertaking.

Q. 12.—If with the approval of the Central Government a single Committee were appointed by the Bengal Chamber of Commerce and were vested with powers which were not circumscribed by Provincial limits, it appears to me that the co-ordinate working of the scheme of

[*Mr. W. H. Belchambers.*]

regulation would be ensured in Bihar, Orissa and Assam as well as in Bengal. I do not know if there are any technical or legal objections to the adoption of this suggestion.

Q. 13.—My experience of the high-land districts of Mymensingh and North Tippera in East Bengal is too remote to enable me to speak with assurance of conditions in these tracts and of Northern Bengal I have no experience. I believe, however, that cotton could be grown with advantage in the high lands of Mymensingh and North Tippera in the event of a decrease in the area of jute. In the case of the low-lying tracts in South Tippera, Bikrampur and Noakhali I can speak from personal experience and in my opinion no alternative crops could be grown in these areas with any prospect of success unless and until the fields excluded from jute cultivation were allowed to lie fallow for at least two or three years after which they could be utilised for paddy cultivation. Chillies, tobacco and ground-nuts are already grown to advantage in these areas, but these are cold weather and (Jute) off-season crops.

Q. 14.—I cannot answer this question, as I have been absent from the jute districts for the past two years.

Q. 15 and Q. 16.—I have no data available for reference and cannot therefore verify my replies to these questions; but speaking from recollection of the various tests I made at Chandpur, I should say that the normal cost of cultivation and preparation is Rs. 7-8 per maund, (b) that 15 to 20 maunds (the latter quantity with careful and intensive cultivation) represents the normal yield per acre, and (c) Rs. 8 to Rs. 8-4 would be a fair price level for jute in a mufassal market like Chandpur.

Q. 17.—I have recorded my opinion in my reply to Question No. 5.

Q. 18.—In my opinion the Department of Agriculture has done little or nothing to assist the *raiyat*.

Q. 19.—The present system of compiling the jute forecast is by no means satisfactory, and the published figures are seldom, if ever, even approximately correct. The reason for this is that the Director of Land Records and Agriculture is entirely dependent upon the Union Boards for the information on the basis of which these figures are compiled. It is, I believe, the practice for the Union Boards to submit their returns through the Subdivisional and District Officers, but it is safe to say that the returns as submitted are not officially revised. The Union Boards are for the most part composed of Shahas and Muhammadans, who are generally almost illiterate. Moreover, it is the rule rather than the exception for the Union Boards in South Tippera to consist of individuals who, as money-lenders and *farias*, have a direct interest in either exaggerating or underestimating the crop. There is added to these facts the circumstance that the village *chaukidars*, who are subordinate to the Union Boards, are employed to collect the required information from the areas within their individual beats; and it is only necessary to add that the village *chaukidars* are, as a class, of the lowest type of the rural population both in intelligence and in energy. These facts are significant of the unreliability of the returns on which the annual jute forecasts are based.

The remedy would be for the Marketing Board to collect reliable information through their own district inspectors and to compile and publish the facts and figures based on these reports either independently or in collaboration with the Agricultural Department.

Q. 20.—The methods of grading which were employed up to 1931 (I have no later experience) were perfectly satisfactory; but it should be clearly provided as a fixed principle of the trade that standards of packing adopted at the beginning of each season are not to be arbitrarily varied at the behest of consumers during the season. It is of equal importance that the differences between individual grade values should not be altered from the start to the finish of each season and that in no circumstances should differences exceed Rs. 2 with a minimum of Re. 1.

As to existing methods of marketing I can suggest no alteration and do not consider that any radical alteration would be acceptable to sellers or helpful to cultivators. I would, however, strongly advocate the introduction of legislation which would render the wetting of jute a penal offence.

Q. 21.—I do not think that the establishment of organised markets would be feasible.

Q. 22.—No, I am definitely of opinion that the formation of village co-operative societies would serve no useful purpose. The people concerned are far too backward in some respects and far too astute and individualistic in others, to adapt themselves to conditions essential to the success of any co-operative scheme; and jute is not a commodity which can be brought easily within the scope of co-operative schemes.

Q. 23.—The *faria* is the direct link between the *katcha* jute baler and the *bepari*. Under the advance system he was directly liable for the repayment of advances, whether he recovered such advances from the *bepari* or not. He settles prices with the buyer, and the general rule in Chandpur and throughout South Tippera and Noakhali used to be that, he served one buyer or firm only throughout the season and was under an obligation, whether expressed or implied, to give all his supplies to the particular buyer whom he contracted to serve at the beginning of the season. He receives his remuneration from the *bepari* and this is nominally fixed at two annas per maund but varies according to circumstances. The *bepari* at the headquarters of a district is the link between the *faria* and either smaller *beparis* in the interior markets or the cultivator in person. The remuneration earned by him is not fixed and cannot be easily determined. The margin between the price paid by the baler at headquarters and that realised by the cultivator is estimated in normal conditions to be eight annas per maund.

Q. 24.—Given normal conditions I do not think that the cultivator suffers unduly by the employment of middlemen, and with a commodity like jute I do not think it would be possible to devise a method of working having in its scope the elimination of the middlemen, or any of them, or that the condition of the cultivator in relation to the trade would be ameliorated thereby.

Q. 25.—I can recall no marketing customs in the mufassal directly detrimental to the *raiyat* and demanding reform; but I would suggest that the *zemindari* cess levied in certain markets on jute imported into them might well be utilised for the improvement in these markets of roads, marketing shelters and sanitary conditions and conveniences. At present cultivators and sellers pay these cesses without any *quid pro quo*.

Q. 26.—If a *bepari* has dealt for any considerable period with a *raiyat* it is not unusual for the *bepari* to pay the *raiyat* a small advance (*biana*) as earnest money for the purchase of his crop. Apart from this practice

[Mr. W. H. Belchambers.]

I know of no system of pledging or selling jute before the crop is harvested.

Q. 27.—Cultivators usually borrow from professional money-lenders and the money-lending business is the monopoly of the Shahas by hereditary and long established usage. I do not think that in general the practice directly affects the price, or that the creditors are to an appreciable extent the actual buyers of the crop in the first instance. The rates of interest are undoubtedly usurious, but this is to a considerable extent compensated for by the fact that the creditor rarely troubles to enforce payment of the principal and is mainly concerned with the realisation of his interest and the regular renewal of the debtors' promissory notes. The real difficulty is that of recent years and as the result of a succession of bad seasons the cultivator has found it increasingly difficult to meet the interest due by him and this has crippled his borrowing powers.

I cannot suggest any scheme that would afford the *raiyat* better credit facilities, and I do not think that any scheme of co-operative credit except under European control and supervision (which would be prohibitive by reason of its cost) would result in an actual improvement in the position. In this direction the Marketing Board through its mufassal inspectors could function usefully in an advisory capacity.

Q. 28.—I do not believe that any system of marketing the jute into the hands of a co-operative organisation could be worked satisfactorily unless the organisation was controlled and efficiently supervised by a European agency, or an agency with a safe working European majority in its directorate. I may be accused of reactionary tendencies; but it is my honest conviction that an Indian personnel would be particularly amenable to venal influences and that the praiseworthy end in view would be nullified.

Q. 29.—I am not competent to deal with this question and with items Nos. 30, 31, 32 and 33 of the questionnaire which refer to phases of the jute trade with which the mufassal manager is generally unfamiliar.

Q. 34.—Yes, it was my experience during a long succession of years commencing, I think, in 1923, that standards were changed suddenly during the season and generally when the season was about midway through. It was also my experience that with these changes differences in price of the individual standards were widened or narrowed at the convenience of the mills. These changes had the effect not merely of causing a direct and serious loss to sellers but also of disorganising business at a time when reorganisation to meet the needs of the altered conditions was invariably very difficult and sometimes impossible. The inequity of these changes must be obvious and have contributed very materially to the ruin of the mufassal jute trade; but apart from protests (which were for the most part half-hearted) the European jute balers, who were and have been the chief sufferers, did not combine effectively, or devise and give effect to any remedial measures.

Q. 35 and Q. 36.—Yes, I submit that in fairness to all concerned standards for loose jute should be fixed and that they should not be subject to any variation from the beginning to the end of each season. I am not in a position to determine whether legislation is necessary for the observance of this principle in practice; but adequate safeguards should be employed to ensure its observance. I would also suggest that a reversion to the old system of guarantees in outturn of hessian, sacking

warp, sacking, weft and cuttings would ensure the stabilisation of standards and that an efficient and independent Arbitration Board would be competent to deal with disputes and claims on the actual merits of tenders and should be the final arbiters.

With reference to the concluding passage of Question No. 36, which reads "what authority do you think should supervise the working of the standards?" the intention and meaning of the question is not at all clear to me. I have already indicated that in my opinion a properly constituted Arbitration Board would be competent to deal with the setting of standards and with disputes in connection with tenders as compared with guarantees. This is one aspect of the question and a possibly correct interpretation. If, however, the "supervision" referred to is the actual supervision of the packing, I submit that all the experience of the jute trade justifies the opinion that guarantees are of little practical worth without the assurance that the packing covered by them has been effected under efficient European supervision.

Q. 38 to Q. 40.—I must confess that I cannot grasp the significance of the suggestions underlying these questions or their particular applicability to the conditions which are under review. It is, however, my definite and considered opinion that any elaborate methods of conveying market information to the *raiyats* will serve no useful purpose and that the adoption of these methods will not inspire confidence. We are dealing with a purely oriental rural population, who are to the ordinary Western conception almost inconceivably backward in culture and as yet steeped in superstition and who inhabit sparsely populated and waterlogged tracts which are difficult of access for the greater part of the year. The introduction of loud-speakers and telephones would scarcely be found feasible in the first place and would not serve any useful purpose if they were introduced, or tend to produce an amelioration in trading conditions. It would be much more to the purpose if the Marketing Board employed the right type of men as their inspectors, kept these inspectors constantly on the move within the limits of their respective districts and found the means of keeping in close touch with them and of keeping them regularly informed of daily market conditions.

Conclusion.—With the remainder of the Questionnaire I am not competent to deal, as it embraces questions on subjects with which I am unfamiliar, or of which I possess merely a superficial knowledge.

No. 83.

Rai Indu Bhusan Mallik Bahadur, Member, District Board, Nadia.

Dated the 2nd April 1933.

Q. 1.—My reply is in the affirmative.

Q. 2 (a).—It is possible to regulate jute crop production and it has become very urgent to do so with reference to the expected demands of the market to save the jute growers from the incalculable mischief which is now being done to them by the middlemen.

Q. 2 (b).—The main object of such regulation would be to steady if not to raise the prices of raw jute keeping a margin of profit of Rs. 3 to Rs. 4 above the cost of production.

Q. 3.—I believe that it is possible and also feasible to regulate production. If there may arise any difficulty that should any how be overcome to save the poor jute growers.

Q. 4.—I know of no such scheme.

Q. 5.—It is very difficult for me to answer this question as I am not in touch with jute trade but it seems to me that at the present time the depression in jute trade is mainly due to world-wide trade depression owing to financial crisis and it is also due to over-production to a certain extent.

Q. 6.—To my mind if a jute regulation scheme is adopted keeping in view the demand of jute for every year there would be no serious danger of competition from substitute crop.

Q. 7.—So far as I could understand from some jute growers with whom I had talk on the matter the major portion of the cultivators would voluntarily come under the scheme.

Q. 8.—I do not believe in voluntary basis which would certainly fail.

Q. 9.—I am strongly in favour of regulation made compulsory by legislation. To save the cultivators from utter ruin to which they are running at a lightning speed, no over-production should be allowed. In accordance with the demand of jute area of land to be required for cultivation of jute should be ascertained and accordingly regulated. The cultivators should not be allowed to cultivate jute on more land than will be exactly required to cover the demand of the market. For this purpose a certain percentage of cultivated land should be fixed for jute cultivation only the production from which will be considered as sufficient to cover the demand of the market and no jute grower should be allowed to cultivate jute exceeding the percentage on penalty.

Q. 10.—The compulsory regulation should be utilised through Union Boards, Co-operative Credit Societies, Co-operative Jute Sale Societies and Jute Marketing Board. I do not like that *zemindars* should be entrusted as they have no reliable agency except the unscrupulous *gomastas*.

Q. 11.—I think a Jute Marketing Board should be established for the purpose. But if such Board requires financing like the Cotton Market of Central Provinces it must be seen that the procedure does not affect the price of the jute so that the cultivators are not to pay anything in the shape of brokerage, etc., and get something less than the price of jute which they would otherwise have got.

Q. 12.—I am not competent to answer this question but as jute is also grown in some portions of Bihar and Assam, co-operation of those Governments will, I suppose, be helpful.

Q. 13.—Cultivation of paddy may be increased in low lands, and in low lands as well as in high lands sugarcane cultivation may supplement jute. I do not think that there will be any difficulty to induce the people to take to sugarcane cultivation. At present propaganda on the matter seems to me to be sufficient.

Q. 14.—So far this part of the country is concerned the propaganda made by the Government and others during the last two sowing seasons

was much effective in keeping down the area of jute cultivation and I think such propaganda may be continued.

Q. 15.—So far as I could ascertain from the cultivators the normal cost of cultivation per acre of jute is from Rs. 33 to Rs. 35 and the average yield per acre is about 10 maunds. I cannot say the cost of alternative crops.

Q. 16.—Considering the present-day condition and also the risk of produce owing to climatic conditions, I think, the lowest price that can be offered to the cultivators, according to quality of the jute, should in no way be less than Rs. 6 to Rs. 8 per maund.

Q. 17.—The world-wide economic distress and consequent depreciation in all sorts of trade especially in jute coupled with over-production seems to me to be the chief factors of bringing down the price of jute.

Q. 18.—My answer to this question about research and propaganda is in the affirmative but I cannot suggest about other agencies.

Q. 19.—The system of compiling and publishing jute forecast is certainly beneficial but it should be made accurate. At present the forecasts sometimes become misleading.

Q. 21.—A trial may be given by establishing such markets on co-operative basis. I cannot give approximate number. They may be advantageous to the cultivators if they are not to incur an additional cost.

Q. 22.—I have no experience but such means should be thought out.

Q. 23.—I cannot say, as I have no experience.

Q. 24.—Yes, the system of advance payments by middlemen and their so-called control over the price of jute, have much to do in lowering the price.

Q. 26.—This is ordinarily done in advance system. The *beparis* or *mahajans* taking advantage of the poverty of the *raiya*s advance money before the jute crop is harvested on the pledge of the crop on condition that the *raiya*s will sell the crops to the *bepari* or *mahajan* at a certain fixed price which generally falls far below the *bazar* rate. At the present economic distress, except a very few, no *bepari* or *mahajan* is taking the risk of this system, the price having fallen too low.

Q. 27.—Generally cultivators borrow from *mahajans* by pledging their land and not their crop. It is not correct to say at least in this part of the country that creditors are also buyers. This is not the case here. Co-operative Credit Societies are the best means to give credit facilities to the growers with provisions to safeguard the interest of societies.

Q. 28.—I was not a party in the working of the Co-operative Jute Sale Societies and so I cannot say in detail about the working of such societies. But so far as I understand from the principle which led Mr. J. M. Mitter to start such societies I think such societies should be re-started with the precaution that the administration should not be made too heavy.

I do not think myself competent to answer other questions and therefore I do not try them.

[*Rai Indu Bhusan Mallick Bahadur.*]

No. 84.

Babu Romes Chandra Som*, Chandpur, Tippera.

Dated the 18th March 1933.

- Q. 1.**—Yes.
- Q. 2 (a).**—Yes, at least approximately.
- Q. 2 (b).**—There will be no slump and the price will be at least steady.
- Q. 3.**—I believe it is possible to regulate production, though difficult.
- Q. 5.**—Over-production and combination of the millers or rather consumers. The general financial position has got nothing to do with it.
- Q. 6.**—No.
- Q. 7.**—No, never.
- Q. 8.**—Yes, and also for want of education our people have got no capacity to think of the country as a whole and everybody will try to meet his selfish ends, by this or that way.
- Q. 9.**—Yes, that should be done. It is not possible within such a short time given to us to give the suggestions now.
- Q. 10.**—At present Union Boards should be utilised with the ultimate object of forming co-operative societies gradually, in all areas, exhaustively.
- Q. 11.**—Control should be commenced from sowing through Union Boards, and then, if so required, a Jute Marketing Board may be established.
- Q. 12.**—Yes, it would be better.
- Q. 13.**—In high lands, pepper, chillies and varieties of *dal* and potatoes may be sown and in low lands sugarcane can be grown. People have already taken to these crops to some extent. It would be better if officers of Agricultural Department freely move in the villages and advise the people as to which land is fit for which crop. Present demonstration is of no help to any one.
- Q. 14.**—No, not at all. No propaganda is required and no amount should be spent in the least for propaganda.
- Q. 15.**—I have got no idea of other parts except that of East Bengal. Cost of production of jute is Rs. 2 to Rs. 3 at present, but it would be more if the price of labour is increased. For other crops Re. 1 to Re. 1-8 at present.
- Q. 16.**—At least Rs. 6 a maund at present.
- Q. 17.**—See answer to Question No. 5.
- Q. 18.**—Yes, but the system should be changed so as to be of practical purpose.
- Q. 19.**—It is not satisfactory nor beneficial for the growers in the least. It is beneficial to the mill-owners and the gamblers. No such forecast need be published at all. Even if the estimated corresponding demand be published, it would be of no help to the growers. Growers are not educated nor have they got any combination, nor can there be any, so they will never be in a position to take any advantage of these

*Director, Bengal Provincial Co-operative Bank.

publications. On the other hand, the market is controlled by the mill-owners and the gamblers, who are educated and intelligent. Now production may be regulated on past records.

Q. 20.—Purchases are made sometimes on the basis of assortment according to quality and sometimes by estimation of quality. The second mode is best for all concerned. The present grading is not satisfactory but marketing is not unsatisfactory so long as there is no control or regulation.

Q. 21.—Yes, I cannot give the numbers, but such markets would be able to do away with the middlemen and thus help the cultivators.

Q. 22.—No. Many attempts were made in that connection, even offering something more for each maund when the Jute Sale and Supply Societies were working, but all attempts failed. So at present there is no scope. But after controlling the production, it would be better if a co-operative society can be organised in each village.

Q. 23.—There is no fixed remuneration for *farias* or *beparis*. Commission at 1 anna to 2 annas per maund is sometimes given to some commission agents, but sometimes they also work as big *beparis*. Very few mills purchase jute even through their own agents. *Farias* go from house to house and purchase jute on lots (estimation). Then after mixing them all up, they classify approximately according to the then system but in doing so they put water cleverly in jute and sometimes sand even. These *farias* take the jute thus bundled by them to the nearest *hat* where the *beparis*, or under-brokers of jute firms, purchase it on estimation, then they take the jute to the nearest jute baling firms and deliver the jute to a firm through a broker of the same. These brokers of jute firms deduct brokerage from the jute firm and the *beparis* as well and take other tolls in the shape of *britti*, etc. Brokers generally take 1 anna per maund from the jute firm and 2 annas from the *bepari* besides *britti* at least 1 anna per maund from the *bepari*. Except in the case of paid commission agents at a fixed remuneration as stated above, all other purchases are made on speculation, of course, always keeping in view the price offered by the jute baling firm. Brokers are generally allowed some amount as advance by the jute baling firms, and they also advance some amount to *beparis*, every year.

Q. 24.—Yes, to some extent.

Q. 25.—As stated above, the same jute is sold several times in different places, once in the house of the grower, then in the house of the *faria* or at small *hats* and then by the *bepari* at the jute baling firm. In all other places the price is dictated by the seller but at the jute baling firm the *bepari* has got no voice. Generally he is bound to sell as he cannot hold it up. The price is settled by the firm. Because of the system prevalent, in the last place the growers practically suffer.

Q. 26.—To some extent. It may be ignored.

Q. 27.—No, generally the creditors are not buyers. Credit facilities may be given by organising co-operative credit societies.

Q. 28.—No. Not at present. I was connected with the Co-operative Jute Sale and Supply Society. It proved a failure and it would prove a failure because the members are not loyal nor co-operators in the proper sense. Members would not feel shy to cheat their own society even. For want of education, the members of co-operative societies

[Babu Rames Chandra Som.]

are eager for rights and liberties of a democratic institution but not the responsibilities in the least.

Q. 34.—Yes.

Q. 35.—Yes, if possible.

Q. 36.—Trained officers of Agricultural Department.

Q. 37.—I approve of this scheme.

Q. 38.—No. Even if the growers are given information, that will be of very little value, in dealing with the matter. No information need be given to any.

Q. 39.—Yes, no market information will be of any value to the growers. But Government is to regulate the production according to the expected demand.

Q. 40.—For all information Union Boards are sufficient. Wireless is not required.

Q. 41.—It would not be practicable.

Q. 42.—No.

Q. 43.—Yes.

Q. 44.—It will be simply an advisory committee to Government.

Q. 45.—No.

Q. 53.—Yes. As at present Agricultural Department is of no use. It should be reorganised and research should be undertaken under this department.

No. 85.

Calcutta Jute Fabrics Shippers Association.*

Dated the 12th April 1933.

Q. 47.—In answer to this question the Association has the following submissions to make. With regard to the substitutes for jute which are in commercial competition the Association understands that the chief substitutes are coarse cotton, sisal, hemp, canamo fibre and kraft paper.

That these substitutes have been able to make headway against jute is due to a variety of factors but this aspect is discussed in the answer to Question No. 48.

Owing to the diminished demand for cotton, the United States of America cotton interests have been endeavouring to foster the use of cotton bags in preference to jute bags and in view of the low price of cotton to-day combined with its comparative lightness, greater strength, cleaner and whiter appearance they have to a large extent been successful. Should the price of cotton rise in the future it is expected that some of the ground lost would be regained by the reversion to the use of the cheaper jute bags; it is nevertheless considered that some of the lost ground will never be regained.

Reports from the Philippine Islands over the past two years go to show that it is becoming increasingly difficult to meet the competition of the local Philippine sack manufacturers; a more serious feature, however, is the proposal to assist the hemp industry in that country by

*For oral evidence of representatives of the Association, *vide* page 482, *et seq.*

the imposition of a heavy import tax on all jute and jute fabrics and to this end a Bill was actually introduced in the Philippines Legislatures last year. Further information relative to the Bill is lacking, but the possibility is that it is still under consideration.

In Chile the Government has introduced regulations to restrict as far as possible the importation and use of jute fabrics particulars of which were published in the Indian Trade Journal of 24th November 1932. The Director-General of Commercial Intelligence and Statistics in this connection forwarded a supplementary note on the subject to the Bengal Chamber of Commerce on the 18th November 1932. From these it will be seen that a prohibitive duty on jute sacks and sacking has been introduced, except in certain specified cases such as for the bagging of nitrates which must necessarily continue dependent on the use of jute containers, and in other cases where it is essential to supplement national production. Eventually the Chileans hope to dispense with the jute article entirely, by the development of a local industry using "canamo" fibre. In this connection it is understood that wooden containers are being extensively used in Chile with a view to assisting the local timber industry.

Quite apart from the restrictions in trade brought about by the great world crisis and the above sequelæ it is a remarkable fact that Calcutta has lost an annual outlet for between thirty and thirty-five million nitrate bags by reason of the extraordinary shrinkage in the Chilean nitrate business. This state of affairs is supposed to be the result of the competition from the synthetically manufactured nitrates produced in Germany and in England.

Australia.—The bulk handling of wheat is growing in popularity in Australia and the latest advices regarding the question seem to indicate that there will be a further reduction in importation of corn sacks this season. There seems to be little doubt that this reduction in importations is the direct result of the construction of silos in Australia. It is anticipated that a further 38 silos will be erected in New South Wales. Last year, it is stated, New South Wales only took 20 per cent. of Australia's importations of corn sacks on account of the silos then functioning and their demand is likely, therefore, to be further reduced this year. Western Australia has not so far, for one reason or another, made much progress in bulk handling. The Association would point out that if the Calcutta mills lost the Australian corn sacks business they would lose one-sixth of the entire production of heavy goods in Calcutta at the present time. The Australian corn sacks trade represents annual shipments amounting to between 230,000 and 290,000 bales. The importance of this trade cannot be ignored.

Woolpacks.—This trade is mostly confined to Australia, New Zealand and South Africa. The only substitutes about which particulars are known which threaten the jute woolpack are sisal and flax. Particulars of a scheme to manufacture woolpacks out of the New Zealand flax have been received in Calcutta but unless a heavy duty is placed on jute and jute goods entering New Zealand it is difficult to see how any success can be attained by the sponsors of the scheme. Similarly in South Africa plans have been mooted for the manufacture of woolpacks from sisal but this scheme too does not appear to be practicable unless South Africa is prepared to impose a very heavy duty on jute and jute goods. However, should it happen that a satisfactory substitute was found which

[*Calcutta Jute Fabrics Shippers Association.*]

could replace the jute woolpack the trade here would be liable to lose 90,000 bales of woolpacks per year.

The following extract from the "London Times" of 10th March 1933 is of particular interest in this connection:—

"A discovery has been made by a Swedish research worker in the Textile Department of Leeds University which is expected to revolutionize the packing of wool.

At the present time the woollen industry loses thousands of pounds a year by wool becoming contaminated during transit, and the problem of how to prevent this has existed ever since Australia began to send raw wool to this country. Mr. K. P. Hellberg, the inventor of a new type of woolpack, is a Stockholm man. His interest in the subject extends over more than a score of years, and during the last few months he has been experimenting at Leeds.

In the first place these woolpacks were made of hemp, but on account of its cheapness jute was later substituted, with, it was subsequently found, harmful effects on the wool, into which vegetable fibres penetrated. The University authorities state that Mr. Hellberg's new woolpack, which is based on a paper fabric and produces no vegetable contamination, should meet all the requirements of the wool shipper."

Cement Bags.—Although it is well nigh impossible to gauge with accuracy the extent to which jute bags have been displaced in the cement industry through the use of paper bags, the Association would state that at a conservative estimate, it must be in the neighbourhood of fifteen or twenty million cement bags annually. This has reference to shipments to South Africa and to the United Kingdom.

Only recently further business has been lost to Calcutta, probably for all time, since the change over, a few months back, by the various South Africa Cement Companies from jute to paper bags, for the manufacture of which a factory has been erected in that country.

"*Sisalkraft.*"—With regard to 72" hessian which is extensively used in the dried fruit industry to support the layers of fruit in the drying frames information has been received that a new competitive product called "sisalkraft" has made its appearance. This product consists of two sheets of kraft brown paper tarred and stuck together with a reinforcement of sisal fibre between the sheets. A factory has started in Sydney, to supply "sisalkraft." If the results of the tests of this product are satisfactory there is a possibility of a lessened demand for 72" Hessians this year.

The Association cannot allow this question to pass without a reference to the effect on the Calcutta mills of the drastic protectionist policy recently pursued by the Government of India.

In the first place they would refer to the loss of the Australian wheat trade with India by reason of the heavy import duty on wheat imported into India. The duty is Rs. 2 per cwt.

The immediately visible effect of this has been the loss to the Calcutta jute mills of a certain amount of their corn sack trade—but what is of more importance is that the action of the Government of India has alienated Australian opinion—the Australians are "wheat minded"—consequently Australian opinion, which is now strongly resentful toward Calcutta mills goods, supports on every occasion, wherever practicable schemes such as bulk handling which will tend to eliminate the use of

Calcutta goods. This attitude has found adequate expression through the exigencies of the world crisis which have forced Australia to curtail her purchases of foreign manufactures.

Then again the recent imposition of a prohibitive duty on sugar imported into India has been responsible for the closing down of 80 sugar factories in Java. This, in turn, has involved the Calcutta jute manufacturers in a loss of trade in sugar bags. A few years ago the trade in Java sugar bags amounted to 100,000 bales annually. To-day it is estimated that Java's requirements for next season are not likely to exceed 15,000 bales.

Q. 48.—(a) In some instances, particularly in the case of flour bags, the use of cotton bags in America has received encouragement by reason of the cleaner appearance of cotton bags and by their durability. The Committee have seen a sample bag made from sisal. It had a fine shining and glossy texture with a bright platinum yellow colour. The bag was most attractive in appearance although it looked somewhat stiff and clumsy.

(b) The cheapness of other fibres in these days of general low prices of commodities has considerably assisted their use for industrial purposes.

(c) There is no question but that the stability in price of other fibres has proved a great help to such fibres. In this connection Calcutta made jute goods have definitely suffered from the keen competition of continental made jute goods solely by reason of the fact that continental jute goods are kept tolerably free from sudden fluctuation in price.

Q. 49.—With prices at such competitive levels it is possible for substitutes to be in active competition with jute goods. At a later date the cost of substitutes might easily move out of parity with jute prices and therefore cease to compete. It is felt that much fibre such as sisal is being produced at distress prices and at a loss in which case diminished sewings will tend to put up prices of these commodities if they are saleable at all. Nevertheless, with the continued progress of scientific research it seems reasonable to suppose that substitutes will be likely to increase rather than to decrease.

Q. 50.—This Association feels that the trade in Calcutta goods would be stimulated if the mills here adopted a more reasonable attitude in the matter of meeting claims affecting the quality of their deliveries received from the consuming centres. A case in point may well be cited here. A shipper received a small claim for payment of Rs. 70 in respect of resewing charges incurred by the consumer who had found a number of the bags out of a consignment to be badly sewn. The cost of the consignment was in the neighbourhood of Rs. 40,000. This claim was, in turn, forwarded by the shipper to the mill who refused to meet it except after costly arbitration procedure. All the parties concerned were people of high standing. The Association feels that treatment of this sort by the mills in Calcutta creates a very strong prejudice against Calcutta made goods. Buyers are sensitive to slights and will often, out of pique, go elsewhere for their requirements even if it involves them in a slight increase in cost.

As has been stated the instability of Calcutta prices proves a check to trading in Calcutta goods. If the gambling counters could be abolished more stable prices would be established.

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Although it may not come within the province of this Association mention may be made of the widespread feeling amongst both consumers in other countries and shippers here in Calcutta that the industry as at present conducted is on a fundamentally wrong basis and that price fluctuations are much too frequent and sharp. Particularly now that the manufacture of sacking and hessian has reached the competitive stage it has, it seems wrong that the world's markets should be held to ransom because of the nocturnal restlessness of a speculative operator whose midnight inspirations are liable to let loose the combined activities of a hundred manipulators bent only on securing a local paper profit. So long as such conditions maintain and mills not only lend themselves to such practices but actually encourage them it seems probable that consumers will more and more tend to turn for their supplies to markets where some stability in values is obtainable.

A further suggestion that occurs to the Association is that the Calcutta mills should avoid shipping goods containing an undue proportion of moisture as frequent disputes arise through goods being found light in weight on arrival at destination.

Q. 51.—This question could best be answered by a body of technical experts. It is recommended that the Indian Jute Mills Association should constitute such a body, say in the form of a technical advisory committee. It would probably be of advantage if this advisory committee co-opted a representative of the shippers to assist them.

Q. 54.—Yes.

Q. 55.—Propaganda should take the form of advertising the advantages of jute and jute goods. It is believed that at the last British Industries Fair a most successful exhibition of jute goods was held under the auspices of the Dundee Chamber of Commerce. The possibilities of arranging jute weeks or drives in consuming centres might be examined by the Enquiry Committee.

Q. 56.—No.

Q. 58.—Does not arise in view of answer to Question No. 56.

No. 86.

Maulvi Mustafizur Rahman Khan, Collector of Noakhali.

Dated the 17th April 1933.

Q. 1.—In my opinion the production of jute requires regulation. The supply will otherwise be more than the demand and it will not be possible to check over-production which is mainly responsible for the abnormal fall in the price of jute and consequent loss to the producers. Restriction of jute cultivation will not be practicable by any other means owing to the illiteracy of the cultivators in general.

Q. 2 (a).—It is possible to regulate jute crop with reference to the expected demands of the market. This may be done through the local jute associations working under the corporation with power to regulate the jute crop according to the demands of the market.

Q. 2 (b).—The main object of the regulation would be to steady the prices of the raw fibre and its likely effect will be to remove uncertainty of price in the jute market.

Q. 3.—Does not arise.

Q. 4.—The opium and *ganja* productions are regulated by Excise Department with success. Of course, the case of jute is not similar to that of *ganja* or opium in the sense that jute may be substituted by other materials such as hemp or paper.

Q. 5.—Over-production is primarily responsible for the depression of the price of jute. Combination among the purchasers and economic depression are also partly responsible for it.

Q. 6.—If a jute regulation scheme were adopted, it is likely that there would be competition from substitute crops but there is little chance of any such competition in the near future. The manufacturers may devise means to utilise cheaper substitutes with the rise in the price of jute fibre. It will not however seriously affect the jute industry in Bengal, if the price of jute is kept at a reasonable level.

Q. 7.—I do not consider that the cultivators would come under a scheme of regulation of the jute crop unless they are forced by legislation.

Q. 8.—There is every reason to believe that an attempt to regulate production on a voluntary basis would fail, as it is likely that any success achieved in one year would tend towards inducing increased sowings in the following year.

Q. 9.—It is essentially necessary to make regulation compulsory by legislation. The total area now under jute should be ascertained in respect of each village and thereafter the maximum area in which jute should be reasonably and profitably grown should be fixed in respect of each village and each cultivator will be allowed to sow jute in proportion to the land belonging to him, calculated on the basis of actual demand of the year. To control this limit special jute restriction officers should be employed.

Q. 10.—Union Boards may be utilised for the purpose of implementing compulsory regulation.

Q. 11.—If the purchase of jute is concentrated in the Jute Marketing Board, it will be able to detect increase in the total yield and therefore in total acreage, in case there is wide-spread evasion of jute regulation.

Q. 12.—In the event of the regulation of jute cultivation being arranged, co-operation of Governments and organisations in Bihar and Assam will be necessary.

Q. 13.—In the case of decrease in the area of jute crop, I would suggest paddy for low lands and *rabi* crops for high lands. The condition of *rabi* crops being generally bad, the officers of Agricultural Department should show by actual demonstration how *rabi* crops such as potatoes, chillies and sugarcane, etc., can be best grown in this country.

Q. 14.—The jute restriction propaganda had some effect in keeping down the area under jute cultivation. But the propaganda may be made more effective only by legislation.

Q. 15.—The normal cost of cultivation and yield per acre of jute are Rs. 30 and 10 maunds respectively on an average. The cost of cultivation of alternative crops such as paddy, etc., and yield per acre are Rs. 10 and 12 maunds respectively.

Q. 16.—Rupees 6 per maund is considered a fair price level for jute which would bring a reasonable return to cultivators growing it.

[The Collector of Noakhali.]

Q. 17.—Over-production and world-wide economic depression appear to be the chief factors which have brought about the fall of prices of raw jute and of manufactured jute in Bengal.

Q. 18.—Agricultural research and propaganda are necessary to assist the growers in producing better jute. Propaganda should be made to induce the cultivators to grow best kind of jute available. The Union Boards and Co-operative Societies should help the Agricultural Department in making the propaganda more effective.

Q. 19.—The present system of publishing the jute forecast is not at all beneficial to the growers but it is of immense benefit to the balers and mill-owners and also of some help to the middlemen. The growers are too illiterate to study the jute market. It will do some benefit to the growers if the forecast is published in Bengali vernacular and widely circulated to the growers through the Union Boards together with notes as to its probable effect on its price.

Q. 20.—The present forms and methods of grading and marketing jutes in the mufassal may be satisfactory from the point of view of balers and mill-owners, etc., but it is not at all satisfactory so far as growers are concerned. The growers are entirely at the mercy of the customers and others.

Q. 21.—It is considered feasible to establish organised markets for jute in this district similar to those for cotton in the Central Provinces and Berar by legislation. One such market may be established in each of the areas covered by a Union Board.

Q. 22.—The jute growers can be brought more closely in touch with the jute balers by establishing village co-operative societies for dealing with jute business and making the sale of jute to outsiders penal by legislation.

Q. 23.—The *farias* purchase jute from the growers direct by using higher weights at a comparatively lower price and sell them to the agents or *beparis* who place them with balers on receipt of commissions. The *farias* realise some profit from the *beparis* and the *beparis* get a fixed rate of commission from the balers.

Q. 24.—There is no doubt that the cultivators get comparatively low price for their jute than what they would have got had not such middlemen existed.

Q. 25.—The marketing system such as the use of higher weights than the standard weights, *aratdary*, *kaiali*, etc., which are in vogue in several markets are detrimental to the interests of the growers. They could be abolished by legislation by fixing a standard weight.

Q. 26.—Some of the needy cultivators used to pledge or sell their crops before harvesting, when the prices of jute were high; but very few such cases prevail now in this district.

Q. 27.—The cultivators generally borrow money from the local money-lenders. In this district the creditors are not in the majority of cases the ultimate buyers of the crop, but in some cases they are the ultimate buyers. It certainly affects the price which the cultivator is able to obtain on sale in the market. The formation of organised jute co-operative societies under the Jute Corporation to advance money to the needy cultivators will afford better credit facilities to the growers.

Q. 28.—The whole system of marketing jute by co-operative organisation on co-operative basis will be useful if the sale of jute to outsiders

be made penal by legislation. It may be financed by Government through the Bengal Provincial Co-operative Bank, if possible.

Q. 35.—Fixed standards for loose jute may be fixed by legislation.

Q. 36.—Standard weight of 82 *tolas* is suggested. Co-operative officers should supervise it, if jute co-operative societies are established; otherwise by police officers.

Q. 37.—Mr. McDougall's marketing scheme as published in the report of the Central Banking Enquiry Committee (Appendix C) appears to be quite feasible and I approve of the scheme.

Q. 38.—The growers of jute receive no market information now. They are entirely at the mercy of the *farias* and *beparis*. If the market conditions are published both in English and vernacular through the medium of Government communiques and circulated widely, the growers, manufacturers, merchants and all concerned will get the information. Of course, the circulation of the communiques should be made in the villages very promptly through the Union Boards.

Q. 39.—The same agency will not be able to supply informations regarding stocks, etc. Informations about the current price and demand of jute will be most useful to the growers.

Q. 40.—Reliable informations can be made to reach the growers rapidly if the informations are sent to the district headquarters by wire and contents of the same are promptly circulated through Union Boards by means of duplicators.

Q. 41.—Government can negotiate and fix the rate with the importers in Europe and America and can standardise the price. It can also make advance purchase in years of slump at a minimum rate giving a profit of 10 per cent. only on the cost rate after negotiations with the purchasers.

Q. 42.—I do not approve of the suggestion of carrying out market surveys for jute and of appointing special marketing officers. This scheme will, in my opinion, be expensive without appreciable gain.

Q. 43.—In my opinion it is necessary to create a Jute Committee for Bengal on the lines of the Central Jute Committee recommended by the Royal Commission on Agriculture.

Q. 44.—The Jute Committee will safeguard the interest of the growers to a reasonable extent. Details of their functions cannot be outlined.

Q. 45.—The Committee should have co-operation of other neighbouring jute growing provinces.

Q. 46.—The Committee may be financed by a small tax on jute growers.

No. 87.

Rai Suresh Chandra Basu Bahadur, Collector of Faridpur.

Dated the 10th April 1933.

Q. 1.—I think the production of jute does require regulation. The craze for growing as much jute as possible without reference to actual requirements is ruinous to the peasantry of the country.

Q. 2 (a).—I think it should be possible to regulate the jute crop with reference to the expected demand of the actual market. Propaganda for the purpose of jute restriction is certainly eyed with suspicion by the tenants but I have no doubt the lesson of the last two years will not be altogether lost on the growers.

Q. 2 (b).—The main object of regulation would be to prevent speculation. The immediate effect would possibly be a rise in the price of the raw fibre but the ultimate result will be the stabilisation of prices of the raw fibre.

Q. 4.—I admit that I do not know of any scheme of control of production of raw material which has been successful in this or in any other country.

Q. 5.—Over-production seems to me to be the primary factor that depresses the price of jute. An impression also prevails that mill owners sometimes depress the market by suddenly stopping purchase as they are aware of inability of the growers to stock the produce in the expectation of better market. The present depression, however, is due to a combination of several factors, *e.g.*, the world-wide trade depression, absence of demand for gunnies and hessians and high purchasing power of money. I am not aware that prices have been poor only at times of financial or other crisis. To my experience and knowledge prices soared high with increase of demand, *e.g.*, during the Great War.

Q. 6.—If a judicious scheme of regulation were adopted I do not think there would be any competition from substitute crops either here or in any other countries. I admit, however, that I am not aware of any synthetic substitute for jute.

Q. 7.—I do not think that cultivators would voluntarily come under a scheme of regulation.

Q. 8.—In the present state of ignorance of the cultivators about the actual requirements of the market an attempt to regulate production on a voluntary basis would be likely to fail on the ground that any success achieved in one year would induce increased sowings in the following year.

Q. 9.—It seems to me impossible to regulate production except by compulsory legislation. Local committees should be empowered to restrict the area on which each individual would be allowed to grow jute in any particular year having regard to the average area grown in the past, the total size of his holding and such other relevant factors.

Q. 10.—I would utilize Union Boards and Co-operative Societies for the purpose of implementing compulsory regulation.

Q. 11.—I think widespread evasion of regulation would be checked if the purchase of jute were concentrated in a Jute Marketing Board.

Q. 12.—In the event of regulation of jute cultivation being arranged for the province of Bengal, it would be necessary to secure the co-operation of Governments and organisations in Bihar and Assam.

Q. 13.—For low land the alternative crop to jute would be paddy, for high lands sugarcane, potatoes and other cash crops. Advances for the purchase of setts, tubers and seeds may be given to encourage *raiyats* to grow such alternative crops.

Q. 14.—I have no doubt that Government propaganda during the last two sowing seasons has had considerable effect in keeping down

the area under jute cultivation. In my opinion, such propaganda should be continued without relaxation through Union Boards and Government officers of all departments.

Q. 15.—The normal cost of cultivation per acre of jute in this district is Rs. 45 and the yield is 17½ maunds. The cost of cultivation of an acre of sugarcane is about Rs. 100 and the out-turn about 60 maunds of *gur*.

Q. 16.—Should present day conditions persist Rs. 4-8 per maund would bring a reasonable return to the cultivator growing jute.

Q. 17.—The chief factors which have brought about the fall in the prices of raw jute are over-production, world-wide trade depression and absence of demand from foreign countries.

Q. 18.—It is essential that the Department of Agriculture should continue to assist the grower by research and propaganda to produce better jute and to lower the cost of production.

Q. 19.—I consider the present system of compiling and publishing the jute forecast as satisfactory as circumstances permit. It would be possible with a larger and better trained staff of agricultural demonstrators to obtain more accurate information of sowings and out-turn. When, however, the presidents of Union Boards acquire greater sense of responsibility, the existing system should prove inadequate.

Q. 20.—I do not think the growers quite understand the methods of grading. They are in this respect absolutely in the hands of middlemen. I do not think the position is satisfactory from the point of balers and mill-owners or of the community generally.

Q. 21.—I do not know of any reason why the system of organised markets should not be successful. There should be at least two such in each *thana* where jute is grown. I believe such markets would be advantageous to the cultivators.

Q. 22.—The formation of village co-operative societies would be unnecessary if organised markets could be established. The formation of co-operative societies would, however, bring the *raiyat* into the closer touch with the jute balers and eliminate the middleman's profits.

Q. 23.—The line of demarcation between a *faria* and a *bépari* is thin. Both are speculators. The *farias* purchase jute from the villages and sell to *beparis* who in their turn sell to bigger merchants or balers. The *farias* generally buy on their own and the *beparis* within prices on which they take contracts from firms. The profit in each case varies between one and four annas per maund.

Q. 24.—There is no doubt that there is some relation between the price that the cultivator gets for his jute and the multiplicity of the middleman. On the other hand, the ordinary cultivator prefers to sell to a middleman from his own house rather than take his jute to the market and bring it back unsold.

Q. 25.—I am not aware of any marketing customs which are detrimental to the *raiyats*.

Q. 26.—The system of pledging or selling the crop before harvesting does not obtain in this district.

Q. 27.—The cultivators borrow from village money-lenders. It would not be correct to say that the creditors are also the ultimate buyers of the crops. The only suggestion I have to offer regarding

the better credit facilities to the grower is the formation of co-operative credit societies.

Q. 28.—I think it should be possible to bring the whole system of marketing jute into the hands of a co-operative organisation although the experience of the jute sale and supply societies is discouraging.

Q. 30.—I believe there are fixed standards of quality on which business is done for export. The standard is I believe fixed by the European Jute Merchants Association.

Q. 38.—Whatever information the growers of jute at present receive regarding the jute market is derived from *beparis* and *farias* whose interests are not identical with those of the growers. In my opinion, the position is not satisfactory. The Department of Agriculture should supply information regarding market conditions to growers through its own staff or through the District Officers. If, however, marketing boards are established they would be the proper agencies for the dissemination of such information.

Q. 39.—Marketing boards should be able to supply information regarding the stocks, etc. The type of information which would be of most value to the grower is requirements of the year and an estimate of proper prices.

Q. 40.—Reliable information can be made to reach the grower rapidly through marketing boards by telegraph. Until such boards are established, such information may be communicated by telegraph to Subdivisional Officers.

No. 88.

Charmugria and Madaripur European Mercantile Association, district Faridpur.

Dated the 21st March 1933.

Q. 1.—No.

Q. 2 (a).—No.

Q. 2 (b).—To reduce production in accordance with the demand, so as to enable the cultivator to secure a better price for his jute. If it were possible to regulate the cultivation the effect would be to raise prices, and induce a heavy percentage of moisture.

Q. 3.—It is not possible. Cultivators will be guided entirely by the prices they obtain for the raw material, and weather conditions will play a large part both in acreage sown with jute, and the outturn per acre. Regulations will not be feasible under any circumstances.

Q. 4.—Rubber and tea may be cited as examples, neither of which gained any benefit. Jute is dissimilar as being a monopoly. It is the principal crop of Eastern Bengal, on which the cultivator depends for receiving ready money, which is an absolute necessity for him.

Q. 5.—Over-production, which at present has been aggravated by the world's financial crisis. No. Prices have been low in years free from any crisis, but not to the same extent as at present; owing to production exceeding demand.

Q. 6.—There is the possibility. There have been attempts at substitutes, though unsuccessful, when the price of jute has risen to high

levels. If the price of jute should rise to a level above cotton or flax the industry would be adversely affected. It would have the effect of closing down a big percentage of the jute mills in India as well as abroad, and reduce the cultivators to penury.

Q. 7.—No.

Q. 8.—Certainly.

Q. 9.—It would be very difficult and costly, and would do more harm than benefit. If by curtailing sowings the price rose to a higher level, the Government would be blamed for preventing the cultivator from sowing jute on which he would have gained a profit, and for deliberately causing loss to the cultivator, who would deliberately make use of this as an excuse not to pay taxes. The cost would not justify legislation, and in all probability it would lead to bribery and corruption.

Q. 10.—Strongly opposed to compulsory regulation, and do not consider (a), (b), or (c) suitable bodies to enforce regulation. If there must be compulsory regulation it should be directed and enforced by a separate body, such as "The Jute Sowings Restriction Committee," formed of persons who have no interest whatsoever in any jute business or concern, and who would have to be paid sufficiently well to put bribery out of the question. This would prove very expensive.

Q. 11.—No. Total yield will not be detected till the end of the season, when it is an accomplished fact, and how is such a Board to discover which of the million cultivators is responsible for the increase?

Q. 12.—Yes.

Q. 13.—Low lands—with the exception of paddy there are no other alternative crops. High lands—sugarcane, chillies, thatching grass, bamboos.

Q. 14.—No. -Any reduction has been entirely due to the low prices of the raw fibre. No.

Q. 15.—About Rs. 50 per acre. About 16 to 17 maunds per acre. Paddy—about Rs. 20 per acre. About 32 maunds per acre. Sugar-cane—about Rs. 90 per acre. About 50 maunds *gur* per acre.

Q. 16.—Rupees 4 per maund to the cultivator, or an average price of Rs. 5 in Calcutta.

Q. 17.—Principally over-production, which has been further aggravated by the world's financial crisis.

Q. 18.—No. There is no advantage in producing better jute when there is no demand for the better qualities. The only way to lower cost of production is to increase yield per acre, which will tend towards over-production.

Q. 19.—(a) No. (b) No. (c) No. It is not satisfactory because it is not accurate enough, and lends itself to too much gambling and speculation in the trade. It would probably assist in making the forecast more accurate if the Director of Agriculture received reports from the principal jute firms in the mufassal to supplement his District Officer's figures, when any discrepancy between the figures could be looked into before the forecast is issued.

Q. 20.—It is most unsatisfactory for (a) the growers, (c) the middlemen, and (d) the community in general, but advantageous for (b) the balers and mill owners, owing to there not being any definite standard for assertions, which leads to the standards varying throughout the

season, and consequently giving buyers scope for claims, against which sellers have no reliable redress.

Q. 21.—No. It would put the cultivator to endless trouble conveying his jute long distances to these marketing centres, without having any facilities for transporting it. Under the present system of disposing of his jute at innumerable *hats* and jute buying centres there is never any possibility of an excess of imports at any one of them, which tends to keep the prices higher for the cultivator. The system of having marketing centres would prove very beneficial to mufassal traders but not to the cultivators.

Q. 22.—No. The cultivator is, under the present system, in close touch with the baler, and can always dispose of his jute direct to the mufassal baler, if he so desires, by selling direct to him at the *hats*, or to the numerous jute balers distributed all over the district. If there are jute marketing centres, buyers would concentrate on these centres, and hence be removed further from the majority of the cultivators.

Q. 23.—Every *faria* and *bepari* is actually a cultivator himself at the outset. He has no special grant or remuneration, but buys jute either at the *hats*, or by going direct to the villagers, and re-sells it to the mufassal baler, relying on making a profit, but very often suffers a loss in the transaction. It is quite a common experience for *beparis* to pay the cultivator a higher price for his dry jute than he can hope to receive from the baler, and to add moisture to recoup the difference. This is the reason for the mufassal prices often being higher than the corresponding price in Calcutta. Brokers whose business it is to secure *farias* and *beparis* for the companies employing them are usually paid six pies per maund.

Q. 24.—No. The more the middlemen the greater the competition to secure the cultivators' jute which tends to keep prices up in the mufassal, and gives the cultivator a better price for his jute than he could hope for if he had to sell direct to the baler, who would pay according to the corresponding price in Calcutta. It is this and the other reasons given in answers to Questions Nos. 19, 20, 21, 22 and 23, which make it impossible for balers in the mufassal to work a "hand to mouth" business of buying and selling at the same time. He has to take a view of either buying or selling forward, in hopes of a future rise or fall in the market. In other words, the whole business has become a huge speculation for the mufassal baler, which has been the cause of the debacle in which many mufassal balers have found themselves, by taking a wrong view of the market. If they have sold forward and the market goes against them they often have to pay higher than the market rate of the day to secure the jute to try and cut their losses.

Q. 25.—No. The present customs are all detrimental to the mufassal balers, who are "between the deep sea and the devil," in their position between the cultivators on one hand, and the *pucca* balers and mill-owners on the other hand.

Q. 26.—This has been done occasionally, but is not a regular system, and has only been resorted to under extreme financial stress, as a security against loans. Money-lenders have often been let down and neither got the crop nor the money back and do not favour loaning money on this pledge.

Q. 27.—Money-lenders. No. No. The idea of giving the cultivator credit is distinctly detrimental for him. He should be tutored to "cut

his coat according to his cloth," to save ruinous interest, and he would in a very short time be in a much healthier financial position.

Q. 28.—Do not think this is feasible. If it was introduced the whole trade, both for buying and selling, would have to be undertaken by the one society. This would remove all competition which would be bad for the trade, and would be of such magnitude as to make it impossible. In fact it would practically lead to a "corner" of the trade, and how is it to be financed?

Q. 33.—No. Both *pucca* balers and jute mills buy their jute through jute brokers in Calcutta, acting on behalf of mufassal balers, who have their own representatives in Calcutta to instruct the brokers. There are no reliable systems of standards.

Q. 34.—Yes, to the detriment of the trade and the undoing of the mufassal baler, standards are being continually changed throughout each season, and these balers have very often been compelled to re-assort, in the middle of a season, large stocks of bales packed earlier in the season, owing to the change in standards.

Q. 35.—Yes. The only objection will be raised by balers and mills, who gain every advantage from the present system.

Q. 36.—A guarantee of hessian, warp and weft. Through the Chamber of Commerce, who should appoint four whole time experts, who should be paid a substantial monthly salary. One chosen from a *pucca* baler, one from a jute mill, one from a Calcutta broker's firm and one from a mufassal baling firm. Three of these experts should arbitrate on each occasion, the *pucca* baler expert when the claim is put forward by a *pucca* baler, and the jute mill expert when the claim is put forward by a jute mill, the other two members attending all arbitrations.

Q. 38.—The grower does not receive any direct information. He gauges his market by the prices he is offered at the *hats* at which he sells his jute, *viz.*, by the demand, and from merchants. The only way in which he could be supplied with information, other than what he gets at present, is for all telegraph offices to be supplied with a market report every evening, which could be posted on a notice board in the telegraph office.

Q. 39.—Though not quite satisfactory, information, regarding stocks, etc., could be included in the above information. Position of the market and the price for each grade of *kutch*a bale marks.

Q. 40.—See answer to Question No. 38—No.

Q. 41.—No. This would simply be accumulation of stocks, of which the consumer would be aware, and which would have to be put on the market sooner or later. On the other hand, the cultivator being freed of his stocks would increase cultivation, and the scheme would do more harm than good.

Q. 43 to Q. 46.—Do not consider such a committee necessary or that any good will be derived by its information.

No. 89.

Moulvi Daliluddin Ahmed, President, Panchkhola Union Board and Chairman, Panchkhola Agricultural Association, district Faridpur.

Dated the 20th March 1933.

Q. 1.—Yes, I not only think but I strongly recommend the regulation of the production of jute.

Q. 2 (a).—Yes, the regulation should be made with reference to the expected demands provided such demands are known at least a month before the sowing time. In case such demands are not known still it is necessary to regulate the production of jute (as well as other crops).

Q. 2 (b).—The main object of such regulation would be to raise and at least to steady prices of the raw fibre.

Q. 3.—This question does not arise.

Q. 5.—In my humble opinion, the depression is due to,—

- (a) over-production;
- (b) the supply of forecast on the part of the Agricultural Department through the District Agricultural Officers or through Union Board agencies, without giving any idea whatsoever of the demands;
- (c) less demands of the foreign countries;
- (d) apathy of our countrymen to find out ways and means to utilise the jute in any industrial materials;
- (e) want of control of jute markets with a view to stop the fluctuations of the prices according to the sweet will of the mill-owners of Calcutta;
- (f) want of free exports of jute to foreign countries.

Q. 6.—There is no likelihood of any competition inasmuch as there is no other country where the jute is grown or can be grown. The demand for jute fibre will be increasing with the advancement of civilisation and the growth of industry.

Q. 7.—No.

Q. 8.—This question will not arise in case the regulation is made after considering all the points at issue.

Q. 9.—Regulations should be made compulsory by legislations: I beg to offer the following suggestions regarding the outline of such regulation, *viz*:—

- (i) All the jute growing provinces of India should for the sake of this regulation be constituted as one constituency under a suitable designation to be suggested by the heads of the districts concerned or by the Governments of the different provinces concerned.
- (ii) A Board of Directors should be constituted for drafting rules for the regulation. In case, it is not feasible on the parts of the different provincial Governments to form it a one constituency as suggested above, different Boards of Directors may be constituted under different Governments.

- (iii) This Board, or each of these Boards, should consist of 12 to 16 Directors, one-fourth of whom should be selected by the Provincial Council, one-fourth by the Provincial Government, one-fourth by the representatives of the various agricultural associations and one-fourth by the mill-owners and big merchants.
- (iv) An approximate estimate of all the culturable lands of each of the jute growing provinces shall be kept by the Board of Directors through Union Boards which will keep a register of all such lands and send a duplicate copy to the Board of Directors, each year, on or before the 31st of December of that year.

This register shall contain the following columns, viz:—

- (1) Serial number.
 - (2) Assessment list number.
 - (3) Name in full.
 - (4) *Chaukidari Mohalla*.
 - (5) (a) Cultivable lands held as *kaimi raiyat or jotedar*.
 (b) Cultivable lands as occupancy *raiya*.
 (c) Cultivable lands as *bargadar*.
 (d) Cultivable lands as otherwise.
 (e) Total amount (in acres) of cultivable lands.
 - (6) (a) High lands where jute, sugarcane and other kinds of crops are likely to be grown.
 (b) Low lands, where no jute can be grown.
 - (7) By whom the actual information is supplied.
 - (8) Remarks of the President of the Board.
- (v) That no cultivator shall be allowed to grow jute in more than $\frac{1}{2}$, $\frac{1}{3}$ or $\frac{1}{4}$ of his lands fit for cultivation of jute, as the case may be.
- (vi) That some penal section should be made in case of infringement of rule No. (v).

The above are the bare outlines, details may be supplied by myself, if sufficient time is allowed for the purpose.

Q. 10.—I propose to utilise the services of Union Boards alone: the Rural or Central Co-operative Societies have acquired a sad reputation as far as my knowledge goes: most of the *zemindars* have been set free by delivering the management of their estates to Courts of Wards; there are some other agencies such as the Rural Sanitation Committee, Rural Defence Parties, Rural Improvement Committees and others of similar description but none excepting the Union Boards are in good working condition. I am, however, of opinion that if any means be adopted to amalgamate the Union Boards, the Rural Co-operative Societies and the Rural Agricultural Associations, now in

[*Maulvi Dalituddin Ahmed.*]

vogue, and if they work in harmony, they may be best utilised for the purpose.

Q. 11.—The question does not arise in the face of my reply to Question No. 9.

Q. 12.—Yes.

Q. 13.—This question does not arise, in case the regulation is adopted.

Q. 14.—The less growing of jute during the last two seasons was partly due to Government propaganda through Union Boards and partly through the rumour that the prices must fall. It is useless to continue the propaganda work inasmuch as the cultivators will pay very little heed to such propaganda in case the price of jute be raised from Rs. 4 to Rs. 8 per maund a little before or at the time of sowing season by the mill-owners or big merchants, such as Marwaris and Europeans.

Q. 15.—I am not aware of the actual growth of jute or any other crop in any part of any other districts save and except the whole of Faridpur and southern or northern, western or eastern parts of the districts of Dacca, Barisal, Tippera and Jessore. The normal cost of growing and harvesting jute per acre amounts to Rs. 25 to Rs. 35 including the labour. The yield per acre differs in different parts, the average yield may be taken from 10 to 15 maunds.

Q. 16.—The fair and equitable price should be Rs. 6 to Rs. 7.

Q. 17.—In my humble opinion, the chief factors which have brought about the fall in the price of (i) raw jute and of (ii) manufactured jute in Bengal are the following:—

- (1) *Raw Jute.*—(a) The supply of forecast through Government agencies such as Union Boards and the Agricultural Department without giving any idea of demands;
 - (b) not controlling the growing of jute by means of regulation by legislation;
 - (c) by not opening the jute market to the foreigner without licence or export taxes;
 - (d) apathy or want of actual sympathy of the Bengal Government for the cultivators;
 - (e) not regulating the jute market in some such line as that of the United States Cotton Standard Act of 1923 or the Central Provinces Act No. IX of 1932.
- (2) *Manufactured jute.*—This is due to the apathy or want of research on the part of the thinking men of our country. It is a matter of extreme regret that we have to purchase the best jute seeds from Mr. Godden at Narayanganj or some other European firm. Our ignorance to utilise the jute fibre is the main cause. The students of so called science taught in college laboratories, are found to be employed as executive and even Judicial Officers and law practitioners. They ought to have drawn their attention to utilise the jute fibre for some work.

Q. 18.—I have got no clear idea.

Q. 19.—The present system of compiling and publishing the jute forecast is certainly harmful to the growers. It is on the other hand

beneficial to the balers and mill-owners. The middlemen are not affected by the forecast.

Q. 20.—The present system of forms and methods of growing are in no way satisfactory to the growers, most of whom are ignorant. They do not understand anything by the artificial classification of jute. They are, however, beneficial to the mill-owners.

Q. 21.—Yes, as already stated.

Q. 22.—Yes.

Q. 23.—The terms *faria* and *bepari* are almost synonymous: the small dealers are called *farias* while the big dealers are called *beparis*. Both these classes purchase jute from the actual growers, either from their respective houses or from the village *hats* and sell them through *dalals* to the big merchants—both Marwaris and Europeans. These two classes of dealers are the middlemen through whom almost all the jute is sold to the merchants. They receive no commission or remuneration from the merchants but sometimes get profit out of sale and sometimes incur losses in accordance with the fluctuation of the jute markets.

Q. 24.—Yes. There is relation between the low price of jute which the cultivators get and the multiplicity of the middlemen. The actual growers first sell their jute to the *farias* or *beparis* who in their turn sell the same to the big merchants through *dalals* (who also may be termed as a special class of middlemen). These merchants (both Marwaris and Europeans) sell through brokers (who may likewise be termed as a class of middlemen) to the mill-owners, who in their turn sell the same (jute) in forms of bales to the jute dealers of Dundee in Scotland. Thus the *farias* or *beparis*, the *dalals*, the big merchants, the brokers and mill-owners are the middlemen between the actual growers and the dealers of jute at Dundee.

Q. 25.—I am not aware of any such marketing customs. Futures markets are injurious, as forward sale is harmful.

Q. 26.—In very rare cases, the cultivators pledge or sell their crops, specially the jute, before it is harvested. At time of growing jute seeds and weeding the jute fields, sometimes the growers sell the jute in anticipation at a very low price than what is expected.

Q. 27.—The cultivators generally borrow from individual money-lenders. There are certain Rural Co-operative Societies—the members of the societies borrow from the Central Co-operative Banks, such as Madaripur, Chandpur, Faridpur and all other Central Co-operative Societies.

I think it would be partially correct to say that the majority of cultivators are the ultimate buyers of their crops especially of jute, hemp, *mesta*, sugarcane, mustard, onions, sesame, in the shape of cloths, sugar, oil, at a much higher price than what they get at the time of selling the same. It certainly affects the price of jute and other crops. Had the cultivators been taught the art of turning these raw materials into manufactured articles the case would have been otherwise. The system of credit itself is bad, but for the sake of commodity it is of utmost need. The Government is the best authority to grant loans to the needy cultivators through Union Boards but not through the Co-operative Societies.

Q. 28.—No. I am entirely against such a system. It has been tried in establishing under a high sounding name of "The Madaripur [Maulvi Daliluddin Ahmed.]

Co-operative Jute Sale and Supply Society," of which I was unanimously elected a member. This system was certainly thought to be beneficial to the cultivators in theory but I myself and the then Subdivisional Officer of Madaripur, Mr. T. C. Roy, so far as I remember, vehemently objected to the manner of its working. But the Registrar of Co-operative Societies with his colleagues, specially the Assistant Registrar residing at Dacca, paid very little heed to my cogent arguments. I was ridiculed and over-argued and was compelled to resign my Directorship both from this high sounding society as well as from the Directorship of the Central Bank. I, however, continued to be the Chairman of a rural society. Our Subdivisional Officer, the said Mr. T. C. Roy, also submitted his resignation finding it impossible to work in harmony with the formation of the Co-operative Jute Sale and Supply Society. It is indeed very curious that the working committee of this society consisted of one big *zemindar*, viz., Chowdhury Golam Mawla, who had not a bit of land under actual cultivation, one Muktear, Jitendra Nath Mukherjee, the son of the Rai Sahib A. K. Mukherjee and one big *dalal*, Babu Mukunda Chandra Saha. These two gentlemen had likewise not a bit of land under actual cultivation. They worked for two years under, it is said, the direct supervision of the Assistant Registrar and the Co-operative Inspectors but the result is well known to our Government. It is rumoured that this society alone has incurred a loss of about two lakhs within a course of two years. Most of, nay, almost all, the money, as far as I am aware, was taken from the rural societies by way of shares. I regret very much to say that Government has taken no steps to examine the accounts of this society, which it is now understood, is under liquidation. I have also come to know that all the Co-operative Jute Sale and Supply Societies have met with the same fate.

Q. 30.—There are no fixed standards of jute.

Q. 32.—Yes. A system of standard should at once be adopted on the views of the American Cotton Standards Act of 1923.

Q. 34.—Yes.

Q. 35.—The fixed standard of loose jute should be fixed by legislation.

Q. 36.—The standards should be checked by expert cultivators under the authority given by the Government.

Q. 37.—This scheme may be adopted at present. I think it is unnecessary to suggest any other scheme at present.

Q. 38.—The cultivators do not know the actual marketing information in time. They know through *farias* and *beparis*, but rather too late. Hence it happens that the cultivators sell at a low price while the market rises and sometimes demand higher prices when the market falls down. This fact is well known to all kinds of dealers in jute. As the cultivators live far away from the centre of daily information, no practical method can be suggested to inform them (actual growers) excepting a few living very close to any jute centre, in time.

Q. 39.—This question does not arise in case regulation is adopted.

Q. 40.—The *farias*, the *beparis*, the *dalals*, the big merchants, are in fact, the enemies of the actual growers. No reliable information can be had from them or through any other agency. Any money spent for this purpose shall be spent for nothing. This matter may be left to

the cultivators themselves. Wireless and loud-speakers will have no effect, if the *farias* and *beparis* do not purchase jute at higher rates suggested by these speakers. Most of the actual growers are on the verge of starvation. They must sell their jute and other crops to meet with their own and other dependants' bare subsistence. These cultivators are never cared for or looked after or paid by Government or any other private person or company. They have been left to their fate.

Q. 41.—Yes. The jute can be purchased and held back from the market for the time being, in case the Government helps the actual needy cultivators by way of lending money to meet their bare subsistence without interest. No private agency can undertake such work. Yes, if Government undertake to purchase jute at a lower rate it will be helpful to the growers inasmuch as they will think over the matter at the time of sowing jute—the cost, yield and the prices they are expected to get. This will indirectly teach them economy of growing the jute in large quantities but the adoption of such a system has a great obstacle in its way, *e.g.* in case, the other kinds of dealers offer higher prices nobody will sell at a lower price to Government. But on the whole this will be for the betterment of the growers. The Government can announce its intention to purchase jute at 2-2½ or 3 according to qualifications. The fund should be met from the provincial revenue. The Government authorities should not forget the following lines:—"The bold peasantry, the country's pride, once decayed can never be supplied."

Q. 42.—I entirely disagree with this system. It will entail an additional burden to the Government which will ultimately go from the peasants' pockets.

Q. 43.—No. I objected to the Royal Commission when it was suggested at Faridpur about 5 or 6 years ago. I object to it again at present inasmuch as such a committee will be mere show and entail additional expenditure.

No. 90.

Babu Daluram Goganmull, jute merchant, Faridpur.

Dated the 16th March 1933.

Q. 1.—Yes.

Q. 2.—Yes. To steady prices.

Q. 5.—Factors depressing price due to world crisis. In some measure over-production is responsible but over-production is really lack of demand.

Q. 7.—No.

Q. 8.—Attempt to regulate voluntarily would probably fail for reason suggested.

Q. 9.—Some form of legislation would be necessary to obviate likelihood of cultivators increasing area under cultivation following short crop and resultant higher prices. The price factor is the most powerful influence in governing crop, short or otherwise.

Q. 10.—Combination of all would be useful.

Q. 11 and Q. 12.—Yes.

Q. 13.—Alternative crops dependant upon price.

Q. 14.—Government and other propaganda effects over-estimated. Price factor the most potent one but continuation of propaganda desirable.

Q. 15.—Varies in different districts. But should be available to Government officials dealing with cultivators. Not more than Rs. 3 in Faridpur district.

Q. 17.—World depression principally but the absence of any effective control over jute also responsible in no small measure. Trade as a whole lacks organisation which results in needless competition.

Q. 19.—An accuracy of present season estimate argues considerable room for improvement in method of compiling figures and obtaining information.

Q. 20.—Present methods of grading unsatisfactory from all points of view, balers, cultivators, middlemen, due to frequent variation of grading in busiest part of season.

Q. 24.—Yes.

Q. 26.—Seldom, but in depression years this course has been resorted to on a small scale.

Q. 28.—Co-operative jute societies have not shown themselves as of material use to trade in the light of recent years' working in Bengal.

Q. 34.—Yes.

Q. 35.—Some definite form of grade of standard absolutely necessary. At present balers entirely in the hands of Calcutta mills. Raising of the grade in the busiest part of the season has often resulted in very serious losses to merchants and balers. Balers Associations have proved themselves incapable of enforcing decision regarding grades or standards.

Q. 41.—Government intervention in jute undesirable except in case of extreme necessity. Government purchasing jute for the purpose of withholding it from the markets during slump would result in wide spread speculation and, in jute, this is quite bad enough at the moment.

Q. 47.—Substitutes for jute enter into question only when prices rise above a certain level.

Q. 55 and Q. 56.—Yes.

Q. 58.—Statistical information would not interfere with shippers' arrangements. Information or propaganda might conceivably be arranged through shippers but an independent source is more desirable.

No. 91.

**Babu Indu Bhusan Sarkar, President, Ishangopalpur Union Board,
district Faridpur.**

Dated the 11th March 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes.

Q. 2 (b).—To keep supply within demand and to steady the prices level to the raw fibre.

Q. 3.—It is possible to regulate production.

Q. 5.—The supply is greater than the demand and the cornering of the market by middlemen and failure of turning the raw fibre into finished products due to economic crisis. Financial crisis is the main cause of the fall of the price of jute. Over-production is also an important factor. The growers pin their faith upon jute crop to improve their financial position.

Q. 6 and Q. 7.—No.

Q. 8.—Yes.

Q. 9.—Very slow and cautious attempts should be made to make regulation compulsory by legislation as people are likely to misunderstand it as an infringement upon their personal rights and private property.

Q. 10.—Yes. (a) Union Board, (b) Co-operative Societies, (c) *zemindars*, (d) periodical meetings of the headmen of the growers; and (e) propaganda work by the Agriculture Department.

Q. 11.—Yes, it could be checked by the Jute Marketing Board.

Q. 12.—Yes.

Q. 13.—In low land appropriate paddy and in high land sugarcane, cotton, tobacco, tamarind, etc.

Q. 14.—No. The propaganda may be made more effective by the agency of merchants, Union Boards and popular leaders.

Q. 15.—Normal cost of cultivation per acre of jute is Rs. 30 and the average yield varies from 12 to 18 maunds. Normal cost of cultivation per acre of sugarcane is Rs. 75 and the average yield varies from 600 to 800 maunds which sells at the rate of annas 4 per maund.

Q. 16.—Rupees 6 or 7.

Q. 17.—*Vide* answer to Question No. 5.

Q. 18.—With a view to assist the grower in producing better jute and to lower his cost of production, agricultural research and propaganda are necessary. It should however be done not in a spirit of seclusion.

Q. 19.—The system of forecast is really beneficial to all concerned. Attempts should however be made to get correct and reliable figures.

Q. 20.—Fairly satisfactory.

Q. 21.—Yes, organised market should be opened. Yes, it would be advantageous to the growers. The approximate number of such markets in Bengal will be one hundred.

Q. 22.—This is rather possible.

Q. 23.—*Farias* and *beparis* generally take jute from villages and supply the big merchants who send the same both direct to the mill as

well as to Calcutta markets. Some agents generally get commission at 6 pies to 1 anna per maund. The *beparis* sometimes are gainers and sometimes losers according to the fluctuation of the price in market.

Q. 24.—Yes.

Q. 25.—*Farias* and *beparis* trade upon the ignorance and poverty of the growers. *Vide* answer to Question No. 21.

Q. 26.—In this district there is no such custom as *dadan*.

Q. 27.—They generally borrow from private money-lenders who have no concern with the jute business. They also borrow from co-operative societies. No.

Q. 35.—Yes, there will be no loss to any one.

Q. 37.—Yes, Mr. McDougall's marketing scheme may be adopted.

Q. 38.—The growers generally do not get correct market information. It is necessary to circulate correct market information among growers through Circle Officers and Union Boards, *muktab*s and primary schools in time. The information should be weekly supplied by the Central Committee.

Q. 39.—The Central Committee should have branches in each district and subdivision and they would be able to supply correct information to abovementioned agencies regarding stock, etc.

Q. 40.—Yes, but the cost, I am afraid, will be a little prohibitive in distant out-of-the-city places, where Union Boards and other agencies will be of use.

Q. 41.—No.

Q. 42.—An attempt may be made to appoint temporary special marketing officers recommended by the Royal Commission on Agriculture. Correct and reliable information as to present stock, quality and future demand may be had from them which will be of great help to all concerned.

Q. 43.—Yes.

Q. 45.—No.

Q. 46.—From Central Government.

Q. 51.—Finished products.

Q. 52.—Yes.

Q. 53.—Yes, it should be financed by the Local Government.

Q. 54.—Yes.

Q. 55.—The Central Government should decrease the export duty on raw jute and propaganda work should also be made in foreign countries for its use in plenty.

Q. 56.—Yes.

Q. 57.—First of all Government should finance and if the scheme is successful, the Central Government may impose a tax just to meet the necessary establishment cost to retain the same if thought necessary.

No. 92.

Babus Shamlal Kundu and Rurmul Agarwala, representing large dealers, Babu Hari Nath Nandy, representing petty dealers and Maulvi Naziruddin Ahmed, representing growers of jute, Pangshabazar, Goalundo subdivision, district Faridpur.

Dated the 7th March 1933.

Q. 1.—Yes.

Q. 2 (a).—Possible to a considerable extent.

Q. 2 (b).—They restrict cultivation so as to prevent over-production (*viz.*, production in excess of the demand) which naturally tends to lower the price and to steady the price at a reasonable figure.

Q. 3.—Regulation seems under all circumstances to be feasible provided this does not adversely affect the growers under the existing circumstances.

Q. 4.—No.

Q. 5.—(i) Over-production, (ii) economic depression and (iii) competition.

Over-production is more responsible than financial crisis for low prices.

Q. 6.—If regulation be effected and the prices be kept within moderate economic figure which is not generally done in monopoly business, there is hardly any immediate possibility of competition from substitute crop.

Q. 7.—May not come quite voluntarily and hence the necessity for compulsion through legislation.

Q. 8.—Exactly so.

Q. 9.—*Vide* answers to Question No. 7. Legislation should aim at controlling production and regulating price. Details may be worked out by experts.

Q. 10.—Co-operative societies.

Q. 11.—Yes, exactly.

Q. 12.—Co-operation essential.

Q. 13.—Sugarcane may be profitable substitute for high land and paddy for low lands. Existing method of propaganda.

Q. 14.—Yes, to a considerable extent. Yes. Distribution of leaflets from aeroplanes was fairly effective.

Q. 15.—Normal cost of cultivation per acre is Rs. 25 to Rs. 30 approximately. Yield per acre is 18 maunds (60 *tolas*=1 *seer*).

Q. 16.—Rupees 4 to Rs. 5 at least per maund.

Q. 17.—*Vide* answer to Question No. 5.

Q. 18.—Agricultural research and propaganda are really needed, if jute is to stand competition with cheaper substitutes.

Q. 19.—Satisfactory from all points of view.

Q. 20.—There is nothing to complain against the existing forms.

Q. 21.—Yes. Two such markets for each *thana* and the approximate area to be served will be about 100 square miles. Quite likely to be advantageous.

Q. 22.—Yes, of course.

Q. 23.—There are two classes of middlemen, (i) the independent *beparis* who purchase jute direct from the growers and sell it to merchants on suitable profits; (ii) the petty merchants who act as commission agents. They get 1 anna per maund from the merchants.

Q. 24.—Excepting a few instances where the multiplicity of *beparis* sets up a competition for the commodity and thus enhances the price; multiplicity of middlemen generally lowers the price in the following manner: *beparis* purchase jute from the growers and sell it on a profit to petty merchants who in turn sell it to exporters on a profit. The result is that the growers get comparatively a smaller price than the merchants. Abolition of the middlemen would have thus brought at once the actual growers into the direct touch with the exporters and thus ensued to them a more decent price than what they get at present.

Q. 25.—We are not aware of any such custom.

Q. 26.—No such custom is in vogue here.

Q. 27.—Creditors are sometimes buyers but not always. In such cases growers are not expected to get as much price as they would have got elsewhere. Organisations like Rural Co-operative Societies may solve this question.

Q. 28.—We have no such practical experience but the idea seems to be plausible one.

Q. 29.—Terms are not known to us.

Q. 30.—There are three standards, namely, (1) Rejection, (2) L. R., (3) Cross L. R. Standards are fixed by the Bengal Chamber of Commerce. It varies from year to year. The Chamber of Commerce arbitrates over dispute. There is nothing to say against home guarantee but nothing particular is known to us about the invoicing-back clauses.

Q. 31.—Feasible. To fix standards by legislative suggestion seems to be quite workable.

Q. 32.—We have no definite schemes to suggest in this connection.

Q. 33.—Existing system satisfactory.

Q. 34.—Yes.

Q. 35.—Yes, there is no objection to it.

Q. 36.—The existing standards may continue to exist provided that a body to inspect all consignments and to supervise the working of the standard be set up.

Q. 37.—No other scheme more sound than that of Mr. MacDougall can be suggested.

Q. 38.—Growers do not get sufficient information at present. Suggestion of Question No. 40 may be of some help to them.

Q. 39.—Yes.

Q. 40.—Yes, wireless with loud-speakers will be of great assistance to the growers.

Q. 41.—It is of course advisable to purchase and hold back from the market for the time being the surplus jute to prevent undue lowering of price and this may be done through the Jute Corporation as suggested by Mr. McDougall.

Q. 42.—In absence of the detailed report of the Linlithgow Commission on Agriculture we are not in a position to give a satisfactory answer to this question.

Q. 43 to Q. 46.—Cannot answer in absence of the abovementioned report.

Q. 47 to Q. 58.—Sorry, we cannot give satisfactory answer to these questions.

No. 93.

Maulvi Chaudhuri Afsar Ali, Subdivisional Officer, Madaripur, district. Faridpur.

Dated the 27th March 1933.

Q. 1.—Yes. But the regulation must be by gradual steps and not all on a sudden. The cultivators must be trained up to it so that they can without hesitation take up a regulated system of production.

Q. 2 (a).—If a well regulated forecast regarding the demands of jute for the year can be prepared, the production of jute may be regulated according to that forecast. But such regulation will mean great trouble and expenditure. But if a Jute Marketing Board (*vide* Question No. 11) be established, the over-production is expected to be checked and the forecast need not be as regulated as it should be.

Q. 2 (b).—The effect of such regulation will first mean rise in prices for some time but the ultimate result will be a stabilised price for which the economists are anxious. This stabilised price will mean prosperity to the country.

Q. 3.—Please refer to answers to Questions Nos. 1 and 2.

Q. 4.—No attempt has been made to control the production of any crop. But the Regulating Board of coal as a mineral product has proved successful to a great extent in its competition with the African coal in the Peninsula and other places. In this competition the Coal Grading and Controlling Board was of immense benefit to the Indian coal producers. But the difference between jute and coal is that jute is the monopolised commodity for Bengal whereas coal received heavy competition from Africa. Being a monopoly, the producers want to produce their utmost with the result that the prices run down, hence the production of this commodity requires control. Being a monopoly the production must fetch a paying price and controlled production will mean raised price and prosperity of the cultivators. The allocation can be based on the previous output of the *raiyat* and the experience thereto. The difference between the estimated output and real output in such case will be practically negligible. Restriction is no hardship where land can be used for growing other crops. The control must be exercised by some Government board and must not be left for the cultivators to be exercised and that will mean speculation and the evils of speculation will in that case outweigh the goods therein.

Q. 5.—The main reason for the lower price of jute is the lower value of the existing coins, *i.e.*, their high purchasing power. Formerly the cost of production was high and the profit received by the cultivators was many times higher than the cost of production. But at present the cost of production has no doubt been much lowered but the amount

of profit accrual has been lowered many times more than it was due if lowered proportionately.

We cannot but touch the question of over-production along with it. Demand has been much less for the last few years from the foreign countries but the acreage under cultivation has not been controlled accordingly as such over-production is taking place each year and hence the low price.

Q. 6.—No. It will not have any substitute unless the price of jute exceeds the price of other superior fibres such as cotton. Paper is no good substitute for jute. Nor is there any chance of jute being produced in other countries to compete with the Indian jute. The experiments in Germany and America have all proved failures. But if any fibre is produced which is cheaper and more durable than jute it will certainly affect the jute trade adversely.

Q. 7.—No.

Q. 8.—The cultivators being mostly illiterate this is most likely unless a strong body is established to take all necessary steps for regulation. Public opinion in favour of such regulation must be created through some non-official agency which may be termed semi-official in helping the Government indirectly in the matter.

Q. 9.—Compulsory legislation will be necessary to give effect to regulated production. This would mean certain expenditure for the Government. But such legislation is called for in the interest of the cultivators who form 72 per cent. of population in India. But such legislation is likely to be resented in the first few years till the cultivators have realized its benefit.

Q. 10.—Union Boards, Co-operative Societies, and Purchasing Societies may be of great use in this matter. As those societies will be regarded by the cultivators as their own and legislative measures promulgated through them will certainly be looked into with great regard. Raiffeisen type of co-operative society should be established.

Q. 11.—In such case a Jute Marketing Board will be of immense help as the cultivators will know for certain that they will have purchaser for their product under the regulated system and as such will not run into any risk.

Q. 12.—Yes. In such a case the organizations in Bihar and Assam should be made subordinate to the organization in Bengal.

Q. 13.—For low lands which are in the majority in this part of the province the only alternative crop is paddy. As the flood water comes upon these lands in early *Ashar* corresponding to July no other crop is possible in these lands except paddy. But for the lands which remain above water-level till early *Sraban* sugarcane may be regarded as an alternative crop. For all high lands in general the alternative crops may be cotton, sugarcane, tobacco, chillies and other vegetables.

The distribution of pamphlets may be of some use in this direction. But the main thing necessary is to create public opinion in the matter through the Union Boards. For the cotton producers protection on cotton will be a great impetus.

Q. 14.—The past year has been one of the worst within memory in low prices for jute and rice. Fortunately for Bengal, Government has engaged in propaganda to restrict the area of jute and this has succeeded

to a certain extent. The best means to minimise the production of jute is the establishment of a Jute Marketing Board.

Q. 15.—For every acre of ordinary land the cost of production of jute (including labour for the cutting of jute and the drying of jute) is between Rs. 50 to Rs. 65 in normal years. The yield per acre is about 14½ maunds. If sufficient measure (*e.g.*, ammonium sulphate, bone crush, etc.) be applied in these lands the cost of production may be in *char* lands at the cost is greater by 8 maunds than ordinary rise to Rs. 75 and the yield may come up to 18 maunds. The yield per lands. The cost of production of rice is the lowest of all. But the cost of production of tobacco and sugarcane is higher than rice but lower than jute. The yield per acre of rice is much greater than jute; it is 20 to 25 maunds.

Q. 16.—Under the present condition Rs. 4-8 per maund is a fair price for the cultivator.

Q. 17.—The chief factors which have brought about the fall in the price of jute is principally over-production accentuated by the grave economic position the world over and the consequent lower demand from foreign countries for which the civil disobedience movement of India is partly responsible. The fall in the price of manufactured jute is due to the want of research in the country.

Q. 18.—The competition jute is receiving from paper, etc., will not be able to affect the price of jute if the present crisis is once over. Research may be made to utilise jute in a large quantity in different industries. But no propaganda is necessary as when thin fibre will be necessary for trade the cultivators will learn themselves to produce jute of finer quality.

Q. 19.—Being inaccurate the present system of compiling and publishing of jute forecast is not satisfactory and beneficial for any of the three classes mentioned. The forecast generally represents the situation in some big firms of the Calcutta market and takes no account of the mufassal market. These markets should be consulted.

Q. 20.—Being ill-educated the present system of grading means speculation for the growers. They do not understand anything of classification and are guided by the balers and mill-owners through their middlemen the *farias*. The gradation list does oftentime persuade some ill-educated men to take up the position of the middlemen and to lead them to their ruin. Being unsatisfactory from the point of view of the cultivators and the middlemen this system cannot prove beneficial to the community in general.

Q. 21.—Yes. Organised markets under the Berar system will mean the curtailment of hardship which the cultivators receive at the hands of the mill-owners and Marwaris at the present day by regulating the price according to their whims. In Bengal such markets should be established at big jute centres like Calcutta, Serajganj, Narayanganj, Madaripur, Khulna, Howrah, Tangail, Jamalpur and other important places. These markets would no doubt be of immense advantage to the cultivators.

Q. 22.—This question does not arise if organised markets be established. Otherwise, it is advantageous to form co-operative credit and purchasing societies in some jute producing areas in which the

[The Subdivisional Officer, Madaripur.]

mill-owners and the cultivators must be members and the society shall lend money to its members and shall purchase the produce made with the same money by its members at a reasonable price.

Q. 23.—The terms are almost of the same meaning. Both of them are speculators. They purchase at less price from the cultivators to sell at a higher price to the mill-owners, thus pocketing a profit for their dealing. Sometimes they contract with the mills to supply them a specified quantity of jute at a specified price at a certain commission and, on the other hand, contract with the cultivators to sell their output at a specified price at a certain commission thus having commissions from both the parties.

Q. 24.—No.

Q. 25.—The advance system of purchase prevalent between the Marwaris and the European firms at mufassal areas is detrimental to the interest of the cultivators. They bind down the cultivators not to sell their output to any body else except the firm advancing but in the end purchase according to their sweet will oftentime leaving the cultivators with a surplus to add to their misfortunes. To put a stop to this the Marketing Board ought to be established.

Q. 26.—See answer to Question No. 25.

Q. 27.—Formerly the cultivators used to borrow from the *shaukars* and *mahajans* as well as banking and loan corporations. But in the present days the banking concerns have closed loaning out money to others. As such the cultivators are to look to the *mahajans* and the co-operative societies and also to the jute purchasing agencies for loan. In the present days the creditors are in the majority of cases the ultimate buyers and this means lower price for the output to the cultivators. Agricultural loans from the Government for a suitable amount to each grower is the best remedy to this.

Q. 28.—Already discussed. *Vide* Question No. 22.

Q. 29.—Not known.

Q. 30.—There are certain fixed standards of quality for export. The standard varies according to needs. The standard is selected by the European Jute Merchants Association.

Q. 31.—Indian jutes oftentime receive a very low price at Dundee for being mixed with hemp, etc. If a standard is fixed by legislation for export and a Grading Board, like the Coal Grading Board, be established, it, would be of great benefit to the Indian cultivators.

Q. 32.—Any scheme to standardise jute for export according to the American Cotton Standard Act will be received with joy by the cultivators. The total output may be standardised according to the quality of the fibre and the values should accordingly vary. A Grading Board should be established to issue certificates, and an officer deputed by that Board is to certify the quality of the fibre according to the gradation list to be prepared by the Board. No jute, which is not presented with such a certificate, should be allowed to be exported. This sort of gradation will enhance the faith of the Dundee merchants for the quality of the exported jute and thus the price of jute will be stabilised by gradation.

Q. 33.—No. The jute balers and mill-owners purchase jute at a higher weight than the standard weight and oftentime leave the jute to moisture and exposure to weight more. The jutes of all classes are

purchased together and are sent to Calcutta together (being mixed up) and as such the quality of the fibre is changed from the original. There is no fixed standard for internal trade.

Q. 34.—Yes.

Q. 35.—Yes, the only objection may come from the *pucca* balers as in such a case they will have no advantages which they are receiving under the present system.

Q. 36.—Guarantee of hessain to be supervised by the Jute Grading Board.

Q. 37.—The scheme of Mr. McDougall may be accepted with the single amendment that the *beparis* mentioned in his scheme should be certified by the Corporation. His scheme is almost the same as the establishment of a Marketing Board.

Q. 38.—The main informants of the cultivators about the market conditions are the *farias* and the *beparis*. These men generally make some money for themselves by misguiding the ill-educated, illiterate cultivators with wrong informations, according to their own convenience. The co-operative societies or the Marketing Board, if established, should be the suitable concerns to inform them about the real market conditions through their officers.

Q. 39.—Yes.

Q. 40.—Co-operative societies, a Marketing Board are the best means. It is not practicable to place wireless telegraph machines and loud-speakers everywhere in such a big area through which jute is produced. Taking it for granted that such measure is possible it must be noted that this means much expenditure with little effect as the cultivators under the present system cannot sell to the merchants direct except through the *farias*. Hence even in this case the Marketing Board or the co-operative societies should be established.

Q. 41.—In the case of slump it is better to have a scheme of stocking jute by the Government than by the merchants. If the price is reasonable and fixed the people will be glad to sell their output to the Government. But if the jute is allowed to be stocked in the hands of private firms the firms will take advantage of this and will lower down the price to the disadvantage of the cultivators. The fund for this may be taken from the revenue accruing under stamps as almost the whole of it is profit to the Government or it may be provided from the Excise head, conditions improving.

Q. 42.—Yes, the marketing officers should survey the area under jute and should estimate the probable output so as to help the co-operative society or the Marketing Board to settle the price. They should also settle any market dispute that may arise.

Q. 43.—Not necessary.

Q. 44 to Q. 46.—Do not arise.

Q. 47.—It is not possible to give any statistics. So far as can be gathered jute receives competition from hemp and paper. The former costs several times more and is too expensive to enter into competition with the ordinary jute products. Paper, up to the present, is only in competition with jute for cement bags and the demand for jute will only be endangered if monopoly powers were used to raise the price unjustifiably beyond an economic figure.

[The Subdivisional Officer, Madaripur.]

Q. 48.—So far as hemp is concerned it has captured the trade to a certain extent by reason of its better durability, and stability in prices. Paper on the other hand is used for its cheapness and stability in prices from year to year.

Q. 49.—It is not possible to give any schedule of comparative cost. Paper is under protection at present which will cease soon and as such the advantage is not likely to be permanent. Competitive ability will increase with the growth of civilisation but with the advancement of knowledge and the improvement of the methods of researches the utility of jute will also certainly be enhanced than as at present.

Q. 50.—With the production of fine and durable fibres the competition from hemp will die out as jute is cheaper than hemp. The attainment of the stability of price will also be an advantage for jute.

Q. 51.—Not possible:

Q. 52.—Not possible, as this requires a visit to some of the Calcutta mills. It may be said, however, that the Calcutta mills are to a certain extent supplying the necessities of the Indian daily life, possible to be received from jute when manufactured (*e.g.*, gunny-bags, ropes, etc.).

Q. 53.—Yes, the research work should be taken up at the Calcutta and Dacca University Post Graduate Departments and at the Agricultural Research Institute. The cost of these researches should be met by the provincial Government.

Q. 54.—Not necessary.

Q. 55.—Does not arise.

Q. 56.—Not necessary, the statistics published by the Government and the newspapers are enough for such propaganda work.

Q. 57 and Q. 58.—Do not arise.

No. 94.

Mr. N. K. Sen, Collector of Jessore.

Dated the 18th April 1933.

Q. 1.—Yes, if possible.

Q. 2 (a).—No. Not under present conditions at any rate.

Q. 2 (b).—The object would be to raise and steady prices, and if regulation was possible, it would have the likely effect of raising and steadying prices.

Q. 3.—Regulation is not possible at present for the following reasons:—

(i) Jute growers are scattered over a very big area in the 3 Provinces of Bengal, Assam and Bihar and Orissa,

(ii) Communications in the interior are difficult,

(iii) Cultivators are scattered and disunited, and extremely poor.

These factors have the cumulative effect of making it extremely difficult, if not altogether impossible, to devise any scheme which could effectively make the growers act in concert according to a pre-arranged plan. As they are scattered over a big area with difficult communications, it would be difficult to bring them effectively under regulation; as they are not educated, it would take time to convince them that such

regulation is in their own interests; as they are extremely poor, they have no staying-power; and have not the means to wait for a better price.

Until communications are vastly improved, cultivators are educated and their economic conditions bettered, no regulation is feasible.

Q. 4.—I have no direct knowledge, but my information is that some scheme of control of production is sometimes put into operation in the tea industry successfully. The case of jute is wholly dissimilar to that of tea. In the latter case the production is confined to restricted areas, the number of agencies of production small but highly trained and educated, and with good resources at their back.

Q. 5.—Over-production is a big, but not the sole, factor depressing the price of jute. Financial and industrial crises rather than over-production, are probably responsible for the present low prices.

Q. 6.—The fact that there has not been so far any competition from substitute crops, does not mean that such competition is not to be apprehended under altered conditions. There is, in my opinion, always a risk of a substitute crop, and this must be borne in mind in involving a scheme of regulation of jute crop.

Q. 7.—No.

Q. 8.—Yes, undoubtedly.

Q. 9.—Any regulation to be successful must be made compulsory by legislation, but for reasons noted against Question No. 3, I doubt if such regulation can be effectively enforced.

I have no suggestion to offer regarding the outline of such legislation.

Q. 10.—There exists at present no agency which can successfully implement compulsory legislation. Though not an ideal one, the Union Board is the only agency that can be utilised for the purpose.

Zemindars would be of no use and co-operative societies worse than useless.

Q. 11.—I do not think a Jute Marketing Board would operate successfully.

It would be difficult to get in rural areas such boards which would be both efficient and honest.

Q. 12.—Yes, without such co-operation the scheme is bound to fail.

Q. 13.—The alternative crops would be paddy and *rabi* crops.

Sugarcane seemed to be a profitable substitute and propaganda and supply of seedlings in the beginning would encourage such cultivation.

Q. 14.—Though not to the fullest extent propaganda during the last two sowing seasons has had some effect in keeping down the area of jute under cultivation.

The propaganda should be continued.

It may be supplemented by propaganda by, and in the name of, non-official bodies, wherever possible.

Q. 15.—Normal cost of cultivation of jute per acre is about Rs. 30 and yield is 12 to 15 maunds.

Q. 16.—The price should not be less than Rs. 5 per maund. It would bring a fair return if the price is Rs. 7 or Rs. 8 per maund.

[The Collector of Jessore.]

Q. 17.—Over-production in this country, and world factors of financial and industrial crises resulting in the decline of trade in general and consequent fall in demand for gunny bags are the chief factors.

Q. 18.—Agricultural research and propaganda by the Department of Agriculture should continue. The various chambers of commerce in the Province might assist the Department of Agriculture.

Q. 19.—Yes, but it is beneficial not so much to (a) as to (b) and (c), for the latter regulate their stock accordingly and thus save themselves from any unprecedented loss.

Q. 20.—It is neither satisfactory nor scientific. It almost always depends on the sweet will of the middlemen who dictate their terms to the growers. The latter have often to yield as they are most disorganised and have got nothing to fall back upon. As a result the middlemen make substantial profit at the cost of actual growers. The balers and mill-owners, in my opinion, do not make such profit out of the sale of raw material as their source of profit is the sale of the finished product. So, only a certain section of the community, namely, the chain of middlemen that lie between the actual grower and the mill-owner, shares the bulk of profit from the sale of jute. As a result it is not beneficial ultimately to the community since it tends to foster inequality in the distribution of wealth, at the cost of the cultivator class which forms the bulk of the population in Bengal and other provinces.

The remedy lies in the organisation of these actual growers into co-operative societies and bringing them into direct touch with the mill-owners. This will eliminate the undesirable middlemen and the growers will get sufficient remuneration for their hard labour. An organised market will thus be formed in the mufassal and grading will be on a more scientific line.

Q. 21.—I have got no knowledge about such markets but I think co-operative system, as suggested in Question No. 20, is more advantageous to the cultivators. But it seems to me that it would not be feasible to establish organised markets for jute, the area to be dealt with being too unwieldy and there being no suitable agency available to see that market committee work efficiently.

Q. 22.—Yes, as I have suggested in Question No. 20.

Q. 23.—In the district there is only one class of middlemen called *beparis*. They are like merchants, buying jute direct from the growers and sending those to Calcutta for the mill-owners. They buy at a lower price and sell these at a higher price and thus make profit.

Q. 24.—Yes, the margin of profit being rather big a large number of middlemen are tempted to join. But this is a temporary phenomenon as the competition among these middlemen tends to raise the price and their number is again adjusted to the normal level.

Q. 25.—No, there is no such custom; want of organisation is the only cause of their sad plight.

Q. 26.—Yes, there are many such instances within the district. This is at the time of sowing when the cultivators require capital, the village money-lender takes his opportunity and binds down the cultivator to sell the crop to him at a price fixed beforehand and thus clear off his debt. The system is called *dadan*. The terms depend on the condition of the jute market as is known to the money-lenders.

Q. 27.—The cultivators, as I have said already, borrow money from the village *mahajan* and in most cases these *mahajans* are the ultimate buyers. It certainly affects the price which the cultivator is able to obtain because according to the contract between him and the *mahajan* he is left no option to seek for a better market. The best remedy is the co-operative banking system among the cultivators which alone can provide better credit facilities to them.

Q. 28.—I have got no experience about the actual marketing system. But so far as I have gathered, I dare say that it is quite possible to bring the whole system of marketing jute into the hands of a co-operative organisation if it be backed by the Government and placed under the supervision of an experienced Government officer. In my opinion the provision for such an organisation as also for its finance should be made by law. Every cultivator should be forced to join it and asked to contribute something (to be determined according to his financial circumstances) to a common fund which will be solely devoted to the financing of such a society. Nothing short of legal compulsion can make the illiterate cultivator join such an organisation. He is too backward to understand his own interests.

Q. 39.—I think so. Correct quotation of price is the most valuable information needed.

Q. 40.—Yes, I think this is the best method of spreading the information.

Q. 41.—Yes, I think it advisable but I do not consider it to be practicable through any private agency. The Government alone can take the risk and I think that a mere announcement of Government's willingness to step into the market will have a beneficial effect on the price level. I am not in a position to suggest anything about the funds necessary for the purpose.

Q. 42.—I am not in a position to answer this question as it is rather too technical.

Q. 43.—I do not think that a Central Jute Committee would be of more use.

Q. 44 to Q. 46.—Do not arise.

No. 95.

Calcutta Baled Jute Association.*

Dated the 12th April 1933.

Q. 1.—In the opinion of the Calcutta Baled Jute Association supply and demand automatically regulate the crop.

Q. 2 (a).—Cultivators are being kept posted about conditions affecting the supply of jute and Collectors and various Government officials have at times advised the cultivators to restrict sowings. The difficulty of estimating the demand eighteen months ahead should be carefully kept in mind.

Q. 2 (b).—The effect of restricting supplies, it is considered, would naturally firm up prices but eventually the law of supply and demand and competition from other similar fibres would adjust prices in accordance with ruling conditions.

Q. 4.—Systems of control of production, or export of raw material have been tried with many crops and in many countries: actions taken by the Egyptian Government and the American Farm Board in the

*For oral evidence of the Association's representative, *vide* page 530, *et seq.*

case of the cotton crops constitute the best analogy in connection with control of jute supplies. It is well known that neither the Egyptian Government nor the American Farm Board have been successful in bringing about stability of prices.

Q. 5.—Supply and demand control the prices of jute. Unwarranted fluctuations in the jute futures market due to speculative raids have often contributed towards a lowering of prices. Since the inception of the futures market sales for export are made below baling cost owing to the hedging facilities afforded by this market. We do not think that prices have been poor only at times of financial or other crisis, over-production has certainly led to a lower level of prices in certain cases.

It is assumed that the following years were periods of depression and crises, namely, 1904-1907; 1915; 1921; 1929; 1932. The position at about these periods may be examined.

Taking 1904-1907, the position was that the average price of jute firsts in London had been £13 in 1903-04, in 1904-05 it averaged at £16, in 1905-06 it was £19, in 1906-07 it was £24, while in 1907-08 the price fell as low as £13-10 but the average for the year was £16-0-0. This cycle was followed by two years of even lower prices, namely £15 and £14 respectively. The year 1914-15 showed a slump in jute from £30 in July 1914 to £14-15 in December 1914; in January 1915 prices had come back to £20 and the average of the year was £21; 1915-16 prices averaged out at £23.

In 1920-21 prices had dropped from £75 (the high level of the previous year) to an average of £41. This ushered in a period of lower prices, for 1921-22 saw an average price £29-0-0. This scaling down of prices was accompanied by an accompanying drop in the jute crop outturn. The figure for 1919-20 was 90 lakhs; for 1920-21, 77 lakhs; for 1921-22, 73 lakhs, and for 1922-23, 59½ lakhs.

From now onwards prices improved and the jute crop outturn followed suit; 1925-26 saw jute at the high peak average of £50, but values declined steadily and by 1930 prices were down to £20. As far as the crop is concerned during the last period it may be said that following a crop of 90 lakhs in 1925-26 when prices were high a bumper crop was turned out in 1925-26 when the figure was 121 lakhs. Prices started to fall away and in the subsequent years the jute crop diminished in size being 112 lakhs in 1927-28, 106 lakhs in 1928-29, 105 lakhs in 1929-30, 100½ lakhs in 1930-31 while in 1931-32 it was only 65½ lakhs.

Apart from the present crisis it may be taken that as a general principle it is correct to state it is a fact that prices have been poor only at times of financial or other crises, rather than that low prices are due to over-production.

An examination of the jute statistics shows beyond any doubt that the consumption of jute has steadily been increasing year by year; it is only within the last two years that the demand for jute products has seriously diminished. The following figures in this connection are illuminating:—

	1929-30.	1931-32.
Total exports of jute to Europe ..	3,627,241	2,497,917
" " " " " America ..	594,608	369,988
Indian Mill consumption ..	6,350,000	4,700,000
	10,471,849	7,567,905
Outturn of jute ..	10,500,000	6,550,000

Q. 6.—The Association does not think that a regulation scheme should be applied. In reply to Questions Nos. 1 and 2 the views of the Association regarding this matter are outlined.

In any event if the regulation scheme operated so as to maintain the price of jute above the critical level at which other fibres come into competition with jute, it is obvious that a condition favourable to the establishment of substitute crops both in India and other countries would arise. The Association would point out that it would be difficult to dislodge substitute crops once they were established in other countries. It is the vogue in most countries to-day to adopt tariff barriers to shield nascent industries and it is but natural to expect that foreign countries would do everything possible to establish and foster substitute crops should a favourable opportunity arise. The effect of such competition if it arose would probably be cumulative; it would undoubtedly restrict the consumption of Bengal jute products; this in turn would most likely cause a fall in the price of jute dependant upon the degree to which the demand had fallen.

Q. 7.—It is much doubted if cultivators would come in willingly under a regulation scheme.

Q. 8.—There is always a danger as hinted in the question.

Q. 9.—The Association is absolutely opposed to such a suggestion. It is in the highest degree undesirable that a cultivator should be subjected to the operation of a regulation scheme made compulsory by legislation. Such a system would obviously be open to the gravest abuse and as the Association could not support such legislation the question of its outline does not therefore arise. In any event the prohibitive cost of such a scheme would alone be sufficient reason for its not being adopted.

Q. 10.—The Association is much opposed to any legislation or Government interference with trade.

Q. 11.—A Jute Marketing Board is in the Association's opinion a quite impracticable proposition.

In any case the Association does not consider that if widespread evasion of jute regulation procedure occurred it could be checked by concentrating the purchase of jute in a marketing board.

There would always be a buyer of illicit jute at a price. The Association would strongly oppose any suggestion to concentrate the purchase of jute in a Jute Marketing Board and it has no hesitation in condemning a scheme such as this which is so fraught with obvious dangers and which would lend itself to abuse in its administration and for which there are no compensating advantages.

Q. 12.—The only co-operation of local Governments that the Association would advocate is that outlined in the replies to Questions Nos. 1 and 2.

Q. 13.—Rice and sugarcane, also tobacco in some cases afford alternative crops. Sugarcane offers the greater prospects as owing to the low prices of rice the latter yields at present a worse cash return to the cultivator than jute. Sugarcane can be used for *gur*; if it is required to be crushed and refined it will be necessary to have factories near at hand as the sugarcane dries up if not utilised immediately. The Director of Agriculture appears to be the most suitable person to encourage the *raiyat* to grow such alternative crops.

[*Calcutta Baled Jute Association.*]

Q. 14.—Yes. The question has been recently discussed at a conference between the Director of Agriculture, Bengal, and the Bengal Chamber Jute Forecast Joint Committee held on the 25th February 1933 to which the Association would refer you.

Q. 15.—The cost of cultivation varies considerably according to the district from Rs. 2 to Rs. 2-8 per maund of jute, but in some districts where cultivators do not hire any labour it is as low as Re. 1 per maund. The cost of cultivation seems to vary very much with the economic conditions prevailing at the time. When cultivators are doing well they engage outside labour but when they are poor they do their own work, thereby reducing their production costs.

Q. 16.—Rs. 4 per maund of 80 *sicca*.

Q. 17.—The world depression and large crops of various fibres throughout the world. The activities of speculators have also contributed to this for as soon as a revival of demand sets in speculators rush in and buy and push up prices to an unreasonable extent, with the result that consumers of the fibre have to stop purchases causing an inevitable reaction in the upward trend which destroys confidence. In this connection it is considered that the jute futures market operating in Calcutta tends to exaggerate unduly any price movements with the result that in times of bad trade the bearish effect of the gambling markets is seen to be more severe in depressing prices than would otherwise be the case.

The Association knows of no factor in this connection which can be said to be confined to Bengal. Until world trading conditions are restored to normal there can be no improvement in the demand for jute products unless there are discovered in the interim new uses to which jute can be put and which will create a demand for jute.

Q. 18.—Yes, the Association agrees. The Indian Jute Mills Association, it is understood, are giving this matter their special attention and a Committee has recently been formed to investigate matters in co-operation with the shippers of manufactured Calcutta goods.

The Association is of the opinion that agricultural research and propaganda should be continued to assist the grower to produce better jute and to lower his cost of production. Work of this kind is absolutely essential and is in the very best interests of the industry as a whole. It is considered that the Department of Agriculture should work in consultation with a Technical Sub-Committee of the Indian Jute Mills Association.

Q. 19.—The Jute Forecast is not considered to be satisfactory as at present compiled because of its inaccuracy which makes it of little value to the trade and because of its method of production which encourages speculation and acts as a hindrance to genuine trade during the time prior to the publication of the forecast. It is suggested that greater accuracy might be obtained if the trade were consulted to a greater extent than hitherto. The great secrecy and element of mystery surrounding the compilation of the figures and their publication all of a sudden act as a stimulus to undesirable speculation. The Association recommends that consideration should be given to the possibility of amplifying the weekly jute reports issued by the Department of Agriculture so as to furnish information of real value to the trade and to the growers. If this were done it is considered that the element of surprise in the actual forecast would be to a large extent mitigated.

The Bengal Chamber of Commerce Jute Forecast Joint Committee held a meeting on the 10th December 1932 with the Director of Agriculture when the question was discussed and to which the Jute Enquiry Committee is referred.

Q. 20.—Yes. The Association is of the opinion that the present forms of grading and marketing jute in the mufassal are quite satisfactory from the general point of view. These methods represent the results of many years of practical experience in the production and marketing of jute and it is unlikely that they can be improved upon. The present system has enabled Bengal to produce jute economically while other countries with almost identical conditions so far as climate is concerned have failed to grow jute in competition with Bengal.

Q. 21.—No. The existing markets for jute are all that is required by all the parties mentioned. The cultivator needs a market at his door; this is now provided by the *beparis*. If organised markets were established to replace the *beparis*, the number required would be enormous and the cost out of all proportion to the worth of the markets.

Q. 22.—Co-operative societies have existed but have not been a success and many of them have been wound up. The *raiyat* is encouraged to come into direct touch with the jute baler and when he does not do so, it is because of certain financial reasons affecting the *raiyat* himself and not the baler who would be only too pleased to eliminate middlemen's profits. The middleman performs the essential function of collecting small quantities of jute for which reason his profit can never be entirely eliminated.

Q. 24.—Jute fluctuates so much in price due to speculation that the answer must be in the negative.

Q. 25.—The *raiyat* sells his jute on conditions peculiar to his own particular district and these conditions may vary considerably in various districts. The Association doubts whether the *raiyat* would welcome any change in his old established ways of selling his jute.

Q. 27.—When the money-lender can be eliminated from India the *raiyat* may be able to arrange his finance on easier terms. Otherwise the jute cultivator can hardly be helped any more than the balance of the peasant class.

Q. 28.—This is quite impracticable.

Q. 29.—Jute to Dundee is sold on the Jute Importers Association Contract and to London and the Continent and the United States of America on the London Jute Association contract. Copies of these contract forms can be supplied by the Association if necessary.

Japan makes its own private terms which vary according to sellers' arrangements with them.

Q. 30.—The greater part of the export business is done in certain standard grades which have been fixed by custom and which are known and recognised by all who are engaged in the trade. These standards are fixed and do not vary appreciably from year to year. The arbitrations are usually held in Dundee on jute shipped to that port and in London on shipments to other ports, the arbitrators being appointed by the Dundee and London Jute Associations. In the opinion of this Association the present standards are very suitable to the general requirements of the trade, and the present methods of arbitration are fair to all concerned. The overseas buyers are entitled

[*Calcutta Baled Jute Association.*]

to obtain their jute guaranteed up to standard on arrival, and any attempt to make them accept any other method of arbitration could only cause great dissatisfaction and some lessening of the demand for jute. The Association sees no objection to the invoicing back clause, because a buyer should be entitled to reject jute which is so much below standard as to be quite unsuitable for the purpose for which it was purchased. From the point of view of the trade as a whole everything should be done to help buyers to obtain the regularity of standard which they require rather than to assist sellers to escape the consequences of faulty packing.

In addition to the jute which is sold guaranteed equal to certain grades, a considerable business takes place in various private marks which are packed by individual balers to suit certain buyers. These marks are usually guaranteed equal to previous deliveries of the same mark. Any attempt to interfere with business in these private marks would have a bad effect on demand, because the ordinary public grades are not suitable for all buyers and all manufacturing purposes.

Q. 31.—No suggestions occur to the Association with a view to improving the methods adopted in the export trade.

It is considered to be undesirable as well as impracticable to fix standards by legislation and to form a body to adjudicate on the quality of jute before it is exported. It is undesirable for the reasons given in the answer to the last question and impracticable for the following reasons:—

- (a) It would involve considerable expense which the trade could ill afford to bear.
- (b) It is impossible in many cases (as every shipper knows) to inspect jute satisfactory in the docks prior to shipments, and if the jute were inspected in press-houses before despatch to the docks, a great risk of fraud would arise. It is difficult to imagine any method of accomplishing the necessary inspections in a satisfactory manner however elaborate and expensive an organisation may be established for the purpose.
- (c) Jute sometimes deteriorates in quality after it is shipped and for this reason an inspection of quality in Calcutta would not be as suitable from the buyer's point of view as an inspection after arrival at destination.

Q. 32.—It is the considered opinion of this Association that the present method of dealing in *pucca* bales is satisfactory to all concerned. *Pucca* bales are usually made from jute which has already been roughly assorted in *kutch*a bales: in the majority of cases root ends are cut off, and the jute is then selected into a comparatively large number of different grades; in this way a degree of accuracy of assortment is obtained which far exceeds the accuracy which is found in *kutch*a bale assortments, and for this reason it has been possible to keep *pucca* bale standards constant over a long period. A system of standards on the lines of the American Cotton Standards Act would be entirely unnecessary, the present standards are generally suitable to the requirements of buyers, and have been found satisfactory to all concerned, and no valid objection can be made to the trade in private marks which provides for the special requirements of certain buyers. In jute there is no diversity and confusion of standards such as gave rise to the necessity for the American Cotton Standards Act. The Association would invite

the attention of the Enquiry Committee to the fact that the standards of *pucca* bales shipped to London are zealously watched by the London Jute Association to see that they conform to the requirements of the London Group of marks. The London Jute Association has its own panel of arbitrators and complaints from buyers receive careful consideration. A copy of the last London Group of marks is enclosed for reference.

Q. 33.—Yes, other points have been replied to in questions preceding this.

Q. 34.—Jute varies greatly in regard to length, colour, strength, type of fibre, cleanness of fibre, length and quality of root, and in many other ways; also the average quality and characteristics of the crop as a whole vary greatly in different districts, from season to season, and at different times during the same season. In some past seasons the more careful balers, in order to avoid claims and complaints about the quality of their jute due to this unavoidable irregularity, tended gradually to raise the standard of their assortment; moreover the mills wish to buy mostly the lowest grade available, thus causing a shortage of the lowest grade and an excess of the higher grade, and in consequence it is often convenient to the balers to mix some of the higher grade in the lowest. For these reasons in the past the grades tended gradually to improve and in the course of a season it was sometimes found that the standards had improved by nearly a whole grade. There was no sudden and arbitrary alteration of standards but a gradual tendency towards improvement for the reason explained above.

In order to overcome difficulties of the situation as described, a system of warp and weft guarantees for each mark sold to the mills was introduced and the lowest grade of jute defined.

This was done on the 21st May 1932, thus clearly defining all standards.

Q. 35.—It is in the Association's opinion quite impracticable to fix loose jute standards by legislation. No satisfactory permanent standards for the various districts could be obtained unless jute was divided up into a large number of grades, and the expenses of assorting the jute into these grades would be very great and would not be warranted even by the greater efficiency obtained; moreover as the requirements of *pucca* balers are different to those of mills a second set of standards would be required to suit balers; a very complicated system would therefore have to be devised to which, apart from the question of expense, it would be difficult to conform.

Q. 37.—The Association considers this scheme to be quite impracticable and evidently drafted by one who had only a superficial knowledge of the jute trade. The cost of such a scheme is alone sufficient to condemn its use for practical purposes; moreover the scheme does not provide for proper representation of the various interests involved in the proposed constitution of the Directorate.

Apart from its manifest unsuitability to Indian conditions the scheme would be extraordinarily costly to operate and its machinery would be cumbersome; it would imply the recruitment of an army of officials who would oust the existing *farias* and *beparis* and do less well the work already done with efficiency by these classes of merchants. The enormously wide powers which Mr. McDougall suggests should be given

[*Calcutta Baled Jute Association.*]

to the Jute Corporation are such as to be open to the greatest abuse. It would be, the Association considers, a sorry day for the jute industry if a scheme of this kind were ever sanctioned.

The Association is firmly of the opinion that the only sound method of increasing the prosperity of the jute industry is by the taking of steps to increase the demand for jute products. There is no panacea to be found in elaborate and costly experiments in the producing end of the industry. There must be innumerable uses to which jute can be put in modern industry. It is in finding these new uses and in advertising the fibre that the best results can be expected. Outside the actual jute industry very few individuals know what the word gunny means nor does the general public know what jute is. Jute is an excellent packing material. But there has never been any propaganda issued in foreign countries advertising the use to which jute can be put. In the United Kingdom the "Eat more fish" campaign was instituted by the trawler owners to educate the public as to the value and convenience of fish as an article of diet.

After only seven months of advertising, the demand for fish throughout the country had increased by 27,000 tons compared with the sales of the corresponding period in the previous year. This meant an additional turnover of £750,000 to the fishing industry of Britain.

At present it is no one's business to advertise jute—it can be used for road construction but road makers have never been told of this through advertisements.

Jute cloth has been used successfully as a wall covering in place of wall paper but its use in this direction has never been boosted by the trade.

Q. 38.—The growers of jute are in receipt of very prompt market information, but much of it unfortunately emanates from the futures market, the Calcutta gambling counter. It is common knowledge that bull information travels like lightning while bearish news takes several days to filter through to the growers.

What the growers require is information of the prices at which actual business is done with consumers and not merely a record of speculators' activities.

The Director of Agriculture, Bengal, could in consultation with the trade supply the information required. This also applies to Question No. 39.

Q. 40.—Loud-speakers might be useful provided the proper market information is broadcast in them as explained in answer to Question No. 38 and provided the necessary funds are available and that the cost of such installations shall not become a further impost on the trade.

Q. 41.—Quite impracticable, and examples of other countries such as Egypt and the United States of America who tried this, speak for themselves.

Q. 42.—No. If the *raiyat* is to get more for his jute a number of officials will only mean increased expense and the swallowing up of his profit.

Q. 43 to Q. 46.—The jute trade is in principle opposed to any form of Government control or interference with its business. The trade also considers the present moment an inopportune one to embark into

schemes involving expenditure and further taxation of the trade in order to finance such a scheme.

If the suggested Committee were to be used purely for research work under the existing Department of Agriculture in Bengal the trade might be prepared to waive some of its objections, but the question of expenditure would still have to be considered, and the Association is opposed to any extra taxes being imposed.

Even if such a Committee were only started for research work it would be difficult to fix a line of demarcation between such work and what the trade would consider as interference in other lines. Taken as a whole the Association is unable to lend its support to such a measure as is contemplated by the questions.

Q. 47 to Q. 58.—Can best be replied to by the Indian Jute Mills Association and the Calcutta Jute Fabric Shippers Association.

The feeling of the Calcutta Baled Jute Association is that jute does not command the same monopoly as it has done in the past and that the Calcutta jute mills would do well to co-ordinate their enquiries in this direction with the Calcutta shippers who have marketed their goods since their inception.

No. 96.

Calcutta Jute Dealers Association.*

Dated the 24th April 1933.

Q. 1.—The Association is definitely of opinion that production of jute does not require regulation.

Q. 2 (a).—The Association does not think it is possible to regulate the crop with reference to the expected demands of the market.

Q. 2 (b).—By regulating the crop prices would possibly be stabilised for a while but the law of supply and demand would eventually adjust prices according to market conditions.

Q. 3.—The cultivator naturally sows the crop which brings him in the most money. At present, the cultivator has only one alternative crop, namely rice, and as jute is still the better paying crop there has been no incentive to the cultivator to grow rice to any great extent. Unless therefore cultivators can be given a more lucrative crop to grow it does not seem possible to regulate the production of the jute crop.

Q. 4.—Control of production or export has been tried in the case of Egyptian cotton, rubber and tea but as far as the Association is aware none of these schemes has been successful in bringing about stability in prices.

Q. 5.—The chief factor which depresses the price of jute is over-production. Owing to the poor demand from consuming centres for the manufactured article, mills are working only 40 hours per week with approximately 25 per cent. of their hessian looms sealed. Like all other commodities the price of jute is governed by supply and demand.

Q. 6.—The adoption of any regulations which had the effect of forcing the price of jute up to a comparatively high level would undoubtedly encourage competition from substitutes. Once substitutes

*For oral evidence of the Association's representatives, *vide* page 526, *et seq.*

had gained a footing in the market it would be extremely difficult to dislodge them. This would naturally result in a further curtailment in the hours of work in mills or a closing down of further looms with consequent reduction in the amount of raw jute required.

Q. 7.—The Association doubts very much if cultivators would voluntarily come under a regulation scheme.

Q. 8.—The Association believes that such would be the case.

Q. 9 and Q. 10.—As indicated in the answers to Questions Nos. 1 and 2 the Association is opposed to the compulsory regulation of the jute crop.

Q. 11.—The Association does not think that the formation of a Jute Marketing Board would assist in checking any widespread evasion of regulations. Any increase in total yield could not be ascertained until the end of the season and it would then be difficult to find out which cultivators were responsible.

Q. 12.—Should it be decided to regulate the cultivation of jute in Bengal the Association considers it would be necessary to secure the co-operation of Governments and organizations in Bihar and Assam.

Q. 13.—Sugar and rice appear to be the most suitable crops but owing to the low price of rice it is unlikely that the cultivator will be induced to sow large areas of rice. The officers attached to the Agricultural Department appear to be the most suitable persons to induce the cultivator to grow alternative crops.

Q. 14.—The Association considers that propaganda has had some little effect but until cultivators are given a more lucrative crop to grow it is doubtful whether any propaganda will achieve the object aimed at.

Q. 15.—As regards jute, approximately Rs. 50 per acre, yielding about 16 to 17 maunds per acre. The Association has no information in regard to alternative crops.

Q. 16.—Rupees 4 per maund to the cultivator or an average of Rs. 5 in Calcutta.

Q. 17.—Over-production, combined with the curtailment in the production of the manufactured article by Calcutta, Continental and Dundee mills. Until world trading conditions return to normal there can be little hope of any large improvement in the demand for jute products, unless, by means of research, new uses can be found for jute or jute products.

Q. 18.—The Association agrees that agricultural research and propaganda should be continued with a view to assisting the cultivator to produce better jute and to lower his cost of production. There is a great danger, however, that a lowering of the cost of production will encourage cultivator to sow larger areas of jute. The Association would therefore suggest that research be directed towards discovering new uses for jute and to this end the Agricultural Department should work in conjunction with manufacturing interests possibly through a special technical officer in consultation with a Technical Sub-Committee of the Indian Jute Mills Association.

Q. 19.—The present system of compiling and publishing the jute forecast is, in the opinion of the Association, most unsatisfactory. A careful estimate of the acreage under jute should be prepared by

the Director of Agriculture and he should then arrange a meeting with representatives of the principal mufassal baling concerns and ascertain what their ideas are and make any adjustment necessary in his original figures. The acreage figures should be published early in July and the final forecast in September should be entirely abolished. When issuing his acreage figures the Director should give his opinion as to the growth of the crop, estimated damage, etc., and leave the trade to form its own opinion as to the outturn. The present system of publishing the final forecast in September is a menace to legitimate traders as it encourages speculation.

Q. 20.—Speaking generally, the Association considers that the present forms and methods of grading and marketing jute in the mufassal are satisfactory. These methods have been in force for many years and as they are the result of practical experience the Association would not advocate any change. It has happened in the past that standards have been raised from time to time during the season but this is due chiefly to competition amongst sellers.

Q. 21.—Although the establishment of organized markets might prove beneficial to buyers in the mufassal, such markets would not be advantageous to the cultivators as it would probably mean that many of them would have to convey their jute long distances to these marketing centres. The existing markets for jute are all that is required.

Q. 22.—Under present conditions the *raiyat* can, if he so desires, get into direct touch with the representatives of jute balers and the formation of village co-operative societies is therefore not necessary.

Q. 23.—The usual procedure is for the *faria* to go into small *hats* in the interior and buy small lots of jute. The *faria* then takes these small lots of jute to the big river stations and sells to the *bepari* or direct to the baler. In the small *hats* where the *faria* works there is a definite market based on the Calcutta prices for all classes of jute and the *faria* is satisfied if he makes a profit of 1 anna per maund on his transactions. *Beparis* carry on practically the same work as *farias* but on a larger scale and are often financed by European and Indian merchants. As a general rule a *bepari* works on a margin of approximately 2 to 3 annas per maund which includes his expenses in bringing the jute into the big centres. This allows the *bepari* 1 anna profit on his transactions. The *bepari* who is financed by merchants is usually informed of the price at which he should buy before he goes out and if the market falls in the meantime he is protected by the merchants.

Q. 24.—The Association does not consider that the multiplicity of middlemen is responsible for the low price to the cultivator. Both *farias* and *beparis* are necessary for the marketing of jute and the more *farias* and *beparis* there are the greater the competition which tends in favour of the actual cultivator.

Q. 25.—Speaking generally, the Association does not consider there are any marketing customs which are detrimental to the *raiyat*. The question of weights at the different districts does not really affect the cultivator as supply and demand is what makes the market and alteration in weights only means alternation in prices. For example, Elashin buys in 90 weight and in Dacca 84/10 but when giving limits to agents upcountry it is customary to give the limit for buying in 80 weight. The upcountry agents then convert this rate into the local

[Calcutta Jute Dealers' Association.]

buying weight so that all the districts, although buying in local weight, get a similar price in 80 weight.

Q. 26.—Some cultivators occasionally take advances from money-lenders and pay back the money after harvesting. In such cases the cultivator usually gives back half his crop in repayment of the loan. As a general rule, however, the cultivator finances his own crop of jute.

Q. 27.—As indicated in the answer to the preceding question the cultivator rarely pledges his crop before the harvest. If he does desire a loan he usually goes to a money-lender and only in a very few cases are the creditors the ultimate buyers of the jute.

Q. 28.—The Association considers such a scheme not only impracticable but undesirable as it would eliminate all competition and would no doubt result in the cultivator obtaining much lower prices for his jute than he obtains under present marketing conditions. The law of supply and demand governs the price of jute and in the opinion of the Association a co-operative marketing organisation would not assist the cultivator in any way.

Q. 29 to Q. 32.—This Association is concerned with the marketing of jute for local consumption and therefore has no opinion to express in regard to these questions.

Q. 33.—Jute for local consumption is sold on a guarantee to yield so much percentage of warp and weft. In the case of the lowest mark no guarantee is given. This guarantee system, which was introduced at the beginning of the present season, has worked fairly satisfactorily but it must be admitted that sellers have delivered very much above the guarantees. This is due to the keenness for business amongst sellers. The supply of jute has been much greater than the demand and any demand has been for the low grade. If sellers had packed strictly to the guarantees laid down it would have meant that there would have been a large stock of the higher marks and sellers would have been compelled to sell such marks at a big discount or at practically the same price as the lower marks.

Q. 34.—Standards have changed during the season but the change has usually been a gradual one. The change in standards during the past season has, however, been more obvious by reason of the fact that mills, having 25 per cent. of their hessian looms sealed, have not purchased any large quantity of the higher marks and sellers have been forced to pack jute of a better quality in the low marks.

Q. 35.—The Association is strongly averse to legislation to fix standards as it is considered that the fixing of standards should be left to the trade. The standards fixed by this Association for this season, have proved satisfactory and workable but as stated in the answer to the previous question the standards have automatically gone up to enable sellers to get rid of the surplus stock of the higher marks.

Q. 36.—See reply to Question No. 35.

Q. 37.—The Association considers that the scheme drawn up by Mr. McDougall is impracticable.

Q. 38.—The growers of jute receive more information of Calcutta prices than they are generally given credit for. Agents upcountry of Calcutta houses get daily letters and telegrams from their principals and the information given therein finds its way to cultivator.

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Q. 35.—The Association is strongly averse to legislation to fix standards as it is considered that the fixing of standards should be left to the trade. The standards fixed by this Association for this season, have proved satisfactory and workable but as stated in the answer to the previous question the standards have automatically gone up to enable sellers to get rid of the surplus stock of the higher marks.

Q. 36.—See reply to Question No. 35.

Q. 37.—The Association considers that the scheme drawn up by Mr. McDougall is impracticable.

Q. 38.—The growers of jute receive more information of Calcutta prices than they are generally given credit for. Agents upcountry of Calcutta houses get daily letters and telegrams from their principals and the information given therein finds its way to cultivator.

Q. 39.—Growers are usually well posted as to the stocks of jute held by Calcutta mills. The information of most value to the growers would be the price at which actual transactions take place in Calcutta. All reference to prices ruling in the futures market should be avoided.

Q. 40.—As indicated in the reply to Question No. 38 the growers do receive reliable market information and this Association does not think that wireless telegraphy with loud-speakers would be of any assistance.

Q. 41.—The Association is of opinion that such a scheme is impracticable. Similar schemes have been tried in other parts of the world but have not proved effective.

Q. 42.—The Association does not consider that this is necessary.

Q. 43 to Q. 46.—The Association doubts very much whether a Jute Committee constituted on the lines recommended by the Royal Commission on Agriculture would serve any useful purpose or be of any real benefit to the jute industry generally. In any case, the Association does not consider that expenditure on the formation of a Jute Committee is justified under existing conditions.

Q. 47 to Q. 58.—There is no doubt that substitutes for jute have made some headway but questions relating to this subject can best be answered by the Indian Jute Mills Association and the Calcutta Jute Fabric Shippers Association.

The Association is in favour of a Research Department being instituted with the primary object of finding new uses for jute. A portion of the export duties on raw and manufactured jute should be earmarked for this purpose as the trade itself is not in a position to finance any research scheme. In the event of research being successful Government will gain directly by an increase in the export duties on jute and also indirectly by an increase in the receipts from income tax and import duties on machinery, stores, etc.

No. 97.

Mr. Hubert Graham, I.C.S., Deputy Commissioner, Jalpaiguri.

Dated the 8th April 1933.

My own opinion on the question of the regulation of the jute crop is that such regulation would be too big and too difficult a task to undertake. A higher general level of honesty is, in my opinion, requisite to the success of any regulation scheme, and also a system of justice which would come down faster and harder on evasion and disobedience of the laws and rules for regulation.

No. 98.

Babu Prasanna Kumar Roy, Jute Paikar, Jalpaiguri.

Dated the 3rd April 1933.

Q. 1.—Yes.

Q. 2. (a)—Yes, only if the Government take the question up otherwise not.

Q. 2 (b).—To bring a fair price to the cultivators and a steady market.

Q. 3.—In view of answer to Question No. 2 (a) no reply is necessary, but if the Government do not take up the cause, the tillers of the soil, illiterate as they are, will in no way combine to put their heads together to try a solution of this problem.

Q. 5.—Over-production.

Q. 6.—No substitute crop can compete with jute and there will be no competition.

Q. 7.—No, they have no such education or training.

Q. 8.—Yes.

Q. 9.—This is a serious question. Before drawing an outline for legislation it would be necessary to have a survey of the jute-growing area under the following heads (a) Season and soil—a part of Nadia, Jessore and Faridpur produces jute which finds markets in September. (b) A part of Jalpaiguri, Darjeeling, Purnea and Dinajpur produces jute early; after harvesting the jute, lands are prepared for winter paddy. (c) A part of Rangpur, Dinajpur, Jalpaiguri almost identical with (b). (d) Dacca, Mymensingh slight difference from Jalpaiguri. Outlines of legislation—jute growers will be asked to cultivate jute in lands 10 to 20 per cent. and Circle Officers and employees of the Agricultural Department will be authorised to check. Default to a fine up to Rs. 200. (a) Union Boards and (b) Co-operative Societies under strict supervision.

Q. 11 and Q. 12.—Yes.

Q. 13.—In high lands, sugarcane, tobacco, mustard. In lowlands, rice and cereals. The *raiya*s may be induced by the *jotedars* to look to this.

Q. 14.—So far as our information goes, the propaganda has an evil effect. The peasants one and all have taken it, "every one will decrease the area, what harm if I have 2 acres more," with the result, there has been over-production.

Q. 15.—Jute Rs. 6 to Rs. 7; other crops Rs. 4 to Rs. 5 on an average.

Q. 16.—Rs. 5 a maund.

Q. 17.—Over-production and general trade depression.

Q. 18.—So far as our information goes the competition is not keen and nothing is called for.

Q. 19.—(a) No. (b) Yes. (c) No concern. There should be a change in the system and a strict check is necessary.

Q. 20.—The mill-owners and the balers control the market; no question of growers and middlemen therefore arises.

Q. 21.—Yes. At least 12. Yes. The areas to be fixed according to communication advantages.

Q. 22.—Want of education and general knowledge is at the root of hampering the idea.

Q. 23.—*Farias* and *beparis* earn a commission of 4 annas per hundred maunds on an average. They go from *hat* to *hat*, secure a certain

quantity of jute for merchants and have a control over the growers—sometimes advancing money to them when they are in need. The poor cultivators sometimes fail to pay off but they are never brought to Court.

Q. 24.—Yes, to a certain extent.

Q. 25 and Q. 26.—The *raiya*s accept advances and are compelled to dispose of the jute at a low price—this system cannot be abolished now. The *raiya*s accept advances on condition of supplying certain quantity of the jute at a fixed price generally lower than the market rate. They accept advances in March and April and in certain places in July too.

Q. 27.—From *paikars* and *beparis*. Yes. Yes. Yes, only if a control marketing board is established.

Q. 28.—Yes, but the system is to be thoroughly overhauled. There are educated young men sufficiently competent to take over this subject; if they are afforded facilities to work in collaboration with Co-operative Department supported by Government, the venue would change.

Q. 29.—Not known.

Q. 30.—Yes, the mill-owners and balers at the direction of the Home Board.

Q. 31 and Q. 32.—I have no suggestion to offer.

Q. 33.—No.

Q. 34.—Yes.

Q. 35.—It is not possible.

Q. 36.—Does not arise.

Q. 37.—The scheme is a laudable one no doubt, but it is unworkable in Bengal—the tillers have no knowledge. Smaller jute growing areas should be established as unions and several unions will form a group who will be in touch with the Central Board. Co-operative *ganja* cultivation scheme would be feasible.

Q. 38.—No. The only information they receive is through *paikars* which is inaccurate.

Q. 39.—Does not arise.

Q. 40.—No suggestion. This implies monetary questions.

Q. 41.—Yes. By Government. Yes. (The time for reply is so short that figures cannot be compiled.)

Q. 42.—Yes. In the first instance they should study the local condition and draw up a scheme, if those are not welcomed by the growers there should be change in the personnel. The growers will realise their position.

Q. 43 to Q. 58.—No suggestion from a *paikar*.

General.—Jute is the wealth of Bengal, but the growers are extremely poor—the reason is not far to seek. So long no attempt has been made to study the position of the growers. The Co-operative Jute Sale Society at Chandpur and Narayanganj having proved a failure, a panic has been created amongst the community interested in the Jute Sale Society. If Government now look to the interest of the peasantry—launch a scheme by which the peasants will find a ready and steady market—the tillers as well as Government, will be benefited.

[*Babu Prasanna Kumar Roy.*]

Maulvi Tamizuddin Ahmed, President, Coralbari Union Board, district Jalpaiguri.

Dated the 1st April 1933.

- Q. 1.**—আইন প্রণয়ন আবশ্যক মনে করি।
- Q. 2 (a).**—হাঁ।
- Q. 2 (b).**—ইহাতে পাটের দাম বাড়িবে বলিয়া বিশ্বাস।
- Q. 3.**—বর্তমান অবস্থা ব্যতীত অন্য সময়েও এই আইন উপযুক্ত বলিয়া মনে করি।
- Q. 4.**—অবগত নহি।
- Q. 5.**—অত্যধিক পাটচাষ দর কমিবার কারণ বলিয়া মনে হয় এবং সাময়িক অর্ধসঙ্কটও ইহার অন্যতম কারণ।
- Q. 6.**—জানি না।
- Q. 7.**—স্বচ্ছার আশিবে না বিশ্বাস।
- Q. 8.**—আইনের উদ্দেশ্য নষ্ট করিতে পারে।
- Q. 9.**—বাধ্যতামূলক আইন করা সম্ভব মনে করি, এইরূপ আইনের বিষয় জানা নাই।
- Q. 10.**—চাষী আইনকর্তৃক নিয়ন্ত্রিত জমির বেশীতে যেন পাট উৎপন্ন না করে এবং ইহা ইউনিয়ন বোর্ডকর্তৃক পরিচালিত হওয়া উচিত মনে করি।
- Q. 11.**—পারে।
- Q. 12.**—পাটের আইন করিতে গভর্ণমেন্টের সহযোগিতা আবশ্যক মনে করি।
- Q. 13.**—পাটের নীচু জমিতে সাধারণতঃ পাট কাটার পর রীতিমত ধান্য উৎপন্ন এবং উঁচু জমিতে সন্নিবিষ্ট, তামাক, আলু ইত্যাদি রবিশস্ত উৎপন্ন হয়। কিন্তু ঠিক পাটের পরিবর্তে অন্য কোন ফসল হওয়ার বিষয় অবগত নহি।
- Q. 14.**—সামান্য কিছু কমিয়াছে বলিয়া বিশ্বাস। এইরূপ প্রচারের আবশ্যিকতা আছে। আইনসম্বলিত প্রচারকার্য বেশী ফলদায়ক হইবে বলিয়া বিশ্বাস।
- Q. 15.**—প্রতি একর ভূমিতে পাট উৎপন্ন করিতে ৪০ টাকা ব্যয় পড়ে। এ জেলায় প্রতি একরে গড়ে ১০/ মণ পাট উৎপন্ন হয়।
- Q. 16.**—বর্তমান অবস্থা দৃষ্টে পাটের মূল্য প্রতি মণ ৮ হইতে ১০ টাকা হওয়া উচিত মনে করি।
- Q. 17.**—সাময়িক অর্ধসঙ্কট ও অত্যধিক পাট উৎপাদন বর্তমানে পাটের দর হ্রাসের কারণ বলিয়া অনুমোদিত হয়। অবশ্য বিদেশী ক্রেতাদের বা দালালের বা মিলওয়ালাদের কোন রকম হস্তক্ষেপ থাকিতে পারে।
- Q. 18.**—পারা সম্ভব।
- Q. 19 and Q. 20.**—ঠিক ভালভাবে চলিতেছে। মোটামুট কারণ এই যে কোন কোন কৃষক খারাপ পাট উৎপন্ন করে তাহারাই আবার উক্ত পাট ভাল পাটের মধ্যে দিয়া বাজারে

বিক্রয় করে। কড়িয়াল্য লাভের আশায় ওজনে ব্যতিক্রম ঘটাইয়া ১১০/ মণ ওজনের পাট ১/ মণ বলিয়া কিনিয়া লয়। আবার ক্রীত পাট ভালমন্দ একত্রে জল মিশ্রিত করিয়া পাটের শুদামে বিক্রয় করে। শুদাম ওয়ালারা সময় সময় তাহাদের চাতুরী ধরিতে পারিয়া চালানী ১০/ মণ পাটের স্থলে ৫/ মণ ঘাটুটি কাটয়া লইয়া ৫/ মণের মূল্য প্রদান করিত। (অবশ্য ইহাতে পাইকারগণ শুদামের কোন কোন কৰ্মচারীজনকে যে কিছু কিছু উৎকোচ না দেয় এমন নহে)।

Q. 21.—মধ্যপ্রদেশের তুলার আইন বিষয় সম্যক অবগত নহি সুতরাং তৎসম্বন্ধে মত প্রকাশ করা আমার পক্ষে অসম্ভব।

Q. 23.—১৯-২০ নং প্রশ্নোত্তরে তাহার উত্তরের আভাব পাওয়া যাইবে।

Q. 24.—আছে।

Q. 25.—কতিজনক শুধু আছে—আইন কর্তৃক তাহা উঠাইয়া দেওয়া উচিত।

Q. 26.—দান লয়। ২১৩ মাস পূর্বে। বাজার দরের মাসিক টাকা প্রতি ১/১ সের হিসাবে পাট দিবার অঙ্গীকারে কর্ত্ত লয়।

Q. 27.—পাইকারেরা শুদাম হইতে ব্যবসা চালাইবার জন্য টাকা লইয়া আসিয়া কৃষকদিগকে দান বা কর্ত্ত দেয়। উক্ত মহাজনই শেষে ফললের ক্রেতা হয়। ইহা কৃষকদের উচিত মূল্য পাওয়ার অন্তরায় বটে। কো-অপারেটিভ ব্যাঙ্ক হইতে কৃষকেরা ভাল কর্ত্ত পাওয়ার বিষয় জানা আছে।

Q. 28.—এ জেলার পাট সমবায় সমিতি না থাকায় তৎ বিষয় অভিজ্ঞতা নাই।

Q. 34.—পাট 'সিঙ্কিন' মধ্যে দরের এবং শ্রেণীর তারতম্য ঘটে।

Q. 35.—আইন দ্বারা পাটের শ্রেণী বিভাগ করা সম্বন্ধে আমার মত আছে। খারাপ পাট উৎপন্নকারীরা ইহাতে আপত্তি করিতে পারে।

Q. 38.—পাটচাষীরা বিশেষভাবে বাজার সংবাদ অবগত নহে।

Q. 40.—যে কোনও উপায়ে ইউক চাষীদিগকে বিশ্বাসযোগ্য বাজার সংবাদ দ্রুত জানান আবশ্যিক মনে করি।

Q. 41.—কোনও সিদ্ধান্ত স্থির করিবার জন্য পরামর্শ বা পরীক্ষা বিবেচনা করা উচিত। পাটের দর কমিয়া গেলেও পাট কিনিতে কিছু সময়ের জন্য পাট ক্রয় স্থগিত রাখিতে গভর্নমেন্ট কর্ত্তব্য ব্যবস্থা করা সমীচীন মনে করি। এইরূপভাবে গভর্নমেন্ট দর নির্ধারণপূর্বক পাট কিনিয়া মজুত রাখিলে তাহা কৃষকদের পক্ষে সাহায্যপ্রদ বলিয়া মনে হয়।

Q. 43.—'জুট কমিটি' স্থাপন সম্ভব মনে করি।

[The President, Gorakhpur Union Board, Jalpaiguri.]

Babu M. L. Bose, President, Shikarpur Union Board, district Jalpaiguri.

Dated the 31st March 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes.

Q. 2 (b).—It may both raise and steady the prices of raw fibre.

Q. 3.—Does not arise.

Q. 4.—No.

Q. 5.—Prices may be poor at times of financial or other crises, but it is my conviction that low prices are due to over-production.

Q. 6.—As far as my information goes, all attempts to grow jute in other countries have failed and further, up to this time no substitute crop has been found out anywhere that can compete with jute. So, I do not think that there would be any danger of competition if a scheme of jute regulation is adopted.

Q. 7.—No.

Q. 8.—Yes, my last fifteen years' experience is this, that when in one year the cultivators get good prices, the next year the sowings increase.

Q. 9.—I am in favour of making regulation compulsory. It is not possible to offer suggestions regarding such legislation, hastily.

Q. 10.—Yes, (a) Union Boards and (b) Co-operative Societies.

Q. 11.—Yes. But the Marketing Board should consist of a fairly large number of cultivators' representatives, elected by the cultivators themselves, officials and non-officials who can command the confidence of the public and representatives of balers and mill-owners.

Q. 12.—Yes.

Q. 13.—Paddy, cotton, sugarcane, pulses and potatoes. The *raiyat* should be educated by intensive propaganda and market for these crops found out.

Q. 14.—Yes. Yes.

Meetings should often be called here and there in the rural areas to educate the *raiyat* and speeches delivered by public men and Government officers.

Q. 15.—Jute—Cost of cultivation about Rs. 18 per acre.

Yield—15 maunds.

Sugarcane—cost of cultivation about Rs. 50 per acre.

Yield—75 maunds.

Potatoes—cost of cultivation about Rs. 36 per acre.

Yield—120 maunds.

Q. 16.—At least Rs. 8 per maund.

Q. 17.—(1) World economic crisis, (2) over-production and (3) trade monopoly.

Q. 18.—Yes, agricultural research and propaganda should continue.

Q. 19.—Yes. The jute forecast is helpful to balers, mill-owners and middlemen no doubt but not to the ignorant and illiterate cultivators.

Q. 20.—From the point of view of the growers and the community generally, it is not at all satisfactory.

Q. 21.—Yes. There should be one market at least at every *thana*, in my opinion. Yes, these would be advantageous to the cultivators.

Q. 22.—Yes.

Q. 23.—The middlemen purchase jute from the growers, sometimes keeping a margin of Re. 1 per maund for their profit. Regarding weight, these people take at least 2 seers of jute more per maund than what they give to the balers. Further, some of them get a commission of one anna per maund from the balers.

Q. 24.—Yes and the middlemen there must always be.

Q. 25.—Yes. It could be abolished if jute were not to be sold at *hats*.

Q. 26.—Yes, sometimes. A month or two before. The cultivators take advances from *dalals* on condition that their jute will have to be sold to them and these *dalals* get one seer of jute per maund per rupee advanced, as interest.

Q. 27.—From village *mahajans* and in many cases from Marwari money-lenders. It is not correct to say that the creditors are the ultimate buyers of the crops. Government may grant loans to the cultivators if possible.

Q. 28.—It is not possible to answer this question hastily.

Q. 29 and Q. 30.—I do not know.

Q. 31.—I am not in a position to answer this question.

Q. 32.—No. I cannot say.

Q. 33.—No. The *farias* and *beparis* purchase jute from the cultivators and the mill-owners and balers or their agents purchase the same from them. There are no fixed standards.

Q. 34.—Yes, that is my information.

Q. 35 and Q. 36.—I am not in a position to give any opinion on this.

Q. 37.—This is a sound and practical scheme in my opinion.

[The President, Shikarpur Union Board, Jalpaiguri.]

Q. 38.—No. If any Marketing Board is established that Board may make arrangements to supply correct market information to the growers and others through the agents of the Government and the Union Boards.

Q. 39.—Yes. I am not in a position to give this type of information.

Q. 40.—Wireless telegraphy as suggested would be of assistance.

Q. 41.—Yes. By Government, not by private agency. If Government announced its willingness to buy and stock jute at a minimum fixed price, it would be helpful no doubt. I agree but I am not competent to give an estimate of the probable cost of working the scheme, etc.

Q. 42.—I am not in a position to give my opinion on this.

Q. 43 to Q. 46.—I am not competent to answer these.

Q. 47 to Q. 49.—I am not in a position to give opinion on this.

Q. 50 and Q. 51.—No.

Q. 54.—Yes.

Q. 55 and Q. 56.—It would be better if a committee of experts settled these.

Q. 57.—Jute trade in general.

Q. 58.—The matter should be left to experts.

No. 101.

**Babu Curudas Mukherjee, President, Shikarpur-Saidanga Union Board,
district Jalpaiguri.**

Dated the 1st April 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes.

Q. 2 (b).—By balancing demand and production, the market will be steady.

Q. 3.—Does not arise.

Q. 4.—No.

Q. 5.—Over-production, financial crisis, speculation with raw materials and finished goods (gunny and hessian). Over-production combined with financial crisis has helped to lower the price.

Q. 6 and Q. 7.—No.

Q. 8.—Yes.

Q. 9.—Regulation made by legislation will be successful.

Q. 10.—Union Boards to be helped by local bodies specially formed, such as Agricultural Committees. (Circle Officer and Subdivisional Officer will supervise the workings. No police.)

Q. 11.—No.

Q. 12.—Yes.

Q. 13.—For low lands paddy and for high lands sugarcane. Government will encourage some cultivators of a particular locality to produce the above crops with the help of the Agricultural Department of the district. The seeds for such experimental farms should be supplied by Government free of cost.

Q. 14.—No. No. No use of continuing such propaganda.

Q. 15.—Jute—Yield per acre about 3.2 bales (each bale of 400 lbs.) and normal cost about Rs. 60 per acre.

Paddy—Yield per acre about 25 maunds and normal cost Rs. 10 per acre.

Sugarcane—Yield per acre about 90 maunds *gur* and normal cost Rs. 60.

Q. 16.—Rs. 6-8 per maund for average quality.

Q. 17.—(a) Production more than demand, (b) speculation on raw jute, (c) unregulated production and (d) general trade depression all over the world.

Q. 18.—Yes. The results of the researches should be made known to the cultivators by selecting a few plots of land in several Unions under a *thana* and opening temporary experimental farms with the help of the Presidents of those Unions, who may be induced to give their own lands for the experimental purposes.

Q. 19.—No. The present system of publishing forecasts only helps the speculators. It is a forecast of supply. I suggest that a similar forecast of demand of raw materials should be published every year on the eve of the sowing season and the figure should be circulated throughout the jute growing areas in vernacular through the Union Boards where a regular list of cultivators is kept for forecast. In the literature published for such purposes, a comparative statement should be made and the agricultural people should be instructed to follow it.

Q. 20.—No. It is beneficial to the manufacturing group only. It does not help any other party.

Q. 21.—Yes. Such markets, if organised by legislation, will bring the cultivators into direct touch with the consumers, thus eliminating the importance of the middlemen.

Q. 22.—Yes. Special co-operative societies may be organised for the purpose.

[The President, Shikarpur-Saldanga Union Board, Jalpaiguri.]

Q. 23.—I am not aware.

Q. 24.—The multiplicity of the middlemen under the present circumstances tends to some extent to raise of prices in the mufassal, as they often are at competition with each other. Until and unless the cultivators are brought into direct touch with the consumers and until organised bodies take charge of the sale of the raw products, the middlemen should be allowed to continue.

Q. 25.—I do not know.

Q. 26.—Not to my knowledge.

Q. 27.—From local money-lenders. Not always and not in all districts. If special co-operative societies are organised for dealing in jute, they may supply the cultivators with necessary funds.

Q. 28.—Yes. I have no personal knowledge about the working of the Co-operative Jute Sale Societies.

Q. 34.—Yes, according to the will of the mill-owners. The price is reduced thereby.

Q. 35.—Yes.

Q. 36.—A Committee, to be composed of members from the Jute Mills Association, Jute Balers Association, Loose Jute Association and Jute Growers Association. It will fix the standard grade of loose jute and it will be the body for arbitration if there be any dispute.

Q. 38.—No. The information supplied by the *farias* and middlemen are not always authentic. Government bulletins may be published.

Q. 39.—Yes. The information of current prices in the market, stock in Calcutta and elsewhere, probable demand and rise or fall in the prices in the near future, will be of use to the cultivators.

Q. 40.—Yes.

Q. 41.—Jute can be held back from the market or purchased in case of possible slump by special societies formed for that purpose. In extreme cases the Government also may announce a minimum price with a view to regulating the market and making it steady. I cannot suggest anything about the costs or how funds can be raised.

Q. 42.—No.

Q. 43.—Yes.

Q. 44.—To regulate the sowing, the prices, the grade and the speculators (*e.g. fatka*).

Q. 45.—No. Those Governments will also send their representatives to the Committee.

Q. 46.—Part of the jute export duty should be earmarked for financing such a Committee.

**Babu Surendra Nath Banerjee, President, Dhakamara Union Board,
district Jalpaiguri.**

Dated the 14th March 1933.

বঙ্গদেশজাত যে সমস্ত কাঁচা মাল রপ্তানীবারা এদেশের অর্থাগম হয় তন্মধ্যে পাটঃ সর্বপ্রধান। বিগত চারি বৎসর ধাবৎ পাটের দর অসম্ভবরূপে কমিয়া যাওয়ার কৃষককুলের তথা সর্বসাধারণের, যেরূপ দারুণ অর্থসমস্যার সৃষ্টি হইয়াছে, যদি আরও কিছু দিন এরূপ অবস্থাই চলিতে থাকে তাহা হইলে আমার মনে হয় চাষিগণের অস্তিত্বই লোপ পাইবে পাটের পরিবর্তে তত্ত্বলা অন্য কোনও শস্যের উৎপাদন দ্বারা কৃষকগণের অর্থসমস্যার কথঞ্চিৎ সমাধান হওয়া সম্ভবপর কি না সে শিক্ষা বাঙ্গালার কৃষক এ ধাবৎ পায় নাই। আমার মনে হয় গভর্নমেন্টের কৃষিবিভাগ এ বিষয়ে মনোযোগী হইলে কৃষকগণের উপকার হইতে পারে।

আমার মনে হয়, পৃথিবীর বর্তমান চাহিদা অপেক্ষা অধিক পরিমাণে পাট উৎপন্ন হওয়ার পাটের মূল্য এরূপ অসম্ভবরূপে হ্রাস হওয়ার প্রধান কারণ, পাটের মূল্য বাড়াইতে হইলে চাহিদা অনুযায়ী পাটের আবাদ নিয়ন্ত্রিত করিতে হইবে। কৃষককুল স্বতঃপ্রণোদিত হইয়া সেরূপ করিবার সম্ভাবনা খুব কম। কাজেই গভর্নমেন্ট হইতে আইন প্রণয়ন দ্বারা পাটের চাষ নিয়ন্ত্রিত না করিলে পাটের মূল্য বৃদ্ধি হওয়ার আশা সূদূর পরাহত। বর্তমান সময়ে যে মূল্যে পাট বিক্রয় হইতেছে তাহাতে খরচ বাদে কৃষকগণের অতি সামান্যই লাভ থাকে। আইন দ্বারা পাটের চাষ নিয়ন্ত্রিত হইলে চাহিদা মত পাট উৎপন্ন হইবে। তাহার ফলে আবাদের খরচ বাদ দিয়া কৃষকগণ অধিক লাভবান হইতে পারিবে। এবং যে সমস্ত পাটের জমি পাট আবাদ না করার পরিত্যক্ত হইবে, সেই সমস্ত জমির উচ্চ ভূমিতে ইক্ষু, তামাক, কাউন, গম, ধব, সরিষা, আলু, ইত্যাদি এবং নিম্নভূমিতে আশু ও হৈমন্তিক উভয় প্রকার ধান্যই উৎপাদন করিয়া খাদ্য ও অর্থসমস্যার বহুাংশে সমাধান হইতে পারিবে। বর্তমান অবস্থায় শতকরা ১০ হইতে ২০ ভাগের অধিক জমিতে পাটের আবাদ করা সমীচীন বলিয়া মনে হয় না।

অগ্রিম দান প্রথা এবং ফড়িয়া, পাইকার, ইত্যাদি মধ্যবর্তী লাভের অংশিগণের দ্বারা কৃষককুল কম মূল্যে পাট বিক্রয় করিতে বাধ্য হয়। অর্থাভাবহেতু পাটের আবাদের আত্মকুল্যের জন্য এবং অন্যান্য কারণে কৃষকগণ পাইকারগণের নিকট হইতে পাটের উপর দানের টাকা লইতে বাধ্য হয়। তাহার ফলে পাইকারগণ যথেষ্ট স্থলভ মূল্যে তাহাদের নিকট হইতে পাট লইয়া থাকে। তাহা ছাড়া ফড়িয়া ইত্যাদি মধ্যবর্তী লাভের অংশিগণ কৃষকগণের উপযুক্ত মূল্যে পাট বিক্রয় হওয়ার অন্যতম অন্তরায়। আমার মতে গভর্নমেন্ট হইতে একটা সমবায় সমিতি প্রতিষ্ঠা দ্বারা পাট চাষের আত্মকুল্যহেতু কৃষকদিগকে আবশ্যিক-মত সাহায্য দান করিলে দানদলতা এবং ফড়িয়াগণের হাত হইতে কৃষককুল অব্যাহতি পাইতে পারে ও তাহার ফলে পাটের যথোপযুক্ত মূল্য পাইতে সমর্থ হয়। এসব কাজ ইউনিয়ন বোর্ড, সমবায় সমিতি অথবা জমিদারগণের হাতে ন্যস্ত না করিয়া খাস গভর্নমেন্ট দ্বারা পরিচালিত হওয়াই যুক্তিসঙ্গত।

No. 103.

Maulvi M. A. T. Alam, President, Chandanbari Union Board, district Jalpaiguri.

Dated the 16th March 1933.

- Q. 1.—Yes.
- Q. 2 (a).—Yes.
- Q. 2 (b).—Benefit of the producer. It would steady the price.
- Q. 3.—I believe that regulation is feasible under all circumstances.
- Q. 4.—No.
- Q. 5.—Low prices are due to over-production.
- Q. 6.—Competition may be likely but it would affect the jute industry in Bengal very slightly in the near future.
- Q. 7.—Yes.
- Q. 8.—Likely.
- Q. 9.—Regulation should be made compulsory by legislation.
- Q. 10.—The compulsory regulation may be worked through the Union Boards.
- Q. 11 and Q. 12.—Yes.
- Q. 13.—Paddy for low lands, sugarcane, vegetables for high lands.
- Q. 14.—Yes. The propaganda may be continued till legislation. It should be more intensive through canvassers during sowing season.
- Q. 15.—In North Bengal the average cost of cultivation per acre is Rs. 45 and the yield per acre of jute is 12 maunds. If vegetables such as ginger, onions, *kochu* and turmeric be grown as an alternative, the cost per acre would be Rs. 30 while the income would be Rs. 150.
- Q. 16.—Rs. 10, Rs. 8 and Rs. 6 would be the fair price levels for jute of first, second and third qualities respectively.
- Q. 17.—Over-production and decrease in export and also because the jute market is absolutely controlled by the European merchants.
- Q. 18.—Agricultural research and propaganda should continue unabated by the Department of Agriculture or Government.
- Q. 19.—The growers are very little benefited by the jute forecast. They are mostly illiterate; so the Marketing Board should take steps to explain the forecast to them.
- Mill-owners, *dalals*, *paikars* and *farias* derive benefit from the forecast.
- Q. 20.—Yes.
- Q. 21.—Feasible. A market is to be set up for an area of 100 square miles. It should be done by the Government.
- Q. 22.—It is desirable that village co-operative societies be formed to bring the *rai-yats* into closer touch with the balers and eliminate the *dalals* and *paikars*, etc.
- Q. 23.—The *farias* buy from the cultivators and sell to the *paikars* who in their turn sell to the merchants. Thus nearly $\frac{1}{3}$ of the price goes to the middlemen's pocket.
- Q. 24.—The more the middlemen, the less the price the cultivators get.
- Q. 25.—Yes. They need not be abolished at present.

Q. 26.—The cultivators sold their crops in advance but the system has now disappeared.

Q. 27.—Does not arise.

Q. 28.—Possible. The organization may be financed by a small duty on the jute handled.

Q. 29 to Q. 31.—I have not gone into the matter.

Q. 32.—Details are not known to me.

Q. 33.—I do not know the system of the Calcutta market.

Q. 34.—The standard sometimes changed in the middle of the season.

Q. 35.—I advocate that fixed standards for loose jute be fixed by legislation.

Q. 36.—The standard should be supervised by the Marketing Board.

Q. 37.—I approve of Mr. McDougall's scheme.

Q. 38.—The growers at present receive no market information. It should be spread by the Marketing Board.

Q. 39.—Yes.

Q. 40.—The Marketing Board may inform the Union Board by wire and the latter may bring the information through the *choukidars* to the growers. Wireless telegraphy may be of some assistance, but cannot be afforded in these critical days.

Q. 41.—In cases of sudden fall in the market a large quantity of jute should be purchased and held back from market for the time being. Government should take upon itself this burden. The cultivators will be benefited if Government purchase jute at an average price, Rs. 6 per maund, when they are really earnest to dispose of it. As regards estimate for the probable cost for the working, experts may kindly be consulted. As regards funds I am quite ignorant of the question.

Q. 42.—Yes. The marketing officers should be entrusted with watching over the average price of the quantity of jute sold every day and coming in constant contact with them, cultivators will be acquainted with probable prices of their goods.

Q. 43.—Yes.

Q. 44.—To be determined by experts.

Q. 45.—No. The co-operation of those governments should be achieved by taking in their representatives in the Central Jute Committee.

Q. 46.—The Committee may be financed from the export duty on jute.

Q. 47.—Details are not available to me.

Q. 48 to Q. 52.—I could not go into the subject seriously.

Q. 53.—Yes. The Department may be financed by the Government.

Q. 54.—I think propaganda in other countries would produce no appreciable result.

Q. 55.—Does not arise.

Q. 56.—No.

Q. 57.—The Merchants' Board should finance this.

Q. 58.—Representatives must be consulted with the Marketing Board and thus arrange selling to Calcutta shippers.

[The President, Chandanbari Union Board, Jalpaiguri.]

The District Board, Rangpur.*

Dated the 27th April 1933.

- Q. 1.—Yes, we do.
- Q. 2 (a).—Yes, if only there is some machinery by which forecasts of the probable demands of the market could be secured and we think this can easily be managed.
- Q. 2 (b).—With the regulation in the production of jute crop, the prices of raw fibres would be steadier.
- Q. 4. No.
- Q. 5.—Over-production and decrease in demands. It is reported that the jute already in stock is enough to meet the demands of the mills for two years more. Yes, financial and other crises are to a certain extent responsible for the depression in the price of jute and is one of the factors for the prevailing low prices.
- Q. 6.—If the price of jute is kept within reasonable limit we do not think there is any possibility of competition from any substitute crop. Because cost of production of such substitute, we are afraid, will be much higher than that of jute.
- Q. 7.—No.
- Q. 8.—Yes.
- Q. 9.—The regulations must be made compulsory by legislation.
- Q. 10.—Union Boards and Co-operative Societies, as also Agricultural Departments could be best utilised to implement compulsory regulations.
- Q. 11.—Yes, it will be well worth trying to experiment in this matter by the establishment of a Jute Marketing Board.
- Q. 12.—Yes, it would be desirable to secure the co-operation of Governments and organisations in Bihar and Assam.
- Q. 13.—For the district of Rangpur, sugarcane and tobacco would be the alternative crops. Already cultivation of sugarcane has been attractive to the *raiyats* in some parts of this district. If a supply of good sugarcane and their distribution and seeds or seedlings of better kinds of tobacco and their distribution amongst the tenants can be arranged the *raiyats* will be encouraged to grow these alternative crops.
- Q. 14.—Not much. The propaganda should certainly be continued and attempt should be made to make the same more effective by lectures, distribution of leaflets and also by systematic lectures in *hats* and *bazars*, describing the evil effects of unlimited cultivation of jute crop, and also by encouraging cultivation of alternative crops.
- Q. 15.—The normal cost of cultivation of jute per maund in this district is about Rs. 3 and average yield per acre 12 to 15 maunds. The only alternative crop at present grown in this district is at places tobacco and at other places paddy. The paddy yields about 24 to 28 maunds per acre and is at present being sold at Re. 1-2 to Re. 1-4 per maund. The cost of cultivation of tobacco is about Rs. 15 to Rs. 18 per acre and the yield is about 7 to 9 maunds per acre. Of other parts of Bengal we cannot say anything.
- Q. 16.—A fair price level for jute at present would be about Rs. 6 per maund.
- Q. 17.—The chief factors which have brought about the fall in the price of jute are (i) over-production, (ii) economic crisis and

*Chairman, Rai Bahadur Sarat Chandra Chatterjee.

(iii) market control by *farias* and *beparis* who generally make advances to cultivators by means of an agreement called *satta* by which the cultivators have to give such *farias* and *beparis* certain quantities of jute in exchange for the money advanced both for payment of principal and interest due on such *sattas* and within a specified time, and on failure very high rate of interest is charged. So, the growers of jute are practically at the mercy of these *farias* and *beparis* and the cultivators can never control the markets. These *farias* and *beparis* again sell the jute to the Marwaris, either directly or through other middlemen. Thus, there is a good deal of difference between the price at which the actual cultivators sell the jute and the prices for which the mills purchase them. The bulk of the prices thus is swallowed up by *farias*, *beparis*, *Marwaris* and the middlemen.

Q. 18.—Yes, we agree. The Department of Agriculture can well be assisted in this work by Union Boards.

Q. 19.—No, the present system of compiling and publishing the jute forecasts is not at all satisfactory and beneficial from the point of view of the growers because of their illiteracy. They hardly come to know the details of such forecasts. Balers and mill-owners certainly profit by it as the forecast gives them an idea of the quantity of jute available and as such they easily can ascertain the actual demand for the same and therefore control the prices very successfully. The same with middlemen. We would suggest the elimination, if possible, of these *farias* and middlemen and the formation of a Jute Marketing Board, which will control the sale of jute and also the prices.

Q. 20.—No, not at all satisfactory, either to the growers or balers and mill-owners and necessarily not to the community generally.

Q. 21.—Yes, we consider it possible to establish organised markets for the sale of jute at important centres. That would be advantageous to the cultivators if the cultivators get facilities of direct transport to the market themselves.

Q. 22.—Yes, it is quite possible.

Q. 23.—Already included in our answer to Question No. 17.

Q. 24.—Certainly.

Q. 25.—Yes, different weights are in vogue in different parts of the district and is a great source of profiteering by the middlemen. A uniform standard of weight would be very beneficial to the growers.

Q. 26.—Sometimes the cultivators sell their crops long before they are harvested. The terms on which they are obliged to sell have already been stated above.

Q. 27.—From Marwari and other middlemen and also from village *mahajans* and co-operative societies. In most cases *mahajans* are not direct buyers of the jute crops grown by the cultivators.

Q. 28.—Yes, it is possible.

Q. 33.—The various buyers of jute in these parts of the Province send their goods to Calcutta where they generally have an agent or a broker, who goes about to the balers or mills in Calcutta and tries to sell their jutes to them. The system is not however, it seems to us, quite satisfactory.

Q. 34.—Yes, standards or grades are sometimes changed in the middle of the season with great inconvenience to the balers.

[The District Board, Rangpur.]

Q. 35.—Yes, a fixed standard for loose jute should be fixed by legislation or by the Chamber of Commerce and a proper Arbitration Board should be formed to decide disputes.

Q. 36.—The standard should be fixed by the Government, which should appoint certificated experts to supervise the working of the standard.

Q. 38.—No. They get very meagre information. If they have any at all they have from the middlemen who generally, in their own interest, give them either incorrect or imperfect information.

Q. 39.—It is difficult to suggest any practical method by which the actual growers could be informed of the market informations. This however could to certain extent be done through the agencies of the Union Boards, and other propaganda works by the Agricultural Departments.

Q. 40.—Yes, wireless telegraphy with loud-speakers at certain important centres would be of some assistance.

Q. 41.—If co-operative jute societies could be established, such societies could in the event of the possible slump in the market, purchase and hold back from the market for the time being, but such societies would require much capital funds for the purpose. The Government can come to the help of the *raiyats* in such case by purchasing jute at a minimum price, fixed by it. It is difficult to assume the probable cost of working this last scheme.

Q. 56.—The Trade Commissioner for India in England and Germany may be entrusted with this duty.

No. 105.

The District Board, Tippera.*

Dated the 26th April 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes.

Q. 2 (b).—The main object of such regulation would be to maintain a price high enough to cover, at least, the cost of production including a fair margin of profit. A steady price should also be the aim; for it would restore normal condition and sense of security in the jute trade.

Q. 3.—We believe it is possible, though difficult, to regulate production.

Q. 4.—Many of the German Cartellen regulate the price as well as the output; besides, the sale of the product, both at home and abroad, is regulated by the cartels. These pools regulate the production and sale of manufactured goods. Here regulation is rendered easy by the fact that production is concentrated in a few hands. The production of jute is, however, diffused all over the province; the number of small cultivators is too great; consequently the problem of regulation is beset with great difficulty but this difficulty is not insurmountable.

*Chairman, Khan Bahadur Maulvi Abidur Reza Chowdhury.

Q. 5.—Some of the main factors which have depressed prices are:—

- (a) Over-production and combination of the millers, or rather, consumers.
- (b) World-wide trade depression which has reduced the volume of import and export trade and a consequent reduction in the demand for jute bags.
- (c) Bulk shipment in the grain-carrying trade which has also reduced the demand for jute bags.
- (d) Use of paper bags for packing cement.

Q. 6.—Flax is a possible competitor. But flax cannot be produced to any large extent in India as its production entails frequent importation of fresh seeds from Europe at a considerable cost. Another difficulty is encountered with regard to rotting process which requires low temperature and an abundant supply of water. The attempt in the Doorish Estate in Bihar failed mainly on these grounds. Flax produced in European countries occupies a very important place in the commerce of the world. But it is too costly to be used as a substitute for jute. On the other hand when the supply of flax is for any reason cut off the demand for jute is sure to increase.

Another fibre which may be used as a substitute is the sunn-hemp. This crop can only thrive on permeable, well aerated soils; water-logging is harmful for fibre purposes and still more so for seed production. So its cultivation is possible only in drier parts; but there is a danger of shortage of water in the autumn for rotting. Further it is too expensive to be able to compete with jute.

If the price of jute is raised by regulation, it may be apprehended that foreign countries may try to produce jute locally. Many experiments, however, have been made in Cochin-China, Japan, Java, Egypt, Russia, the Southern States of North America and Brazil but nothing practical has resulted.

Paper used for cement bags may compete with jute if monopoly advantage is used in unduly raising the price. Henequen or sisal hemp has sprung as a rival to jute since 1880. It is used in making twine. But it is more expensive than jute.

Manila hemp is another rival and it is used in making ropes of great tenacity.

China grass which is not injured by moisture is also well suited for making ropes. But the chief obstacle to its use is its high price.

The above facts show that jute is a monopoly product and its production can therefore be restricted by legislation without injuring its demand.

Q. 7.—No. Never.

Q. 8.—Yes. It is generally admitted that when the price rises in any season increased sowings are induced in the following year. For want of education our people have got no capacity to think of the country as a whole and every body will try to meet his selfish ends, by this or that way.

Q. 9.—Yes, that should be done. Without legislation the supply cannot be effectively regulated.

Q. 10.—At present Union Boards should be utilised with the ultimate object of forming co-operative societies gradually, in all areas

[The District Board, Tippera.]

exhaustively. The amount to be produced by each member is to be fixed by the Union Board according to the requirements of the Central Corporation.

Q. 11.—Control should be commenced from sowing through Union Boards. A Jute Marketing Board (or a Central Corporation), through which the entire output is to be marketed, will easily be able to detect any increase in the prescribed amount of production.

Q. 12.—As Bengal produces only 84 per cent. of the total Indian output, the co-operation of Bihar and Assam must be sought. Besides the co-operation of the Government of the United Provinces is also necessary as “the cultivation of jute is making steady progress in the Ganjar District” (?) of that province.

Q. 13.—In high lands, pepper, chillies and varieties of *dal* and potatoes and tobacco may be sown and in low land sugarcane can be grown. People have already taken to these crops to some extent. It would be better if officers of Agricultural Department freely move in the villages and advise the people as to which land is fit for which crop. Present demonstration is of no help to any one.

Q. 14.—No, not at all. No propaganda is required and no amount should be spent in the least for propaganda.

Q. 15.—(a) Yield per acre of jute in different parts of Bengal.—

East Bengal (Dacca and Chittagong Divisions), 3·7 bales per acre.

North Bengal, 3·5 bales per acre.

West Bengal, 3·2 bales per acre.

Cost per maund of jute, Rs. 4.

(b) Paddy (in Chittagong Division).

Average yield per acre is about 20 maunds.

Cost is about Re. 1 to Re. 1·8 per maund at present.

(c) Sugarcane: yield per acre is 60 to 70 maunds.

Cost is about Rs. 2 per maund.

Q. 16.—In the existing circumstances Rs. 7·8 per maund (minimum).

Q. 17.—See answer to Question No. 5.

Q. 18.—Yes. Government should encourage and finance independent research carried on by a few ardent students of science.

Q. 19.—It is not satisfactory nor beneficial for the growers in the least. It is beneficial to the mill-owners and the gamblers. No such forecast need be published at all. Even if the estimated corresponding demand be published, it would be of no help to the growers. Growers are not educated nor have they got any combination, nor can there be any, so they will never be in a position to take any advantage of these publications. On the other hand, the market is controlled by the mill-owners and the gamblers, who are educated and intelligent. Now production may be regulated on past records.

Q. 20.—The present method of grading is often arbitrary. The middlemen who appraise the quality of the jute have an interest in under-estimating it. Consequently the growers suffer a great loss. The middlemen have to under-estimate as they are not sure of the price which the baling firm will dictate.

Sometimes a broker acts in a double capacity, he represents the buyer and also the seller. But as his predilection is naturally for the baling firm, he does not safeguard the interest of the growers.

Bad grading encourages surreptitious mixture or jute of inferior quality with that of superior quality.

Another defect of the present system of marketing is the absence of regulation regarding standard weights and measures. Moreover there is no independent agency for weighment. So in every transaction the grower is to part with more than what he sells. This encourages another vice namely moistening of jute before it is presented for sale. Sometimes large samples are taken away from the growers and they are not returned even when a sale is not effected.

Q. 21.—Yes, we think the number of such markets should not be less than one hundred and such markets would be able to do away with the middlemen and thus help the cultivators.

Q. 22.—No, much attempt was made in that connection, even offering something more for each maund when the Jute Sale and Supply Societies were working, but all attempts failed. So at present there is no scope. But after controlling the production, it would be better if co-operative societies can be organised in each village.

Q. 23.—There is no fixed remuneration for *farias* or *beparis*. Commission at 1 anna to 2 annas per maund is sometimes given to some commission agents but sometimes they also work as big *beparis*. Very few mills purchase jute even through their own agents. *Farias* go from house to house and purchase jute on lots (estimation). Then after mixing them all up, they classify approximately according to the then system but in doing so they put water cleverly in the jute and sometimes even sand. These *farias* take the jute thus bundled by them to the nearest *hat* where the *beparis* or under-brokers of jute firms deliver the jute to a firm through a broker of the same. These brokers of jute firms deduct brokerage from the jute firm and the *beparis* as well and take other tolls in the shape of *britti*, etc. Brokers generally take one anna per maund from the jute firm and two annas from the *bepari* besides *britti*, etc., at least 1 anna per maund from the *bepari*. Except in the case of paid commission agents at a fixed remuneration as stated above, all other purchases are made on speculation, of course, always keeping in view the price offered by the jute baling firm. Brokers are generally allowed some amount as advance by jute baling firms, and they also advance some amount to *beparis*, every year.

Q. 24.—Yes. The price which the grower gets is generally less by Rs. 2-8 than what the mill-owner pays. A considerable part of this money would have gone to the pockets of the grower if there were no middlemen.

Q. 25.—Some of the evil customs are:—

- (a) Bad grading.
- (b) High toll or rent to which the seller is subjected by the owner of the market.
- (c) The presence of the broker who acts in a double capacity.
- (d) Fraudulent weighing.

Some of these practices amount to stealing. These evils can be removed either by the establishment of organised markets or by the adoption of Mr. McDougall's scheme. As stated above, the same jute is sold several times in different places, once in the house of the

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grower, then in the house of the *faria* or at small *hats* and then by the *bepari* at the jute baling firm. In all other places price is dictated by the seller but generally he is bound to sell as he cannot hold it up.

Q. 26.—On enquiry it is found that the system of pledging crops does not prevail to any appreciable extent in this part of the country.

Q. 27.—No, generally the creditors are not buyers. Credit facilities may be given by organising co-operative credit societies.

Q. 28.—No. Not at present. Our Chairman was connected with the Co-operative Jute Sale and Supply Societies. It proved a failure, and it would prove a failure, because the members are not loyal nor co-operators in its proper sense. Members would not feel shy to cheat even their own society. For want of education, the members of co-operative societies are eager for the rights and liberties of a democratic institution but not in the least the responsibilities.

Q. 34.—Yes.

Q. 35.—Yes, if possible.

Q. 36.—Trained officers of the Agricultural Department.

Q. 37.—We are of opinion that if Mr. McDougall's scheme is adopted many of the problems of the jute market can be most effectively solved.

Q. 38.—In the present circumstances the growers do not get any authentic information. They are to rely wholly on the information supplied by the middlemen who would always try to force the price down. The prices ruling at the principal markets and at the ports and figures relating to the stocks held by the mills should be frequently published in sheets of paper and distributed among the growers through the Union Boards. For collection of figures the appointment of a Marketing Officer would be necessary.

Q. 39.—Yes, but no market information will be of any value to the growers. Government is to regulate the production according to the expected demand.

Q. 40.—For all information Union Boards are sufficient. Wireless is not required. Jute Marketing Boards may be supplied with radio.

Q. 41.—It would not be practicable.

Q. 42.—No. To be entrusted with the Jute Marketing Board.

Q. 43.—No. The creation of a Jute Committee will be unnecessary if Mr. McDougall's scheme be adopted.

Q. 44.—If the creation of the Jute Committee be considered necessary its functions may be defined in the following manner:—

- (a) To watch over the interests of all the branches of the trade from the field to the factory.
- (b) To standardise weights and measures and ensure a regular inspection of them.
- (c) To estimate the demand of jute mills in India and foreign countries and to regulate the supply accordingly.
- (d) To undertake scientific grading of jute and provide the Market Committees with samples of the various grades.

Q. 45.—Such a Committee is not likely to function successfully without the co-operation of the other jute growing provinces. For this purpose representatives of the provincial Governments concerned should be included in the Committee.

Q. 46.—The Committee may be financed partly by the local Governments concerned and partly by the Market Committees out of the market revenues.

Q. 47.—The jute trade has not suffered from substitutes. There are reports that paper bags are being used. We consider that the loss is negligible. The elevator system being comparatively costly it should not be taken as a substitute for jute bags.

Q. 53.—Yes. As at present, Agricultural Department is of no use. It should be re-organised and research should be undertaken under this Department.

Q. 56.—Separate Trade Commissioners should be appointed for Germany, France, Italy, North America and Argentine not only for the sake of the jute trade but for India's foreign trade in general. These Commissioners should receive their preliminary training in the office of the London Trade Commissioner.

Q. 57.—In the existing circumstances the Government of India should finance the above scheme.

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Dated the 28th April 1933.

Q.—Yes, it does.

Q. 2 (a).—Yes.

Q. 2 (b).—The main object of such regulation would be to keep the production and consumption at par and consequent steadiness in prices and demand.

Q. 3.—Regulation in cultivation and production is, in the opinion of the *Sabha*, the only way to improve jute trade irrespective of other considerations.

Q. 4.—There have been attempts in recent years to control the production and export with mixed success. The causes of failures are that the crops controlled are not monopolies of any particular land. But the case of jute is quite different as it is practically a monopoly crop of three provinces of India—particularly of Bengal. It being a necessary article of trade of the whole world, regulation of its yearly production according to the world's annual requirements may compel the consuming markets to take keen interest in securing their requisite quantity. No other country can claim a monopoly of any agricultural production as Bengal can of jute.

Q. 5.—Over-production coupled with the present world's trade depression has depressed the price of jute to its present low level of Rs. 3 to Rs. 4. Had the production been regulated jute could

*Secretary, Mr. A. M. Poddar.

†For oral evidence of representative of the *Sabha*, vide page 497, *et seq.*

maintain its medium price—say an average of Rs. 7 even to-day in spite of all outward circumstances. The world's trade condition improving and regulation of jute cultivation being given effect to, jute could fetch Rs. 10 per maund on an average which may be considered a high price.

Q. 6.—Since the year 1925-26 when the prices of jute rose up to Rs. 25, the world was astir to discover some substitute for jute; but no other fibre has yet been invented besides cotton and paper to serve the purpose of jute. Cotton cannot replace jute after meeting the demand of world's textile industries and it cannot stand against jute with respect to price and durability.

In the absence of any competitive substitute of jute there is no apprehension of jute industries suffering under restricted cultivation; they will rather thrive when they can sell their gunnies and hessians at demand.

Q. 7.—The cultivators owing to their want of education and intelligence will not voluntarily accept the proposal at heart though they will verbally hail the idea. They must be put under some compulsion to effect regulation.

Q. 8.—Yes, it has been found that the increase in price in the previous year led to an increase in cultivation in the following year.

Q. 9 and Q. 10.—Legislation is the only way to regulation. The legislators will first ascertain the yearly requirement of the world and to meet that requirement, what area would be sown with jute. The total area thus ascertained would be distributed to Bengal, Assam, and Bihar and Orissa according to past 3 years' statistics of yield in jute bales. The area thus allotted to a province will be divided to its different districts. The allocation to provinces and districts will be done by the Agriculture Department. Then the matter will come to the District Magistrates who will distribute the work to subdivisions. The Subdivisional Officers will work out the scheme through Circle Officers who on their part shall carry it out through Union Boards and *zemindars*, who will directly deal with the cultivators.

Any infringement of the legislation on the part of a cultivator has to be dealt with under penal law made for the purpose by way of fine.

Q. 11.—In case of regulation by legislation I do not apprehend any widespread evasion. Even if it be such it may be detected from the total export figure received from the shipping companies inland and foreign. If the export figure for one year is found in excess of the figure expected under regulation then it must be concluded that the system of work has failed to achieve the desired object and more caution should be taken in future.

A Jute Marketing Board, on the lines suggested by Mr. McDougall in his note on proposed Jute Control Corporation, may be of practical service to the trade.

Q. 12.—Yes, as mentioned in answers to Questions Nos. 9 and 10.

Q. 13.—To replace jute the low lands may be used in sowing sugarcane (Khagri), paddy and fodder and the high lands in sugarcane (Bombay), grains (*dal*, mustard seed, etc.), paddy and other eatables.

Q. 14.—By propaganda the cultivators have to some extent realised the situation; but as ill luck would have it, everybody thinks himself wiser than others and each cultivator wants to take advantage over

his neighbour who may be induced to sow less. This wicked intelligence induces everybody to forget the lesson of propaganda and to fill up his fields with jute.

Certainly the sowing has been considerably reduced in the last two seasons. That is due not to propaganda alone but more to straitened financial condition and low prices of jute. The question of propaganda is dealt with later on.

Q. 15.—The cost of jute cultivation per acre is—Rs. 70—yielding 18 maunds. The cost of paddy cultivation per acre is—Rs. 21—yielding 25 maunds.

The other alternative crops are also more profitable to the cultivators at cheaper cost but as they do not fetch much ready money at a time, the cultivators have a special charm for jute.

Q. 16.—Under the present trade conditions of the world Rs. 6 may be considered a fair price level for jute bringing a profit of Rs. 2 per maund to the cultivators or 50 per cent. profit on their cost and labour. The price may be increased up to Rs. 8 or more according to the changed world conditions.

Q. 17.—The world economic condition, abnormal trade depression and instability of money markets, are mainly responsible for the fall in prices of jute. The world trade depression having reduced the demand for jute, the normal production of the crop has been turned into over-production and this is no less a cause of fall in prices.

Q. 18.—So long as the price of jute remains at this low level—say even at less than Rs. 10 per maund—there is little apprehension of raw jute and jute manufactures suffering from competition from paper and other substitutes. The uses of hemp and paper are costly and limited to certain articles of trade. The use of elevators and bulk shipment in transit is also very limited in operation. They can never displace the use of jute bags which have a particular value in trade.

In spite of strenuous attempts to substitute jute in different lands, the success achieved up to date is almost nil. The effect of competition at present faced by jute from other substitutes may be counteracted by the discovery of other uses of jute as yet unknown. The researches at present carried out by the Agricultural Department of Bengal are not well known and it is necessary that more organised research work should be undertaken and methods found out for the production of better jute at less cost and also to invent other uses of jute hitherto unknown. Non-official experts should also be entrusted with the research work and they should be properly encouraged and pecuniarily helped by the Government to assist the Department.

Q. 19.—The present system of compiling and publishing the forecast though beneficial to all concerned as it gives them an idea of production, province by province, district by district, so that they may formulate their scheme of purchase and sale and *vice-versa*, all attempts should be made to collect more accurate figures. The forecasts as compiled by the Department should be circulated broadcast to reach the growers in time and in the remote villages in the countryside.

Q. 20.—The system of grading made prevalent from the year 1920-21 after the great cyclone had been ruinous to growers and middlemen. A very huge quantity of jute was damaged by the

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cyclone and the damaged jute had to be sold and packed as Rejections (R) and Low Rejections (L.R.), etc., all under rejection class. But unfortunately the matter did not end there. In subsequent years the mill-owners issued circulars eliminating the grades 2s, 3s, 4s and Rej., and naming them 4s, Rej., L.R. and XLR—the names in opposition to actuality. The grades of 2s, 3s, etc., were determined by a fixed per cent. of hessian warp, weft and cutting but along with the low naming those guarantees were abolished and “standard of the mark” was instituted for the re-named grades of 4s, Rej., etc. Such being the case no grower or middleman can satisfy the buyer with his standard as the latter can always show him a better standard for the mark to gag his mouth and to reduce his prices.

Efforts should be made to reinstate the names of 2s, 3s, 4s, and Rej. with definite guarantees in respect of *kutch*a baling so that no one can play foul with another.

As to *pucca* bales, marks and guarantees have not undergone any change.

Q. 21.—As a preliminary step the regulation of production should be undertaken by legislature. If the project works satisfactorily there is no reason to disturb the present system of marketing and undertake a more complicated and costly system of establishing organised markets as provided in the Central Provinces Cotton Market Act of 1932. If, however, the regulation in production does not prove successful, steps should be taken to establish marketing organisations on the lines suggested by Mr. McDougall in his note on proposed Jute Control Corporation.

The approximate number of selling associations for Bengal has been calculated at 2,500 and the average number of villages to be served by each association is given as 20, by Mr. McDougall. This seems to be a fairly correct calculation.

Q. 22.—No, that would be “playing Hamlet without the Prince of Denmark.” There must be somebody to collect jute from *raiya*t’s houses whether societies or individuals and reach them to mills and presses.

Q. 23.—The *farias* and *beparis* collect jute from cultivators at their houses after fixing prices and weightment with them and thus collecting some quantity, say 25, 50 or 100 maunds, they come to the jute markets like Narayanganj, Chandpur, Bhairab etc., and sell the quantity to the buyer at their option and risk. If the *farias* and *beparis* did not undertake this work the cultivators had to come with their respective small quantities to the distant buyers at the cost of much labour, time, and trouble. So the *farias* and *beparis* far from doing any harm to the cultivators help them much in disposing of their jute from their house without any cost and labour.

There is no fixed remuneration from the cultivators for the *farias* and *beparis* or other middlemen such as balers, commission agents, etc. They all depend on their profit and loss accruing from their buying and selling.

Ans. 24.—No, examined under Question No. 23.

Q. 25.—No.

Q. 26.—This is done in exceptional cases.




Q. 27.—The cultivators borrow mostly from local money-lenders. They are seldom buyers of jute. The borrowing has no effect on the

prices of jute; this only exerts some pressure on the *raiyats* to dispose of their production speedily. The money-lender is the only credit agency for the cultivator at the present time and there being little competition he charges a higher rate of interest. Steps should be taken to establish better credit agencies, such as land mortgage banks, joint stock banks, co-operative societies etc., in the land.

Q. 28.—No, I do not think so.

The working of co-operative jute sale societies was found nothing different from the working of *kutchas* balers (middlemen) whatever their ultimate object might have been.

Q. 29.—Jute is sold to outside ports under guarantee system of quality of different marks approved by buyers and sellers association in Calcutta and outside ports.

Q. 30.—Yes. The standards fixed from the beginning of jute export are still in vogue, such as,  Triangle 3,  Double triangle 2,  Heart 4, etc.

Q. 31 and Q. 32.—System of baling and exporting *pucca* bales having undergone no material change, I do not consider any interference is necessary.

Q. 33.—Yes. In Calcutta markets at Hatkhola and Chitpur the mills and balers buy loose jute in half bales and drums by inspecting the quality in the *aratdars'* godowns. This is an open system of buying and selling quite reasonable and convenient to both sides.

There is no fixed standard for loose jute. This is bought and sold according to quality on inspection at mutually settled prices in Calcutta and in all mufassal centres.

Q. 34.—In case of *kutchas* bales the standard is changed frequently in course of one season according to option of the mills, the sellers have to submit to it ungrudgingly. This is ruinous to sellers.

Please refer to Question No. 20.

Q. 35.—Loose jute cannot have any fixed standard nor is it possible.

Please refer to Question No. 33.

Q. 36.—The word "standard" in case of jute is vague as each buyer and each seller insists on his own standard in the absence of any fixed guarantee.

Q. 37.—We generally approve of the scheme formulated by Mr. McDougall. Please refer to our observations on Question No. 41.

Q. 38.—The market information received daily from Home and Calcutta through the bale brokers and loose jute *aratdars* is quite adequate for the guidance of all mufassal concerns including the growers.

Q. 39.—Yes, they do. The Calcutta loose jute prices and *kutchas* bale market for each mark are quite enough for the guidance of the growers as referred to in Question No. 38.

Q. 40.—Reliable information should be rapidly broadcast amongst the growers. Wireless telegraphy and loud-speakers may be of great

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help. Other methods also can be undertaken but they would entail more cost and complication.

Q. 41.—The scheme of Mr. McDougall in this connection seems to be a feasible one. The proper authority to undertake such a scheme is the Provincial Government with the help and co-operation of the non-official experts and agencies. If the proposed Board be established it can withhold or otherwise deal with the crop according to the demand of the circumstances. The probable cost for such a scheme has also been estimated by Mr. McDougall and it seems to be approximately correct. As regards the funds, it should be at the outset supplied by the local Governments. The jute tax, a portion of which is likely to be transferred to the Province under the new Reforms, may be utilized for the purpose. If it be found insufficient the Central Government should advance loans. The question of finance is the main obstacle in the way of this and all other schemes that may be formulated. If the Government do not undertake the financial responsibility in such matters—no scheme however practical, can materialise. A little bit of imagination, a more wideness of vision and a strong determination on the part of the Government to help the *rayat* are the things essential in the present condition of the country. In spite of the financial stringency of the Government it is its duty to supply the fund as it is supplying the money for normal administrative purposes.

In consideration of the seriousness of the problem no effort, or for the matter of that, no scheme should be considered too great and it should be put to practical operation in spite of administrative and financial difficulties. All hindrances can be surmounted if the authorities be sincere in their determination to ameliorate the condition of the vast agricultural population of the country.

Q. 42.—We generally approve of the recommendations of the Royal Commission on Agriculture regarding jute committees, market surveys for jute and the appointment of special marketing officers. These schemes depend on the extent of financial assistance that may be offered by the Government. Unless and until the Government be in a position to render financial help, there is no utility in formulating schemes in theory. For these reasons we are more in favour of working on the lines of restricting cultivation and as the first practical step to give it a fair trial.

Q. 43 to Q. 46.—Please refer to Questions Nos. 42 and 41.

Q. 47.—Please refer to Question No. 18.

Q. 48.—I do not consider any substitute has captured or can likely capture the trade of jute from any point. As to durability, cheapness and stability in prices no substitute ever invented can replace jute.

Q. 49.—Time is not yet ripe to apprehend elimination of jute by other substitutes. The main point of regulating jute cultivation arises from its apprehended replacement by the use of elevators, bulk shipment and paper bags.

Q. 50.—The production of jute must be regulated according to its actual demand and consumption, making deductions for other substitutes.

Q. 51.—Thorough research should be undertaken by the well-equipped research associations, both official and non-official, and new uses of jute should be discovered.

Q. 52.—It depends upon the result of research work as noted under Question No. 51.

Q. 53.—The necessity of research work is admitted by all and a research department should be instituted without delay. The department should be financed by the Government.

Q. 54.—There is some necessity of propaganda in other consuming countries for the improvement of demand and the trade and this should be undertaken by the jute trade with the help of the Government of India.

Q. 55.—The propaganda should be aimed at creating new markets in foreign lands and increasing the demands in existing markets.

Q. 56.—Yes, they should be appointed without delay.

Q. 57.—This work should be financed by the jute trade supplemented by contributions from the Government.

Q. 58.—The Calcutta shippers will ultimately gain by this propaganda and any interference with their present selling arrangement should be avoided.

No. 107.

Mr. J. C. Drummond, I.C.S., Commissioner of Rajshahi Division.

Dated the 27th April 1933.

Q. 1.—Yes, but apart from measures to meet the present emergency, control of this and other products will have to be international if it is to be effective.

Q. 2 (a).—It is possible but very difficult.

Q. 2 (b).—The main object would be to raise prices and to stabilise them at that level which leaves a reasonable profit to the primary producer.

Q. 3.—Requires no reply after what has been stated above. The present is a more favourable time for introducing restriction than a period of higher prices would be.

Q. 5.—The trouble is not over-production but under-consumption due to slackness of world trade.

Q. 6.—I do not think that the danger from such competition is likely to be serious unless prices are raised to an inordinate degree. If prices seemed prohibitive human ingenuity would devise cheaper substitutes or would succeed in growing jute where it cannot be commercially produced at present. Such competition would force down prices in Bengal and might lead to the extinction of the industry.

Q. 7.—Not to an effective extent.

Q. 8.—Yes.

Q. 9.—Regulation of jute growing by law would be very difficult and costly. Each jute grower would have to be given his quota every year and to exceed his allowance would be made a punishable offence. There would have to be small local committees to allot quotas with a strong official backing and working under constant supervision.

- Q. 10.**—Union Boards under supervision.
- Q. 11.**—Evasion would have to be checked locally. A Central Board could only supervise generally; it could not take action against offenders.
- Q. 12.**—Highly desirable but not essential.
- Q. 13.**—Money crops if possible. Sugarcane *pari passu* with the spread of sugar factories. Fodder crops and *rabi*, especially vegetables, oilseeds and pulses.
- Q. 14.**—Only partly. But propaganda should be continued. I have no suggestions for making it more effective.
- Q. 16.**—Five to six rupees.
- Q. 17.**—Under-consumption. See answer to Question No. 5.
- Q. 18.**—Research should not be abandoned but a “go slow” policy might be adopted for the next year or two.
- Q. 24.**—Not much, although some of the intermediaries are unnecessary and might be eliminated under an improved system of marketing.
- Q. 26.**—Yes. The grower borrows at the time of sowing and adds to the loan at later stages.
- Q. 27.**—Cultivators sometimes borrow from money-lenders interested in the jute trade but more generally from other money-lenders. It would not be correct to say that most of the creditors are the ultimate buyers of the crops.
- I have no suggestions about better credit facilities except that the formation of sound co-operative societies should be encouraged. The cultivator's best course is not to borrow at all.
- Q. 28.**—No, except under compulsion.
- Q. 37.**—A very interesting and well thought out scheme. I cannot say how it would work at the distribution end. At the producer's end the work of organization would be a huge and complicated task. More and closer supervision by salaried and responsible officers of Government or agents of the Corporation than is contemplated in the scheme would be necessary.
- Q. 38.**—The grower gets information but it is not always accurate or up-to-date. I can suggest no improved system except that given in Question No. 40.
- Q. 40.**—Wireless telegraphy with loud-speakers would be of assistance.
- Q. 41.**—No. Such a system would be helpful to the growers but it would be unfair to the general tax-payer if Government undertook to buy in the absence of any international control of supply and demand.
- Q. 42.**—Yes. The duties of such an officer have been roughly outlined in the report on the Royal Commission on Agriculture and further details can be defined after the survey. (*Vide* paragraphs 347 and 348, page 408 *et seq.*)

The preliminary benefit will be that the practical lines on which markets could be organised and regulated in the interests of the growers will have been indicated.

Q. 43.—Yes.

Q. 44.—So far as the cultivator is concerned the Jute Committee should keep him informed of prices and should advise him how much to produce; it should be independent of Government but should keep in close touch with the Department of Agriculture.

Q. 45.—No. The Committee should be central and other Governments with jute-growing areas should be represented on it.

Q. 46.—By a cess on the consumer.

Q. 51.—Jute is now being put to some use in weaving jute carpets etc., as a home industry on co-operative lines. There is scope for extension but the amount of jute used in this way is at the best likely to be very small compared with the demand from power-mills.

No. 108.

Babu K. B. Roy, President, Binnaguri Union Board, district Jalpaiguri.

Dated the 24th April 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes.

Q. 2 (b).—It is my idea to both raise and steady the prices of raw fibres.

Q. 3.—Does not arise.

Q. 4.—No.

Q. 5.—Prices may be poor at times of financial or other crises but it is my conviction that low prices are due to over-production.

Q. 6.—As far as my information goes all attempts to grow jute in other countries have failed and further, no substitute crops found out anywhere that can compete with jute, up to this time. So I do not think that there would be any danger of competition if a scheme of jute regulation was adopted.

Q. 7.—No.

Q. 8.—Yes, my last 15 years' experience is this, that when in one year the cultivators get good prices, the next year the sowings increase.

Q. 9.—I am in favour of making regulation compulsory. It is not possible to offer suggestions regarding such legislation hastily.

Q. 10.—Yes, (a) Union Boards, (b) Co-operative Societies.

Q. 11.—Yes, but the Marketing Board should consist of a fairly large number of cultivators' representatives elected by the cultivators themselves, officials and non-officials who can command the confidence of the public.

Q. 12.—Yes.

Q. 13.—Paddy, cotton, sugarcane, pulses, potatoes. The *raiyat* should be educated by intensive propaganda and markets for these crops found out.

Q. 14.—Yes, yes. Meetings should be called here and there in the rural areas to educate the *raiyat* and speeches delivered there by public men and Government officers.

Q. 15.—Jute cultivation, cost about Rs. 18 per acre—yield 15 maunds.

Sugarcane, about Rs. 50—yield 75 maunds.

Potato, about Rs. 36—yield 120 maunds.

Q. 16.—At least Rs. 8 per maund.

Q. 17.—(1) World economic crisis. (2) Over-production. (3) Trade monopoly.

Q. 18.—Agricultural research and propaganda should continue.

Q. 19.—Yes, the jute forecast is helpful to the balers, mill-owners and middlemen no doubt, but it is not helpful to the ignorant cultivators.

Q. 20.—From the point of view of the grower and the community generally it is not at all satisfactory.

Q. 21.—Yes, there should be one market at every *thana* in my opinion. Yes, this would be advantageous to the cultivators.

Q. 22.—Yes.

Q. 23.—The middlemen purchase jute from the growers, sometimes keeping a margin of Re. 1 per maund for their profit. Regarding weight, these people take at least 2 seers of jute more per maund, than they give to the balers; further, some of them get a commission of 1 anna per maund from the balers.

Q. 24.—Yes, and middlemen there must always be.

Q. 25.—Yes, it could be abolished if jute were not sold at *hats*.

Q. 26.—Yes, sometimes a month or two before, the cultivators take advances from *dalals* who get one seer jute per month per rupee advanced as interest.

Q. 27.—From village *mahajan* and in many cases from Marwaris. It is not correct to say that the creditors are the ultimate buyers of the crop. Government may grant loans to the cultivators, if possible.

Q. 28.—It is not possible to answer this question hastily.

Q. 29 and Q. 30.—I do not know.

Q. 31.—I am not in a position to answer this question.

Q. 32.—No. I cannot say.

Q. 33.—No. The *farias* and *beparis* purchase jute from the cultivators, and the mill-owners and balers, or their agents, purchase the same from them. There are no fixed standards.

Q. 34.—Yes, that is my information.

Q. 35 and Q. 36.—I am not in a position to give any opinion on these.

Q. 37.—This is a sound and practical scheme in my opinion.

Q. 38.—No. If any market board is established that board may make arrangement to supply correct market information to the growers and others through the agents of the Government and the Union Boards.

Q. 39.—Yes, I am not in a position to fix the type of information.

Q. 40.—Wireless telegraphy as suggested in the question would be of assistance.

Q. 41.—Yes, by Government, not by private agency. If Government announced its willingness to buy and stock jute at a minimum fixed price it would be helpful no doubt. I agree but I am not competent to give an estimate of the probable cost of working the scheme etc.

Q. 42.—I am not in a position to give my opinion on this.

Q. 43 to Q. 46.—I am not competent to answer these questions.

Q. 47 to Q. 49.—I am not in a position to give opinion on these.

Q. 50 and Q. 51.—No.

Q. 54.—Yes.

Q. 55 and Q. 56.—It would be better if a committee of experts settled this.

Q. 57.—Jute trade in general.

Q. 58.—The matter should be left to the experts.

No. 109.

The Local Board, Serampore, district Hooghly.

Dated the 4th May 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes, but it requires elaborate arrangements.

Q. 2 (b).—To get a fair return.

Q. 3.—Does not arise.

Q. 4.—No.

Q. 5.—Both over-production as well as financial crisis.

Q. 6 and Q. 7.—No.

Q. 8.—Yes. There is.

Q. 9.—We are in favour of regulation made compulsory by legislation. The probable demand of the next crop should be made known to the Presidents of Union Boards. The President of each Union Board will then ascertain the quantity of jute-producing land each cultivator possesses within his jurisdiction and the fact should be communicated to a committee formed in each district for the purpose, which after communication with those of the other districts will determine the proportion of land each cultivator will be allowed to use for cultivating jute.

Q. 10.—Yes, the Union Boards and the committee formed by jute cultivators.

Q. 11.—Yes, to a certain extent.

Q. 12.—Certainly. It would.

Q. 13.—*Aus* paddy for low lands and sugarcane, hemp, vegetables and cattle fodder for the high lands.

Q. 14.—Not appreciably. Yes. Yes, by starting night schools for cultivators in every village.

Q. 15.—Cost of cultivation of jute about Rs. 65, alternative crops, except sugarcane, Rs. 40, sugarcane, Rs. 150.

Yield—jute—12 maunds, paddy—16 maunds and straw.

Gur from sugarcane, 60 maunds.

Q. 16.—Rs. 10 per maund.

Q. 17.—(i) Marketing policy of the foreign jute traders. (ii) World-wide trade depression and financial crisis. (iii) Over-production.

Q. 18.—Yes, we do. Yes, by Union Boards.

Q. 19.—(a) No. (b) Yes. (c) Yes.

For (a) because the growers do not get any facilities of knowing the forecasts. These forecasts should be printed in Bengali and should be distributed among cultivators through the Union Boards as well as the night schools and other organized bodies.

Q. 20.—No.

Q. 21.—Yes. It is feasible. 64 and 400 square miles. Yes, it would be advantageous.

Q. 22.—Yes. It is quite possible.

Q. 23.—In most of the cases the *farias* or *beparis* advance money to the jute-growers and when the jute becomes ready for sale, the latter are compelled to sell their goods only to those from whom they accepted advance, at a rate lower than the prevailing market rate. These *farias* or *beparis* stock the purchased goods at a market and sell through the *aratdars* (another kind of middlemen) the latter getting certain per cent. as commission on goods sold. After that the goods are sold by *aratdars* to the merchants and order suppliers, the latter to the mill-owners, balers, and shippers. Thus so many middlemen come in and make profits at the cost of the cultivators.

Q. 24.—Yes, we think so.

Q. 25.—The marketing customs referred to in our answer in Question No. 23 are detrimental to the interest of the growers of jute in this part of the country.

Q. 26.—Yes, they do. About 2 or 3 months before they are harvested. *Vide* answer to Question No. 23.

Q. 27.—From *beparis* and local money-lenders. Yes. Yes. Starting co-operative sale and supply societies in each Union Board.

Q. 28.—Yes. Like registered co-operative credit societies.

Q. 29 and Q. 30.—Not known.

Q. 31.—No, suggestions as to the methods adopted at present are not known. Yes.

Q. 32.—Yes. Appendix B will be suitable for Bengal.

Q. 33.—Not at all.

(a) The balers appoint commission agents to purchase their demand of loose jute from mufassal markets as well as from a daily market held at Shyambazar, Calcutta.

(b) The mill-owners purchase loose jute from their approved order-suppliers as well as from small jute merchants. No fixed standard.

Q. 34.—Standards are changed very often.

Q. 35.—Fixed standards for loose jute should be fixed by legislation. There will not be any objection from anybody.

Q. 36.—Not less than Rs. 10 per maund at mufassal markets. By the Jute Committee formed in each district as suggested in answer to Question No. 9.

Q. 37.—On the whole Mr. McDougall's marketing scheme is quite applicable with certain modifications.

Q. 38.—No. The Government should publish daily leaflets with the necessary information and distribute the same freely to the growers, merchants and manufacturers.

Q. 39.—Yes. The market information regarding the different rates for different qualities.

Q. 40.—Yes. Wireless telegraphy with loud-speakers in different village organizations such as Union Boards, night schools and others will be very helpful in circulating the information amongst the cultivators.

Q. 41.—Yes. By Government. Yes. It is not possible to give any estimate.

Q. 42.—We do not approve of the scheme.

Q. 43 to Q. 46.—As the facts are not fully known we cannot give any opinion.

Q. 47.—Cannot give any particulars.

Q. 48 and Q. 49.—Not known.

Q. 50.—No.

Q. 52.—Does not arise.

Q. 53.—Research Department should be started and should be financed by the Government.

Q. 54.—Not at all necessary, as jute cannot be had from any other country.

Q. 55.—Does not arise.

Q. 56.—No.

Q. 57 and Q. 58.—Do not arise.

No. 110.

Calcutta Baled Jute Shippers Association.*

Dated the 4th May 1933.

Q. 1.—No.

Q. 2 (a).—No.

Q. 2 (b).—Presumably the main object of regulation would be to maintain prices of jute at levels which would give a satisfactory return to the grower.

It is impossible to say what effect regulation would have on prices but the tendency would probably be to cause wider and more rapid fluctuations than have been experienced without regulation in the past.

*For oral evidence of the Association's representatives, *vide* page 507, *et seq.*

Q. 3.—(i) The number of alternative crops of value to the grower from the point of view of producing ready cash is very limited in Bengal.

Jute, even under present depressed conditions, still gives the best return.

It would therefore be unreasonable to expect the grower to cooperate in any scheme which would interfere with his freedom to sow the crop which gives him the best return. Without willing co-operation on the part of the grower no scheme for regulation could succeed.

(ii) In no circumstances could production be controlled beyond the regulation of the area sown.

(iii) Production per unit area sown can vary very considerably according to climatic and other conditions during the growing and harvesting period over which control is impossible.

For these reasons alone regulation of production can in no circumstances be feasible.

Q. 4.—The recent experiences of the American and Egyptian Governments in connection with their attempts to control the production and export of cotton should suffice to warn other governments of the grave danger which attends attempts to interfere with the natural laws of supply and demand.

Q. 5.—There is only one real factor which depresses the price of jute, namely, excess of supply over demand.

Prices are lower at times of financial difficulty than they would normally be since the tendency is for demand to decrease while, because jute continues to give the grower the best cash yield per acre, production does not decrease proportionately. The violent fluctuations in the jute futures market have tended to exaggerate the effect of a falling off in the demand for jute so that when the market has a bearish tendency prices are unduly depressed. Over a period of years it has been noticed by careful observers that the general tendency of the jute futures market has been consistently bearish with the result that sales for export are made below baling cost owing to the facilities for hedging in the futures market.

Q. 6.—Yes. The jute industry depends for its existence on the cheapness of its production. There is no doubt that the comparatively high level of prices since 1914 has been the direct cause for the introduction of substitutes such as cotton and paper and for encouraging bulk handling of grains and other commodities hitherto transported in bags made from jute fabrics.

The result of any scheme for regulation of production of any commodity is to raise the price level of that commodity. Such a tendency in the case of jute products would be fatal to the existence of the industry.

Q. 7.—No. See answer (i) to Question No. 3.

Q. 8.—Yes. The increase in production in 1932-33 can be directly attributed to this cause.

Q. 9.—In view of the peculiar circumstances in Bengal legislation would be definitely unfair and would be bound to cause widespread discontent among the people of the province. The Association could not support legislation on these lines. (See answer to Question No. 3.)

Q. 10.—In view of the answer to Question No. 9 this does not arise.

Q. 11.—Apart from the manifest undesirability of compulsory regulation the cost of enforcing it would be prohibitive.

Q. 13.—Rice is the only alternative crop for low-land cultivation but even rice could not be grown on all the low-land tracts which normally carry jute.

Alternative crops for cultivation on highlands are considerable in number but demand for them is not likely to increase to an extent which would justify increased production on any large scale.

The erection of refineries all over the highland tracts where sugarcane could be grown would undoubtedly increase the value and encourage cultivation of sugarcane but statistics show that, if an area sufficient to produce the balance of India's requirements of sugar (*i.e.*, the quantity at present imported) was utilised for sugar, it would not absorb an appreciable area of the land normally used for the cultivation of jute or have any appreciable effect on the present production of jute.

Q. 14.—Government and other propaganda undoubtedly had some effect in reducing sowings for 1931-32 but whenever such propaganda succeeds in raising prices its efficiency is immediately discounted by the natural desire on the part of the grower to take advantage of such improvement. For that reason the value of continued propaganda is doubtful unless it can be implemented with sound suggestions which are likely to appeal to the grower for the cultivation of an alternative crop.

For reasons given (*see* answer to Question No. 13) such suggestions are difficult to put forward.

Q. 15 and Q. 16.—Assuming that general conditions prior to the War can be considered normal, and that under normal conditions the cultivator employs the minimum of outside labour for his cultivation, the average cost of production of jute in Bengal does not exceed Rs. 2 per maund.

The average yield of jute per acre in Bengal is 15 maunds and Rs. 6 per maund would bring a reasonable return to the grower.

Under present conditions of low living costs, a return of Rs. 4 per maund appears not only to be causing no hardship, but to be proportionately better than Rs. 6 in normal times. The Association understands in this connection that Government rent collections have shown a remarkable improvement during the past year while an even better return is expected in the present year.

Q. 17.—A considerably more rapid decline in the demand for than in the supply of raw and manufactured jute.

This began by the tendency to employ substitutes during the period when the price of jute was high and has since been aggravated by the world depression. Owing to the activities of the speculators in Calcutta, consuming markets have recently found it to their advantage to buy in small quantities and from hand to mouth. This is largely due to the fact that as soon as consumers shewed the slightest interest the speculators rushed in and pushed up prices out of all proportion to demand in sight. As could only be expected consumers stopped purchases and prices sagged away to even lower levels than they stood at before the movement commenced.

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Q. 18.—Yes, but what is more important is the expansion of markets and finding new uses for jute manufactures.

A Department working in conjunction with the Agricultural Department for research and propaganda in this direction would be of great value in furthering the excellent work-already done by the Agricultural Department in improving fibres, yield and lowering the grower's cost of production.

Q. 19.—Yes, and if accuracy could be guaranteed it would be beneficial to all concerned. Unfortunately accuracy has been lacking in many forecasts.

It is, however, doubtful whether (a) growers, and (c) middlemen are influenced to any real extent, in their selling and trading policies by such forecasts while (b) balers and mill-owners are probably guided more by private estimates than by Government figures. For these reasons it is questionable whether the expense of compiling forecasts by Government is justified especially if increased accuracy would mean added expense.

Q. 20.—Yes.

Q. 21.—No. The system of multifarious *hats* within reach of the grower which already exists is adequate.

Q. 22 to Q. 24.—(i) Owing to the very large numbers of *farias* and *beparis* who already work directly between the baler and the cultivator, the cultivator is already in very close touch with the baler.

(ii) Owing to the multiplicity of middlemen and the keen competition which exists between them middlemen's profits are not excessive and if such middlemen were abolished or eliminated the raiyats' marketing costs would increase by at least the extent of such profits.

Without going into the details required by Question No. 23, it is sufficient to say that while *farias* and *beparis*, assisted by advances they receive from *aratdars*, are in a position to maintain fleets of boats of large carrying capacity and, by reason of the large area over which they can work, are able to keep such fleets fully employed so that their overhead costs are low, the average cultivator has no means whereby he can transport his jute over long distances to the best markets and, if he had, would not be in a position to employ them efficiently or continuously.

For the same reason that it pays the baler to employ such organizations as the Inland Steamer Companies for the transport of their jute, it pays the cultivator to employ middlemen.

Q. 25.—No. The fact that marketing customs vary from district to district suggests that they have been developed in such a way as to suit the cultivators in each district best.

Q. 29.—Jute is sold to the Dundee Market on C. I. F. terms and the contract used is that issued by the Jute Importers Association, Ltd., Dundee. This contract is revised from time to time when its terms are adjusted to meet the changing conditions of trade.

The terms under which jute is sold to London, the Continent and Japan are generally C. I. F. (cost, insurance, freight) although in some few cases to America the basis is C. & F. (cost and freight) and f.o.b. (free on board). The contract used for shipments to London and the

Continent is that issued by the London Jute Association. This contract also is kept attuned to the changing needs of the trade by revision from time to time.

A feature which deserves mention here is the recent practice, developed within the last few years, of shipping large quantities of jute to the Continent on consignment terms. Such transactions are usually co-relative with transactions on the Calcutta Futka Market and tend to depress the price of jute. The following example illustrates this. A merchant purchases 5,000 bales of jute Firsts at, say Rs. 25. He consigns this parcel to his Agent in, say Hamburg, and at the same time he sells an equal amount of jute on the Futka market for forward delivery. In due course he offers his jute on the Continent at a price slightly below the market and he eventually closes the business at a loss of, say Rs. 2. But his transaction aided possibly by several other similar transactions has depressed the market on the Continent and in all likelihood the Calcutta market becomes weak in sympathy. So that he is able to buy 5,000 bales in the *fatka* market at a cheap rate which not only covers his loss on the consignment of 5,000 bales but shows him a profit on balance.

It is well known that the Jute *fatka* market has a definite bearish tendency and this characteristic favours, as has been said, the consigning of jute to the Continent for sale at a subsequent date. It will be realised that large parcels of unsold jute on a market have a profound effect on its tone; they tend to force prices to lower levels or at any rate to keep buyers aloof. The Association doubts whether this is in the best interests of the jute trade.

Q. 30.—(i) There are numerous standards of quality on which business is done for export and these standards have been the outcome of the cumulative experience of nearly a century. Spinners in the various consuming countries have found that certain assortments packed by certain balers are best suited to the special needs of their local manufacturing processes. Balers' marks are either public marks or private marks. The public marks are printed yearly in the book of marks of the Calcutta Baled Jute Association. Private marks are not published.

Of the public marks those which represent large shipments to London and which have conformed to standard in the matter of quality and condition become eligible for inclusion in the London Group of marks. The London Jute Association decides which marks shall be admitted to the London Group of marks, and of course marks are admitted strictly on their own merits and on a history of at least two years of shipment to London. Sales for export are generally done on the basis of marks in the "London Group" or on "substitute" marks and as has been stated contracts are entered into on the understanding that the quality delivered will be equal to the average quality shipped at the corresponding period of the two previous seasons.

(ii) Standards are fixed by the sellers. Some balers adopt a very high standard of packing and sell their marks at a premium; other balers prefer not to pack specially high assortments and consequently they get a lower price for their marks.

(iii) Standards are generally kept fairly constant by sellers. But it occasionally happens that a seller improves his packing considerably

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so as to command a premium or to get his marks into the London groups. Sellers again have been known to allow the standards of their marks to depreciate.

(iv) Arbitrations on jute shipped to London and the Continent are held in London by arbitrators appointed by the London Jute Association; with regard to disputes in connection with jute shipped to Dundee these are settled by arbitration in Dundee the arbitrators being appointed by the Arbitration Tribunal of the Jute Importers Association, Ltd., Dundee.

Over a long period of years the existing arbitration arrangements have been giving general satisfaction and any attempt to interfere with a system which has given such good service to the trade would only destroy confidence and bring about a reduced demand for jute.

The home guarantee represents an arrangement which has successfully facilitated the shipment of jute. Without this device it would be almost impossible for all shipments to be inspected and passed during the busy season. The Association is not aware of any hardship being caused to any section of the trade through the use of the letter of home guarantee, on the contrary it is a convenience to both baler and shipper.

The invoicing back clauses in the shipment contracts are designed to discourage attempts at sending forward parcels in unstorable condition due to excess moisture and to protect buyers when parcels are tendered so far below the standard of the mark as to constitute a breach of the contract. The clause does not it is believed confer on buyers any further rights than they already possess under the Sale of Goods Act. The Association must say that they can see no objection to the invoicing back clause. It is essential that buyers should feel that they will be delivered goods of the quality contracted for and that if default is made they will have an effective remedy. Otherwise trade in jute must suffer.

Q. 31.—(i) This Association is unable to suggest any improvements in the methods adopted in the export trade. If and when minor points come to light that show a need for improvement the trade itself is in an excellent position to make the necessary adjustments through the various Associations connected with the different sections of the trade. In the past the Calcutta Baled Jute Association, the Jute Balers Association and this Association have adjusted matters when difficulties which have arisen have been brought to their notice.

(ii) It is not feasible to fix standards by legislation. As has been stated loose jute presents many divergent types, there are many factors which affect the quality and appearance of the various types and these again are subject to change as the jute season progresses—it will be appreciated therefore how impracticable it is to suggest that standards should be fixed by legislation. It is surely obvious that if arbitrary standards were feasible they would have been fixed long ago by the trade itself. The Association is unable to imagine how a suitable range of samples could be obtained and if obtained how it could be kept up to date so as to follow the change in quality of the fibre harvested at different times.

(iii) So far as *pucca* bales are concerned here again it would not be feasible to fix arbitrary standards as consumers draw their requirements from such a large range of marks both public and private.

After all, in business it is customary to study the buyers' wishes and it is unlikely that buyers would ever consent to any interference in

the present mode of doing business on the old established methods which have gained the confidence of the jute buying world.

(iv) The suggestion regarding the formation of a forum to adjudicate finally on the quality of jute before it is exported does not commend itself to this Association. It is entirely novel and the Association has never heard of such a suggestion in connection with the sale of any other commodity.

The Association doubts if it would be possible to find a single buyer anywhere who would consent to do business under such conditions.

The objections to such a scheme are innumerable and to anyone familiar with the baled jute trade they will require no recapitulation. It is sufficient to say that it is difficult to imagine any satisfactory method of accomplishing the requisite inspections in a proper manner no matter how elaborate and costly an organisation might be set up.

For these reasons the Association considers that it would be most undesirable for any steps to be taken in the direction of setting up a body of recognised standing to inspect consignments of jute and grant certificates which would be final in regard to the jute inspected.

Q. 32.—The Association can suggest no scheme for improvements in the present methods of dealing in jute. As has been explained the Association is of the opinion that the existing methods are entirely satisfactory to all concerned.

A system of standards adopted on the lines of the American Cotton Standards Act of 1923 would not be suitable nor would it be feasible for *pucca* bales in Bengal. This aspect has been discussed in the Association's answer to Question No. 31.

Q. 33.—Yes, jute balers purchase the bulk of their needs of loose jute from the Calcutta market. As they require a different and higher standard of assortment from the standard purchased by the mills they pay a premium over the ordinary "mill standard" jute. The jute sold to balers is usually described as "baler's quality." Long experience in the trade enables the loose jute merchants to pack "baler's quality" suitable for the requirements of the various "*pucca* balers"; the various balers it should be explained have their own particular needs to be studied and sellers offer accordingly.

Q. 34.—Jute varies greatly in regard to length, colour, strength, type of fibre, cleanness of fibre, length and quality of root and in other ways. Great variation in each of these characteristics is found in different districts, from season to season and at different periods during any one particular season. So many factors exercise their influence on the character of the jute fibre that to maintain, with any degree of regularity constant standards it would be essential to provide a very large number of grades. The Association discounts the suggestions that there is a sudden and arbitrary alteration of standards. There is however a gradual tendency on a falling market for the sellers to implement their contracts by improved deliveries. A system of warp and weft for each mark sold to the mills was, it is understood, introduced on 21st May 1932 when clear definitions of standards were adopted.

Q. 35.—The Association has considerable difficulty in understanding why there should be any necessity for the establishment of definite fixed standards of jute either by legislation or otherwise. Loose jute is a highly variable factor and cannot be defined in terms of a fixed

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formula. To anyone with the slightest knowledge of the growing and marketing of jute it is clear that the present system hardly leaves any room for improvement so far as grading jute is concerned. The Association considers that if fixed legal standards were to be introduced trade would merely be restricted and that speculation in loose jute futures would be made possible with the result that merchants and growers would be left at the mercy of the speculators. Indeed it is only the speculators who would gain any advantage from fixed standards and this feature probably explains the persistent agitation for fixed loose jute standards which has been gaining ground during the last few years and which appears *inter alia* under the guise of helping the poor cultivator. The Association trusts that the Jute Enquiry Committee will not be deceived by any specious arguments into believing that by recommending the fixing of standards they will be helping the cultivators. They will assist in extending the range of speculative operations to loose jute and so further the interests of the speculator class whose consistent bearish activities have contributed so much to the present economic debacle.

Q. 36.—Does not arise in view of answer to Question No. 35.

Q. 37.—The Association has carefully examined the scheme which Mr. McDougall has outlined for the establishment of a Jute Purchasing Corporation so as to secure a form of control which would ensure a stabilised price to the grower.

In reply to this question the Association would explain that recent experience in connection with the various projects and cures for other industries such as cotton over which both the American and Egyptian Governments have come to grief makes the Association extremely sceptical as to the merits of Mr. McDougall's effort to save the jute industry. Businessmen are becoming somewhat tired of the nostrums which the political economists and kindred experts have been prescribing as elixirs to restore trade. Frankly they own that such schemes are generally very costly and almost invariably a bad bargain.

The present scheme is not considered to be sound and in any event the existing financial position of Bengal should alone be sufficient to make it impossible for such a scheme to be proceeded with, even if modified considerably.

Q. 43 to Q. 46.—The Association is not in favour of the creation of a Statutory Jute Committee. It would not however object to the appointment of a Research Committee whose functions would be restricted to research under the Director of Agriculture, Bengal.

No. III.

Indian Jute Mills Association.*

Dated the 8th May 1933.

Q. 1.—The term "regulation" implies control which would obviate the possibility of an excessive crop but which would ensure an adequate supply of jute at an economic price. The Association does not consider this to be possible, except in so far as the extent of the crop is regulated

*For oral evidence of the Association's representatives, *vide* page 551, *et seq.*

by supply and demand, and it is strongly opposed to any artificial control by Government or other agency.

Q. 2 (a).—To determine the expected demand of the market for jute would, in the opinion of the Association, be an undertaking impossible of itself. The fact that local mills have agreed to regulate manufacture facilitates an estimation of their requirements for the ensuing year, but the present conditions in this respect may not always exist, and overseas demand could not be estimated without the possibility of serious error. Any unwarranted restriction of the crop, and any unforeseen climatic occurrences affecting it, would react on the price of jute with ruinous effect on a trade which depends primarily upon its cheapness. Moreover, the efficient regulation of the acreage under cultivation would require a vast organisation at a cost not in keeping with the economic value of the fibre.

Q. 2 (b).—The effect of regulation in the manner contemplated would, as far as it is possible to say, be to raise the price of the fibre. The Association does not consider that regulation would eliminate fluctuations in prices, as these are largely governed by the varying seasonal demand for the manufactured article as well as for raw jute, and also by the speculative activities of the *bazar*.

Q. 3.—As has been indicated above, the Association regards it as impossible successfully to regulate the production of jute. Among the reasons for this view are (a) the variations which take place in the acreage under cultivation, (b) the impossibility of controlling a vast number of cultivators with small holdings, and (c) weather conditions. Instruction or advice to restrict sowings, if carried out by one cultivator will be disregarded by another; and if successful on the whole in any one year will be followed by an excessive crop in the next succeeding year. In the opinion of the Association any attempt to regulate production must for the present take the form of propaganda among the cultivators.

Q. 4.—The most prominent of the many schemes of control of production, or export of raw materials which have been experimented with in a number of countries, in regard to a variety of crops—and which are most analogous to the control of jute supplies—are those undertaken by the Egyptian Government and the American Farm Board with reference to the cotton crops. It is a well-known fact, however, that in neither of these cases has the working of the scheme resulted in a stabilisation of prices.

Q. 5.—Among the principal factors are general trade depression, against which no artificial scheme of control will be effective; over-production; and the violent fluctuations caused by the activities of the speculative element of the market. The Association believes it to be the case that financial and other crises have been primarily responsible for the low level of price to a greater extent than the factor of over-production. In this connection it is of vital importance that the Government of India should be represented at the forthcoming World Economic Conference as it is only through a world trade improvement that the jute manufacturing industry, being essentially concerned with the packing and transport of the chief articles of commerce, can look for an improvement in prices.

Q. 6.—If production were unduly restricted in terms of the world's requirements and prices were consequently forced up to an uneconomic

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level, competition and substitution would undoubtedly follow. This would result in idle machinery in Bengal, and by reducing the demand for jute would lower the price to the cultivator. The Association believes that in the present circumstances artificial regulation of the crop would result in a temporary rise in prices which would increase the competition from cotton and paper. The jute industry depends for its existence on the cheapness of its manufactures.

Q. 7.—No; the Association considers this to be most unlikely; and even if support were nominally secured, the success of the scheme would be extremely doubtful for reasons which have been indicated above. It would, for instance, be difficult to convince a *raiyat* in Northern Bengal that restriction was being adhered to in Eastern Bengal. The cultivator will always be influenced in his sowings by weather conditions, current prices and the prices he obtained during the preceding season; and he realises that at the present time no other crop will pay him so well as jute.

Q. 8.—As has been indicated above, the Association believes this to be the case.

Q. 9.—The Association is very strongly of opinion that regulation by means of legislation is neither practicable nor desirable, and that it should not be considered. As has been stated, the production of jute regulates itself according to the demand, and the Association feels that any outside interference would be unwarranted and detrimental to the interests of the growers and to the trade generally.

Q. 10.—The replies given to the preceding questions make an answer to this one unnecessary. None of the 3 agencies referred to would, in the Association's opinion, be effective.

Q. 11.—The Association considers a Jute Marketing Board to be not only unnecessary but completely impracticable. The total yield of the crop can only be determined at the end of the season and the Association therefore fails to see how the knowledge could be used to check widespread evasion of the jute regulation procedure at a time when the regulation could be effective, namely, at the beginning of the season. And unless the Jute Marketing Board had means of tracing the evasion to a particular individual, knowledge of the extent of the crop would be of no use in checking evasion in the succeeding season.

Q. 12.—Yes; but as has been stated, the Association does not approve of the principle involved.

Q. 13.—The Department of Agriculture appears to be the most suitable agency through which to work in encouraging the *raiyat* to grow alternative crops, and the Association understands that the Department is already devoting considerable attention to this matter. Rice and sugarcane are the alternative crops which most readily suggest themselves, the former for low lands, though its cultivation on jute land is not always feasible; and the latter for high or well-drained land. But owing to the low prices which it at present commands, rice is at a disadvantage, while in the case of sugar a first necessity would be improvement of transport facilities and the establishment of factories throughout the producing areas. For high lands, tobacco also presents possibilities as an alternative crop to jute.

If the Department of Agriculture, or the Imperial Council of Agricultural Research, could establish a suitable and equally lucrative

alternative crop, propaganda in favour of its adoption supported by demonstration among the cultivators would help to simplify the matter of restricting the jute crop.

Q. 14.—If results are measured by the outturns of the past two seasons, the propaganda carried out by Government and others has been of considerable assistance. But the results attained cannot be attributed solely to propaganda because the low level of prices and reduced demand must have had their effect on sowings. The Association is of opinion that for the present the propaganda should be continued. A suggestion which was recently made to the Director of Agriculture was that, information as to the amount of raw materials held by the mills should be passed on to the various Collectors and Subdivisional Officers and communicated by them to the cultivators.

Q. 15.—Both the cost of cultivation and the yield per acre vary with the district, and the former will also be dependent to some extent on whether the cultivator himself does the work or employs outside labour to do it. Rupees 2-8 to Rs. 3 per maund appears to be a fair average for the present cost of cultivation; and the normal yield may be taken as 15/16 maunds per acre.

For rice the cost of cultivation is understood to be approximately Rs. 12 per acre and the yield about 30 maunds per acre. The Association has no information with regard to sugarcane or tobacco.

Q. 16.—Rupees 3-8 to Rs. 4 per maund to the cultivator.

Q. 17.—See reply to Question No. 5. The chief factors are the world-wide trade depression and the existence of tariff barriers; over-production; competition from substitutes; and speculative activities on the market.

Q. 18.—The Association is emphatically of opinion that research and propaganda on the lines suggested should be continued by the Department of Agriculture and it is hoped that the existing co-operation between the Department and the trade in this respect will not be allowed to lapse. How far it is possible, however, to reduce the cost of production to the cultivator is questionable, as the opinion has been expressed that a point has been reached where economy is being reflected in the quality of the jute produced. The Association feels that an improvement in the quality of jute should be aimed at more than an increase in the yield; and that to this end there should be closer co-operation between field and factory experiments. What is achieved in the field should be fully tested and reported on in the factory.

Q. 19.—From the point of view of mill-owners, as indeed from the point of view of the trade generally, the one essential is accuracy and in this respect recent forecasts cannot be said to have been satisfactory. When—as occurred last year—the official forecast figures differ materially from the trade's estimate of the crop the result is violent fluctuation and speculation on the market which, in the opinion of the Association, could be checked by closer co-operation on the part of the Department of Agriculture with such sections of the trade as are in a position to judge the likely acreage and yield. The publication of district figures immediately they are available and the amplification of the weekly reports would furnish information of real value to the trade.

Q. 20.—From the point of view of mill-owners they are satisfactory.

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Q. 21.—No; the present methods are regarded as satisfactory, and in the Association's opinion the establishment of organised markets as proposed would not materially assist the cultivator. The quantity the individual cultivator generally has for disposal is so small that he looks for a ready market for it and he finds this in the *faria* and *bepari*. To be of any practical utility to the cultivator organised markets would require to be so conveniently situated, and consequently so numerous, that the expense of maintaining them would absorb any advantage which might accrue from the elimination of the middleman who now acts as the collecting agent for the bales.

Q. 22.—The Association understands that the success of co-operative societies in the direction indicated is open to question and in the present circumstances does not consider it feasible to eliminate the middleman who fulfils the essential function of collecting small quantities of jute and providing a means, convenient to the grower, of disposing of his jute.

Q. 25.—If it can be considered as a "marketing custom," the purely speculative market—which has undoubtedly a direct effect on the *bona fide* market for jute—is one factor which is detrimental to the interest of the *raiyat*, who is in daily receipt of the speculative market quotations and is consequently misled as to the price of the raw material in Calcutta in terms of supply and demand.

Q. 28.—Please see the reply to Question No. 22. In the opinion of the Association it is not possible to bring the whole system of jute marketing into the hands of a co-operative organisation. The present marketing system as between the cultivator and the bales is simple and inexpensive and in any case a co-operative organisation could not dispense with collecting agents.

Co-operation would not ensure a better price to the *raiyat*, and any attempt to stabilize prices by this means would be merely an endeavour to depart from the natural law of supply and demand. The ultimate result would be to increase the price of jute and facilitate the competition of substitutes.

Q. 32 to Q. 36.—In the opinion of the Association the present methods of marketing jute in Calcutta are satisfactory. The jute mills ordinarily effect their purchases through brokers, in the case of loose jute on principal contracts, for the fulfilment of which the brokers are entirely responsible; and in the case of jute in *pucca* bales, by ordinary contract as between the buyer and the seller. The trade itself has laid down standards from time to time, but in actual practice it has been found impossible to adhere to these for a variety of reasons.

From season to season, and at different times in any particular season, the characteristics of jute vary considerably; length, strength, colour and the type of fibre are dissimilar in different districts. The present standards—so far as the qualities which interest mills are concerned—are 70 per cent. sacking warp in the "rejection," 40 per cent. sacking warp in the "low rejection" and no guarantee in the "gross low rejection." These guarantees, however, are purely nominal as actual deliveries have given a higher return; the seller who baled to the original guaranteed standard would not have been able to trade in competition with those who baled a higher standard, and thus it happens that competition among sellers may bring about changes in standards as between seasons and during a particular season. The

alteration is not an arbitrary one but represents merely a gradual tendency towards improvement in the standard. The system at present in vogue works satisfactorily because it adjusts itself to supply and demand; and the Association would be strongly opposed to any attempt at the fixation of standards by legislation because to do so would in the Association's opinion be impracticable and would in any case constitute an unwarranted interference in a matter which the trade alone should determine.

The mills' requirements in jute are restricted for the most part to the medium and lower qualities. Under prevailing conditions these grades automatically resolve themselves into three divisions and so far as the Calcutta mills are concerned the object should be to determine three broad grades of quality, "Tops," "Middles" and "Bottoms," thus avoiding the present confusion in marks.

Q. 37.—In the opinion of the Association the scheme condemns itself at the outset by reason of its impracticability and its complete unsuitability to existing conditions. For instance, it involves the fixing of prices in advance by consultation between various sections of the trade whose interests are so divergent that agreement would be impossible of attainment. These are the *raiyat*, the baler, the mill, the jute exporter, the gunny exporter and presumably the ultimate consumer; and the impossibility of co-relating the ideas of these interests is so apparent that it is unnecessary to examine it. The scheme appears to have been drawn up without regard to the cost which would be involved in securing the object in view were such attainable.

Q. 38.—The various districts are at present in daily telegraphic communication with Calcutta, principally through up-country jute agencies who receive the information from their principals in Calcutta. Generally speaking, therefore, the grower is kept in prompt and close touch with the trend of the market, but much of the information which he receives relates to the speculative as against the *bona fide* market in Calcutta.

Q. 39.—This is covered by the Association's reply to Question No. 14.

Q. 41.—No; such a scheme would, in the opinion of the Association, be neither advisable nor practicable—as experience in other parts of the world has shown. It would encourage the growing of jute irrespective of demand and would merely serve to relieve the cultivator of the consequences of his failure to act in accordance with the law of supply and demand.

Q. 42.—The Association cannot see how the suggestion is likely to be of any real assistance to the cultivator or to the market as a whole.

Q. 43.—The Association agrees that a Jute Committee for Bengal *in a strictly advisory capacity* might be of assistance to the *raiyats* and to the trade in general. When the recommendation of the Royal Commission on Agriculture was under examination in 1929 and in 1931, the Association recorded its acquiescence in the proposal to establish a Central Jute Committee, subject to certain reservations. These reservations apply equally in the case of the suggested Bengal Committee and they are referred to below.

Q. 44.—One of the stipulations which the Association made when the proposal was accepted in 1929 was that there would be no question

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of interference by the Jute Committee with functions properly belonging to the trade itself. The Government of India recognised the need for care in this respect when they stated in 1931 that "such questions as jute growing, jute features and the like are primarily matters for the trade, and if the Central Jute Committee considered that action in respect of them were needed in the interests of the jute growers, it would be for them to convince the trade of its desirability." A similar reservation would be necessary in the case of the Bengal Jute Committee and the Association would press strongly for provision being made that no decision of the Committee with regard to the exercise of its functions should be effective unless the decision was supported by each of the commercial bodies represented on it: only such a provision would give the needed protection against any attempt to interfere, through the Committee and without the concurrence of trading interests generally, with the normal course of trading operations. Failing unanimity in the trade itself, the Jute Committee—which would require to be thoroughly representative of the trade—would be of a purely advisory nature. Subject to what has been written above, its primary functions would be similar to those suggested for the Central Jute Committee, namely agricultural, technological and economic research, the improvement of crop forecasting and statistics, the production, testing and distribution of improved seeds, and the dissemination of information in the interests of the jute industry in India.

As has been indicated, the work of the Jute Committee would require to be carried out in close co-operation with the Department of Agriculture, while the Committee itself would include representatives of all branches of the trade.

Q. 45.—In the opinion of the Association, the co-operation of the Assam and Bihar and Orissa Governments is desirable.

Q. 46.—A second stipulation which the Association made when the formation of a Central Jute Committee was under consideration in 1929 and 1931, was that no additional burden would be imposed upon the trade in respect of the provision of the necessary finance. In the Association's opinion, the finance, which should be a charge against the central revenues, might be provided in the manner proposed in 1931, namely, by the imposition of a cess on exports of raw and manufactured jute, accompanied by corresponding reductions in the existing export duties.

The interests represented by the Association wish to preface their replies to the enquiries contained in the following section of the questionnaire by stating that they regard this as the most important aspect of the investigation which the Jute Enquiry Committee have been asked to undertake. They regret that the time which has been allowed for the submission of replies has not been sufficient to permit of their examining the position as exhaustively as they would have wished, or of collecting detailed information on the various points which this section of the questionnaire covers. The Association has arranged itself to devote further special attention to the questions of competition, research and the expansion of markets, and it is possible that before the Jute Enquiry Committee's investigation is completed, the Association may be in a position to add to the very brief statements made in reply to the questions enumerated below.*

*For fuller report see Volume I, Appendix, pages 55-122.

Q. 47.—As has been stated, the information available to the Association on the points raised in this particular question is at present incomplete and it is only possible to indicate briefly the manner in which, and the extent to which, the jute industry has suffered, is suffering and is likely to suffer at the hands of its competitors. In their approximate order of importance the principal competitors are the following:—

(1) *Cotton.*—A recent estimate states that cotton bags and bagging have displaced gunnies in America to the extent of anything up to 10 per cent. Another estimate is that, whereas the consumption of bags in America was formerly 90 per cent. burlap and 10 per cent. cotton, the ratio to-day is nearer 70 per cent. burlap and 30 per cent. cotton; and the source of this information adds that even when conditions return to normal, it is not expected that gunnies will regain more than half of the trade now captured by cotton in America. The circumstances in which this change has taken place, briefly, are that the diminished demand for cotton has stimulated American cotton interests to take active steps to foster the adoption of cotton bags and bagging in preference to jute, both internally and in foreign markets. The low price of cotton during recent times, its lightness and the consequent saving in freight, its greater strength and its more attractive appearance have contributed to the success of the campaign carried out in its favour. Jute goods have to a large extent lost their former advantage of comparative cheapness.

A point to which it is relevant to draw attention in this connection is the danger of the introduction by the United States of America of a further duty on jute and jute fabrics in order to assist the cotton interests. As the Jute Enquiry Committee are aware, this matter was recently the subject of further discussion in the United States House of Representatives; and though the danger has for the present been removed, the re-introduction of the question is only a matter of time and the successful negotiation of a prohibitive tariff against jute and jute goods is a possibility which must not be overlooked.

(2) *Paper.*—The observations made above with regard to cotton apply in some measure also to the substitution of paper for jute goods in America. The position is similar in this respect, that paper interests have during recent years carried out an intensive campaign in favour of the adoption of their goods at the expense of jute. The Association is not, however, in a position to say to what extent this substitution of paper has been responsible for the loss of trade in jute bags with America.

The principal loss to the Calcutta mills has been in respect of the cement trades of the United Kingdom and South Africa, which have almost entirely turned from jute to paper during the past three years. At a conservative estimate the loss to the jute industry involved in this change-over is anything between fifteen and twenty million cement bags annually; and probably considerably more. The construction recently of factories for the manufacture of paper bags in South Africa, and the disadvantage which jute goods suffer on account of their wider fluctuations in price, point to this loss of trade being permanent. One possible disadvantage from the point of view of paper bags is that, so far as the cement trade at least is concerned, they cannot be used twice. But against this there are the considerations

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(a) that the paper bag is cheaper, (b) that for short distances at least it stands up quite as well as the jute bag and (c) that its use does away with the old system of delivering or forwarding the returnable jute bags which are frequently the subject of dispute between the buyer and the seller.

It should be added that wide hessians have been displaced largely in the dried fruit and other industries by a product known as "Sisalkraft" which consists of two sheets of brown paper reinforced by sisal fibre.

A further recent development is with regard to a waterproof paper bag which has been placed on the market presenting special advantages to the agricultural industry.

The attention of the Bengal Jute Enquiry Committee is invited in this connection to the attached copy of an article which appeared in the Indian Textile Journal of 31st August 1932, describing generally the progress made during recent years by the paper sack industry.*

(3) *Grain Elevators: Bulk handling.*—Though information is available showing the extent to which bulk handling is at present used and contemplated, it is a matter of considerable difficulty to say to what extent trade has been lost to the Calcutta mills on this account or how far the falling off in the trade is attributable to the general depression. The facts, as they are known to the Association, are that elevators and bulk handling of grain at centres in Canada, the United States, Argentine and Australia have been in use for a considerable time, and—it appears—have proved satisfactory from the point of view of the cost to those making use of the silos. The bulk handling system is said to reduce the farmers' costs by 2d. to 3d., per bushel of wheat, and agitation in favour of its adoption is very insistent in the United States and more particularly in Australia. Silos are already in extensive use in New South Wales and the further adoption of the system is likely. Bulk handling has also been the subject of a recent investigation in Victoria by a Committee of experts who have recommended the construction of terminal silos at 160 Stations at a cost of £2,005,013, capable of dealing with 12,180,000 bushels of wheat. A scheme of the same type, it is understood, has been formulated for Western Australia but has failed for the time being to find the support of that Government. Similarly, the Argentine Government is understood to have had under consideration a scheme, involving expenditure to the extent of £22 million, to provide within five years a chain of grain elevators. These reports indicate the extent to which bulk handling is likely to develop when funds are available for the construction of the necessary plant, and the position cannot be ignored that the more general adoption of the system is certain as time goes on.

(4) *Sisal.*—During 1932, information was supplied to the Association with regard to an attempt being made to replace the imports of jute bags into East Africa by the manufacture locally of sisal bags. Enquiries made at the time showed that both East African and Mexican raw sisal were on a competitive basis with raw jute as regards price; but the information then available was insufficient to enable the Association to arrive at an opinion as to the extent to which the woven material was likely to be successful in competing with jute manufactures. The general opinion at present is that in the existing circumstances, sisal is unlikely to be a serious competitor against jute on

*Vide page 376, et seq.

account of its higher cost of production and manufacture—except in the form of “Sisalkraft” to which reference is made above, and in the form of a substitute for jute cuttings in the manufacture of cotton bagging in America. The possibilities of sisal should not, however, be under-estimated, as its freer use may affect Calcutta’s trade in Liverpool twills to South Africa. In this connection the following extract from the July 1932 number of “Cordage World” is of interest:—

“A most interesting demonstration took place recently at Wapping Wharf, when a consignment of East African coffee carried in sisal sacks was severely tested with hooks. A similar test was carried out on a consignment of coffee from Brazil which had been carried in jute gunny bags made in Calcutta. The sisal sacks stood the test satisfactorily; the gunny bags poorly. Apparently the use of sacks manufactured from sisal grown in East Africa is likely to increase in favour for the carriage of coffee, and other forms of merchandise. Shortage in weight of coffee shipments has always been a serious problem in the trade, which has been largely brought about by hook, and other damage, during transit, as the result of rough handling.”

(5) *Hemp*.—A recent report indicates that the manufacture of sacks from hemp is increasing in the Philippine Islands and a more serious feature of this movement is involved in the recent agitation for the imposition of a heavy tariff on jute and jute fabrics to assist the local hemp industry.

(6) *Flax*.—Particulars of a scheme for the manufacture of woolpacks from New Zealand flax were received in Calcutta during 1932. The intention of the promoters apparently is in the first place to endeavour to meet the requirements of New Zealand and thereafter to enter the Australian woolpack market in competition with jute goods. The success of the scheme appears to be doubtful on the score of price, unless a prohibitive duty is imposed on jute goods entering New Zealand and Australia.

Information has also recently been received to the effect that the Government of Poland are at present considering the imposition of further restrictions on the import of raw jute into that country with the object of developing the flax industry. During 1932 an import duty on jute was imposed, but spinners were allowed free of duty 75 per cent. of their 1931 requirements. This percentage is, however, liable to be decreased; but no definite information is yet available as to the extent of the fresh restrictions now under consideration.

(7) *Miscellaneous fibres*.—Canamo in Chile, Kendyr, Kenaf and Ramie in Russia may be mentioned as fibres whose development on a commercial scale may ultimately affect the market for jute goods. As far as can be ascertained, however, their production at the present time is so small that any competition experienced from them must be of a purely local nature.

Q. 43.—All three factors are to some extent responsible: that of durability only to a very small degree, in the cases of sisal and cotton. Cheapness and stability of price are the main factors, as is illustrated by the case of paper substitutes. All commodity prices are governed by supply and demand and unless prices for jute fabrics can be maintained at a reasonably low level, competition from other materials cannot be avoided. The wide fluctuations in the price of jute goods,

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due to a certain extent to speculative activities on the Calcutta market, are undoubtedly responsible in some measure for the preference of certain industries for other packing materials. Another factor of importance is the desire of many countries to utilise their internal resources wherever possible to the elimination of jute goods. An instance of this is afforded by the recent introduction by the Chilean Government of a law to replace imported containers for transporting local products by containers of national manufacture. The introduction of this measure is not unconnected with the possible development of a local sack-making industry from "canamo," to which reference has been made above.

Q. 49.—The Association has no reliable information as to the comparative costs of substitutes except in the case of paper bags. Five-ply paper cement bags capable of carrying 1-cwt. were available recently in Bombay at Rs. 16 per 100, while 4 and 3-ply bags, which are favoured by some consumers, were slightly cheaper. Even to-day, it is only the light and cheap jute bag which is in a position to compete at that price. Scientific research is likely to improve the quality and suitability of substitutes, which will increase competition unless countered by similar activities on the part of the jute industry. As has already been stated, an increase in the use of bulk handling of grain may be expected.

Q. 50.—The Association believes that much could be done in this direction by a closer study of the needs of individual consumers. For instance, if the industry could bring out a non-returnable jute bag at a competitive price there might be a chance of re-capturing at least a portion of the trade lost to paper substitutes.

Q. 51.—Generally, it may be said that the Calcutta mills already enter all markets on which there is a demand for jute goods on a large scale. The basis on which the jute trade of Bengal is founded is the cheapness of its product as a carrier of the world's produce, and the industry should therefore concentrate on developing and fostering this market before branching out on what are essentially side-lines. Undoubtedly, Dundee manufacturers supply a demand for finer and specialised lines, but what Dundee has achieved in this respect represents only a fraction of the output of jute goods, and competition by the Bengal jute mills on these markets is unlikely either to be successful under present conditions, or if successful to be of substantial benefit to the industry here. With tariff conditions as they are, it is difficult to see how the Calcutta mills could capture the markets now supplied by Dundee manufacturers in specialities such as linoleum hessian and carpet. The immediate aim should be to secure the business in standard goods which occasionally goes to the Continental mills.

Experiments have been made involving the use of cheap textiles in road surfacing. This is a potential field for jute cloth and its possibilities have recently been the subject of an experiment carried out by the Association with the assistance of the Chief Engineer to the Public Works Department, Bengal. Experiments on a larger scale are desirable, and the results achieved should be carefully watched with a view to developing the use of jute in road-making throughout India and throughout the world.

Q. 52.—The majority of the Calcutta mills are not equipped to manufacture linoleum hessian and intricately designed carpets, nor are

the operatives sufficiently skilled to do the work. But on all standard lines, the mills in Bengal are thoroughly competent to compete.

Q. 53 to Q. 56.—As has been explained, the time allowed for the consideration of this section of the questionnaire has been insufficient to permit of the views of all mills being obtained on the points raised. In general, however, it may be said that the Association favours research to assist manufacturers in overcoming their difficulties and in improving their methods of manufacture so as to meet the particular requirements of consuming markets. The Association also agrees as to the desirability of propaganda, particularly in untapped markets. On established markets propaganda might be undertaken in the first instance through shippers with houses in the countries concerned, possibly with the addition of special representatives in important centres. The duties of these representatives would include the functions referred to in Question No. 56, namely, the collection of statistics and the exploration of avenues for new business. They would keep in close touch with consumers, assist them in obtaining the article best suited to their needs, investigate complaints, and generally would provide a link between the manufacturer and the consumer.

The Association is at present engaged on a close investigation into the question of competition, research, propaganda, and the expansion of markets. At this stage it is only possible to indicate briefly, as above, the lines on which the investigation is proceeding.

Q. 57.—It would probably be necessary for the trade itself to provide the requisite finance, aided by a Government grant out of the export duties on raw jute and jute fabrics, in view of the fact that the work contemplated would be for the ultimate benefit of the jute trade and *ipso facto* would assist Government revenues.

Q. 58.—Undue difficulty is not anticipated in this respect.

APPENDIX.

(Reproduced from the *Indian Textile Journal*, dated 31st August 1932.)

A New and Economical Means of Packing Cotton and other Piecegoods. Paper Sacks and Special Waterproof Packing Papers.

During the course of the last ten years many uses have been found for paper and, in particular, Kraft paper. It was only six years ago that the Cement Industry in England began to take an interest in a new form of packing for cement. Till then cement was invariably packed either in jute bags or in cotton bags, but in January-June 1926 experiments were carried out with paper sacks, and during those six months 7 per cent. of the cement manufactured in England was put into paper sacks. During the three months, from July to September 1930, 73 per cent. of the cement manufactured in England was packed in paper sacks, both for internal use and for export purposes.

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These figures alone show the immense strides made in the Paper Sack Industry in England, as a suitable container for cement. In other countries such as America, Germany and Denmark similar strides have been made and, we believe, to-day no less than 80 per cent. of the cement manufactured in Denmark is packed in paper sacks, whereas in England no less than 85 per cent. is packed in similar containers, and in America where cotton is so cheap, 40 per cent. of cement is packed in paper sacks, about 50 per cent. in cotton bags and the remainder in steel drums or wooden casks. These figures, therefore, tend to prove at least one fact and that is, that, regardless of price, the paper sack as a suitable container for practically any type of material has at last come into its own. Vast improvements have been made by all manufacturers of paper sacks, and to-day it is possible to obtain what is known as a "Multi-Ply Waterproof Kraft Paper Sack" consisting of 2, 3, 4, 5, or 6 plies of paper, which will contain 1 cwt. or more of material, and will be sufficiently strong to stand up against rough handling and long journeys.

There are many forms of multi-ply paper sacks on the market but, briefly, they can be divided into two classes, *i.e.*, the open-mouthed sack and the valve-mouthed sack. These two types can again be subdivided into two classifications: (a) paper sacks sewn at top and bottom with jute, hemp or cotton stitching, and (b) paper sacks folded and stitched with wire and strengthened by special tropical glue. Of the above, the most suitable and the strongest form of paper sack is the valve-mouthed type and the wire-stitched and glued type, and when these two are embodied in one sack, the result is the best, strongest and most durable paper sack obtainable.

The difficulty in regard to the open-mouthed type paper sack is the closing of the mouth after the commodity has been filled. This, of course, can either be done by folding the top and stitching by hand or with a machine, or by "roseing" the mouth and tying with a wire tie, but neither is very satisfactory, and the valve-mouthed type will be found infinitely superior and considerably stronger. As against this, when using the valve-mouthed type of paper sack, it is, of course, essential to have a special filling machine, either operated automatically or by hand, and this in itself may tend to retard the popularity which these sacks undoubtedly deserve until manufacturers realise the necessity of introducing automatic packing machines in their Works. There are a number of automatic packing machines on the market which are capable of packing practically any form of material, and prices range from about Rs 800 for the smallest type of hand-operated packing machine, to Rs. 8,000 for the entirely automatic rotary form of packing machine.

It would now be interesting to compare the many obvious advantages offered by using the paper sack as opposed to other forms of packing and they may be briefly summarised as follows—(1) The paper sack is neater and cleaner to handle. (2) Larger quantities can be handled by a chute with greater speed than when the jute bag is used. (3) It can be emptied completely of all cement or other material as there are no interstices to hold the cement or other material. (4) No time is wasted in opening as with jute bags, the paper being simply ripped open with a knife. (5) It entirely eliminates all the trouble and

expense of records for returned bags for purposes of credit. (6) The cement or other materials are more perfectly stored because of the greater damp resisting qualities of paper as compared with the open textures of jute or cotton.

One of the most important points in favour of the paper sack is the fact that once the cement or other material has been filled into a valve-mouthed paper sack, it cannot under any circumstances be tampered with or adulterated from the time that it leaves the Works to the time that it is opened by the recipient, because the only way of opening such a sack is to cut it open with a knife, whereas the jute bag or cotton bag can, and has been, carefully opened at the mouth and the contents taken out and adulterated and the bag re-tied and so done up that the recipient is unaware that the contents have been tampered with.

Apart from the advantages enumerated above there is also a price advantage which cannot be overlooked by manufacturers. Paper sacks manufactured in England to-day to contain 1 cwt. of material, size $33 \times 19\frac{1}{2}$ " , made of the finest quality long fibre Canadian and Finish Kraft Pulp in 5-ply paper, can be purchased in India at a price of Rs. 17 per 100 bags, f.o.r. Port of Entry. As against this, the price of a twill ore jute bag of similar size to hold 1 cwt. of material has never reached a lower figure than Rs. 17-12-0 per 100 bags, f.o.r. Calcutta, and this may be considered as a rockbottom price, and in fact is even lower than pre-war parity. With the jute market rising the price for this type of bag will undoubtedly find its own level at about Rs. 25 to Rs. 28 per 100 f.o.r. Calcutta, and at this figure the paper sack will show any manufacturer a decided saving. An argument in favour of jute bags may be that they can be used twice, but in order to do this, as has already been pointed out, careful records have to be kept not only by the manufacturer, but also by the customer and credit notes have to be issued on the return of such bags to the manufacturer and this entails added expense and extra staff and records, and moreover on receipt of such returned bags it is generally found that at least half the quantity is unuseable. By adopting paper sacks manufacturers can automatically eliminate the records which they have had to keep in the past and can economise in their clerical staff and be able to offer their commodities packed in paper sacks at a cheaper price which would compensate the customer for any possible credit which he might have obtained on the return of jute bags and would undoubtedly still show the manufacturer considerable saving in his packing charges.

There are other forms of paper sacks and other uses of Kraft paper. There is also the single and double ply waterproof Crepe Kraft sack which also goes through a special process and is impregnated with paraffin wax from about 10 per cent. to as much as 60 per cent. This form of paper is used for lining jute and cotton bags to render them waterproof and to protect the material from monsoon rains and changes in climatic conditions. There is also a Crepe Kraft Waterproof Paper which is sold in rolls of 100 yards in various widths from 36" to 45" and upwards, and this is used throughout the world for packing purposes, such as packing piecegoods and manufactured cotton goods, and besides being economical is also absolutely waterproof and is guaranteed to protect materials from any climatic conditions.

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Bengal National Chamber of Commerce.**Dated the 8th May 1933.*

Introduction. In submitting their replies to the various questions comprised in the questionnaire issued by the Jute Enquiry Committee, the Committee of the Bengal National Chamber of Commerce consider it necessary to emphasise on certain principles which will help an appreciation of their attitude towards the entire jute problem in Bengal and indicate the underlying unity in the replies given separately to individual questions.

The Committee of the Chamber presume that the task of the Jute Committee is to investigate the problems of the trade as a whole. The problems are numerous and arise at various stages in the progress of the fibre from the field to the factory. There is the problem of prices, of standards of quality, of marketing, of transport, of financing. There is also the problem of the Faria, of the Bepari, of the baler, of the shipper, and of those who finance the movement of crop between each of these groups. The problems of everyone of these interests are intimately related to each other and affect not only their own profits, organisations and interests, but also the well-being of the trade as a whole of which they are such important links.

There is however, one problem that over-shadows all the other problems, *viz.*, the problem of the jute cultivator. It is not suggested that his problems or interests are necessarily inimical to those of others, or that solicitude for his interests need in any way be detrimental to those of other sections of the organisation. Although there are times when their interests appear to be conflicting, the Committee believe that the prosperity of the whole jute trade is bound up with the well-being of the jute cultivator. A trade which denies to the cultivator his legitimate share of its prosperity as a whole is indeed built on flimsy foundations. The problem as it is viewed by the Committee is mainly one of the price which the cultivator is able to get to-day for the product of his toil. From the figures and tables submitted herewith, it would be evident that in years when prices have gone up the initial price realised by the cultivator did not rise proportionately; whereas in times when prices declined the prices obtained by him have fallen at least proportionately; sometimes even more. This proves conclusively that, as far as the cultivator is concerned, the present organization of the trade is neither economically just nor adequately profitable.

It is necessary therefore to make such changes in the existing organisation or re-organise it so thoroughly as to serve the interests of the cultivator more than it has done in the past. The primary pre-requisite of any scheme aiming at the stabilisation of conditions in any trade is the control of production. The regulation of production and its co-relation to probable demand is the only obvious remedy to save any trade from the evils of comparative over-production. The alternative is to go on producing in the hope of being able to sell, and if the hopes are not realised to carry the surplus over to the next season with all its attendant evils, depressed prices, increasing expenses for interest and godown rents and demoralisation of trade.

*For oral evidence of the Chamber's representatives, *vide* page 547, *et seq.*

It may be suggested that such over-production will automatically right itself in the following season. It may be conceded that depressed prices and losses in one season may deter the cultivator from producing as much in the following season. But there are three valid reasons why we should not leave the matter entirely at the mercy of cruel corrective forces.

1. In the first place, intelligent control of the economic affairs of a province suggests that the suffering of even one season or one year should be avoided, if it be possible. It should be admitted that if we could have anticipated the demand and regulated our production accordingly, the losses sustained by the cultivators in one season at least might have been avoided. Translated in terms of money they would amount annually to crores of rupees. To wait for the worst to happen and then try to meet it is at best an amateurish method of sinning and repenting.

2. If there is over-production in one season, there is no certainty that the reduction in output would be adequate in the next. If the demand dropped again the same problem may have to be faced.

3. Over-production in one season may be assumed to force curtailment of production in the next, but if in the next season there was proportionately greater demand there may be witnessed an undue rise in prices. Moreover, the cultivators would not be able to sell as much as they might have done if a helpful forecast were available to them at the beginning of the season.

Control of production is therefore essential. But the ideal condition would not be established until the marketing of the production is also similarly regulated. The Committee of the Chamber have had occasion recently to express their views on this question in a Memorandum on the Economic Problems of Bengal submitted to the Government, to which they would draw the attention of the Jute Committee. The most effective result would be achieved, in their opinion, by entrusting the task of handling the entire jute crop to one organisation, which would buy the crop from the cultivators and sell it at a fair price to the mills, balers and shippers. It may be argued that the monopolistic character of the institution proposed will be seriously prejudicial to the interests of the consumers, while its exclusive right of purchase and sale will facilitate earning of large profits only for itself even to the detriment of the cultivators. The probability of these dangers can, however, be effectively avoided by making such provisions in the constitution of the institution as will assure a fair deal to all the parties concerned. The object which the Committee have in view, is to have an organisation which will yield the advantage of monopoly to the cultivators without unfairness to the other interests in the trade. The control of jute marketing vested in the hands of one central organisation will not only stabilise conditions in trade, but smoothe down the fluctuations in prices which to-day are acting to the detriment of the poor, ignorant and disorganised cultivator. As things are to-day in the jute trade, the scale is cruelly weighted against the weak grower of the fibre.

But at the same time, the Committee realise the tremendous obstacles that stand in the way of achieving such an ideal organisation. The immense finances that would be necessary, the huge organisation and the tremendous administrative difficulties involved in buying and storing jute in hundreds of different centres and selling it at the most

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opportune moments and in accordance with effective demand, the devising of methods to prevent evasion and secret sales, etc., may not encourage the hope of immediate realisation of these aims. There is also the whole body of middlemen to be considered. That they are performing to-day definite economic functions can hardly be denied. They form a very large class with wide interests and their immediate displacement cannot be contemplated without seriously impairing the efficiency of the whole organisation. Any sudden or revolutionary change, it should be realised, will only help to disorganise conditions still further. Changes, therefore, will have to be introduced slowly so that as large a number of them as possible may be absorbed into the new organisation. At the same time it must be emphasized that it is an ideal towards which all our efforts should be directed. The difficulties should not be allowed to be a permanent deterrent, neither should they be allowed to dissuade us from making efforts to perfect the organisation of jute trade which will serve the whole Province.

If the immediate setting up of a perfect organisation is not found practicable our efforts should be directed in effecting such improvement in the present organisation as is possible; the Committee fully believe that a large field of profitable endeavour is present. The alterations and improvements that it is possible to effect in the existing organisation will themselves confer immense benefits not only upon the cultivators but also upon everyone connected with the trade. Keeping these in view, the Committee have suggested necessary legislation for the standardisation of the qualities of jute and the establishment of organised markets for jute in Bengal like those which have been started for cotton in Berar. The management of the markets should be vested in Committees constituted on the lines provided for in Section 5 of the Central Provinces Cotton Market Act, 1932, consisting of the representatives of growers, traders and such local authorities as may have jurisdiction over the market area. The markets shall have very intimate touch with and shall indeed be placed under the supervision and general control of the Central Jute Committee, the establishment of which is recommended in the detailed replies. It is proposed in the statement of its functions that the Central Jute Committee should make arrangements to disseminate all necessary information regarding jute among the organised markets and through them among the agriculturists. While these markets, being limited in number, would give partial effect to the scheme of centralising the purchases and sales of jute, though by individual parties, the cultivators would gain substantial benefit from their establishment in so far as the control proposed to be exercised over them would effectively remove some defects now prevailing in the primary markets on account of manipulations of weight, lack of information regarding demand and the absence of specified standards of quality. And what is more significant, the institution of such organised markets will encourage the establishment of licensed warehouses such as have been recommended by the Central Banking Enquiry Committee. Indeed, with the introduction of these new circumstances, it will be possible even to find a solution of the problem relating to the handicap now suffered by the agriculturists on account of the absence of suitable financial facilities necessary to enable them to hold on the crop by postponing a forced sale under pressure of immediate demand for cash. With the market information regularly supplied to the organised markets, standardisation of qualities, and provision of storage facilities by licensed warehouses, money-lenders and banks will be induced to

come to the field and undertake financing operations that will be considered safe and consistent with the principles of sound commercial banking. For, these latter will no longer find it hazardous to lend, of course, keeping a safe margin, against stock, the quality and market value of which will be ascertainable and for which necessary storage facilities shall be provided. The process of lending will assume the form of making advances against receipts issued by the warehouses in respect of stocks deposited with them by the holding cultivators. Thus the defects arising out of the ignorance and poverty of the growers will be considerably minimised and incidentally a channel will be opened for the development of commercial banking in the mufassal area. Eventually the proposed changes, if effectively carried out, will facilitate the introduction of further improvements that may be considered desirable to place the entire trade on a satisfactory basis of organisation.

Q. 1.—Yes. Regulation of production is necessary because,

- (i) there is at present no co-relation between supply and demand and this is responsible for violent fluctuations in the price of jute, often to the prejudice of the cultivators.

The degree of maladjustment is clearly borne out by the fact that a rise in price in a particular season whatever it may be due to, induces expansion of cultivation despite the fact that there may be no real increase in demand. Naturally the result in such circumstances is an excess supply in the next season leading to a fall in price.

- (ii) The cultivators, who are ignorant, scattered and ill-organised, cannot adjust supply to demand. Indeed, being poor and unable to hold on the crop they compete amongst themselves to dispose of their respective holdings, thus tending to lower the price of jute. By a scheme of regulated production alone can the cultivators be accustomed to and educated in the necessity of adjusting supply to demand.
- (iii) The demand for jute is comparatively fixed, and the mills both here and abroad regulate their production on the basis of a pre-determined plan. It is, therefore, necessary to regulate supply of the raw material to ensure stabilisation of its price.

It is true as will appear from the table appended hereto that an excess supply in any particular year resulting in a set-back in the price of jute is usually followed by a curtailment of production, but this does not dispense with the necessity of regulation as the subsequent restriction of crop in such case does not prevent the full amount of injury being inflicted on the cultivators. Besides, the carry-overs from the excess supply of a particular season may seriously detract from the effectiveness of such voluntary curtailment in the following season in the matter of raising the price. What is needed is anticipatory regulation based on the estimates of probable demand and not the natural check exercised by adverse experience in the past.

Q. 2(a).—Yes, it is possible to regulate production to such effect within the range of small variations. There are some distinct favourable circumstances which suggest the feasibility of such regulation. In

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the first place, the history and experience of the trade show that there is no wide fluctuation in demand for jute from year to year. This will facilitate the preparation of the forecast of the probable demand.

Secondly, the carry-overs of stock of the mills have now come to be more or less standardised and fixed, so that even the lack of a complete adjustment would not cause any loss or harm to them by disturbing their normal operations. This lends justification to a scheme of regulation designed to correlate supply to demand, though the same may not guarantee exact equilibrium between the two.

Thirdly, in regard to supply it is possible to regulate yield on the basis of acreage as the yield per acre is, approximately speaking, constant. Below are given the amounts of yield per acre for ten years from 1922 to 1931 :—

1922	...	..	..	..	1,238 lbs.
1923	..	..	..	..	1,233 lbs.
1924	..	..	..	..	1,212 lbs.
1925	..	..	..	..	1,181 lbs.
1926	..	..	..	..	1,280 lbs.
1927	..	..	..	..	1,223 lbs.
1928	..	..	..	..	1,272 lbs.
1929	..	..	..	..	1,227 lbs.
1930	..	..	..	..	1,302 lbs.
1931	..	..	..	..	1,240 lbs.

This invariability of output has been stressed by Mr. J. Bowie in his highly technical article published in the "Capital" dated the 17th March, 1927. Mr. Bowie has proved by elaborate mathematical calculations that the yield per acre remains constant for a period of 16 years. The definite conclusion reached by the author is "that the true probability of the cycle of yield per acre equals a constant of 45.123 bales per acre for each 16 years period."

In these circumstances, it is possible, in the opinion of the Committee, to regulate the jute crop with reference to the expected demands of the market within the range of a variation of 5 to 10 per cent. from the estimated demand. The margin of maladjustment is not, in their opinion, so serious as to detract from the advisability of the initiation of a scheme of regulation. Even though a precise estimation of demand may not be possible, a reliable forecast of the same is welcome none-the-less as providing the necessary guidance for production; for while it will greatly conduce to a rise in prices by bringing about an effective co-relation of supply to demand, no disturbance would be caused by it either to the industry or the trade.

Q. 2(b).—The object and effect of regulation would be (i) initially to raise the price to a fair level and (ii) subsequently to stabilise the price when the fair level is attained. It is not, however, sought to achieve the impossible task of securing an inexorable stability to the price of jute against all world forces. The idea is to secure that relative stability which will do away with the existing disparity in the movements of price of jute and jute manufactures and make the former strictly conform to and move in accordance with the latter.

Q. 4.—Regulation of production has been attempted in recent years in respect of such agricultural staples as rubber, sugar, coffee and tea,

while control of saleable supply has been experimented in regard to wheat, cotton and also coffee. The Stevenson Plan for rubber restriction, the Chadbourne Plan for control of sugar manufacture (which, however, is a manufactured product) as well as the Tea Restriction Scheme of 1930 may be mentioned as instances of experiments made to regulate production. For illustrations of regulated supply in the market, the coffee valorisation scheme in Brazil, the wheat and cotton control in the U.S.A. and Canada and the recent Tea Export Restriction Scheme that is being negotiated between the Governments of producing countries may be referred to. These schemes have mostly failed but their failure does not offer justification for apprehending similar consequences in respect of an attempt to regulate the production of jute. There are some obvious differences in the conditions of production of jute and other agricultural staples mentioned before. Such differences reveal certain advantages possessed by jute over these agricultural commodities and the latter suggest the feasibility of successfully working out a scheme of regulated production. The commodities in respect of which the experiment failed had an international market drawing upon several sources of supply. The scheme of control was, therefore, necessarily to be based on an agreement between the growing countries which were all anxious to dispose of their respective supplies. The accentuation of depression and the accumulation of stock seriously undermined the moral strength of the agreement supporting the restriction schemes, and the latter ere long succumbed to the recrudescence of unrestrained competition. The same forces annihilated the restriction schemes, designed for control of marketing particular articles. The possibility of such consequences in the case of jute is precluded by the monopoly conditions in which the fibre is grown, in the sense that its production is concentrated in a very limited area under the jurisdiction of practically one Government. It is true that in one respect the question of controlling production is rendered more difficult in the case of jute than in the case of commodities like tea or rubber in so far as the production of the latter being organised on a large scale capitalistic basis is more easily amenable to the acceptance of restriction schemes, while control of jute which is grown by unorganised individual cultivators on small plots of land may encounter greater practical impediments. But the latter circumstances do not in any way detract from the special advantages inherent in the nature of jute which assure success to the adoption of a regulation scheme, but only point to the necessity of having a highly efficient organisation and a well-devised scheme of control which should be worked in such a way as not to leave any loophole for evasion. Such a scheme would in the case of jute be thoroughly sheltered from any external source of danger, so long as the price is kept at a reasonable level and consumers are not induced to find cheaper substitutes. Further, there is the factor specially favourable to jute that so long as world trade subsists, even though seriously diminished by the effects of depression, there will continue to be a minimum demand for jute and jute manufactures for the bagging and packing of goods moved from place to place.

For further details, the Committee of the Chamber would draw the attention of the Jute Committee to the speech of Mr. N. R. Sarker, the President of the Chamber, delivered at the conference of all parties interested in jute convened by the Chamber on the 17th October, 1930, in which he has pointed out with reference to the failure of restriction [*Bengal National Chamber of Commerce.*]

schemes adopted in connection with various agricultural staples, some special advantages enjoyed by jute that suggest the feasibility of achieving success in adopting a similar scheme in the case of jute.

Q. 5.—The factors which depress the price of jute may be enumerated as follows:—

- (i) A general fall in the price of commodities such as is caused by a slump in trade.
- (ii) A fall in the price of jute manufactures.
- (iii) A shrinkage in the demand for, or over-production of, jute itself.

While the price of jute is depressed as a matter of course by a slump in trade or decline in the price of jute manufactures, the fall in the price of the fibre is more generally due to an expansion of production. Not that an expansion always denotes an excess of supply but the very fact of expansion is taken advantage of by the buyers and more especially the mills, who have always a large stock at their disposal. The expansion of production has tended to lower the price of jute in normal times, and even in such years as recorded an increase in consumption as compared with the previous years. Production has thus a more determinant effect on the prices of jute as will be noted from the following comparative statistics of the annual yield of jute and trend of prices of the fibre:—

		Production. (In lakhs of bales.)	Total consumption (mill consumption and export), (In lakhs of bales.)	Price Index 1914=100.	
1920-21	.. ..	59	79	83	1921
1921-22	.. ..	40	74	110	1922
1922-23	.. ..	54	76	90	1923
1923-24*	.. ..	84	89	102	1924
1924-25	.. ..	81	96	154	1925
1925-26	.. ..	89	91	120	1926
1926-27	.. ..	121	100	93	1927
1927-28	.. ..	102	107	100	1928
1928-29†	.. ..	99	100	95	1929

It should be noted that in years like 1922-23 and 1926-27 the price of jute declined inspite of a larger off-take of the fibre than in the preceding years. It thus appears reasonable to believe that if the production of jute was brought under control its price would have been maintained in these years even with the existing volume of production. The

*Shows a rise in price in spite of the expansion of production; the event is more influenced by demand than supply.

†Shows a fall in price in spite of the curtailment of production; the event is due to the onset of depression in world trade.

very fact of the existence of control would have exercised a subduing influence on the bearish forces.

The extent to which the price has been depressed by over-production in the years following 1928-29 is amply borne out by the higher percentage decline in the price of jute as compared with other agricultural staples, as well as the tangible results yielded by restriction propaganda in 1931-32.

Q. 6.—No, because in urging the need for control it is not contemplated to raise the price so high as to lead to a displacement of jute by cheaper substitutes. Nor is there any substitute which can effectively displace jute unless its price were forced up to a much higher level. The Committee of the Chamber would in this connection like to point out that any commodity that might replace jute should not only be cheaper than jute but should also serve the purpose for which jute is being utilised at present. It is significant that though there have been in the past many attempts to discover substitutes for jute, the efforts have not been successful and the Committee believe that if the price of jute be maintained at a reasonable level, there should not be any fear on this score. Besides, if there be any danger of substitutes it really arises not from any reasonable rise in the price of raw jute, but from a disproportionate rise in the price of manufactured goods.

Q. 7 and Q. 8.—The Committee are of opinion that a scheme of regulation on a voluntary basis can at most lead to only a partial success and cannot at any rate be so effective as to avoid both under-production and over-production. Besides, it must remain precarious to rely on voluntary action as a permanent measure for regulation of production owing to the potential risk suggested in Question No. 8.

Q. 9.—The *modus operandi* of the control may be thus briefly stated: At the outset an institution like the Central Jute Committee mentioned hereafter will prepare with the assistance of experts an estimate of the probable demand for jute for the season. The same institution or Committee will also determine the supply that would be required to meet the demand and allot specific quantities to different blocks into which whole growing area in the Province shall have to be divided. The proportion of allotment to each of the blocks may be settled on the basis of the average yield of the crop in the particular area and the proportion of the same to the total yield of the crop throughout the Province. Within each 'block' the task of the distribution of the settled quota among individual cultivators will be entrusted to some local organisations truly representative of the interests of the agriculturist, according to rules laid down by the Central Jute Committee. To ensure adherence to the scheme and to prevent evasion, necessary legislation shall have to be passed.

The Committee attach special importance to the establishment of the local organisations as mentioned above, as these would serve the additional purpose in future, (when the ideal scheme of centralised purchase and sale of jute through a single institution, is inaugurated), of functioning as the necessary link between the said institution and the cultivators.

Q. 10.—It is certainly desirable to enlist the support of agencies like union boards, co-operative societies, and *zemindars* in the furtherance of the scheme.

Q. 11.—Yes, the Committee admit that ultimately it is the most efficacious plan for checking evasion. The Committee would however

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point out that its operation is feasible only on the acceptance of the basic condition of the establishment of a sole Marketing Board which presumes a radical alteration of circumstances in which the scheme of control is proposed to be experimental upon. The Committee would, however, refer, in this connection, to their introductory remarks pointing to certain initial difficulties in the establishment of a Marketing Board immediately. But they believe, that it is possible to deal with the problem of evasion with partial success even by other suitable administrative measures such as have been suggested in reply to the previous questions.

Q. 12.—Yes. It should be possible to persuade the Government of the two adjacent provinces to embark on a concerted scheme, as they would all reap a common benefit out of it.

Q. 13.—Suitable substitutes for jute in high lands are date palms, cocoanut, sugarcane, ginger, turmeric, etc., and those in low lands are paddy, wheat, etc. The best way of educating the agriculturist in these lines of cultivation is not to be found in opening agricultural schools but in the utilisation of the services of agencies like union boards, co-operative societies, who come in close touch with *raiyats*.

Q. 14.—Yes, the propaganda was successful in the last two years to a certain degree; but as has been pointed out in reply to Questions Nos. 7 and 8, a regulation scheme, based purely on propaganda, cannot be depended upon for any measure of complete success. Besides, the process of distributing hand-bills is not quite satisfactory for that does not reach the masses. Even if these were circulated more widely, the result would be of little consequence, considering the illiteracy of the country folk and their apathy to move out of their own traditional practices of cultivation.

It appears, nevertheless, necessary to continue the propaganda in the ensuing sowing season as the actual arrivals in Calcutta of the 1932-33 crop are estimated to be far in excess of the amount forecast.

Q. 15.—It is difficult to estimate the cost of production. The Banking Enquiry Committee put it at below Rs. 6 per maund. But as in the circumstances prevailing in Bengal the cultivators do all the farming and harvesting of jute by themselves, the direct cost is to be assessed on the basis of labour put in as well as the price of seeds purchased and the depreciation of the cattle and other harvesting implements.

Q. 16.—Having regard to the cost of production estimated by the Banking Enquiry Committee, the cultivator can reasonably claim a price covering profit of at least Re. 1 to Re. 1-8 per maund over the cost. The present day conditions are, however, abnormal; and should the normal economic condition of the Province be restored, the minimum price of jute which the cultivators may reasonably claim should be still higher than this.

Q. 17.—The present world depression is mainly responsible for the slump in the prices of jute. Manufactured jute has not suffered a setback in price to the same extent as the raw stuff, due to the organised and regulated production and staying power of the industry itself. As a matter of fact, till recently the price of hessians had been firmly maintaining itself while jute prices were steadily declining, except for a temporary recovery after the publication of the forecast.

Q. 18.—The potential danger of competition from substitutes like paper and other packing materials is often exaggerated. Such substitutes as may be found in use are still mostly in an experimental stage

and cannot prove menacing, if the price of jute is kept within economic limits. The Committee understand that the Department of Agriculture are distributing better seeds for yielding larger crop and they are of opinion that this should be continued. Regarding improvement of quality, it is significant to note that in recent years the demand has been mostly for the jute of the lower grades of quality.

Q. 19.—The manner in which the annual jute forecasts are at present compiled and published by the Agricultural Department has remained a fruitful source of grievance to the growers and also to the Indian section of the traders. To the agriculturists, the forecasts mete out an unfair deal, in so far as these offer the advantage of necessary information regarding supply to the shippers and mills without conveying any idea regarding the demand side to the growers. The impression is widely prevalent amongst the Indian traders that in the matter of forecasts, the Director of Agriculture is influenced considerably by the jute Forecasts Committee of the Bengal Chamber of Commerce, consisting of interested traders whose opinion in the matter is naturally affected by their own anticipatory commitments. The present method of issuing forecasts of the crop by the Agricultural Department, while no doubt valuable in itself, makes the position of the cultivators, *vis-a-vis* the manufacturers extremely unfavourable. What is necessary is to make available to the cultivators reliable information as to the probable total demand for jute, both here and abroad, together with the stocks held, not only by the local and foreign mills, but also held on consignment account at the various trade centres. In the opinion of the Committee, such information, together with the probable trend of world demand, should prove very useful to the growers, by enabling them to adjust their output for the coming season accordingly. In the opinion of the Committee of the Chamber, the system of compilation should be thoroughly overhauled and they suggest that the task should be entrusted, pending the establishment of the Central Jute Committee, to an Advisory Board including the representatives of the various Chambers of Commerce as well as some representatives of the jute growers. The Board should function as an adjunct to the Department of Agriculture.

Q. 20 and Q. 21.—The buying and selling of jute in the primary markets are hardly carried out on the basis of any settled grades and specifications, and the differentiations in respect of quality are made in a rough and ready manner by the *farias* and other purchasing agents. Undoubtedly the system works to the disadvantage of the poor cultivators who are eager to sell, and the defect which reveals a sore point in the present organisation of the trade can be removed only by the establishment of organised jute markets in Bengal like those started for cotton in Berar. The number and location of such markets are to be determined by an extensive survey of the Province. The facilities provided for in these markets will certainly be taken advantage of by the large producers and even the smaller producers who may not find it worthwhile to move their petty stocks to the markets, where these may be situated at a distance from them, will gain by their establishment in so far as these markets will improve the general tone of the trade in the mufassal.

Q. 22.—The co-operative societies can function successfully and serve the most useful purpose as a link between cultivators and the proposed Institution for centralised purchase of jute when the latter is established.

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Q. 23 and Q. 24.—*Fariqs* and *beparis* collect jute from the *raijuts* and sell it to merchants of the mufassal centres. These merchants generally operate on their own account and dispose of their purchases either by contract system, *i.e.*, they make forward contracts with mills and balers and deliver jute against these contracts—or by despatching consignments to Calcutta market for ready sale. They also work as commission agents of balers and mills when they get a fixed commission. The Committee believe that such difficulties as may have to be experienced by the cultivators on account of the multiplicity of middlemen would be removed to a great extent by the establishment of organised markets.

Q. 29 to Q. 32.—Jute is sold to buyers in Dundee under a contract form issued by the Dundee Jute Association. There is a separate contract form issued by the London Jute Association in terms of which jute is sold not only to the members of the said Association but also to buyers in Japan and the U.S.A., which have preferred to adopt the London contract form instead of having one of their own. In all such cases arbitrations are arranged respectively by the Dundee and the London Associations.

Direct consignments are sometimes made to the continent of Europe and in such cases arbitration is held either in accordance with customs prevalent at the port of destination or, where no such customs are prevalent, according to such agreements as may be entered into by the consignor and the consignee.

There are fixed standards of quality accepted by long standing trade conventions such as Firsts, Lightnings, Hearts, Daisee, Tossa, etc. The standards do not as a rule vary though bales of jute belonging to the same category but bearing the marks of different balers command slightly different prices according to their reputation in the importing markets. As previously mentioned, arbitrations are arranged in London and Dundee according to the rules framed by the Jute Associations operating in these centres.

The system of "home guarantee," though much objectionable in itself, is of less consequence now than previously as the number of exporters who act as *qua* shippers alone are steadily diminishing in number and yielding place to balers who are increasingly making direct shipments abroad.

The system of "invoicing back" is a standing proof of how the jute trade of this country is amenable to the dominating control of foreigners. It empowers a consignee in Britain to refuse acceptance of delivery and charging the full value thereof to the Indian consignor by getting an award of non-fulfilment of the specific terms of contract from an Arbitration Board in which the Britishers alone are represented. The system is being persistently resented by the Indian traders and the Committee suggest that the centre of control thus exercised over the shipments of jute to Great Britain should be shifted to India where the function, now discharged by the foreign Arbitration Boards, may be entrusted to an expert representative institution like the Coal Grading Board issuing certificates of quality and operating as the supreme arbitrating authority. It should not be difficult to induce foreign importers to submit to the awards of such a body if representation is accorded to their local agents. Incidentally, it is significant to note that the function of such an institution would successfully reduce the number of complaints against irregular delivery and establish the reputation of Indian exporters abroad.

The Committee have no suggestion to make regarding any further improvements in the system of export trade, except those suggested above.

Q. 33 to Q. 36.—The jute balers, generally speaking, purchase loose jute after making a rough assortment of the stuff into different qualities, and pay according to the quality of bales that may be made out of different assorted proportions of the raw fibre. The mills contract purchases on the basis of recognised grades, such as, 4's, R's, LR, XLR, etc., distinguished according to varying percentages of warp and weft yarns that may be made out of the different qualities of jute.

The existing gradations are frequently manipulated by the mills and a persistent demand is being made for sometime for fixing the standards by legislation. It has been the most deplorable experience of the market that the gradations are lowered deliberately by the buyers by continuous buying off of only one grade, practically the lowest, *e.g.*, XLR, till it is exhausted, so that the stuff which was reckoned as the next superior quality, *e.g.*, L.R. in the beginning of the season, is forced to be sold as XLR at the end of it. From the point of view of the middlemen, it sometimes involves extreme hardship for they do not know what standard is to be delivered against the "Standard of the Mark" as laid down in the contract for sale. Often the system works to the serious detriment of the interest of the middlemen who are compelled to deliver jute of finer quality against contract for lower grade jute, the latter being interpreted to comprise the finer qualities with a view to yield an unfair gain to the buyers. Evidently, such manipulation ultimately reacts on the interest of the growers of jute to a certain extent.

The Committee of the Chamber do not however suggest the introduction of any fresh standards of quality besides those which have been evolved by the customs of trade; but they insist that the prevalent grades should be thoroughly specified by legislation and made unalterable by any interested party concerned with the trade. The control and power of arbitration in this regard should be invested in the Central Jute Committee to which a reference is made hereafter.

Q. 37.—The Committee of the Chamber do not approve of the marketing scheme of Mr. McDougall. The arguments against this scheme may be summarised as under:—

The main object of creating a marketing organisation is to remove the existing handicaps suffered by the cultivators who being scattered all over the province and thoroughly unorganised have to compete against well-organised and vastly resourceful consuming interests represented by the local manufacturers and shippers. An organisation that might help the cultivators should, in these circumstances, be such as would really compensate for the lack of strength in the bargaining powers of the cultivators and not to strengthen those of the consumers, as will evidently be the ultimate result of the working of the McDougall Schema. Mr. McDougall has provided for the representation in the Jute Control Corporation, suggested by him, not only of the local mills, the shippers and balers, but also of overseas manufacturers; and evidently the decisions of the Corporation will be determined by a majority of votes. The Committee of the Chamber apprehend that in such circumstances, the real interests of the cultivators, coming in direct conflict with those of the consumers, will suffer, and the object of starting an

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organisation will be frustrated. The Committee have taken note of the provision made by Mr. McDougall to the effect that the Government, by holding the entire capital of the Corporation, will be able to safeguard fully the interests of the producers, but there is no doubt that the further provision, made in the next paragraph, for the gradual diminution of the share of the Government in the capital of the Corporation will result in the ultimate control of the Corporation being vested in the hands of the consuming interests to a very large extent.

There is a further disadvantage in leaving the decision of the Corporation to be settled by a majority of votes. The natural tendency for each of the interests represented in the Corporation will be to control the policy of the Corporation in such a way as to benefit itself and it is extremely doubtful whether the management of the organisation of a trade involving crores of rupees and indeed affecting the entire economic structure of the Province should be left to the arbitrary decisions of a medley of persons representing various interests.

The Committee of the Chamber are not at all sanguine as to the feasibility of the scheme of requiring the manufacturers to notify the Corporation of their requirements at the beginning of each season and to be bound to take the amount specified.

Considering that the overseas consumers are scattered all over the world, the Committee think it to be extremely doubtful as to whether the requisite co-operation from all of them will be obtained, so far as this aspect of the question is concerned.

Q. 38 to Q. 40.—So far as the Committee of the Chamber are aware, the growers of jute do not at present receive any market information at least such as may help them. The information that is at present available to them is often misleading and the cultivators are, on many occasions, actually misguided by such false information.

As previously stated, the position is also extremely unsatisfactory, so far as the practice of issuing jute forecasts is concerned. The Committee have already dealt with this question in detail in answer to Question No. 19, and they have also indicated the lines in which improvement might be sought.

It will be evident that such information as is necessary when the cultivators are left to themselves to adjust their output will, all the same, prove valuable even to the Central Jute Committee on which will devolve the task of deciding on the question of regulating output.

In obtaining the necessary statistics, in so far as they relate to foreign demand, the services of the Trade Commissioners and other representatives at various centres may, in the opinion of the Committee, be profitably utilised by the Government, who should ask them to secure in advance the estimates of the requirements of the respective countries.

The Committee agree that broadcasting with the aid of wireless telegraphy with loud-speakers at important centres will be of assistance in circulating reliable information to the cultivators.

Q. 41.—No. If the suggestions of the Committee for the regulation of production were adopted, there would be no necessity for such an organisation. Even if it is contended that it is necessary, the Committee consider it impracticable having regard to the administrative and business difficulties involved and huge amount of money that would be required for the purpose. In fact, if the suggestion of the Committee

for the regulation of production were adopted there would be no necessity for such an organisation.

Q. 42.—Yes; the Committee approve of the suggestion for market surveys under the direction of special marketing officers, as suggested by the Agricultural Commission. The Committee agree with the Commission that the collection and study of exact information regarding the marketing operations and practice at different centres must necessarily precede the formulation of an effective policy for the improvement of marketing. The Committee do not propose to set out here the specific functions which should be entrusted to the marketing officers, as these are fully dealt with in the Report of the Agricultural Commission (pages 410-11), to which the attention of the Enquiry Committee is drawn.

Q. 43 to Q. 46.—Yes. The institution of a Central Jute Committee is long overdue since its establishment was recommended in 1928 by the Royal Commission on Agriculture. The jute trade in Bengal is saddled with numerous defects, the removal of which awaits the continuous vigilance and endeavour of an expert body with a mixture of some representative elements chosen partly by the Government and partly by the various jute interests. In the opinion of the Committee, the activities of this institution should not be confined to mere agricultural research, such as seems to have been suggested by the Agricultural Commission, but should also extend to the fulfilment of some other important tasks designed to improve the condition of the whole trade. Such other tasks will comprise:—

- (i) carrying on market inspections;
- (ii) looking after the management of organised markets when these will be established;
- (iii) compilation and dissemination of all statistical and other information regarding demand, supply, price, etc., of jute;
- (iv) carrying on propaganda for expansion of existing markets and exploration of new ones for jute;
- (v) carrying on research to find new uses for the fibre, etc.,
- (vi) fixing the standards of quality and arbitrating on disputes arising in this connection.

It should be evident from the enumeration of the functions of the Jute Committee that its establishment will prove beneficial to all sections of trade and industry interested in jute. The Jute Grading Board, previously suggested in connection with the control and maintenance of jute standards for purposes of export, may act as a filial institution to the Central Jute Committee or as a special sub-committee of the latter. The Central Jute Committee will also, as suggested in reply to Question No. 9, control the production of jute, by allotting specific quantities to different blocks, and by framing rules for the allotment of quotas to the various local cultivators within each of these blocks.

The co-operation of the Governments of Bihar and Orissa and Assam will be welcome in carrying on the functions of the Jute Committee, and it is hoped that the latter will be easily persuaded in the interest of trade and agriculture in their own spheres to participate in the proposed scheme. Should these Governments express their willingness to co-operate with the Government of Bengal in the matter, they will

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undoubtedly have the right of nominating some representative on the Jute Committee.

The Committee may be financed by levying a small cess on jute.

Q. 47 to Q. 50.—Though the jute industry of India has not yet met with any formidable competition, the time has, however, arrived for those who have the welfare of the industry at heart to take stock of the position and envisage the magnitude of the potential competition from the diverse substitutes that are slowly and steadily getting perfected. Already, it appears, that an appreciable amount of the trade in jute manufactures has been hard hit by the use of elevators and bulk shipment in the grain carrying trade. While it is next to impossible to estimate the present and potential loss, it cannot be gainsaid that the establishment of each grain elevator whether in Australia or Canada or elsewhere means the loss of market for thousands of gunny bags.

Textile yarn made from wood-pulp and of 5 to 10 counts is offering a certain amount of competition to the jute textiles in the continental countries. This yarn has elasticity and tensile strength, sufficient enough at least to be woven into fabrics. Though the paper yarns of the U.S.A., Germany and other continental countries do not have the strength of jute, they seem to resist better the wear and tear, and have consequently replaced jute and packing substances inside electric cables. Cement bags are also coming to be made of paper.

As regards natural substitutes, jute has not had so far any competition worth serious attention. There are however certain fibres such as Ramma, Cokra, etc., of West Africa, Mehosome of tropical America and hemp grown in Philippine Islands that seem to have found favour in certain quarters as the possible substitutes for the jute fibre.

It must, however, be remembered in this connection that similar hopes were entertained in former years of other fibres and none of them have promised commercial success. In spite of all the defects that jute may possess and inspite of all the merits that may be claimed for its substitutes whether artificial or otherwise, it is certain that so long as the price of jute is kept within reasonable limits, there is absolutely no possibility of its being ousted by its substitutes—at least in the immediate future. It may be that cotton bags for instance may be found more suitable for certain purposes, but then its cost would be high enough to leave an advantage in favour of jute. The Committee of the Chamber would in this connection draw the attention of the Jute Enquiry Committee to the observations made in answer to Question No. 6. The only way in which its total elimination in any importing country may be effected is by its being excluded *in toto* by the Governmental authorities of that country. The Indian interests and the Government must be ever vigilant to see that no such steps are ever adopted by any country.

It is also not impossible to reduce the cost of production of jute manufactures by improved mechanical contrivances and selection of superior varieties of seeds. This would help to regain some of the lost trade.

It must be understood, however, that all that the jute trade has lost is not due to the use of substitutes. The "Exchange control" of Germany and other continental countries account in a very large measure for the fall in the Indian jute export trade to those countries. During his recent visit to the Chamber, the Indian Trade Commissioner

at Hamburg suggested to the Committee a way out of this difficulty. He was of opinion that by a system of barter arranged between the Indian and German merchants as well as between the two respective Governments, not only a way out of the "Exchange control" could be found but that mutual trading between the two countries could be facilitated with the result that jute exports to Germany would once again reach their former heights. The Committee of the Chamber hope that the Jute Enquiry Committee will give this suggestion a careful consideration.

Conclusion.—The Committee of the Chamber would summarise the proposal which they have placed before the Jute Enquiry Committee.

1. The great fact that emerges from the Committee's study of the problem of jute is the necessity for an organisation for the regulation of production, representative of all interests.

2. The jute trade is also suffering from the want of a central body which will prescribe standards of quality and weights, control marketing and warehousing and collect and disseminate information relating to both internal and export trade.

3. The ideally perfect organisation of jute trade and industry will only be achieved when the entire process of purchase of jute from the cultivators and its sale to balers, shippers and mills, will be concentrated in the hands of the same central organisation.

4. While the Committee do not believe that the danger of substitutes is at present real or serious, efforts should be made to expand markets, find out new uses for the fibre and keep prices down to the level necessary to give a reasonable remuneration to every branch of the trade.

Appendix.

(Vide reply to Question No. 1.)

Season. (July to June.)	Production.	Consumption.			Excess (+) or deficiency (-) supply in relation to total consump- tion.	Average price (in rupees) of baled jute first quality "No." per bale.	Export of jute manufactures. (January to December.)		
		Mill.	Export.	Total.			Hessian (in lakhs of yards).	Baggs (in lakhs).	Year.
In lakhs of bales.									
1925-26 ..	89	55	36	91	-2	..	15,033.99	5,153.35	1925
1926-27 ..	121	55	45	100	+21	57.5	15,051.33	4,987.91	1926
1927-28 ..	102	58	49	107	-5	60	15,520.71	5,132.32	1927
1928-29 ..	99	60	49	109	-10	68	15,912.27	5,856.61	1928
1929-30 ..	103	64	45	109	-6	55*	16,786.94	5,937.44	1929
1930-31 ..	112	46	34	80	+32	30.2*	13,955.41	5,462.93	1930
1931-32 ..	55 (a)	43	31	74	-19	33*	10,730.25	4,632.94	1931

(a) Provisional.

*Registers the effect of the depression.

[Bengal National Chamber of Commerce.]

No. 113.

Jute Balers Association, Calcutta.*

Dated the 12th May 1933.

Q. 1.—Yes, so long as the stocks of jute do not come down to half year's world consumption, the unorganised cultivator of Bengal will always thrust his supply upon his consumers, who, although they do not want to reduce their stocks at this price of raw jute but will always pause to be an unwilling buyer only to take advantage of the helplessness of the cultivators. At present the Calcutta mills are holding a stock of over 12 months' and foreign consumers about 6 months' consumption.

Q. 2.—It is not possible to estimate the expected demand in such abnormal times when there are so many shackles put round the neck of international trade. This year the trade expected that the local mills would take only 3½ million bales and the foreign consumers one million less than the local mills. In spite of the acuteness of depression this year we find the exports and local mills purchases going ahead of past years.

(a) Regulation is needed only in abnormal times like the present. In regulating the crop the accumulated stocks and a few past years' consumption should be the guide.

(b) The main object of such regulation would be to reduce the stocks in the consumer's hand and it would inspire confidence in the trade and ensure a steady demand for the crop from season to season and the cultivator will be assured of an economic price of his produce.

Q. 5.—The principal factors that depress the price of jute are,— (a) the ignorance, indebtedness and the disorganised condition of the peasantry, (b) accumulation of heavy stocks of raw jute in the consuming centres, (c) the rigid nationalism and high tariff walls in the international trade culminating in the fall of general price level, and (d) the marketing condition in Calcutta.

In this regard we would invite the attention of the Committee to the findings of our Sub-Committee regarding the baneful effects of the operations in the so-called Futures Market. A copy of the report of the said Sub-Committee has already been sent to the Enquiry Committee on the 25th February 1933.

Q. 6.—The regulation of the crop does not mean that the price of jute will rise out of all proportions with other commodities. Moreover, there has been no substitutes or nearest substitutes to jute. Whatever attempts have been made with paper bags and other fabrics are due to the fever of nationalism leading to high tariff walls. They are no permanent menace to the jute industry provided the price of jute keeps on a reasonable level.

Q. 7.—Several times the cultivators have regulated the jute crop voluntarily and if a regularly organised propaganda be conducted by the Government and the people the cultivators will regulate their crop voluntarily for their own benefit.

Q. 8.—There is no reason for such an increase in the sowings following a successful regulation in abnormal times. Because the surplus

*For oral evidence of the Association's representatives, *vide* page 560, *et seq.*

lands of the cultivators will be utilised in other crops and there is no reason to believe that regulation will push up the price of jute to an abnormal level to induce the cultivators to increase their sowings.

Q. 9.—We are strongly opposed to compulsory regulation of the jute crop by legislation. The reasons are obvious. The cultivators will run the risk of being harassed by irresponsible officials coming in direct contact with them. Various abuses and corruptions will creep in as a matter of course. Moreover, it would not be prudent on the part of the Government to launch upon such a legislation in the times when every action of theirs is looked upon by the people with suspicious eyes.

Q. 10.—In voluntary regulation the services of the Union Boards, Co-operative Societies, *zemindars* and other agencies willing to help may be requisitioned.

Q. 11.—Impracticable and impossible.

Q. 12.—Yes.

Q. 13.—It is for the Agriculture Department to find out the alternative crop suitable for the high and midlands. If this Department undertake this work seriously and practically demonstrate the cultivation of alternative crops with advantage we do not see any reason to believe that the bounds of voluntary regulation will be exceeded.

Q. 14.—Yes. Last two sowing seasons' propaganda was not regularly organised and financed. With proper finance, propaganda organised by the Government and the *zemindars*, district by district, and carried throughout the whole year can bring about voluntary regulation of the jute crop. The financial burden to be borne by the Government and the trade.

Q. 15 and Q. 16.—The cost of cultivation is related with the cost of living which varies according to the price of foodstuffs, clothing, fodder, etc. It is difficult to name the cost of production by valuating the cost incurred in the different processes of ploughing, sowing, weeding, cutting, retting, washing, storing and marketing of jute by the cultivators. We think Rs. 5 per maund is a fair price level for jute which would bring in a reasonable return to the cultivators.

Q. 17.—The world depression, the question of foreign exchange in the consuming countries and the loss incurred by the speculative holders are the chief factors in lowering down the price of raw and manufactured jute in Bengal in addition to the factors discussed in answer to Question No. 5.

The Association mills, in view of the restricted demand of their manufacture, had entered into an agreement for short working to curtail the stocks of manufactured goods to carry on the industry on a profitable basis but, later on, being unable to persuade the non-Association mills to join them in their agreement, revoked it and began working longer hours and helped the stocks to multiply. This had a baneful effect on the speculative holders of the jute fabrics who lost money in their holdings and now the mills do not find such holders to take up their manufactures of a season and have to come to the market for selling even odd and small lots.

Q. 18.—The Association advocates the continuance of the research work and the propaganda for producing better jute.

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Q. 19.—The Departments of Agriculture of the Governments of Bengal, Bihar and Orissa and Assam publish two forecasts—preliminary, regarding the acreage sown in the first or second week of July and the final, regarding the outturn of the crop in bales of 400 lbs. each in the second or third week of September every year. The speculative element in the trade takes a keen interest in these publications and violent fluctuation in price, upwards or downwards, is caused at the time according to the expectation or otherwise of the figures of those people. The following figures will convey an idea of inaccuracies of the Final Forecast since 1919-20 to 1932-33 (up to April, 1933):—

Season.	Final forecast (in lakhs of bales).	Trade statistics (in lakhs of bales).
1919-20	84.75	88.33
1920-21	60.00	76.62
1921-22	40.00	72.07
1922-23	42.00	57.37
1923-24	70.00	85.86
1924-25	80.00	84.30
1925-26	79.00	89.50
1926-27	109.00	121.97
1927-28	102.25	112.21
1928-29	99.00	106.20
1929-30	97.75	104.54
1930-31	112.33	100.75
1931-32	55.60	64.08
1932-33	58.44	73.00

The publication of the forecasts has neither been satisfactory nor beneficial to the best interests of the *bona fide* trade. It would be better for the trade if the present mode of publishing the forecasts on appointed dates be changed and the figures be published as they are received from the districts regarding sowings only with general notes regarding the progress or otherwise of the growth of the crop. It is generally believed that the outturn per acre as estimated by the Department of Agriculture for different districts requires revision. The crop grown with Government seeds turns heavier than the *raiyats'* own seeds and most of the growers are now sowing Government seeds. Yield of *tossa* is heavier than jute because of its length and its cultivation has increased since the Agricultural Department compiled their basis of outturn per acre for different Divisions.

Q. 20 and Q. 21.—The present forms and methods of grading and marketing jute in the mufassal are generally not unsatisfactory to all

concerned. Experiments can be made by establishing organised markets at a few out-of-the-way centres.

Q. 22.—The drawback of the village co-operative societies have been demonstrated by their failures in Bengal. Marketing is a knack to be found only in real merchants who are concerned with profit and loss. The salaried clerks lack such knacks.

It is to the interest of the *raiyat* and the balers to meet each other but the financial or other disabilities of the *raiyat* prevent him from doing so. The *bepari* who gathers small quantities of jute from *raiyats* of different places cannot be eliminated from his avocation and denied his profits.

Q. 24.—Multiplicity of middlemen represents the intensification of direct demand from the cultivators and as such it helps his interest rather than lowering the price of jute.

Q. 25.—Marketing customs are different in different districts of Bengal. Prominent ones which are detrimental to the interest of the trade are the difference in weights, which vary between 60 to 120 *siccas* a seer, crude scales and the systems of charging *dhalta*, *jalpani*, *britti*, etc. Standardisation of weight of 80 *siccas* a seer and tested scales for weighing jute be made imperative by legislation and the other pernicious customs be made penal.

Q. 26.—The practice of *dadan* has now become almost obsolete.

Q. 27.—The cultivators borrow money from the merchants to whom they are known and the village *mahajans*. It is not correct to say that in a large majority of cases the creditors are the ultimate buyers.

Q. 28.—It is possible but would not be profitable in the long run.

Q. 29.—Jute is sold to Dundee on the contract form prescribed by the Jute Importers Association and to the Continent and other countries on the London Jute Association form of contract. In selling jute to Japan the buyers and sellers make their own private terms and arrangements for delivery and payment.

Q. 30.—The export trade is done in baled jute of standard grades fixed by custom. The standards do not vary from year to year. The arbitrations are held in London or in Dundee as prescribed in the contract form. The arbitrators are appointed by the Dundee and London Jute Associations. This Association had been pressing on the Dundee and London Associations to revert to the old method of arbitration by arbiters nominated by the buyers and sellers themselves as is done in Calcutta for business done through the Calcutta Baled Jute Association form of contract. But the Dundee and the London Jute Associations have not yet acceded to the fair and reasonable demand of the baled jute trade here. When the arbitrator is not known to the sellers they cannot get any suggestion from him as regards packing and quality of the parcel and the lines on which they can improve. Further, the arbitrations though now are held in London on the lines of Bengal Chamber of Commerce still they do not follow the procedure of the Chamber in awarding costs to the losing party which is a grievance of the baled jute trade.

The system of granting Home Guarantee Letter by the balers to the shippers for a parcel of jute sold is bad in principle. "Invoice back" clause has been expunged from the Home Guarantee Letter.

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It is not officially recognised by the trade but sellers according to the exigencies of business are said to make their private arrangements with their buyers as regards this clause.

Q. 31.—We do not think it feasible to fix standards of baled jute by legislation. Custom of the trade has done it and has been working smoothly.

Q. 32.—No.

Q. 33.—The various methods of marketing jute in Calcutta, in our opinion, are not satisfactory. Jute in *kutch*a bales of 4 maunds, $3\frac{1}{2}$ maunds and $1\frac{1}{2}$ maunds and in drums is imported into local marts from the districts by the sellers themselves or exported by the up-country sellers to the *aratdars* in Calcutta as commission agents. There are six such marts in Calcutta, *viz.*, Cossipore Road, Hatkhola, Fulbagan, Ultadingi, Shambazar and Baghbazar. The importers have their godowns at the last five places and the jute balers and the mills go there for ready purchase. At Cossipore Road the goods are landed in Railway godowns where they are kept free of charge for a day and after that if the goods are not taken delivery of, a demurrage of 3 pies per maund is charged for the next day and one anna per maund for the extra days. The buyers go to those godowns where the brokers sell on behalf of the sellers. In many cases jute is sent therefrom to the balers' presshouse on price to fix. The importer at Cossipore Road Station always tries to dispose of the jute on the very day of its arrival so that he may not incur any demurrage. The repercussions of the fluctuations in *fatka* market are evident in this mart which has become an auction mart for the jute where it would be sold to the best bidder. When the *fatka* quotations are high the buyers are many but in a falling market they all retire and the keenness of the sellers go to depress the price. Jute purchased at Cossipore Road is weighed at the buyers' presshouse and a *dhalta* allowance of one seer in $3\frac{1}{2}$ maunds, $\frac{1}{2}$ seer in $1\frac{1}{2}$ maunds and $\frac{1}{4}$ seer in drums is deducted by the buyers. The buyers also deduct cartage for the jute carried from the Cossipore Road to their respective presshouses from the sellers' bills. In case of purchases made at other marts the weighment of jute is done in the sellers' godown without any provision for *dhalta* or cartage. The facilities afforded by the Cossipore Road mart have almost crippled the Hatkhola and Fulbagan marts. In recent years, a pernicious practice of importing wet jute has been taken recourse to by the Calcutta importers which has helped to a great extent the fall in price of raw jute at the wake of so-called depression.

The balers have got their own contract forms for forward purchase of jute.

Indian jute mills make their purchases of *kutch*a bales in the prescribed contract form of the Indian Jute Mills Association and most of their purchases are made for forward deliveries on the basis of varied standards which at present are known as Four's, Rejection's, L. R's X. L. R's. The specification of these standards had been entirely dependant upon the sweet will of the Indian Jute Mills Association in consultation with the Calcutta Jute Dealers Association. Both of the organisations are mainly of the European merchants. But since last year the specification of the standards has been made in terms of the percentage of the warp, weft and cuttings a particular standard to contain. Such specification has also done no good to the sellers. Mills,

generally from the start of the season to its end, buy only the lowest grade or a grade higher than that as if the jute has so deteriorated in quality that it no longer yields Four's and Rejection's. In spite of the specification of these standards the sellers perforce have to deliver jute of higher standard in a lower grade. This procedure ultimately tells upon the growers' interest. The mills are the principal consumers in Calcutta. The balers buy jute but their functions are those of a seller to foreign consumers directly or to the shippers here. Apparently the interests of the balers are to coincide with those of the loose jute sellers and the growers but the organisation of the market in Calcutta has made it to be otherwise. There are about 61 jute mills around Calcutta with 59,000 looms and out of these mills only 6 are owned by the Indians with about 5,500 looms. The present consumption under the short time working agreement of the mills is about 45 lakhs bales of 400 lbs., each. They buy mainly *kutchha* bales. Except cuttings of superior quality baled jute, they cannot buy *pucca* bales from the balers because the packing charges come to nearly Rs. 4 a bale of 400 lbs. devoid of the roots.

Stress must be laid here on the buying systems of the mills. With the exception of a very few European managed mills, no Indian broker is allowed to call on them. They buy mostly from the 7 or 8 European seller firms though the number of Indian sellers are more than a hundred. Although the under-brokers of the European brokers are all Indians and they gather offers from the sellers, still the lion's share of the brokerage earned must go to the European brokers because it is through them the jute is to reach the mills. These European brokers enter into under-signed contracts with the mills and their sellers as the mills would not like to enter into a direct contract with Indian sellers, though they are financially far stronger than the brokers. They charge $1\frac{1}{2}$ per cent. as brokerage while they pay to their Indian under-brokers $\frac{1}{4}$ per cent. only. It is to be noted here that the brokerage is paid by the sellers.

European mills always give preference to the European sellers even at comparatively high prices. The Indian merchants have to engage European and Anglo-Indian supervisors in their agencies in the districts at a considerable expenditure in order to facilitate their sales of *kutchha* bales to the European mills.

It is stipulated in the contract form that the transit insurance for the jute sold to the mills is to be effected by the sellers with the buyers' agency and the managing agents of most of the jute mills are also agents of insurance companies. Though the jute can be delivered in the mills at a lesser cost in country boats but the difficulty in insuring the jute and unwillingness of the mills to take such delivery makes the sellers to export jute by railway or in combined services at a higher rate of freight.

We think that if a jute federation of the representatives of different interests be formed with statutory powers to make rules and bye-laws for the smooth conduct of the trade many of the present difficulties and disabilities might be removed.

Q. 34 to Q. 36.—Yes. In the middle of a jute season the mills have changed the quality of the standards very often thus raising them by one standard and finding one lowest grade. This change invariably

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resulted in the fall of price and the sellers and the growers have suffered as a consequence of it. The consumers being the best organised section of the trade always dictated their terms to the other sections; so it is of paramount necessity that an absolute standard be fixed by legislation of the different grades of jute for the benefit of the growers and the sellers and such fixation of the standard would not in any way be disadvantageous to the consumers.

We suggest a Board consisting of Indian and European merchants connected with the jute trade be established who would classify and grant certificates as regards quality which would be final and binding on the buyers and sellers.

Q. 37.—We do not think that Mr. McDougall's marketing scheme is workable.

Q. 38 to Q. 40.—The growers of jute at present practically do not get any reliable information about the market. They gather the information in the stations from persons coming from Calcutta and generally the quotations of the *fatka* market. The growers being concerned with loose jute the quotations for *pucca* bales for future delivery cannot be a true guide to them as regards the tendency of the market. They should be supplied with the price for ready loose jute in Calcutta marts and the business done with the mills. The Department of Agriculture should supply this information to the growers in the vernacular of the province. As regards the market conditions abroad the Trade Commissioner may gather informations and supply them to the traders through the financial and economic papers. The same agencies we think would be able to supply information about the stocks, the complaint from buyers regarding quality, etc. Yes, market information, night after night through wireless telegraphy with loud-speakers at prominent centres, will prove to be of great assistance to the growers.

Q. 41.—Without the means of restricting the crop it would not be advisable or practicable to work out any scheme to hold back the supplies of jute in the event of a slump. If the jute crop be regulated then we think it would be helpful if the Government announced its willingness to buy and stock jute at a minimum price fixed by it.

Q. 42.—Yes.

Q. 43 to Q. 46.—It is necessary to create a Jute Committee for Bengal on the lines of the Central Jute Committee recommended by the Royal Commission on Agriculture. The functions of the Committee should be (a) to look after the interests of the jute growers by supplying them with the information regarding the jute trade, stocks in the consumers' hands, probable demand, etc., and promoting legislation for their well-being, and (b) taking measures to improve the marketing conditions and research works. Viewed broadly the interests of the producer and the Indian manufacturer of jute goods seem to be identical. The other departments of Government including the Agriculture Department will assist the Committee as they would deal with a part under their charge specially. It is possible for the Committee to function without the co-operation of the Provincial Governments of Bihar and Orissa, and Assam. When the Department of Agriculture of the 3 provinces have been co-operating in the matter of the publication of the preliminary and final forecasts of the jute crop why should they not co-operate by putting their Directors of Agriculture on the Central Jute Committee? The Committee should be financed by levying a small

cess on jute exports with a corresponding reduction in the export duty on jute.

Q. 47 to Q. 50.—The talks about substitutes generally originating in the consuming countries have come to the fore-front whenever the price of raw jute has moved upwards. It was once believed that the Germans had found some workable substitute for jute during the Great European War but time has shown that it was a false belief. We have no figures to show to what extent the trade has been lost to the jute industry through competition from substitutes. But it is generally believed that Russia and South America have been utilising some fibres grown in their own countries instead of jute. It is feared that if the manufacturing countries of the world be self-centred and the policy of high tariff walls to shut out imports from other countries be pursued and internationalism instead of rigid nationalism of the present day in trade be not favoured, then more or less the different fibres will compete with jute.

In the absence of statistics nothing definite can be said in this connection.

No. 114.

Mr. O. M. Martin, I.C.S., Collector of Rajshahi.

Dated the 10th May 1933.

Q. 1.—No great necessity.

Q. 2 (a).—Yes, by compulsory restriction of the area sown.

Q. 2 (b).—Object, to prevent over-production.

By this means alone, prices could be kept up, and although there would be fluctuation, it would not be so great as at present, unless grave mis-calculations were made by the controlling authority.

Q. 3.—It seems to me absurd to deny the possibility of regulating production.

Q. 4.—*Ganja* and opium, in this country. Jute production could be controlled similarly although (i) it is grown in much larger quantities and (ii) is not an excisable article. It has the advantage of being confined to the Bengal, Assam, and Bihar area by climatic conditions. This helps control.

Q. 5.—The main cause undoubtedly is world depression. If world trade revived generally, jute would boom. Demand for jute depends on volume of world trade. No permanent over-production is to be feared.

Q. 7.—I cannot think of any scheme which would be approved of by cultivators.

Q. 8.—It is quite obvious that voluntary restriction is impossible.

Q. 9.—My views are that compulsory control of production (i) is unnecessary, (ii) involves great hardship to individuals and (iii) would lead to untold corruption.

Q. 10.—None of the agencies mentioned can be trusted. Nor could Government agency be trusted. The subordinate officials would all grow fat on graft. Temptation would be irresistible.

Q. 11.—No, I do not trust the Jute Marketing Board. They would probably make large and expensive mistakes.

Q. 12.—Yes.

Q. 13.—No need to suggest them. The *raiyat* has his alternative crops and knows them well.

Q. 14.—Government propaganda is of little use. It is prices that speak.

Q. 15.—Estimates of normal cost of cultivation are entirely misleading. If you accept them, you will be led to believe that the *raiyat* is losing money by growing jute and still more by growing paddy, but you will be wrong. Estimates of cost of cultivation are made by *jotedars* and big cultivators, who use hired labour. For practical purposes divide all such estimates by 4 and you will get a working figure.

Q. 16.—Rs. 5 to Rs. 6 per maund according to quality. This is quite enough for the small cultivator. Even now jute is more profitable than paddy.

Q. 17.—*Vide* Questions Nos. 2 and 5.

Q. 18.—Yes, there is no other or better agency. Give the Department more money and tell them to extend their activities.

Q. 19.—Jute forecast is not perfect but it cannot be much improved.

Q. 20.—No. Standard grading would be useful.

Q. 21.—Feasible but unnecessary. How have the cotton markets worked? I do not know.

Q. 22.—The jute middleman is a useful and necessary man. Co-operative societies have tried to do his job but have failed dismally.

Q. 23 and Q. 24.—No. If middlemen were fewer they would combine and the cultivators would get less. Competition keeps up prices.

Q. 25.—Probably so, but it is not possible to abolish them.

Q. 26.—Replies given by others are mutually contradictory. The truth is, most cultivators would sell in advance if they could, at a decent price, but they cannot nowadays.

Q. 27.—Nobody nowadays will lend to the cultivators, and they are carrying on just the same. The small grower does not really require any credit. All he needs is a decent price for his crop.

Q. 28.—Yes, but most undesirable.

Q. 37.—The scheme is well worked out, but the whole principle of forcing up jute prices and creating a monopoly is unsound and in the end would be the ruin of the trade. It would encourage the use of substitutes, especially under present conditions. Danger from substitutes is much under-estimated.

No. 115.

Babu Suresh Chandra Chakravarty, President, Puthia East Union Board, district Rajshahi.

Dated the 29th March 1933.

Q. 1.—I think regulation is necessary but whether or not it is possible remains to be seen.

Q. 2 and Q. 3.—Human nature being what it is, an effort to regulate production of jute according to probable demand in the local and

foreign markets cannot be thoroughly effective inasmuch as if and when prices are remunerative, the area under cultivation in the year following such prices must go up in spite of propaganda or legislation to restrict cultivation of jute, thereby bringing down the prices even beyond the level at which they can cover the cost of production.

Q. 4.—I am aware that control of production and export of *ganja* has been successfully effected in this country. The case of *ganja* is however different as it is grown in a small and compact area in the Rajshahi District of Bengal and is therefore easily amenable to control.

Q. 5.—The price of jute like any other commodity of international trade is affected by many factors namely production in excess of demand, want of transit facilities and high export and import duties. The case of jute however is different from other commodities in this respect that being a monopoly of Bengal (jute production in Bihar and Assam being very small in quantity may be left out of account) its price is not liable to be affected by competition.

Q. 6.—So far as I can see jute is not likely to be ousted by any other commodity from the world's market as the purposes to which it is chiefly applied cannot be served by either hemp or paper or any other commodity.

Q. 7.—I do not think the *raiyats* would voluntarily come under any scheme of regulation because of their inability to understand their real interest and of their distrust of any attempt at regulation being successful in view of the disastrous failure of the Co-operative Jute Sale Societies.

Q. 8.—I think so.

Q. 9.—Depression in the price of jute has been the ruin of the Bengal *raiyats*. Regulation is certainly desirable. I am not sure if regulation can be made effective by legislation. However, considering that if effective it will save the Bengal *raiyats* from starvation, I would suggest that legislation may be had recourse to to secure for the *raiyats* as much of the fruits of their labour in connection with production of jute as possible.

In my view the main purpose of legislation would be to standardise the price of jute, to cut down the profits of *farias* and other middlemen and with this object in view, to establish centres for distribution and sale of jute where the cultivators can bring their crop directly.

Q. 10.—In case of compulsory regulation, co-operative societies would be the best agency to enforce it, there being greater and more efficient supervision of the work of this Department than that of the Union Boards. I do not see how the *zemindars* can come in, in a scheme of compulsory regulation of jute, save and except supplying information as may be called for from them.

Q. 11.—The idea of concentrating the purchases of jute is good; in fact such concentration is a *sine qua non* of compulsory regulation of jute by legislation. Besides helping to find out evasion on the part of the *raiyats* it will help them to find a fair price for their commodity.

Q. 12.—Certainly, if co-operation is possible.

Q. 13.—Sugarcane is a good substitute for jute and already a large area in the Sadar Subdivision of this district has been brought under sugarcane cultivation. Cultivation of potato is also gaining ground

[The President, Puthia East, Union Board, Rajshahi.]

where this crop can be raised with advantage. The *raiya*s are being encouraged to grow sugarcane instead of jute by the *zemindar*'s people, Co-operative Department, Union Boards and Jute Association of Calcutta which I think has had the desired effect of encouraging the cultivation of sugarcane and other alternative crops.

Q. 14.—Propaganda as mentioned above has somewhat kept down the area under jute cultivation and further vigorous propaganda by the above agencies may further restrict the area under jute cultivation.

Q. 15.—The cost of cultivation per *bigha* of jute is Rs. 15 or thereabouts and yield 5 maunds, that of sugarcane Rs. 25 including crushing and yield 30 maunds of raw molasses, that of potato Rs. 20 and yield 50 maunds and that of turmeric Rs. 16 and yield 50 maunds of raw turmeric. The cost and the yield vary somewhat in different districts, the above representing the normal in the Rajshahi district.

Q. 16.—As matters stand in this district, Rs. 8 per maund would be fair price for jute which would leave a decent margin of profit to the grower.

Q. 17.—Fall in the price of jute is due to overproduction and disturbing condition of the world market, diminution of foreign consumption of jute consequent upon diminution of Indian consumption of foreign goods.

Q. 18.—Foreign competition is not likely to make much head-way against the monopoly of jute in Bengal and paper or other commodities cannot be good substitutes; still, research and propaganda to assist the *raiya*s in producing better jute at a lower cost is certainly desirable.

Q. 22.—Co-operative societies for bringing the *raiya*s in direct touch with the baler is necessary, but they should be so constituted as to command the confidence of the *raiya*s and should be free from the defects which brought about the downfall of Jute Sale and Supply Societies started under the auspices of the Co-operative Department of Bengal.

Q. 23.—Yes, I know of middlemen and *farias* who take jute from the growers at easy prices for which they make advance before the jute is harvested and placed on the market. They sell up the jute to *beparis* at some profit, say 4 annas per maund and the *beparis* stock and supply the jute to the Calcutta mills through their agents. These latter class of people also make a decent profit which however is dependent on the prices remaining steady.

Q. 24.—The low price at which the grower has to part with his jute is certainly due to a large number of middlemen intervening between him and the consumer.

Q. 25.—The system, whereby jute passes from the hand of the grower through *faria* and the *bepari* to the mills, can be done away with only if the grower can be made to come into direct contact with the consumer (mills) by the establishment of Co-operative Sale Societies controlling the purchases of jute.

Q. 26.—The cultivators pledge their jute at a certain price after the sowing takes place, *i.e.*, in the months of *Baisak* and *Jaistha* to pay their landlords and *mahajans*, as also to keep them up till jute and *aus* paddy are harvested. The price is generally determined by the price which jute fetched in the year preceding.

Q. 27.—The cultivators take advances from people who carry on the jute trade in rural areas. In many cases, these people are the middlemen through whom jute passes on to the consumer. It certainly lowers the price of jute which goes into the pocket of the growers. An attempt is being made to provide the *raiyats* with credit facilities by the co-operative village societies but attempt should also be made to multiply the number of such societies.

Q. 38.—As matters at present stand, the growers do not receive any market information worth the name. The *beparis* and mill agents are in possession of information regarding the market conditions and rule prices. I do not see how the growers can be supplied with reliable market information except through co-operative jute societies if and when established. Until the establishment of such societies an attempt may be made through the existing co-operative agencies to disseminate reliable information regarding the prices prevailing in the Calcutta and foreign markets.

Q. 41.—In the event of slump in the market it would be a great boon to the *raiyats* if their jute can be purchased at a fixed price which would leave some profit after meeting the cost of production. This can be done by Jute Sale Societies and Government can help such Societies financially and otherwise.

Q. 47.—I am not aware that there has been any substitute for jute and that the demand for jute has lessened on that account. To my mind, there does not yet appear to be any danger of competition from any direction. Elevators and bulk shipment cannot materially affect the need for jute bags.

Q. 51.—Jute may be put to various other uses, for instance, carpets may be made from jute. In fact, carpets, *ashans*, etc., are being manufactured at Noagaon at a marketable price and the articles are also in great demand.

The above replies were discussed with Babu Srish Chandra Sidhanta, President, Puthia West Union Board, and he said that he was in full accord with the opinion expressed therein.

No. 116.

Babu Kshetra Mohan Mandal, Circle Officer, Sadar, Rajshahi.

Dated the 21st March 1933.

Q. 1.—No.

Q. 2 (a).—No.

Q. 2 (b).—Both to raise and to steady prices of the raw fibres by controlling production.

Q. 3.—Not possible to regulate production because the area and the people producing are very large and extend even beyond the Province. Compulsory restriction which is also not possible to impose would create widespread discontent amongst the agrarian people throughout the Province.

Q. 4.—I know the regulation of production of *ganja* and opium only in this country which is limited to a very small area and used

for only restricted consumption. The case of jute is dissimilar both in respect of the area growing it and the extent of consumption.

Q. 5.—The prices have been poor only at times of financial or other crisis rather than that low prices are due to over-production.

Q. 6.—The scheme of jute control would make a greater area available for autumn rice and winter rice, by cultivation of which the normal prices would be lowered not for competition but for a larger supply.

Q. 7.—No.

Q. 8.—That would also be a ground for failure of the attempt to regulate on a voluntary basis.

Q. 9.—I am not in favour of regulation being made compulsory by legislation on the ground stated in reply to Question No. 3.

Q. 10.—Does not arise. Implementing compulsory regulation through any agency would make it unpopular and be looked upon as a source of oppression.

Q. 11.—Concentration of purchase in a Jute Marketing Board would result in checking the progress of sale which is disliked both by the growers and dealers and it is doubtful if the volume of purchase which is bound to be very large can be controlled by the Jute Marketing Board. It can however be possible to obtain statistics of sale or purchase from the owner of the market who through his own officer or lease-holder realises some tax at fixed rate on the quantity sold.

Q. 12.—Yes, co-operation of the Government and of organisations in Bihar and Orissa is necessary.

Q. 13.—Variety of alternative crops would depend on the nature of sale and the common level of the different crops of the district. In Rajshahi district alternative crops for high lands are autumn rice and sugarcane, and for low lands, winter rice.

Q. 14.—Propaganda done during the last two sowing seasons was very effective in restricting jute cultivation. It should be continued and it can be made more effective if it is made through an organisation with representatives of growers, dealers and Agricultural Department.

Q. 15.—At present the normal cost of cultivation per acre is Rs. 36 including cost of labour besides land rent of Rs. 5. The normal outturn per acre is 16 maunds. For sugarcane, the cost per acre is Rs. 50 including cost of labour for harvesting, and for autumn rice, Rs. 25, and winter rice, Rs. 22, per acre, including, of course, the cost of labour for harvesting, ploughing, etc. The outturn for sugarcane per acre is 60 maunds and that of autumn and winter rice is 21 maunds and 22 maunds, respectively.

Q. 16.—In the present day condition the fair price level for jute fibre would be Rs. 7 per maund.

Q. 17.—Want of demand owing to trade depression.

Q. 18.—To meet the competition from paper and other substitutes agricultural research and propaganda for growing a better kind of jute with larger outturn might be useful. I do not think that Agricultural Department can be helped in this work by any other agency.

Q. 19.—The present system of compiling and publishing jute forecasts is satisfactory and seems to be beneficial from the point of view

of all concerned, specially for regulating prices. If at the same time it can be forecast what would be the demand of the mill-owners and balers, etc., it can bring some check on the production of jute.

Q. 20.—At present the grading depends on colour, strength and fineness of fibres and this system is satisfactory.

Q. 21.—It does not seem to be possible to establish organised markets. Even if the market be organised each district will require not less than 100 markets, each serving an area of 30 square miles. At present the greater quantity of jute is sold by cultivators from their own houses to the *beparis* and unless they get a better price it would be a loss to them to carry the produce to the market by incurring some expenditure for carrying.

Q. 22.—It seems to be doubtful in view of the magnitude of cultivation.

Q. 23.—*Farias* make purchases both as commission agents and merchants from the cultivators in villages and *hats* and sell their collection to the *beparis*, the *beparis* sell the jute purchased by them to the merchants. *Farias* receive commission at fixed rate per maund from the *beparis* and as merchants they get profit or suffer loss in selling to the *beparis*. The *beparis* also do the same thing in correlation to the merchants.

Q. 24.—No.

Q. 25.—Realisation of *dhalta* from the seller ordinarily at the rate of 2 seers per maund sold, is a marketing custom, detrimental to the interest of the cultivators. Rate to be paid to the owner of the *hat* or to his lessee by the cultivators for selling the jute is sometimes exorbitant. This custom cannot be abolished unless the markets are organised in the way suggested in the questionnaire. Private owners of the *hat* may also do something to relieve the cultivators of this detrimental custom.

Q. 26.—Ordinarily the cultivators do not pledge or sell their crops before harvest but there are very poor cultivators who, sometimes, without being able to procure loans in any other way, do pledge their crops before harvest. Loans are available on pledging the crops in this way, ordinarily from 3 months before harvest when the prospect of crop is almost sure. The term of the pledge is generally to give a particular quantity of jute for each rupee borrowed or to sell at a particular rate each maund of jute.

Q. 27.—Cultivators borrow from village money-lenders. It is not correct to say that in the large majority of cases the creditors are the ultimate buyers of the crops.

Q. 28.—No.

Q. 32.—The adoption of a system of standards on the lines of American Cotton Standards Act, would at least be beneficial.

Q. 35.—Fixed standards for loose jute should be fixed by legislation.

Q. 36.—The standards as current now may be adopted and the authority supervising it will be either the Agricultural Department or

[The Circle Officer, Sadar, Rajshahi.]

any other agency made up of the representatives of the Agricultural Department, Jute Growers' Association, etc., and the representatives of other similar associations.

Q. 37.—I advocate the scheme formulated by Mr. McDougall but at the same time I am of opinion that the scheme is not possible to be worked owing to the magnitude of the work it has got to take up.

Q. 38.—Generally, the market information is received through the dealers but it is also received through newspapers which is subscribed by some men in rural areas. Market information can be better supplied to the growers if at every fluctuation of the market it is sent to the rural Union Board offices or to the Jute Growers Co-operative Society, if formed, as suggested in Mr. McDougall's note, by Bengal Jute Association or suggested Jute Corporation.

Q. 39.—If the suggested Corporation be formed it can supply all information regarding stocks, complaints from buyers regarding the quality, etc.

I do not know the working of the present Bengal Jute Association and consequently I am not in a position to say if it can supply all necessary informations. Market informations regarding the classifications with description and the prices of different classes of jute and the classes having the greatest demand in the market and the trend of the market towards rise or fall would be of interest to the growers.

Q. 40.—Wireless telegraphy with loud-speaker would certainly be of assistance but in view of the cost it is doubtful whether it is practicable.

Q. 41.—It may be advisable to hold back jute from the market in the event of possible slump due to temporary causes but otherwise it is not advisable for it will give only later congestion causing further fall of the market.

A practical scheme to hold back the jute by making purchases through some organisation is almost impossible in view of financing it but if such a scheme is formed it should be organised on co-operative basis, with shares from jute growers or their co-operative society, the funds being supplemented by loans from recognised Banks of Government. The probable cost of working would be about half of the total value of the average output of a year.

Q. 43.—A Jute Committee seems necessary.

Q. 47.—I cannot give any figures but the loss is likely to be permanent.

Q. 48.—By reason of cheapness if not only but mainly.

Q. 53.—A Research Department should be instituted without delay for the purpose suggested in the question. The Department may, for the present, be financed by Government.

Q. 54.—Yes.

Q. 55.—Through a special bulletin for jute.

Q. 56.—Not necessary.

Q. 57.—If special representatives be appointed in various countries they would be financed by all associations of jute dealers.

No. 117.

The District Board, 24-Parganas.

Dated the 13th May 1933.

- Q. 1.**—Yes.
- Q. 2 (a).**—Yes.
- Q. 2 (b).**—It would go to help to steady prices of the raw fibre and prevent fluctuation.
- Q. 3.**—Does not arise.
- Q. 5.**—Mainly due to over-production and partly due to general trade depression and subsequent financial crisis.
- Q. 6.**—There is little danger of competition anywhere as jute is the cheapest raw material and a monopoly of Eastern India. It has been tried to produce jute in Java, Brazil and East Africa, but the attempt failed everywhere. The only substitute that has been hitherto discovered is paper bags used only for cement.
- Q. 7.**—Cultivators would not voluntarily come under a scheme for regulation, but propaganda if intense and sustained would no doubt achieve regulation.
- Q. 8.**—By this method there would be a likely increase in the sowings in the next year but if continued propaganda work, with mass education, be adopted, there may be a successful result.
- Q. 11.**—Jute Marketing Board may be made use of as a check to evasion of jute regulation.
- Q. 12.**—Yes. It requires legislation in Bihar and Assam.
- Q. 13.**—Paddy will grow on low lands, tobacco, linseed, cotton may be tried on high lands, and also C213 sugarcane.
- Q. 14.**—Government and other propaganda did much useful work in keeping down the sowings in the last two years; otherwise the production would have been enormous. Therefore propaganda in every way is very useful.
- Q. 15.**—The cost of production of jute per acre is not less than Rs. 30 and the quantity of production of jute is about 15 maunds in the East and North Bengal and 12 maunds in the Western Bengal, per acre.
- Q. 16.**—According to districts the price should change from Rs. 7 to Rs. 9, per maund.
- Q. 17.**—The depression in the world trade and consequent less movement of goods requiring jute bags and jute cloth.
- Q. 18.**—Agricultural research should certainly not be discontinued, but it might be controlled, so that the present position is not aggravated unless the results of such research are certain to reduce considerably the cost of production.
- Q. 19.**—Jute forecast is gradually improving and more accurate figures are necessary.
- Q. 20.**—Present form of grading is quite satisfactory. If middlemen could be eliminated the actual cultivators would profit by it.
- Q. 26.**—Cultivators are believed to pledge their crops before they are harvested in some cases, but the Board has no actual information.

Q. 27.—Cultivators borrow chiefly from *inahajans*, but we understand also that in some cases they borrow from landlords against the sale to them of their jute. Have no suggestions to offer regarding better credit facilities to growers, but something should be done to improve facilities and to reduce the rate of interest charged.

Q. 28.—Recommend marketing jute through co-operative organisations.

Q. 33.—Present system of marketing jute means loss to the cultivators. If loose jute is purchased by the balers and mill-owners from mufassal centres, it will come to help the growers.

Q. 34.—Standards and grades of jute are not changed arbitrarily in the middle of the season, but standards change naturally and gradually throughout a season according to the age and growth of the jute as the season progresses.

Q. 40.—Wireless telegraphy with loud-speakers at appointed centres might be tried for dissemination of market information.

Q. 41.—Marketing by the Government in periods of slump does not seem advisable nor practicable.

Q. 42.—There may be necessity for appointment of special marketing officers according as regulation is framed.

Q. 44.—Suggestion on this as made in former answers.

Q. 45.—Co-operation with the Provincial Governments like those of Assam, and Bihar and Orissa, is necessary though the amount of jute grown is small in comparison with Bengal.

Q. 46.—To be financed by Government.

Q. 53.—Other sections of industries, financed by mill-owners, should take the lead.

Q. 54 to Q. 58.—These matters could be considered when a research committee had been appointed. It is unnecessary to consider these problems before a committee is formed or some such action is taken.

No. 118.

The District Board, Rajshahi.

Dated the 20th May 1933.

Q. 1.—Yes.

Q. 2 (a).—Yes.

Q. 2 (b).—To raise prices to a reasonable standard and to keep them steady.

Q. 3.—Does not arise.

Q. 4.—*Ganja* has been successfully brought under control by regulation. Jute is dissimilar to *ganja* in respect of its magnitude.

Q. 5.—The factors which determine the price of jute are, over-production, trade depression, want of transport facilities, export and import duties and want of any organisation of the growers.

Q. 6.—Possibly not.

Q. 7.—Not likely. By nature and education the growers are incapable of understanding any new scheme affecting the existing order of things.

Q. 8.—Past experience has proved that in the absence of any regulation the growers will be always tempted to increase their sowings, if the prices were favourable in the preceding year.

Q. 9.—Legislation is necessary. The *Ganja* Co-operative Association may serve as a model.

Q. 10.—Co-operative societies would be preferable.

Q. 11.—Whether there is evasion of jute regulation procedure or not, concentration of purchase and sale is a necessity.

Q. 12.—Yes.

Q. 13.—For low lands—paddy. For high lands—sugarcane, potato and other vegetables. Cotton may also be tried. The Agricultural Department should undertake to demonstrate locally that these alternative crops are paying.

Q. 14.—Propaganda work has done some good and should be continued in the absence of any legislation restricting the cultivation.

Q. 15.—Cost of cultivation per acre of jute is Rs. 60 and yield about 15 maunds; sugarcane, Rs. 80 and about 20 maunds of raw molasses; potatoes, Rs. 60 and 100 maunds.

Q. 16.—Rupees 10.

Q. 17.—Fall in the price of jute is due to over-production and disturbing condition of the world market, diminution of foreign consumption of jute consequent upon diminution of Indian consumption of foreign goods.

Q. 18.—Research and propaganda are necessary. The Agricultural Department should continue these functions with the assistance of the *zemindars* and the Union Boards.

Q. 19.—The present forecast is largely a guess work. With the introduction of a body corporate regulating the cultivation of jute, a better forecast will be possible.

Q. 20.—The present methods of grading and marketing about which the growers have no idea are not sufficient.

Q. 21.—Organised markets are expected to be helpful.

Q. 22.—Yes, it should be the duty of the body corporate formed under the proposed legislation to eliminate middlemen.

Q. 23.—The *farias* take jute from the growers and sell it to the *beparis* at some profit. In order to obtain jute at a low price the *beparis* advance money to the cultivators through the *farias*. The growers generally lose a great deal by this transaction.

[The District Board, Rajshahi.]

- Q. 24.**—The multiplicity of middlemen is one of the causes.
- Q. 25.**—The sale of jute through *farias*, the want of standard weights as well as certain customs such as *gadisalami*, *koyali* and *dharta*, etc., are all detrimental to the interest of the *raiyat*. These may be abolished by legislation.
- Q. 26.**—In order to pay creditors and to keep themselves going, the *raiyats* sometimes pledge the crops 3 or 4 months before they are harvested at a comparatively low price.
- Q. 27.**—From *mahajans* and jute merchants who are, in many cases, the ultimate buyers. Yes. The price is adversely affected. The Jute Corporation should make provision for better credit facilities.
- Q. 28.**—Co-operative organisation for controlling the entire system of jute marketing is necessary but the details should be left in the hands of experts.
- Q. 35.**—Yes.
- Q. 36.**—A standard which it would be possible to maintain by the various localities growing jute, to be determined by experts.
- Q. 37.**—Mr. McDougall's scheme, with better representation of the growers' interests in the Directorate, may be adopted. In place of restriction of area under jute cultivation by legislation a system of licensing may be introduced.
- Q. 38.**—Not worth the name. If the marketing is concentrated and the prices are fixed, market information is not much of a necessity.
- Q. 39 and Q. 40.**—Do not arise.
- Q. 41.**—It should be the duty of the Jute Corporation to stock jute in the event of a slump and Government should assist in this direction.
- Q. 42.**—No.
- Q. 43 to Q. 46.**—The questions do not arise if the suggested Jute Corporation is established.
- Q. 47.**—Jute does not stand in danger of being substituted by paper bags, etc.
- Q. 48 to Q. 50.**—Do not arise.
- Q. 51.**—Jute may be utilised for making carpets, mats, etc., as it is being done at Naogaon. Research should also be undertaken by Government to find out other uses.
- Q. 52.**—No.
- Q. 53.**—No serious losses from competition are admitted but research should be instituted for improving the present method of manufacture, etc., by Government in the Industries Department.
- Q. 54 to Q. 56.**—The proposed Jute Corporation may undertake propaganda in other countries, details being settled by them.

No. 119.

Dr. D. B. Meek, O.B.E., Director-General of Commercial Intelligence and Statistics, India.*

Dated 30th May 1933.

(Evidence tendered in personal capacity.)

Q. 1.—It will be seen from the figures given below that the trend of the price of raw jute has been rapidly downwards since 1928, in spite of the fact that there has been no great increase in the acreage under jute or in the outturn during the period.

Index Numbers of Wholesale prices in Calcutta.

	1928	..	..	..	100
	1929	..	..	..	95
	1930	..	..	..	63
	1931	..	..	..	49
	1932	..	..	..	45
February	1929	..	..	..	108
Do.	1930	..	..	..	79
Do.	1931	..	..	..	44
Do.	1932	..	..	..	51
Do.	1933	..	..	..	36

Acreage under jute.

Outturn (in million bales).

1928	..	3,144,400	10.0
1929	..	3,415,000	9.8
1930	..	3,492,000	11.3
1931	..	1,862,000	5.6
1932	..	1,899,000	5.8

The propaganda for short crops started by the Congress in 1928 and continued in 1929 produced little effect on the sowings. But the pressure of stocks which accumulated in 1930-31, owing to the restricted demands due to the world trade depression, and the low level of prices combined with the vigorous propaganda for the restriction of the jute acreage carried on both by official and non-official organisations, reduced the area of the year 1931 to about 50 per cent. of that under the crop in the previous year. The crop of 1932 also was nearly half that of 1930. These reductions did not however help the price of jute which continued to fall, except for temporary spurts for special reasons such as the suspension of the gold standard by the United Kingdom. The 1931 crop was the smallest recorded since 1923 but this short crop failed to create any price impression on the markets for jute, owing to the depression in the jute manufacturing industry and the heavy stocks held in nearly all the consuming centres of the world which the world was not prepared to absorb even at a very low price.

*For oral evidence, vide page 471, et seq.

At present prices the cultivator can hardly realise the cost of cultivation and regulation of production would undoubtedly improve the position of the trade.

Q. 2 (a).—It would be difficult to estimate precisely in advance the potential world demand for an article like jute but this difficulty is by no means insuperable and with the co-operation of the consumers it would be possible to frame a fairly accurate estimate of the requirements of the following year. Any material error in the estimate would not result in large variations of price if a system of regulation of production were made effective. Any over-production of one year would be carried by consumers in the full knowledge that allowance would be made for such stocks in the programme for regulation in the succeeding years.

Q. 2 (b).—The main object of regulating the production of jute would be to secure an average price which would give the cultivator a satisfactory margin of profit. Regulation of production would (a) eliminate large fluctuations in price and (b) give the grower a fair return. At the same time the manufacturers of jute goods should be able to obtain their supplies of raw jute at a reasonable price without the violent fluctuations which ordinarily rule the jute market.

Q. 3.—Owing to the ignorance of the cultivators and the scattered areas in which jute is grown it would be difficult to regulate production but it would not perhaps be correct to say that it is not possible to do so. The main objection to any system of controlling production would be (1) securing equally efficient control in the different areas in which jute is grown and (2) risk of corruption. These may be strong reasons for avoiding direct State control, as failure of the administration under either of the above heads would cause serious discontent and expose Government to severe criticism. But collective action towards restriction would not be open to the same objection, and the result of the propaganda work done by the Department of Agriculture, Bengal, during the last two years shows that such restriction would be possible. Collective action on the part of producers offers the best means of improving their financial position, but there must be co-operation in marketing as well as production. Government may, by legislation if necessary, provide assistance to enable producers, through collective action, to control the production and marketing of their crops. They should first be helped to get organised so that they can act collectively and set up their own co-operative organisations. These will be the marketing agencies of the producers and not Government agencies but Government may assist the producers in building these agencies, make sure that they are soundly constructed and give guidance and if necessary temporary financial aid in their operation. As these co-operative bodies gain financial strength they will become independent of Government aid or supervision; but so long as they are indebted to it Government must have a voice in their policies. In addition to assistance in the above directions Government could continue its propaganda work in collaboration with local organisations and other agencies to bring home to the individual producer the importance of adjusting his production to potential market requirements.

Q. 4.—Attempts have been made in the past to control the production and export of sugar, rubber and coffee.* These schemes have been described and examined at some length by Mr. J. W. F. Rowe in his "Studies in the Artificial Control of Raw Material Supplies," published

*Vide page 433, et seq.

by the London and Cambridge Economic Service. The soundness of the policy underlying these schemes has been a subject of bitter controversy and divergent opinions have been expressed as to the success of each of these schemes. From a study of the history of these schemes it appears that none of them has been completely successful in achieving the object for which it was launched but it should be remembered in this connection that neither sugar, nor rubber, nor coffee is the monopoly of a particular country as jute is of India. A scheme for the control of the production and marketing of jute has a much better chance of success than any other article in respect of which such control has been attempted in the past.

Q. 5.—The average price of jute in 1928 was on the pre-War level. The drop in prices commenced in 1929 and since then they have been steadily falling. The crop of 1929 proved to be over-abundant for the restricted requirements of the world and the yield of the 1930 crop was about a million bales more than the out-turn of 1929. There was no market for this increased supply owing to the severe depression in the jute manufacturing industry and the heavy stocks held in nearly all the consuming centres of the world. The main cause for this severe depression was the general depression prevalent all over the world. This world depression was greater in the case of primary products than in manufactured goods and this seriously affected the demand for jute manufactures which depends to a great extent on the movement of agricultural products in the world markets. Staple agricultural crops like wheat, rice, cotton, oilseeds, etc., were produced in abundance but their movement was very much restricted owing to lack of effective demand. The sugar industry was also in a state of severe depression. The demand for jute manufactures from other industries was also restricted owing to the general depression. All these factors and the low level of prices in 1930-31 led to a piling up of stocks of raw jute. Production was restricted in 1931 and 1932 but the piled up stocks of earlier years are still dominating the market and a condition of over-supply combined with the general trade depression are keeping the price of raw jute at a low level. From any study of jute prices it will readily be seen that it is not a fact that such prices have been poor only at times of financial and economic crisis.

Q. 6.—If the regulation scheme does not abuse the monopoly position and raise the price of jute to a level higher than the substitution prices of competing crops, the danger of effective competition from the latter would be negligible. Jute holds its present monopolistic position because of its cheapness and the ease with which it can be worked with machinery, and it can maintain this position only so long as it can be placed on the market as the cheapest fibre in the world from which wrapping material for agricultural and other products can be manufactured.

Q. 7.—Yes, in time; but it would require intensive propaganda to make the cultivator realise the importance of regulating supply in accordance with the potential demand, and at first compulsory restriction would probably be necessary.

Q. 8.—Any appreciable increase in the price of jute would naturally lead to increased sowing in the absence of compulsory restriction by Government or a well-organised body representing different interests with power to control production.

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No. 9.—As indicated in the reply to Question No. 3, control by a body composed of the different interests involved would be preferable to direct Government control. The main function of this body would be to establish equilibrium between supply and demand by enforcing regulation which would result in consumers withdrawing any surplus supply from the market until it could be absorbed in succeeding years. Or, as an alternative, this body could be given power to acquire all existing stocks in India and to control output and export. It could also have power to fix prices and to undertake the distribution and marketing of raw jute so that it might be able to eliminate all unnecessary costs. As I have said, however, if regulation of production is effective such powers for this body would be unnecessary. This body and the local association of producers which will also be necessary in order to facilitate collective and organised action, should all be bodies corporate and the central body should have power to borrow for the purpose of financing its operations. The Local Government should have power to suppress any of these bodies (central or local) if in its opinion it is not competent to perform the duties imposed on it. All this will require legislative sanction and it may also be necessary to prescribe penalties for breaches of regulations laid down by the central body with the sanction of Government. The success of the scheme will, however, largely depend on the willingness of the individual farmer to take advantage of it and the willing co-operation of the other interests concerned. This co-operation will be available only if the central body does not try to set aside the law of supply and demand by artificially raising prices to consumers to an unreasonable degree but confine its activities to trying to secure for the grower members prices in harmony with the actual value of the products based on the potential buying demand.

Q. 10.—Assistance of existing local bodies will be useful but for the efficient operation of the scheme of control separate local bodies composed of producers, with a few representatives of distributors and balers if necessary, will be required.

Q. 11.—If a corporate body with powers to control production, distribution, marketing and export of jute is created as suggested in the reply to Question No. 10, a separate Jute Marketing Board will not be necessary.

Q. 12.—Without the co-operation of other provinces in which jute is grown any scheme for the control of production of jute in Bengal is bound to be unpopular because growers in other provinces are likely to increase their production at the cost of the Bengal grower.

Q. 13.—Only agricultural experts can usefully answer this question; but sugar, paddy, rape, mustard, peas or *khesari* can probably be grown in place of jute without any serious loss to the cultivator. Loans for the purchase of seeds, instructions as regards the methods of growing alternative crops and information as regards the cost of production of such crops and their prices as compared with the cost of production and prices of jute would probably induce the *raiyat* to grow alternative crops in place of jute. He must be educated up to the point of understanding that if the controlled price of jute is higher than that of other crops it would not remain so with the control and his co-operation in making regulations effective.

Q. 14.—The low level of prices and the intensive propaganda of Government and other agencies for restricting production were the main factors which reduced the area under jute during the last two

years and the propaganda should certainly be continued so long as the present conditions prevail as increased production would further lower the prices. Propaganda through local associations of producers which will probably contain the more influential and intelligent heads among the cultivators, is likely to be more effective than propaganda through men who have no direct interest in the crops.

Q. 15.—This also is a question for agricultural experts to answer. As the cost of labour is not uniform in the different places in which jute is grown the cost of cultivation varies from place to place. The outturn also varies with the conditions of the soil and the manuring. From information it would appear that on an average Rs. 6 per maund as the cost of cultivation and a yield of about 16 maunds per acre of unmanured land and of about 20 maunds per acre of manured land would probably by reasonable estimates.

Q. 16.—If the above estimate of cost of cultivation is correct a fair Calcutta price level for jute under present day conditions would be Rs. 8 per maund. Mr. McDougall calculates the cost of distribution at Rs. 2-8 per maund but this would be reduced if co-operative sales agencies are established.

Q. 17.—Please see answer to Question No. 5.

Q. 18.—The use of elevators and bulk shipments is likely to increase. Paper bags are now being largely used for packing cement and sugar, specially in the continental countries of Europe. In some countries efforts are being made to promote the use of cloth and bags made from locally grown fibres for the packing of agricultural and industrial products. There is also the risk of some artificial product cheaper than jute being discovered and placed on the market. It is essential therefore that every effort should be made to improve the quality, outturn and the relative cheapness of jute as compared with other fibres. Agricultural research and propaganda are very necessary for the above purposes and the present efforts in this direction should not only be maintained but, also intensified as far as possible.

Q. 19.—Crop forecasts are important not only for traders and manufacturers but also for cultivators. Their usefulness however, depends upon their accuracy. Special care is taken in the preparation of the jute forecasts. Estimates of area and out-turn are originally framed by Presidents of Village *Panchayats* and these returns are checked by Circle Officers, Subdivisional Officers and officers of the Agricultural Department at headquarters. It will be seen from the attached statements I and II* that, so far as the estimate of area under the jute crop is concerned, during the 10 years ending 1931, there was practically no difference between the July (preliminary) and the September (final) estimates; but the figures had to be revised to some extent in the following year. These revised estimates show an underestimation of about 5 per cent. in the original estimates on the basis of the 10 years' average. This difference is not of much practical importance and is probably unavoidable owing to the inherent conservatism of the Village *Panchayats* in estimating crops. The difference between the original and the revised official estimates of yield is however more marked (about 7 per cent. on the basis of the 10 years' average) and the difference between the original official estimate of yield and the estimate of actual crop based on trade statistics [*i.e.*, exports *plus* mill purchases *plus* extra-factory (local) consumption, the last being taken at 500,000 bales per

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*Vide pages 430-31.

year] is even greater (about 13 per cent.) The trend of the markets depends to a large extent on the estimate of yield and it may be possible to obtain a greater degree of accuracy in these estimates.

Q. 20.—There is no general complaint as regards the purity, grading and packing of jute and it would appear that the purchasers get what they want. As regards marketing the present system may be satisfactory from the point of view of balers, mill-owners and middlemen but it is doubtful if it is so from the point of view of the growers. The latter sell his jute to the *bepari* or *faria* who generally works on commission for the *mahajan* and is restricted in the matter of rates by his principal. The *mahajan* sells to the *aratdar* in Calcutta from whom the mills and the exporters get their requirements unless they have their own purchasing agencies in the jute producing districts. There are so many intermediaries in the trade that it is doubtful if the grower gets a reasonable share of the total price. Organisation of sale societies on a co-operative basis with accommodation for storage should enable the grower to get better prices for his jute.

Q. 21.—Organised markets for jute would be advantageous for the cultivator in some respects but it would also mean to him some loss of time and expense in carrying his produce to these markets which may in many cases be at a long distance from the producer's home. The abuses which necessitated the passing of the Central Provinces Cotton Market Act, 1932, exist in the case of jute also to some extent; but these corrupt practices are due to the middlemen and not the producers. The *raiyat* cannot water the jute as his small bundle is carefully inspected by the *faria* who purchases either at the *raiyat's* house or at the neighbouring village market. The watering and the mixing of sand are done by the middlemen and so long as business has to be done through a number of small dealers or middlemen legislation on the lines of the Central Provinces Act for jute would not probably be of much practical use.

Q. 22.—Please see the answers to Questions Nos. 3 and 9. If a Central Corporation for the control of production and marketing of jute is created and this central body is helped by local associations of growers, the latter can collect the crop in their local areas and sell it to the Central Corporation without the intervention of so many middlemen. In any case, the growers should organise themselves into co-operative selling societies and these societies should collect the crop in their respective areas and sell it, at opportune times and on favourable terms, to the big commercial firms. This would eliminate the *bepari* and the *mahajan*.

Q. 23.—I have no personal knowledge of the work and methods of the middlemen but the following extracts from pages 192-193 of "Jute in Bengal" by Mr. N. C. Chaudhury and pages 137 and 138 of Vol. IV of the Evidence before the Royal Commission on Agriculture in India give the information required:—

Extract from "Jute in Bengal."—The business of selling and buying is effected by some classes of middlemen. The first of them are those who are called *beparis* or *farias*. They visit the cultivators at their houses, settle the price, make weighment, and carry the fibre to the *mahajan*, a trader who advances money to the *bepari* for purchase of jute. The *bepari* gets a commission of about 2 annas per maund. Some *beparis* have their own small capitals. They are, for the most part, a class of illiterate men, who care little for honesty. By this class of dealers, the cultivators are cheated in weighments, the fibres are

fraudulently watered and sold to the *mahajans*, or made over to them if advances were already made for the purchase. Still their services are indispensable. The *mahajan* is an Indian trader of substantial means. He must have a godown of his own, where he stocks the loose jute purchased. He makes the loose jute into drums of *katcha* bales and sends the jute either to an *aratdar* in Calcutta for disposal, or sells it to a local agent of a baler or a shipper or a mill. An *aratdar* is an important personage of the Indian trade. He must have big godowns. He sells goods sent to him by *mahajans* or *beparis*, on some occasions at his own discretion if no other special agents are appointed by the sellers to look after their sales. For this work he gets a commission from the sellers. He is to make from time to time advances to his constituents on terms settled between the parties. Now appears a broker. Without his assistance no business can be effected effectively. He must thoroughly be conversant with the market. He should have a perfect knowledge in different qualities. He must be a person of confidence. Both the sellers and the buyers rely on his honesty. The sale is entirely operated by his co-operation between the sellers and the buyers.

Extract from Evidence, Vol. IV—Royal Commission on Agriculture in India.—Jute.—The number and variety of middlemen is larger in the case of jute than in the case of other crops. This might be due to two reasons—either to the high value of the crop which requires larger funds for its movement, and hence a larger number of middlemen to finance or to the special process of baling which has given rise to a special class of middlemen, *viz.*, the baler and his agent. The number of intermediary agents who handle the jute is about five. The number of course varies with the nature of communications between the village and the mill. There is also a subsidiary class of *beparis* generally known as *paikars* in Northern Bengal and as *farias* in Eastern Bengal. The *bepari* is a local dealer who is sometimes, but by no means always, a money-lender. He buys direct from the cultivators either at the latter's house or at a village market. Between the baler and the *bepari* there is often the *aratdar* or the broker who is commonly known as *dalal*. The *aratdar* is very often not the owner of the jute which passes through his hands, but he charges a percentage from the *beparis* who make use of his *arath* or warehouse for depositing their jute before selling it to the baler's agent. The baler's agent is a paid servant of the baler, and does not become the owner of the jute which he buys, but as his salary is not fixed on the principle that it represents the whole of his remuneration, he is in a sense another intermediary between the cultivator and the baler. Various tolls are levied on the producers by middlemen. Dryage allowance known as *dhalta* is often deducted in calculating the weight of jute sold. Various other charges are levied also by baler's agent, such as *mutti*, *kabari* (staff allowance) *mutti*, *baset*, *birti* or *newaj*. A baler makes great profit in the manipulation of the scales by *koyal* or weighman which means a good sum extracted from the original producer and which swells the profits of the baler. On the variations of the local weights, balers often make large profits. For instance the local weight at Chandpur is 83 *sicca*. It has been calculated that on 100 maunds of jute of 80 *sicca* weight the baler would get 20 seers of jute extra.

Q. 24.—As suggested in the reply to Question No. 20 the cultivator would probably get a greater share of the price at which jute is sold to the consumer if there were not so many middlemen.

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Q. 25.—The grower labours under several disadvantages. His incapacity to wait for a favourable market due to his indebtedness, the difficulty of transport and the lack of knowledge of the market outside stand in his way. Co-operative organisations to finance the growers at the time of sowing and during the interval elapsing between the harvest and the actual marketing of the produce and the establishment of sale societies to sell the produce at opportune times when they can secure favourable terms seem to provide a possible solution.

Q. 26.—There is a system of buying jute called *dadan* system or the system of advance. The cultivator at the time of sowing receives advances and undertakes to sell all his produce to the person who gives the advances generally much below the market rate and in addition agrees to pay him one or two seers of jute for each rupee received as advance.

Q. 27.—Please see the reply to Question No. 26. I cannot say if in the large majority of cases, the creditors are also the buyers but when the cultivator borrows from the *mahajan* by mortgaging his crop, he binds himself hand and foot to the money-lender and there seems to be little doubt that in such cases he is unable to realise the full market value for his produce. The only solution that I can suggest to protect the cultivators from indebtedness is the vigorous expansion of the co-operative credit system among them.

Q. 28.—Please see the reply to Question No. 9. A single-seller scheme is likely to be more successful in the case of a commodity like jute which is the monopoly of one country than in other cases in which different countries are involved. The organisation for marketing jute should work on a co-operative basis and all the interests concerned should be represented on it. These interests are:—

- (a) Producers.
- (b) Balers.
- (c) Manufacturers of jute goods in India and overseas.
- (d) Shippers.
- (e) Dealers.
- (f) Bankers.
- (g) Government.

(a) Producers should first organise themselves into local associations and representatives elected by groups of these associations will look after their interests on the Central Corporation.

(b) Similarly the Jute Dealers Association should send a representative to the Central Corporation to look after their interests.

(c) The Indian Jute Mills Association represents about 95 per cent. of the looms at work and representatives of that Association can look after the interests of manufacturers in this country. Associations of manufacturers in Europe and America may also be requested to nominate representatives who will look after their interests. There is bound to be some difficulty in securing the representation of overseas manufacturers but this difficulty may not be insurmountable.

(d) A representative of the Calcutta Jute Shippers Association will probably adequately represent the interests of shippers.

(e) Representatives from the Calcutta Baled Jute Association, the Calcutta Jute Dealers Association, the East India Jute Association, and

the Bengal Jute Dealers Association may look after the interests of dealers.

(f) The banking interests concerned may also be asked to elect one or two representatives.

(g) Government should probably be represented by the Director of Agriculture and a financial and economic expert.

The Corporation should be financed by public loans or loans from the banks or from Government.

The Co-operative Jute Sales Societies did not prove a success owing to their faulty organisation and method of working, but there is no reason why an organisation more efficiently managed should not do better.

Q. 29.—Shipments of the new crop from India start in quantity in about September, and are heaviest in October; November, September and December follow in order.

The raw jute shipped from Calcutta is of many qualities, but in commerce it is usually classed under four general heads: Serajganj, produced in the Pabna and Mymensingh districts; Narayanganj, from the Dacca district; Daisee (or *Desi*), mainly produced in the districts around Calcutta; Dowrah (or *Deora*), from Bakarganj and Faridpur. Daisee is used at Dundee principally for hessians, while Dowrah is used for cordage. *Uttariya*, which is generally classed as the finest variety of jute, comes from the northern portions of Serajganj and that neighbourhood, while *Deswal*, which is the next best variety, is also a Serajganj jute. Before pressing these different varieties are sorted and divided into three grades—fine, medium, and common. Each shipper has his registered trade marks for the different grades from different sections, and Dundee merchants and spinners buy on their knowledge of the standard guaranteed by the trade marks of the different shippers, making due allowance for the standing of the shipper.

Freight rates for raw jute are quoted for five bales weighing 2,000 lbs. and occupying 50 cubic feet (cubic ton). For shipment to Boston, New York and Philadelphia, however, 40 cubic feet form a jute ton.

The overseas purchaser of jute places his order either direct on a Calcutta shipper or on the home office of a Calcutta shipper. In the latter case there is usually an extra commission involved. There are also cases of purchasing agents stationed in Calcutta. These agents would ordinarily work on open orders.

Quotations are given and bills made out in sterling. Business is occasionally done f.o.b., Calcutta, the overseas purchaser arranging freight and insurance, but the ordinary method is c.i.f., port of destination. Usually bills are made out (documents on acceptance) on a Home firm or bank specified by the purchaser, and are sold to a Calcutta bank at the ruling rate of exchange. In the case of purchasers outside the United Kingdom letters of credit are ordinarily necessary, opened through a bank in the purchasing country with one of the exchange banks in Calcutta to whom the bills are sold. Firms with large capitals and with Home offices sometimes pass their bills through a Calcutta bank for ordinary collection.

Occasionally, jute is shipped by local firms on consignment for commission sale at the other end. The bill is made out c.i.f., port of destination, but the banks will ordinarily allow only between 75 per cent. and 90 per cent. to be realised immediately on such a bill.

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The documents which ordinarily accompany the bill or draft are the:—

1. Invoice.
2. Bill of Lading (or ship's receipt).
3. Insurance Policies.

Q. 30.—Bales of jute for export contain fibres assorted according to definite marks of the balers who are the members of the Calcutta Baled Jute Association.

Each specified mark represents a particular quality and grade of jute and every mark is registered by the Calcutta Baled Jute Association. No public mark that has been included in the official Book of Marks issued by the Calcutta Baled Jute Association on or before the 1st July in each year, or in supplement or supplements thereof issued on or before August 1st of the same year, and lodged with the London and the Dundee Jute Association can be substituted under any grade. Jute shipped is in all cases, guaranteed by the exporters to be of average quality of the mark or marks specified at the corresponding period of the two previous seasons (excluding parcels of any crops on which allowance has been made).

Arbitrations in respect of jute shipped under the London Jute Association Contract are held in London and those in respect of jute shipped under the Dundee Jute Importers Association Contract in Dundee. The arbitrators are appointed, in the former case, by the London Jute Association from among London resident members of the Association, and in the latter case by the Arbitration Tribunal of the Dundee Jute Importers Association from among the resident members of that Association. Shipments to America and the Continental countries of Europe are generally made under the London Jute Association Contract form.

It is not clear on what specific point or points in regard to "Home guarantee" and "invoicing back" clauses views are required. Contract terms are matters for negotiation and settlement between the buyers and the sellers and the existing invoicing back clauses in the London and Dundee contract forms are the result of such negotiations. As far as I am aware these clauses as they stand at present are acceptable to the sellers on this side except that in the cases of Firsts, Lightnings, Daisce 2/3 or Tossa 2/30 they think that no risk should attach to sellers unless the jute was awarded a full grade down. Under the existing contract form the option to invoice back may be exercised by the buyer if the award is one-half of the difference between the grade specified and the grade next below. This 50 per cent. difference is very narrow on the existing price levels and it would be fair to raise it to 100 per cent., at least temporarily.

The Home guarantee is given under clause 8 (c) of the Calcutta Baled Jute Association contract form. It is not compulsory and when the seller gives the guarantee he does so presumably for a consideration, *i.e.*, higher price. If so there appears to be nothing objectionable in the practice. But it is understood that many sellers regard the Home guarantee letter to be unfair and it is not difficult to understand this feeling if they are compelled to take the risk involved in the guarantee only to find a market for their goods.

Q. 31.—One of the standing complaints against jute shipped from India is that in a shipment of a certain standard mark there is always a certain number of bales of a lower grade mark. An allowance is made for the lower grade material, but if the buyer is unable to use the latter and has to sell it and make additional purchases of the material he requires this allowance is not considered to be an adequate compensation. Cases of false-packed bales and of bales containing heart damaged jute are also not infrequent. Watering of jute to increase weight is also a common practice. Moistening of fibre that has once been dried causes it to lose both strength and colour rapidly and all efforts to stop this practice of fraudulent watering have so far proved futile. As a result of these malpractices claims for compensation are frequent. In the case of First marks, if the allowance made by the Arbitrators is 20 shillings or over per ton, the purchaser has the option of taking it at the allowance or of invoicing it back at the market price, and shipments are not infrequently invoiced back in this way.

Legislation to provide for the grading of jute and for the grant of certificates for jute intended for export would therefore appear to be expedient. Such legislation for the grading of agricultural and other produce for export has been found necessary in other parts of the British Empire and also in foreign countries. In India, the Bombay Act XIV of 1922 and the Coal Grading Board Act of 1925 are examples of legislation of the nature referred to above.

Q. 32.—Jute is now sold on the basis of the mark or marks specified in the contract which are supposed to represent particular qualities or grades of the commodity. This means that the quality of the jute to be tendered varies according to the standard set up by each individual seller to whom the mark belongs. There are no samples or fixed grades of quality which would enable both the buyers and sellers to know what quality of goods they are going to get and give delivery of. Up to a few years back every contract contained an "yield guarantee" which meant that the jute tendered against a particular grade was guaranteed to yield on spinning a certain percentage of either hessian or sacking warp or weft. This gave a sort of definition for the different grades to be tendered. These definitions have been done away with and in the case of a dispute regarding the quality of a particular consignment there is no definite basis for arbitration. This is unsatisfactory from the point of view of both the buyer and the seller and the establishment of official standards for various grades, which would remove the present obscurity as regards the quality of the goods purchased and sold, would be desirable.

Power may be taken by legislation to fix by notification grades of jute for mill consumption and foreign commerce and the grades so fixed should be in use until changed by another notification. A Board consisting of representatives of Government, buyers, sellers and brokers may be constituted and this Board may be empowered to fix in the beginning of every season the type or samples of the quality which should be considered as a fair tender against each of the grades fixed by notification.

Q. 33.—The raw jute market in Calcutta is operated by brokers who sell either to the mills or to balers. Though a number of grades are recognised, traders' marks play a very important part in the business.

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The exact description of the various grades, under which all sales of jute are made to the mills is nowhere described and the description "Standard of the Mark," as it is written in the contracts, is very vague. The "yield guarantee," which formed part of the contract a few years ago has now been discontinued and in the case of a dispute between buyer and seller regarding a particular lot being a fair tender or not, there is no definite standard by which the quality could be tested. Attempts have been made to get the yield guarantee re-inserted in all contracts but without success so far. If official standards for the various grades are established the position will be considerably improved from the seller's point of view at least.

Q. 34.—Ordinarily no public mark that has not been included in the Book of Marks issued by the Calcutta Baled Jute Association on or before the 1st of August in each year and lodged with the London and Dundee Jute Associations can be substituted under any grade. Sales of jute to the mills are, however, made on the basis of various grades which are known as 1's, 2's, 3's, 4's, R's, T.R.'s, B.T.R.'s, H.J.R.'s, and so on. The quality of jute to be tendered against each grade is nowhere defined and is subject to constant fluctuations and interpretations according to the whim and fancy of the buyers. The result is that the quality to be tendered against each grade varies not only in the different seasons but also in a particular season, and a good deal of confusion prevails in the trade owing to these constant changes. It is also alleged that the standards are manipulated to bring about a fall in the price of jute. The mills after buying a little jute stop all of a sudden buying the superior grades and in the absence of any business in these grades the sellers are compelled to deliver as lower grade jute and at a lower price all the jute that they used to tender as of superior grade.

Q. 35.—Please see the reply to Question No. 32. The same arguments apply in the case of loose jute and the fixation of standards would obviate to a large extent the difficulties of sellers mentioned in the reply to Question No. 34 regarding the quality of jute to be tendered against a particular grade. There may be some practical difficulties in the re-arrangement of groups as the fibres of different markets are different. For example, a grade of jute of the Northern Division cannot suitably be placed in any of the grades of the Narayanganj Division as they are quite different in colour, strength, etc. But these difficulties are not insurmountable and the establishment of fixed standards will simplify the existing complications in the trade.

Q. 36.—The standards will have to be fixed by experts representing the different interests concerned after examining carefully the relative merits of the different qualities of jute grown in different parts of the province. I am afraid it is not possible for me to suggest the standards. The working of the standards should be supervised by a Board consisting of representatives of Government, buyers, sellers and brokers.

Q. 37.—It will be seen from the reply to Question No. 9 that I am in favour of Mr. McDougall's marketing scheme but in a somewhat modified form.

Q. 38.—Local dealers keep themselves informed as to the current market rates and the cultivators, who are mostly illiterate, get their information regarding market conditions from the local dealers. It is doubtful if this is of any practical use to them. The issue of bulletins

in vernaculars periodically giving news regarding market rates in Calcutta and abroad, agricultural statistics and crop forecasts with notes regarding the likely trend of the market in the future would go a long way to make the cultivator realise the position of the market. Merchants and manufacturers already keep themselves well informed as regards market rates but the bulletins would also be of assistance to them. The services of local associations and unions may usefully be utilised for the purpose of communicating market information to the growers.

Q. 39.—The bulletin referred to in the reply to Question No. 38 might give information regarding stocks, complaints from buyers regarding quality, potential demand, estimates of crops and outturn, in addition to current and probable future market rates.

These bulletins may be supplied to the cultivators, free of cost for some time at least through Post Offices and local associations and unions.

Q. 40.—At present the cultivator, owing to his ignorance, takes little interest in anything outside his immediate environment. Periodical talks to him in simple language through the means of wireless telephone and loud-speakers might create in him an interest in the outside world and would thus be of considerable assistance.

Q. 41.—This is answered by the replies to Questions Nos. 3 and 9. As jute is a monopoly of India, holding back stocks temporarily in a slumping market would certainly steady the prices. But these stocks could not be kept for an indefinite period, and they would be a weight on the market whenever they are released unless production can be effectively regulated and controlled while the surplus is being absorbed. Any scheme for stockholding, unsupported by a scheme for control of production, is therefore bound to fail in the long run.

It is not possible to work out the probable cost of working any such scheme without an estimate of the stocks to be held back to establish an equilibrium between supply and demand; but probably something in the neighbourhood of Rs. 20 crores would be sufficient allowing for the turnover of the funds. The scheme could be financed either by Government or by loans raised by the statutory body created to work it.

Q. 42.—Without the market survey recommended by the Royal Commission on Agriculture it will be very difficult to frame any useful plans for the improvement of the jute trade and for the proper conduct of such survey expert guidance and supervision are necessary. I therefore agree with the recommendations of the Commission in paragraphs 347 and 348 of their report and consider that the marketing officers should work on the lines suggested by the Commission. The main functions of these officers will be to see that the market surveys are conducted on proper lines and to study the results of such surveys with a view to suggesting improvements in the existing methods of agriculture, transportation and marketing. They should also watch price movements and the effect of such movements on production, local consumption and export. They should also see if there are any gaps in the existing statistical and economic information concerning the agricultural product under consideration and if so, suggest means for the filling up of such gaps.

Q. 43.—In view of the growing competition of substitutes, prevalent malpractices of the trade and the slump in prices a Central Jute Committee can do much useful work. A committee for Bengal only will

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be handicapped without the co-operation of the other jute growing provinces but such a committee can also do much to improve the existing agricultural, manufacturing and marketing methods and to remove the existing malpractices:

Q. 44.—The Committee, whether central or provincial, should work on the lines of the Indian Central Cotton Committee and all branches of the trade and the Agricultural and other departments of Government interested in the production and marketing of jute and jute goods should be represented on it.

Q. 45.—The co-operation of other jute growing provinces is essential if the operations of the Committee are to be fully effective, and the obvious course is to create a Central Committee on which the other provinces concerned will also be represented.

Q. 46.—The Committee should be financed by annual grants from central revenues as suggested by the Royal Commission on Agriculture. The trade already pays large sums in the shape of export duties and export cess and it is in a bad plight. It should not therefore be asked to tax itself further to provide for an organisation to deal with its special problems.

Q. 47.—The attached statement III* shows the total quantities of raw jute, gunny bags and gunny cloth exported from India during the years 1913-14 to 1931-32. There is a marked decline in the exports in the last two years and this is no doubt mainly due to the present economic depression. As compared with 1913-14 on the average of the last three normal years (1926-27, 1927-28 and 1929-30) there was an increase of 13 per cent. in the case of raw jute, of 45 per cent. in the case of gunny bags and 52 per cent. in the case of gunny cloth. It is difficult to estimate how far this increase is commensurate with the enormous increase in the production of agricultural, industrial and mineral products for the packing of which jute manufactures are used and no reliable statistical data are available to show to what extent the jute trade has suffered through competition from substitutes and by the use of elevators and the bulk handling of agricultural and mineral products. Some information on the latter point has been supplied to the Committee by the Indian Trade Commissioner, London, and I have little to add to it. As the bulk handling of grain and other products reduces the cost to a minimum the use of elevators and of special carts and railway wagons for the transport of agricultural products from the field to the ship is likely to increase. The loss on account of displacement of jute bags by the use of elevators, etc., is therefore permanent.

As regards substitutes, the efforts made, from time to time, to find a suitable substitute for jute have not been very successful so far owing to the cheapness of jute and the ease with which it can be worked with machinery. But paper bags are now being largely used for the packing of sugar and cement specially in the Continental countries of Europe and it is understood that the Calthrope Paper Mills Limited of Kent have recently placed on the market a new waterproof paper sacking which is designed to meet the requirements of the agricultural industries. It is said to cost between 1d. and 2d. as against 3d. or 4d. for even a second-hand sacking of the old type. Being waterproof the new sack can be used for green stuff or potatoes without risk of damage to the contents. These bags are also good for sugar and cement. A new type of wool pack based on a paper fibre has also recently been

*Vide page 432.

invented by a Swedish research worker in the Textile Department of the Leeds University. Particulars regarding the qualities claimed for this new wool pack and its estimated cost are not yet available. These paper packings may not succeed in ousting jute bags altogether but they are replacing them to a certain extent and are a constant source of danger which will require careful watching.

With a view to fostering their national industries, various governments have in the last two or three years devoted considerable attention to the question of replacing imported containers for transporting local produce by containers of national manufacture. For example:—

(a) The Chilean Government has, it is understood, issued certain regulations which require the use of wooden containers in place of jute bags.

(b) The Egyptian Government is conducting experiments with a view to the substitution of cotton for jute as packing material.

(c) Efforts are also being made in Kenya to use local sisal for the manufacture of bags and hessian cloth. Kenya and Uganda at present import six million jute bags annually, valued at over £200,000, also hessian cloth to the amount of £20,000. The promoters of the scheme are confident that they should be able to compete against imports even on the basis of the present low prices for jute bags. But they have asked the Kenya Government to impose an anti-dumping duty of 20 per cent. They also hope to capture the South African market which imports 39 million bags annually. Both East African and Mexican sisal are on a competitive basis with jute as regards price. Sisal being a hard fibre it is difficult to spin but with proper machinery a well made and strong bag may be made from it. The chance of such bags competing successfully with jute bags depends however largely on the price at which they can be produced and the fact that the promoters of the scheme have approached the local Government for a protective duty seems to show that they are not very hopeful of success without protection.

(d) The present annual requirement of gunny bags in Formosa is estimated at ten million bags—six million for sugar and four million for rice. These bags are of 150 kin (1 kin=1.32 lbs.) capacity and cost 34 to 38 sen. per bag but have a second-hand value of 14 to 18 sen. Under certain new regulations issued by the Japanese Government which came into force in July 1931, Formosan rice must be packed in gunny bags or straw bags of 100 kin capacity and the packing of rice for export in second-hand gunny bags is prohibited. The net cost of the 100 kin gunny bags has been fixed at 26-1/2 sen. but their second-hand value is uncertain. On the other hand the cost in Formosa of a 100 kin straw bag of Japanese or Korean manufacture averages 14 sen. but it has practically no second-hand value. There is an outcry for the use of straw bags for the packing of rice and straw bags may gradually displace gunny bags.

(e) It is understood that the Polish Government are also considering the question of imposing restrictions on the imports of jute bags and sacks in order to encourage the use of bags and sacks made out of locally produced flax.

From the above it will be seen that the competition from substitutes is growing and jute can retain its present position as a packing material only so long as it maintains its relative cheapness as compared

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with other packing materials. The position therefore demands constant watchfulness and every effort should be made to reduce the cost of production and to improve quality, outturn and methods of manufacture.

Q. 48 and Q. 49.—I regret I have no information on the points raised in these questions beyond what is stated in the reply to Question No. 47. The competition from substitutes such as paper bags which have gained a footing as the packing material for certain products is likely to increase unless jute bags can oust them by their greater durability and cheapness. In most other cases the substitutes depend mainly upon the movement in certain countries in favour of the development of national industries and not on their own intrinsic merit and such substitutes may not live long.

Q. 50.—Improvements in the methods of cultivation of jute and manufacture of jute goods with a view to reducing cost of production and improving quality, and propaganda.

Q. 51.—It is understood that the Indian Jute Mills Association are carrying out experiments with jute cloth in connection with road making. I am unable to suggest any other uses to which jute can economically be put.

Q. 52.—In view of the reply to Question No. 51 this question does not arise.

Q. 53.—Yes. The Research Department should be under the control of the Jute Committee the creation of which has been suggested in the reply to Question No. 43 and it should be maintained from the funds of that Committee. If a Jute Committee is not created, the Research Department should be financed either by the Local Government or by the Central Government which takes the proceeds of the jute export tax. Ordinarily the trade concerned should provide the funds required for carrying out research on the product in which it is interested but as the jute industry already pays an export duty it seems doubtful if this general principle should be applied to it. Attention is invited in this connection to paragraph 65 of the Report of the Royal Commission on Agriculture in India.

Q. 54 and Q. 55.—Propaganda will be useful in combating competition from substitutes where such competition exists and should be directed to this end. It is not likely to increase, to any appreciable extent, the ordinary consumption of jute and jute goods.

Q. 56.—When the scheme for the appointment of Indian Trade Commissioners abroad is given full effect to these Officers may be used at least to some extent, to obtain the necessary trade statistics and to explore avenues for new business and it is doubtful if permanent representatives in different countries for the jute industry alone are necessary. A better and a cheaper plan would perhaps be to appoint a few representatives who would visit periodically the countries with which the export in jute and jute goods is important, examine the conditions of the market in each country, do the necessary propaganda work and explore avenues for new business.

Q. 57.—This work should be financed by the industry concerned, that is by the various associations interested in the industry.

Q. 58.—If the representatives are under the control of bodies representing the manufacturers and shippers there should be no difficulty in

securing the necessary co-ordination. They will act according to the instructions of the bodies concerned and will advise the latter as to the possibilities of improving the trade in jute goods with other countries.

Statement I.

JUTE FORECASTS.

(Area Figures).

Area (in 1,000 acres).				
		As reported in the preli- minary fore- cast in the year of report.	As reported in the final forecast in the year of report.	Revised. As in the previous year's column of the next year's final forecast.
1922	..	1,457	1,456	1,800
1923	..	2,298	2,313	2,788
1924	..	2,691	2,733	2,770
1925	..	2,914	2,926	3,115
1926	..	3,605	3,630	3,847
1927	..	3,382	3,371	3,374
1928	..	3,166	3,131	3,144
1929	..	3,319	3,317	3,415
1930	..	3,507	3,486	3,492
1931	..	1,900	1,858	1,862
		<hr/>	<hr/>	<hr/>
Average	..	2,824	2,822	2,961
		<hr/>	<hr/>	<hr/>

[Dr. D. B. Mack.]

Statement II.

JUTE FORECASTS.

(Yield Estimates).

Yield (in lakhs of bales of 400 lbs. each).

		As reported in the final forecast in the year of report.	As revised in the pre- vious year's column of the next year's final forecast.	As arrived at on the basis of exports, mill purchases and local consumption.
1922	..	42.37	54.86	64.36
1923	..	69.96	84.73	94.21
1924	..	80.45	81.20	91.65
1925	..	78.51	90.00	94.07
1926	..	108.89	121.87	124.07
1927	..	102.30	102.38	116.11
1928	..	99.16	99.56	110.97
1929	..	97.67	103.85	111.44
1930	..	112.31	112.55	103.20
1931	..	55.60	55.66	67.04
Average	..	84.72	90.67	97.71

Statement III.

Exports of raw jute, gunny bags and gunny cloth.

		(In thousands of Tons.)		
		Raw jute.	Gunny bags.	Gunny cloth ¹
1913-14	..	768	328	287
1914-15	..	505	354	286
1915-16	..	600	707	323
1916-17	..	540	716	333
1917-18	..	278	407	324
1918-19	..	398	382	292
1919-20	..	592	311	337
1920-21	..	472	468	357
1921-22	..	468	348	289
1922-23	..	578	328	339
1923-24	..	660	371	369
1924-25	..	696	400	407
1925-26	..	647	406	400
1926-27	..	708	428	426
1927-28	..	892	445	433
1928-29	..	898	477	427
1929-30	..	807	499	451
1930-31	..	620	417	337
1931-32	..	587	377	267

Percentage increase in the average exports for the three years ending 1929-30 over those of 1913-14 :—

Raw jute	+13
Gunny bags	+45
Gunny cloth	+52

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Restriction schemes.

(See answer to Question No. 4.)

Restriction of sugar in Cuba—1925-1930.—In 1925 the price of Cuban sugar was forced down to 2 cents. c. and f. New York owing to the endeavour of the Cuban producers to clear their unsold stocks and when that had been achieved, there was a considerable reaction. But as the new Cuban crop became available during the early spring of 1926, the price again collapsed and would probably have gone well below 2 cents if Cuba had not artificially restricted her crop by 10 per cent. Chiefly on this account, the New York c. and f. price averaged just over 2.5 cents during 1926, or exactly the same as in 1925 and at the end of the year had reached 3.31 cents. The Cuban crop of 1926-27 was restricted still more drastically to 4.5 million tons, and both on this account, and owing to bad weather in Europe and Java, the world's production was nearly 1 million tons less than in 1925-26. But consumption now came to an abrupt halt, and prices did not average quite 3 cents. Though almost in despair, Cuba decided to intensify the policy of restriction rather than abandon it, and in 1927-28 the Cuban crop was restricted to 4 million tons, while an attempt was made to ration the United States market in the hope of obtaining at least a part of Cuba's tariff preference, the balance of the crop being marketed to other countries by an Export Corporation, established for the purpose. But the attempt to raise the New York price more or less completely failed owing to a great increase that season of the United States duty-free supplies, and though the Export Corporation's sale to Europe were for a time relatively satisfactory, this failure of the United States market resulted in a steady decline in prices. By midsummer opinion in Cuba was swinging against restriction, and eventually matters were brought to a head by what amounted to an ultimatum on the part of the American sugar companies, who had never been wholly in favour of the policy of restriction and were now actively opposed. All control of marketing was abandoned in August, and prices rapidly dropped to the 2 cent level, and as the full unrestricted crop of 1928-29 came to market, prices steadily declined to an average of 1.75 cents c. and f. New York for the month of June 1929. The Cuban mills and the Cuban Government were thoroughly frightened, and the American interests seriously perturbed, by the effects of uncontrolled production and marketing, while in addition there was the still more alarming prospect of a further increase in the United States sugar tariff now due for revision. Eventually a scheme for compulsory co-operative marketing of the whole crop was established. This had an almost instantaneous effect on prices, and from August to December 1929 the average was over 2 cents. But owing mainly to personal factors, the Single Seller Scheme was handled by men with insufficient experience of world marketing, while it eventually proved impossible to arrange the requisite finance. As the 1930 crop became available, the Single Seller held out vainly for a 2 cent level, but inability to make sales at this price, and the consequent financial difficulties of the mills resulted in internal disruption and termination early in April. The effects of the world trade depression on consumption and the unwillingness of merchants and speculators to carry greater stocks, have since then steadily forced down prices to a

level of 1.25 cents c. and f. New York. The scheme was only a temporary success for various reasons, the principal of these being:—

- (i) the determination of the consumers of the world or their Governments to develop supplies under their own control, no matter what the cost;
- (ii) the inefficiency and financial weakness of the Cuban-owned mills in whose interest the policy of restriction was largely adopted; and
- (iii) the actual handling of the control was bad and its termination premature.

In this case the struggle was not only between Cuba and the rest of the world but also between the low-cost American-owned mills and the high-cost Cuban-owned mills with Cuban Government as an ally. In the circumstances from a purely economic point of view *laissez-faire* would probably have been the best policy but the policy of restriction had to be adopted in order to prevent the extinction of the Cuban-owned mills which would have resulted in complete domination of American capital and the disorganisation of the economic life of the country. Restriction of production was probably also the right form of control, for the excess of actual and potential supplies was too large to be remedied by any scheme of stock-holding.

Restriction on exports of rubber.—The Stevenson Scheme.—In spite of a good demand in 1918 for rubber in America and other countries, falls in the local prices of rubber in the East occurred, owing to the scarcity of shipping, which was required for transporting troops and war material. Thus, whilst during 1917 and 1918 the London prices were from 2s. 6d. to 3s. a lb., local prices in the East were below 1s. per lb. With the release of shipping after the Armistice, the situation improved, and during 1919 large quantities of rubber were shipped. The demand was encouraging and no one foresaw that in less than two years the plantation industry would be experiencing the worst slump it has had to face. The slump was partly due to general trade depression in 1920, but was largely due to the improved manufacture of tyres. In the days of the old fabric tyre, five tyres a year were required for each car. By 1920 the new cord tyre was in use; only three per car were required each year. Cord tyres contained more rubber than the old fabric tyres but were much more durable. In the middle of 1920, manufacturers found themselves with large forward commitments of crude rubber at prices ranging from 2s. 6d. to 3s. per lb. and with stocks of manufacturers' goods largely in excess of the current demand. Manufacturing activity was drastically curtailed, the demand for crude rubber dropped, and the resulting fall in price was intensified by the re-sale of crude rubber by manufacturers. Owing to the multiplicity and diversity of the nationality of the producers, it was impossible to effect an immediate curtailment of shipments, and it proved impossible, for the same reasons, to get a sufficient amount of support for any effective voluntary scheme of restriction of output.

By 1921, stocks of raw rubber were heavy and relief seemed remote. The United Kingdom Government had during 1920 been asked to regulate shipments of rubber from Malaya and from Ceylon. State action was at first refused. But, in 1921, affairs in the Malaya States were approaching a general crisis. Rubber was selling below the cost of production and the tin market was depressed. Government revenues were dwindling; large sections of the native population were faced with

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unemployment and ruin; estates were reaching the end of their financial resources. An American financial combine, with a capital of £50,000,000, had been formed to buy estates at knock-out prices as opportuntiy offered. These dangers were averted by the introduction of the Stevenson Scheme.

The Stevenson Scheme. The Scheme established a minimum rate of export duty, and at the same time provided that a duty rising to prohibitive rates should be imposed on total exports if they exceeded the amount fixed in accordance with the scheme. The scheme pivoted on a London price of 1s. 3d. a lb. for raw rubber, which permitted estates to be maintained in good order and a moderate profit to the plantation owner. The Dutch refused to come into the Scheme, but the British estates in the Dutch East Indies representing 25 to 30 per cent. of the output of the Dutch East Indies voluntarily agreed to regulate their exports according to the scheme, if it were compulsorily applied in Malaya and Ceylon. Growers in Sarawak, Borneo and Southern India also agreed to a Scheme of voluntary restriction. Under the Stevenson Scheme the productive capacity of each estate was assessed by Committees in the East. This assessment, known as "standard production," gave originally a fair idea of the productive capacity of the estate on a moderately liberal system of tapping, and the assessments were annually revised. The percentage of the "standard production" which each estate could export on payment of the minimum rate of export duty during any quarter was to be regulated by the average price of "standard quality, smoked sheet," in the London market during the previous quarter. The initial percentage was fixed at 60, that is, for the first quarter in which the Scheme was in operation, each estate was allowed to export, at the minimum rate of duty, 60 per cent. of its "standard production." It was laid down in the Scheme that if the average price of rubber were 1s. 3d. a lb. or over during any quarter, the percentage that could be exported at the minimum rate in the following quarter would be increased by 5. If the price were 1s. 6d. or over, the percentage would be increased by 10. If the percentage was over 65 and the price was under 1s. 3d. but over 1s. the percentage in the following quarter would drop by 5 until it got down to 60 per cent., but the percentage would not fall below 60 unless the price fell to less than 1s. a lb. But if the price fell below 1s., no matter what the percentage for that quarter was, the percentage for the following quarter dropped to 55. This particular proviso never came into force. The percentage rose to 65 during the third quarter of the operation of the scheme, and then again fell to 60 and remained at that figure for a year. In the May-July quarter, 1924, however, the price was below 1s., the percentage was reduced to 55, and thereafter under the Scheme it could fall by 5 each quarter until the price got over 1s. 3d.

At the end of 1924 the percentage had fallen to 50, including a severe shortage of rubber in 1925, when, as will be explained below, an unexpected increased demand for rubber materialised. A modification of the Scheme was introduced later whereby, whatever the price, the minimum percentage for export was fixed at 60 per cent. standard production.

The Scheme met with very adverse criticism in the United States, although American manufacturing interests had been strongly urging price stability. Stability round about 1s. 3d. a lb. could possibly have been achieved if they had regulated their buying policy in accordance

with the provisions of the Scheme. 1s. 3d. was a price that did not give very much profit to the growers, but the manufacturers, who, two years before, had been willing to pay 2s. 6d. and 3s. a lb. for long forward contracts, decided, soon after the restriction Scheme was imposed, to buy "from hand to mouth." Manufacturers especially in the United States, did not expect that the Scheme would be adopted, and, when it was brought into force on the 1st November, 1922, they were short of rubber. This gave an opportunity to the speculator, and three months after the Scheme came into operation, the price was carried up to 1s. 7d. a lb. Thereafter the price fell and manufacturers generally neglected to cover their forward requirements even when the price was as low as 1s. a lb. in the last half of 1924 resulting in the reduction of quota for the last quarter to 50 per cent.

In 1925 came the new low-pressure tyre and the demand for this type of tyre increased rapidly. Manufacturers, in 1925, realised that this tyre would become immensely popular—as it is a better shock-absorber, and lengthens the life of the car—but it then required on the average 2 lbs. more rubber for each tyre. The effect of the new demand for low-pressure tyres was to increase the demand for rubber without affecting the demand for tyres. In 1925 the price of rubber rose from 1s. 6d. in January to 4s. 6d. in June, fell to about 3s. 6d. and then rose to 4s. 8d. in December. From February 1926, to the end of that year exports at full standard production were permitted. From May, 1927, to November, 1928, when the restriction Scheme was removed, the percentage of standard production exported remained at 60.

The violent price fluctuations in 1925 were not good for the industry. Producers did not want them. Tyre manufacturers put up prices in greater proportion than the increase in the price of rubber, and 1925 was one of the most prosperous years for them. But American manufacturers were convinced that a shortage was coming. They were buying forward into 1926 at prices round about 4s. a lb. The price, however, dropped from 4s. 8d. in December, 1925, to 1s. 9d. in June, 1926. That entailed enormous losses to the manufacturers. In the shortage scare of 1925, many American purchasers had bought spare tyres, so that in addition, the demand for tyres in the first half of 1926 also declined. Manufacturers ceased buying rubber and used their stocks. The price fell to 1s. 9d. The Scheme was recast in April, 1926, and the pivotal price raised to 1s. 9d.—mainly to help the manufacturers over a very bad time. But even then people had the idea that the slump was only temporary, and that prices would rise again to 2s. and 2s. 6d. a lb. That again proved to be wrong, owing to several factors. There was intense economy propaganda in the United States and cheap tyres were turned out containing reclaimed rubber. Manufacturers were successful in building a low-pressure tyre which did not contain on the average any more crude rubber than the old high pressure tyre. Thus, instead of the expected increase in the absorption of rubber in 1926, there was a decrease, which amounted to about 25,000 tons in the United States alone, where an increase of 25,000 tons had been expected.

The lower-grade tyres made in 1926 and 1927 did not stand up to the wear required, and in 1928 and 1929, the manufacturing industry benefited from the increased replacement demand. During the operation of the Scheme production in the Dutch East Indies was largely increased, and the United Kingdom Government removed all control over exports with effect from the 1st November, 1928, in which month

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the price on the London market fell to 8.52 pence a lb. The following table, based on figures published by the Rubber Growers' Association, shows the exports of raw rubber from the producing countries from 1925 to 1928.

Year.	British Malaya.	Dutch East Indies.	Ceylon.	India.	British North Borneo.	Sarawak.	French Indo-China.	Siam, etc.	Total plantation.	South America.	Other Wild.	Total Wild.	Grand Total.
(Thousands of tons.)													
1925 ..	210	189	46	10	6	9	6	4	480	28	10	38	518
1926 ..	286	204	59	10	6	10	7	4	586	25	9	34	620
1927 ..	242	229	55	11	7	11	8	4	567	28	10	38	605
1928 ..	296	225	58	11	7	11	9	4	621	21	6	27	648

Brazilian Coffee Control.—The basic principle of valorisation as adopted in Brazil is the establishment of an artificial equilibrium between supply and the demand through the withdrawal of the surplus supply from the market. The technical details connected with the valorisation Scheme are complicated, because of the difficulty of the problem of regulating supply in an industry like that of coffee cultivation. The coffee tree is a perennial plant, so that the supply cannot be controlled at the source by regulating the year's addition to the acreage already under coffee. Another feature of the problem of control is the liability of the crop to damage by changes in atmospheric conditions. This makes the task of estimating the season's crop in advance an extremely difficult task.

2. Almost all valorisation schemes originated in Sao Paulo, one of the states constituting the Brazilian Federation.

3. The first of the valorisation projects of Brazil was inaugurated in 1870, but it proved a failure. The next project was started in 1905-1906. This Scheme was the outcome of a desperate situation created by the collapse of coffee prices in the early years of the current century. New York quotation for Rio Coffee No. 7 which stood at 19 cents per lb. in 1890 fell to 5 cents in 1903. In 1906 the Government of Sao Paulo decided to buy up the next coffee crop and to hold it for the planters at a price which would keep the industry going. At that time Rio No. 5 was selling in the market at 8 cents and the Government's project was to take over the coffee from the planters at about a cent over the current market rate. The details of the project were completed in 1906 and the Government raised in the course of the next two years \$30 million on its own account in foreign money markets for valorisation purposes. At the same time the Government entered into a contract with a syndicate of coffee merchants in Europe and U.S.A. headed by Hermann Sieleken, under which the syndicate engaged themselves to advance 80 per cent. of the funds required to buy 2 million bags of coffee at a fixed price of 7 cents per lb. So long as the market was above 7 cents, the Government were to withdraw from the market and

when it fell below 7 cents, the state authorities were to make good the difference to the Syndicate by cable. Unfortunately for the Scheme, however, the next crop was abnormally heavy. The Government purchased their quota of 2 million bags and by the end of 1907 they were forced to take over about 7 million bags more. But the market still stood round about 6 cents. Before long the Government were faced with bankruptcy. The valorisation was consequently abandoned and a new plan, known as the Sieleken Plan, was adopted in 1908. Under this Scheme the Government were authorised to raise a loan of \$76 million from a Syndicate of foreign bankers. Out of this, the loan of \$30 million raised in 1906 was repaid. A national law was then passed putting heavy penalties on the planting of new coffee trees in Brazil, and Government also guaranteed that not more than 9 million bags of the next crop and 10 million bags of succeeding crops would be exported from Brazil in subsequent years. Certain amounts of the valorised coffee were to be stored in New York and in Europe, in charge of a committee, as collateral security for this loan. This committee were authorised to sell the stored coffee in the market in specified quantities and at prices that could not disturb those of other coffees. The Government agreed to purchase 10 million bags on its own account and to hold them off the market until conditions improved. Total exports of unvalorised stocks from Brazil were restricted for a number of years, according to a definite schedule laid down in the Scheme. A surtax of 5 franc gold per bag (76½ cents) was levied on exports for the recoupment of carrying charges. The control of the Government's holdings was vested in an International Committee with power to issue bonds.

4. There was an advance of \$10 a bag between 1904-1911, a fact which definitely demonstrates the success of the Scheme. The Plan, however, fell into abeyance in consequence of a steady increase in the demand for coffee and the rising trend in prices which followed.

5. Subsequently, however, the Brazilian Government promoted two more valorisations in 1917 and 1921. The general principles of these were the same as those regulating the Scheme of 1908. But in 1921 the Government advanced a step further by attempting to regulate entries into the exports point of Santos. The main objective was to spread over the whole year the distribution of coffee which normally covered four to five months of the year. Nine large warehouses were built in the interior by the Government. The whole coffee crop had to be stored in these warehouses from which the stocks could be released only against official orders.

6. By 1924, the coffee situation had become distinctly easier, because consumption was steadily improving. As, however, valorisation had naturally encouraged plantation in other countries and as the Government of Brazil was dependent on coffee bills for the service of 75 per cent. of its foreign obligations, the Sao Paulo Government adopted in 1925 a comprehensive plan for the continued protection of coffee. The pivot of this Scheme is the *Institute for the Permanent Defence of Coffee*. The Institute is organised under the ordinary Joint Stock Company laws. Its chief objective is to operate by withdrawing coffee from the local market by purchase and by storing it in Government warehouses. The funds with which the whole Scheme is worked were raised by foreign loans, the sanctioned amount of which was £10 million, but the subscribed amount of which amounted in 1926 to £8 million only. A tax of 3 milreis (*i.e.*, 1s. 4d.) on every bag leaving

[Dr. D. B. Meek.]

the producing centres has been imposed, the proceeds of it being set apart for the service of these debts.

7. The Defence Institute was re-organised in 1927. Under the new Scheme the re-organised Institute regulates the distribution of coffee by placing maximum stocks at Santos, Rio de Janeiro and three minor coffee ports and the quota of new entries for any port in any month is determined by reference to quantities actually shipped during the previous month. Surplus stocks are retained in the warehouses in the interior and advances are made on them to growers through the Banco de Estado de Sao Paulo.

8. The soundness of the coffee defence policy has been a subject of bitter controversy. The main defect of the Scheme is that it imposes an artificial restriction on shipments and thus encourages extension of cultivation in other countries. At the same time, to the extent that it succeeds in artificially raising prices, it encourages a wasteful extension of the local crop. The only advantage accruing from the Institute's policy is that instead of putting Brazil's surplus stocks in foreign markets, *i.e.*, at the control of foreign speculators, it gives to the Brazilian Government the power to prevent the whole year's crop from being thrown on glutted markets.

9. It has been argued in defence of the Institute that the defence programme has brought to Brazil a fairly steady annual gold income. Exports of coffee are steadily increasing and the defence policy has not led to injurious raising of the price of coffee to consumers. It has been quoted in support of this that the retail price of coffee at New York remained at 50 per lb. in January of each year from 1924 to 1928. The Institute has further taken up a very intensive propaganda, the cost of which is raised by a tax of 200 reis per bag of coffee exported from each state. At present, however, there is an uncertain feeling on account of the coffee crisis of October, 1929, which was due to the enormous crop in sight for the season ending June, 1930. But Sao Paulo has successfully negotiated a new loan of \$100 million, and it has been announced that the State is "abandoning its former policy of restricting entries into the port of Santos in order to maintain the price and will liquidate gradually over a maximum period of ten years the accumulated stock of coffee and place future crops in the market currently."

III.—Evidence of Executive Officers of the Agriculture Department; Bengal, on the customs and methods of *raiya*ts and middlemen.

No. 1.

The District Agricultural Officer, Murshidabad.

Dated the 15th March 1933.

Q. 23.—The *farias* go round the villages and offer their services to sell the fibre. The growers bring their produce at the *hats* where the *farias* settle terms with the *beparis* and sell the fibre. The *farias* get a decent commission from the *beparis* as well as from the growers. The latter pay as they can readily dispose of the produce. The *farias* at times buy from the growers at rates cheaper than those they get from the *beparis*. In buying they always take $1\frac{1}{4}$ to $2\frac{1}{2}$ *seers* extra weight per maund.

Q. 24.—The multiplicity of the middlemen is responsible to some extent for the low price which the cultivators get.

Q. 25.—The cultivators cannot afford as at present but to sell their produce to the *farias*. The establishment of sub-depots in suitable centres of a central organisation, such as co-operative sale society would enable cultivators to get better price.

Q. 26 and Q. 27.—Yes. The crop is pledged at the time of taking loan either at sowing, weeding or harvesting time. The entire crop or at times a part of the crop, is pledged for sale at rates lower by 8 annas to Re. 1 per maund. In places the *mahajans* lend money or advance draught animals, seeds, etc., on condition that (i) the entire crop would have to be sold to them at rates as stated above, (ii) the produce will have to be delivered at the nearest railway station or depot free of charge, and (iii) the balance of the loan is paid bearing interest from 9 to 12 per cent. In the majority of the cases the creditors are also the ultimate buyers. The growers have no other alternative but to sell the crop to their creditors to repay the loan. The cultivators always get a lower price besides rendering some services free. The establishment of rural co-operative societies would if it is expected afford some relief.

Further details on Q. 23 and Q. 25, submitted on 20th March 1933.

Q. 23.—Brokers known as *beparis* purchase jute from the cultivators in the villages or mufassal *hats* and carry them to a big trading centre in the locality to stock them with some *aratdar-farias* (commission agents), who generally and at times, when necessary, advance money to the brokers to purchase jute for them. These *aratdars* in turn sell the jute to the merchant purchasers and pay the brokers at the market rate *minus* two annas per maund as *aratdari*. In cases where *faria-aratdars* advance money to the brokers for purchasing jute the former

realize $\frac{1}{4}$ to $\frac{3}{4}$ per cent. of the purchase money from the latter over and above the usual *aratdari*. The price at which the brokers purchase jute from the cultivators is generally far less than the price at which the merchants buy from the *aratdars*. These *aratdars* in disposing of jute to the merchant purchasers have to pay a charge of $\frac{1}{8}$ per cent. as *britti* from the sale price. This amount is deducted from the money paid to the brokers. An additional charge of 9 pies per lot of weight is charged by the *aratdars* as *gosala britti*.

Q. 25.—The brokers purchase jute from the cultivators at a weight of 82 *tolas* 10 annas per seer in addition to a *dhartā* of $\frac{1}{2}$ seer and *kayali* (weighman's remuneration) of about $\frac{1}{4}$ seer per maund. The brokers then sell them at a weight of 80 *tolas* per seer to the merchants but pay *dhartā* and *kayali* to the *aratdars*. Thus it is seen that substantial money goes to the pockets of the middlemen, which would otherwise have been the profits to the cultivators if they are in direct touch with the merchant purchasers. The remedy lies in organising jute growers association and supply and sale society on co-operative principle in the jute growing centre. The cultivators can then be brought in direct touch with the jute balers thereby eliminating the middleman's profits.

No. 2.

The District Agricultural Officer, Rajshahi.

Dated the 23rd March 1933.

Q. 23.—(1) The *farias* or *beparis* purchase jute from the cultivators in small lots sometimes for themselves and sometimes for the merchants too.

(2) The *farias* then bring the same to the *aratdars* or merchants who stock the same in their godown and have them made into bales of $3\frac{1}{2}$ maunds (standard weight) ultimately and despatch the bales to Calcutta. The *farias* engaged by the merchants get a commission of two annas per maund. A *dhartā* of 2 seers is taken in every maund of jute purchased by the *beparis* and merchants from the cultivators.

Q. 24.—Yes, there is relation between the low price the cultivators get and the multiplicity of the middlemen to some extent.

Q. 25.—Marketing custom is detrimental to the *raiya*s to some extent. They will be best paid if they can sell their jute to the mill-owners direct.

Q. 26.—Sometimes the cultivators pledge or sell their crops 2 or 3 months before they are harvested to the merchants. In case of pledge the interest is paid in kind of the crop which is pledged at 5 seers for every rupee borrowed. In case of borrowing many *raiya*s sell their jute in advance to their money-lenders at a fixed price lower by Rs. 2 or Rs. 3 than which is prevalent at the time of borrowing money. Three-fourths of the valuation of the crops are only advanced.

Q. 27.—The cultivators borrow money from the money-lenders and merchants generally at an interest of 6 pies to 1 anna per rupee or the interest is paid in kind of the crop at 2 seers for every rupee borrowed. As explained in answer to Question No. 26, the creditors are also the

ultimate buyers of the crop in large majority of cases and it affects the price. To give credit facilities to the growers more co-operative societies should be organised in every creek and corner.

No. 3.

The District Agricultural Officer, Noagaon (Rajshahi).

Dated the 21st March 1933.

Q. 22.—Rural co-operative societies under the management of the Co-operative Department can bring the *raiyats* more closely into touch with the jute balers.

Q. 23.—The *beparis* are the direct agents of the local balers and purchase jute in the interior villages according to the direction of the balers regarding the price at which the jute is to be purchased. In some cases they purchase themselves direct from the *raiyats* and in some cases, specially when the *bepari* is a foreigner to the place, appoint local men as sub-agents, who are called *farias* and purchase jute through them. The *bepari* stocks jute in a place, and when the stock is enough sends it to the local baler. *Farias* get a certain commission from *beparis* per maund of jute and *beparis* get a certain profit per maund from the baler.

By the present system it is rather convenient for the *raiyats* to sell their jute to the *farias* or the *beparis* than to go direct to the local baler as they can sell jute to the former without incurring any extra cost for cartage or bribes, etc., and the *farias* or *beparis* pay them, what is settled for price, to the pie, while in going to the latter the price they get becomes almost the same and even sometimes less including cartage and bribes to several agents of the baler, *viz.*, *gomastas*, *koyals*, and *dasturi*, etc.

Q. 24.—I think there is no relation between the low price the cultivators get for their jute and the multiplicity of the middlemen. Had there not been so many middlemen, the cultivators would get almost the same low price from the local balers who control the local rate of jute, as they have no means to sell their jute direct to any other higher source in Calcutta independently.

Q. 25.—The *raiyats* could make profit only if either Government or Co-operative Department would utilise big capital for purchasing jute from them and sell them direct to the mill-owners in Calcutta; or the *raiyats* would have been very much benefited if Government could monopolise the jute market. Thus the system of selling jute through *farias* and *beparis*, which is detrimental to the interest of the *raiyats*, might be abolished.

Q. 26 and Q. 27.—It is a fact that some cultivators who are needy, borrow money in advance from the middlemen, dealing with jute or

from the local balers on a contract of giving his produce of jute at a much concession rate of price or giving a certain quantity of jute in excess at the time of selling the produce to them. They take the loan or advance about 2 or 3 months before harvest.

Yes, in majority of cases buyers of the crops are creditors. This does not affect the price of jute in general so much but the borrowers are only to suffer as they are to pay heavy interest in shape of produce or a concession rate only for a very short period of enjoying the loan. The borrowers may be relieved of this only in case the Government or the Co-operative Department give them loan and realise it at the time of harvest with small interest.

No. 4.

The District Agricultural Officer, Kishoreganj (Mymensingh).

Dated the 22nd March 1933.

Q. 22.—There is no means to form village co-operative societies, as the mass of the cultivators are illiterate and there is no leading man to guide them.

Q. 23.—The middlemen such as *faria* and *bepari* purchase jute from the cultivators direct by weight of 88 *tolas* per seer and also get at least 10 seers or so in excess over one maund by weight. The cultivators are unaware of the actual price of jute and as such they are to sell their jute to the kind offer of the middleman. The middleman then sells the jute to the merchant by weight of 80 *tolas* per seer, and also with a profit in the price (say 4 to 8 annas per maund). The merchants generally get their supply through *farias* and *beparis*, and there is no custom to purchase jute direct from the cultivators.

Q. 24.—The low price of jute is due to the multiplicity of middlemen.

Q. 25.—The middlemen purchase jute from cultivators by weight of 88 *tolas* per seer and also cheat the cultivators in weight. This practice is considered detrimental to the *raiyat*, and this is only possible to abolish by legislature.

Q. 26.—Yes. During the time of weeding, thinning and washing jute the wages of labourers go high, and scarcity of labour is felt everywhere. The cultivators at that time borrow money from the middlemen such as *faria* and *bepari* on condition to repay the money either by selling their produce to them at fixed price as they will suggest at the time of loan, or on condition of returning a certain quantity of jute in kind.

Q. 27.—The cultivators generally borrow money from the money-lender on interest. But, if the money is required at the time of cultivation of jute, they generally borrow it from the *bepari* as they can secure it at ease. In most cases the creditors are the ultimate buyers of jute. It greatly affects the price of jute which the cultivators may obtain. The co-operative bank may help the cultivators who are growing jute by lending money.

No. 5.

The District Agricultural Officer, Dinajpur.

Dated the 10th March 1933.

Q. 22.—At present I do not find out any practical means such as the formation of village co-operative societies whereby the *raiyyats* can be brought more closely in touch with the jute baler.

The failure of the spasmodic trials that were made on previous occasions in that direction shows that there were some defects in the root of the organisation. Until that is removed and unless the subject is taken in its entirety and more widely, I do not think there is any hope.

Q. 23.—There are middlemen such as *farias*, *bepari*, both merchants or commission agents. Their remuneration is very small in consideration with that of Marwari merchants. Most of them are *bona fide* cultivators who are deceived by the big merchants, in various ways. Indeed there are very few *farias* or *beparis* who are not highly indebted and are completely in the clutches of the Marwari merchants. These Marwari merchants give some profit to these agents with one hand and take it back with the other hand. They get 1 anna or 2 annas as profit per maund by fraudulent method in weighing and carrying on business.

Q. 25.—The marketing custom in this district is very defective. In some places jute is sold at 64 *tolas* weight, in some places 100 and other places 120 and in other places 128 and so on. The merchants take a small quantity, *i.e.*, 1 or 2½ seers per maund, for *dharta* in addition to actual weight.

The classification of jute made by the Marwari merchants is arbitrary.

Q. 26.—Very few cultivators in this district sell their crops before harvest.

Q. 27.—The cultivators borrow their money from the local *mahajans*. The creditors are not in general the buyers of the crops in this district. Land mortgage banks may be of some help but it requires to be tested.

No. 6.

The District Agricultural Officer, Chittagong.

Dated the 17th March 1933.

Q. 22.—Village co-operative societies can be formed through the President, *Panchayat*, with the help of the Circle Officer. The President, *Panchayat*, will take much interest and carry on the work if some sort of remuneration is fixed for the purpose, and then the *raiyyats* will be able to come in close touch with the jute baler and by this the middlemen's profit may be eliminated.

Q. 23.—The *farias* who keep informations of the place where jute is sold at higher rate than that of the interior places go direct to jute growers and purchase it and sell it to *beparis* or to the adjacent merchants

or commission agents who deal with it. Sometimes the *beparis* also send their men direct to jute growers to have it. Generally the *beparis* sell it to merchants or commission agents. *Farias* do this business independently or take advance money from *beparis* or merchants for which they are to pay interest, or to supply jute at a normal profit of 1 or 2 annas per maund. If they take money in advance they try to purchase jute so as to maintain the interest and profit and thus the prevailing rate.

Q. 24.—Yes, the more the middlemen the less the rate for jute obtained by the jute growers. The first man purchases it at such a rate so that he may get a profit out of it by selling to the second middleman and the second middleman to the third middleman and so on. The last middleman purchases it at a rate lower than the *bazar* rate and thus so many profits bear on the jute growers who consequently get a much lower rate.

Q. 25.—In some places the jute growers are to sell jute at 90 to 100 *tolas* a seer, or 1 maund 10 seers equal to 1 maund; or to give some jute to the actual man who weighs it. It may be abolished, if a centre from where jute will be supplied direct to the jute baler is made under each *thana* so that the jute growers may sell it at a considerably higher rate or *bazar* rate at a standard weight.

Q. 26.—In this question I have no personal experience about the system practised in Noakhali District and in Chittagong District. Jute cultivation is very little and it may be ignored as what they grow is grown for their household affairs. As far as I know the crops were pledged or sold before harvest when the rate of jute was higher which is no more nowadays owing to the fall of price of jute.

Q. 27.—The cultivators generally borrow money from the local money-lenders. In some cases it is correct that the creditors buy the jute from the debtors who are unable to pay exorbitant interest with principal and are bound to sell it to the creditors at a considerably low rate out of their interest. It affects much in having more money had they been able to sell it in the market. It may be remedied if the money is lent to the growers by the co-operative bank system at a lower interest, with the conditions that jute will have to be sold to the co-operative bank agents who will purchase it at the *bazar* rate and return the money after realisation of their debts.

No. 7.

The District Agricultural Officer, Rangpur.

Dated the 17th March 1933.

Q. 22.—Yes, if any "sale and supply society" can be opened and attached to every Union or Local Board having the president of each board as secretary, the *raiya*t can be brought more closely into touch with the jute baler, eliminating middlemen's profit.

Q. 23.—The *farias* generally purchase jute from the cultivators who bring in small quantities of jute in the local market for sale. From the sale proceeds of such small quantities of jute the cultivators purchase their daily necessary articles. The *farias* pay a lower price to

the needy cultivators than the *beparis*. After purchasing from the local market the *farias* sell their stock to the *beparis* at a little less than the current rate. The *beparis* purchase jute both from the *farias* as well as from the growers.

The *beparis* pay to growers more than the *farias*. The profit of the *beparis* is two-fold. They deceive the growers by taking an excess weight of 5 seers of jute for every maund which is locally termed as *dhalta*. Again, they mix water with the jute at the rate of 5 to 10 seers for every maund before delivering the same in the godown of jute merchants. The jute merchants, too, take a *dhalta* of 2 to 5 seers for every maund of jute from *beparis*. The merchants either purchase jute from the *beparis* after giving a commission at one anna per maund or at the current market rate.

Q. 24.—Yes, both the middlemen as well as the Marwari merchants are responsible for the lower price of jute the cultivators are getting than current rate, as the Marwari merchants and middlemen are the dictators of rate and the cultivators in the interior are quite ignorant of the actual rate.

Q. 25 and Q. 26.—No.

Q. 27.—The cultivators borrow from *jotedars*, *mahajans* and banks. The creditors are not always the ultimate buyers.

No. 8.

The District Agricultural Officer, Mymensingh.

Dated the 19th March 1933.

Q. 22.—I think if there is formation of rural jute co-operative societies in the villages, the *raiyat* will be able to deal directly with the jute balers. These societies will facilitate purchase and also disposal of the jute of the members of the societies. There should be a Central Jute Co-operative Society in the district town which will control the rural societies in the villages and will do all sorts of transactions with the jute balers. The societies will have to be financed by the *raiyats* who enlist themselves as members of the same. Thus the middlemen's profit will be eliminated to a great extent.

Q. 23.—The following middlemen are found generally in sadar sub-division:—

(1) *Farias*.—They work in the interior of the district, directly handle the cultivators and purchase jute from them. They have not got any fixed rate or commission but their profit or loss depends on the demand of the market rate at the local *hat* by the *beparis*. These *farias* generally market jute from the cultivators' doors at the local *hat*. They control practically the price of the jute of the cultivators. The *farias* do not stock jute, and readily dispose of their stock purchased.

(2) *Chataiwalla*.—They are a class of *farias*. They generally purchase jute from the cultivators who sell jute at the local *hat*. They open shops in every *hat* and invite cultivators to sell their jute to them. They finally dispose of their stock to the *beparis*.

(3) *Beparis*.—They are the connecting link between the *farias* and jute balers. They sell jute to the jute firms in the important stations

of the district. They sell jute by the contract system and even enter into forward sales with the firms. These *beparis* are informed by authorities of the jute firms of the fluctuations of jute market at Calcutta.

(4) *Commission Agents*.—They are sort of middlemen appointed by the jute balers on the commission system for buying jute from the cultivators, *farias* and *beparis*. Their usual commission is from 1 anna to 2 annas per maund, which they receive from the jute firm. Usually they get one anna if they are appointed nearer to the jute firm. They get more up to the limit of 2 annas if the godown for stocking jute according to business is costlier or if they are appointed at distant places.

Q. 24.—Yes. I think they get low prices for jute on account of multiplicity of the middlemen.

Q. 25.—The *faria* system is rather detrimental to the interest of the cultivators. The system could be rectified by the following ways:—

(1) There should be a standard weight for selling jute in the interior or town alike, corresponding to Calcutta markets or abroad, *i.e.*, everywhere jute should be sold at 80 *tolas* per seer.

(2) By co-operative system.

(3) If they can sell direct to the firm they can avoid middlemen's profit.

Q. 26.—In the subdivisions the cultivators generally do not pledge or sell their crop before harvest.

Q. 27.—They borrow money from local money-lenders, *Kabuliwallas*, co-operative societies, rural banks, loan offices, *zemandars* or *talukdars*. Money-lenders are not generally the buyers of the crop.

No. 9.

The District Agricultural Officer, Jalpaiguri.

Dated the 17th March 1933.

Q. 22.—The middlemen and their profits may be eliminated to a certain extent by organising village co-operative societies and agricultural associations through the Union Board or forming jute growers associations in different centres of the district for controlling jute cultivation and selling direct to the jute balers.

Q. 23.—The *farias* go to interior villages with the weighing balance and purchase from the growers at a low rate as the ignorant cultivators do not get any information of prevailing market rate. Besides this the *farias* get 1 anna to 2 annas per maund from the *beparis* or balers. The *beparis* in their turn get a certain percentage or commission from the balers whom they supply.

Q. 24.—Yes, to a certain extent. The more the multiplicity of the middlemen, the more the jute owners get low prices.

Q. 25.—Yes, it can be abolished if the jute is sold through the organised associations direct to the balers.

Q. 26.—In some places a *dadan* system is prevalent whereby the crop, when it is 4 feet in height, is pledged on the condition that the

jute must be sold to the investor and to none other at the fixed price when contract is entered into.

Q. 27.—The cultivators generally borrow money from the Marwaris. The creditors in most cases become the ultimate purchasers of the crop on the aforesaid *dudan* system at the lower rate. If the co-operative societies and other organised associations lend money to the deserving cultivators at nominal rate of interest, then the *raiya*s may be saved from selling jute at lower rate to their creditors.

No. 10.

The Deputy Director of Agriculture, Northern Circle, Rajshahi.

Dated the 11th March 1933.

Q. 22.—It should be possible to organise a Jute Growers and Dealers Corporation, having its central warehouse in Calcutta, with warehouses distributed in the countries under the control or connected with rural co-operative societies, affiliated to the above organisation to deal in jute. This would eliminate the middleman and his profits. But to be on sound lines, it should be run on profit-sharing basis.

Q. 23.—These middlemen either do business on their own behalf or on behalf of others. In the former case, the profits depend upon market fluctuations; whereas in the latter case, they get a commission from the firms for whom they make purchases up to a certain given figure. The remuneration figures are not at hand.

Q. 24.—This is true to some extent; but the chief cause for low price is the paucity of demand by the mills or the balers. A greater demand and a higher price will also bring better value to the cultivator.

Q. 25.—There are several marketing customs that are detrimental to the interest of the *raiya*s. Firstly, there is no standard weight with which jute is weighed when purchased by the middlemen. The standard weight of 80-*tola* seer is not generally resorted to. The *kutchā* seer (60 *tolas*) is generally prevalent in the country. In some districts, there are several weights based on seers of 60 *tolas* to 120 *tolas*. In parts of Dinajpur (Setabganj) the maund is equal to 2 maunds of *kutchā* maund, *i.e.*, twice 60 *tolas* make one seer. Secondly, some extra jute is always taken with each maund weighed, as compensation for loss on drying during storage and transit. This is done even if the jute purchased is dry. This is known as *dasturi*. Thirdly, at the time of payment for the jute purchase, the middleman never makes the full payment of the amount due. He deducts a percentage for his own religious endowments, which the grower may not himself like to make. Another percentage is deducted for *gowshala*, and so on. The money being in the hands of the middlemen, the grower is helpless and must agree to such deductions. This is generally done by the Marwaris. These practices could be put a stop to by disclaiming them as illegal.

Q. 26.—Cultivators are known to pledge their crops, sell them before harvest. This is done with the *mahajans* from whom they have borrowed, and the terms depend upon the amount borrowed or future possibilities of the value of the crop.

Q. 27.—The cultivators generally borrow from the village *mahajan*. The co-operative credit societies have not succeeded in imbibing a co-operative sense, as several societies, particularly in the Pabna District,

that have gone under liquidation, have shown. They find that although the rate of interest is less than what the *mahajan* demands, it is not so easy to get credit as from the latter. Consequently, the cultivator falls back upon the *mahajan*, although he also risks his very existence. It is correct to say that these *mahajans* are, in most of the cases, the ultimate purchasers of jute crop, which also means that the *mahajan* exercises his influence as a creditor to reduce the price of jute which, if left free to sell the cultivator would have got better by selling to any one he liked.

As remedial measure, the cultivator may deliver his jute to the nearest co-operative warehouse of which he is a member, against which he may be advanced some money for his immediate requirements but not to the full value of the jute deposited. The balance of the value may be paid up after final disposal of the jute and when profits and expenses have been ascertained.

No. 11.

The Deputy Director of Agriculture, Eastern Circle, Dacca.

Dated the 13th March 1933.

Q. 22.—Village co-operative societies may be made in each Union Board. They will have to decide what area of jute is to be sown within their jurisdictions according to the market requirements in each year and regulate the cultivation accordingly. It means a net-work of organisations with a vast capital and a staff for supervision and checking of the area and yield of the growers. If the work is to be done properly the appointment of paid secretaries and subordinates may be necessary. The elimination of middlemen's profit cannot be fully avoided if the expenditure is to be recouped from the sale of jute. The vast quantity of jute produced in Bengal is collected within a short period of 3 months or so during the rainy season when big boats can ply in the rivers, *bheels* and *khals*. The *farias* and *beparis* have to incur expenditure and do a great deal of personal labour in carrying, loading, unloading, drying, weighing, etc., and also meet the loss by wastage and drying during transit and before delivery of the final goods. They have to take the risk of the fluctuation of the market.

These middlemen have to incur losses in some years while they make profit in the others.

It is to be considered whether this heavy risk can be taken by the co-operative societies.

It is also to be considered what profit they now make for doing all this work and whether any other organisation can replace them to minimise the cost of collection till delivery to the balers and mills.

Q. 23.—These middlemen may be classified as follows:—

(1) *Kani faria*.—They make small purchases from *hats* or houses of the growers and collect them for delivery to the *beparis*. They may purchase up to 50 maunds of jute at a time, often much less.

Beparis and *kutchas* balers advance money to the *farias* for this purpose after fixing the price. But in Chandpur, district Tippera and in

Madaripur, district Faridpur there are big *farias* who take money direct from the balers and supply a large quantity like the *beparis*.

(2) *Beparis*.—They purchase generally from the *farias* and *hats*, the maximum quantity taken by each may be 500 maunds or more at a time. They get the price fixed by the balers and take advances from them.

(3) *Mahajans*.—They purchase from the *beparis* and *farias* and export direct to Hatkhola, Calcutta, for sale to mills, etc., through brokers.

(4) *Kutch* balers.—They send the goods in 3½-4 maund bales direct to Calcutta mills but they do not eliminate tops and bottoms of the jute as in *pucca* bales. They also send to two mills at Madras and one at Cawnpur.

(5) *Pucca* balers.—They purchase either from *beparis* or *kutch* balers. They eliminate top and bottom and make *pucca* bales of 5 maunds for shipment either to the mills or foreign countries. They fix the rates with the *beparis* for the supply.

(6) *Commission Agents*.—Sometimes a firm employs these Agents on certain remuneration varying from 1 anna to 2 annas per maund for profit; when they take advance for the purchase the remuneration is less; but if they finance themselves it is more as stated above. The system of commission agents is going down now-a-days.

Any *bhadralok bepari* is called a Commission Agent now. An estimate of the profit by the above middlemen in normal years may be stated as follows:—

Kani faria.—4 annas to 8 annas per maund; but they have to incur loss if the market goes down before sale.

Beparis.—They get payment on assortment of different grades. The present grades are as follows:—

(1) Fours (2) Rejections (3) I. R. (4) X L. R.

The rates are fixed by the merchants and balers according to the market fluctuations.

They generally get a profit of 4 to 8 annas per maund.

Mahajans.—They do not make assortment as above but make general estimate of the quality and decide rate.

They make 4 to 8 annas per maund profit.

Kutch balers.—They make a similar profit—4 to 8 annas.

Pucca balers.—It is not known how much profit they make.

Taking all the above rates it is quite probable that the profit varies from Re. 1 to Rs. 2 per maund in good years but at present owing to the very low rates it may be 4 to 8 annas per maund. Besides the above rates the incidental charges for transport to Calcutta from Dacca is about 8 to 10 annas. Thus the growers cannot expect to get more than Rs. 3 when the Calcutta price is Rs. 5 per maund.

Q. 24.—It will thus be seen that the price of jute is affected by Re. 1 to Rs. 2 owing to the multiplicity of the middlemen; but these men are necessary evils for collection and delivery to the balers or mills within a short period and have to incur expenditure for this purpose.

Q. 25.—Sometimes a rent of ½ anna to 1 anna per maund is charged by landlord for jute sold in the *hats*. It is so in Pubile and Sabar in District Dacca, Atharabari, Nilganj, Iswarganj, etc., in district Mymensingh.

[The Deputy Director of Agriculture, Eastern Circle.]

Besides, the weights vary in different markets. Some of them are noted as follows:—

	<i>Tolas. Annas.</i>			
Dacca and Narayanganj,	the seer is	86	10	sikka weight.
Mymensingh,	„ „ „	90	0	„ „
Faridpur and Madaripur,	„ „ „	82	10	„ „
Chandpur and Tippera,	„ „ „	82	10	„ „

I think the standard seer should be introduced in all districts so that the illiterate growers might not be misled by the variations of the weights as stated above.

Q. 26.—The system of pledging has now gone down as money-lenders are not advancing money owing to the present economic depression and want of capital.

Formerly a needy cultivator would sell off the jute as follows:—

- (1) When the jute is growing 3 to 4 feet high an estimate is made of the outturn and the whole plot sold at a lump-sum price evidently at a cheaper rate.
- (2) By advancing money at a fixed rate of price per maund on condition that delivery will be given when the retting and drying are completed.

Q. 27.—The cultivators borrow money from the local money-lenders. In a small number of cases the creditors are also the ultimate buyers. This certainly affects the price as the money-lenders purchase at a much lower rate subject to the market fluctuation; if the price goes down they may not make much profit or even may lose.

Co-operative societies may come for help but, as I have already stated, it is to be considered whether such a network of societies can be formed on correct basis and a proper control and whether the cost involved in collection through the middlemen as now exists, will materially be less.

No. 12.

The District Agricultural Officer, Jamalpur (Mymensingh).

Dated the 15th March 1933.

Q. 22.—It may be feasible to establish such market committees as cultivators can always cash their jute. They will bring the cultivators to closer touch with balers. Co-operative societies may follow this when the people are sufficiently trained.

Q. 23.—At present in Mymensingh district cultivators sell jute to *arias* and *beparis* on cash terms at current local market rates. The *arias* and *beparis* sell it at once to *mahajan* on cash terms, thereby earning one anna to two annas per maund. The *mahajans* stock this

and sell it whenever it is favourable for them to do so, through their brokers in Calcutta. Up to this stage there are no commission agents. The *mahajans* have had no remunerations for the last three years.

Q. 24.—Yes, to a small extent though. And there is keen competition between middlemen.

Q. 25.—There is a difference in standards of weight in different markets besides other petty charges are made on actual price of stock by the *mahajans*. These are however not at all important during the present slump period.

Q. 26.—No.

Q. 27.—Money-lenders in this part of the country do not usually deal in jute.

No. 13.

The District Agricultural Officer, Faridpur.

Dated the 14th March 1933.

Q. 22.—There is no means at present in this district, in the shape of village co-operative societies, whereby the *rayyat* can be brought more closely into touch with the jute baler, thus eliminating the middlemen and middlemen's profits. The formation and success of such village societies seem to be fraught with many difficulties. One or two such societies may however be organised under efficient control in suitable centres as an experimental measure.

Q. 23.—*Faria* and *bepari*. There appears to be no wide line of demarcation between the functions of a *faria* and a *bepari*. A *faria* is the man who generally collects small quantities of jute in the villages from the actual growers. He also purchases it in small quantities from the cultivators at different *hats*. A *bepari* is the man who generally gets his supplies of jute from the *farias*. But in some cases the *bepari* collects jute in larger quantities from the actual growers in the villages and the different *hats*. For practical purposes a *bepari* is considered a man of more money and resources than a *faria* who handles small quantities of jute with a small amount of money. A *bepari* generally deals with the merchants and local balers though in some cases *farias* have also direct transactions with the merchants and balers. The remuneration of the *beparis* and the *farias* is not fixed. The *farias* generally purchase jute on their own account at a price settled by them with the cultivators and sell it to the *beparis* or the merchants or balers at a price offered to them by the purchasing people according to the quality of jute. They lose or gain in these transactions. It may be noted that the *farias* are generally the men who make the weight of jute fibres heavy by sprinkling water over it with a view to make a profit. I have my own experience in this matter. The *beparis* also deal with the merchants and balers on similar lines, *i.e.*, they accept the price offered by the merchants and balers according to the quality of jute. In some cases there are agents, called brokers, who work on commission basis. The merchants and balers in these cases offer a commission varying from one anna to two annas per maund to them for supply of jute in large quantities but in these cases also the agents have got to be

satisfied with the prices offered by the merchants and balers according to the quality of jute. These agents also lose or gain in these transactions. The men (*beparis* or *farias*) who deal with the merchants and balers have to pay many other charges in addition to the cost of transit. They are principally (1) *gadi kharach* which is one anna and six pies per maund, (2) *dhalta* which is $\frac{1}{2}$ seer per maund and (3) "sample" which is 10 seers per 100 maunds.

Q. 24.—Apparently there seems to be a relation between the low price the cultivator is getting for his jute and the multiplicity of middlemen but the cultivators prefer to deal in jute through *farias* and *beparis* for many reasons, the chief of them being (1) they are shy of going direct to the merchants for the fear of being cheated more, (2) they prefer to dispose of their stuff from their own places which saves time and labour, (3) they deal in small instalments according to their need and (4) in this they do not run the risk of bringing back unsold jute.

Q. 25.—There are different marketing customs prevailing in different *hats*. A tax is collected in every *hat* which varies from half anna to one anna per maund in different *hats*. The cultivators do not mind paying it if they get a favourable price. These can only be abolished if the *zemindars* agree to their abolition.

Q. 26.—The pledging or selling the crop before harvest is not in vogue in this district at present. A system was in vogue for selling the crop to the *mahajans* at a fixed price at the time of borrowing money. For example, if a cultivator borrowed Rs. 100 from a *mahajan* and the price of jute on the day of transaction was Rs. 4 per maund, he agreed to give to the *mahajan* 25 maunds of jute within a fixed period. In this case the cultivator or the *mahajan* may lose or gain according to the price of jute prevailing when the jute is supplied.

Q. 27.—The cultivators generally borrow from the *mahajans*. The creditors are not the buyers of the crop.

No. 14.

The District Agricultural Officer, Bogra.

Dated the 13th March 1933.

Q. 22.—Yes, this can be done but should be done in a more systematic and organised way so that every grower becomes its member and does not sell the jute to any other purchaser.

Q. 23.—The *faria* is the immediate purchaser from the growers. He collects the jute from the houses of the cultivators and brings it to the *bepari* who sells it to the balers. They generally work with their own capital and *farias* require small and *beparis* require a large capital. Generally they make a profit and this depends upon the market. The measuring weight varies greatly in various places. 84 *tolas* 10 *annas* make one seer in many places. Sometimes they take more and some times less but this is always higher than the normal weight, *i.e.*, 80-*tola*

seer. Thus they make profit in weights. Nowadays, all these middlemen cannot make more profit in jute business and sometimes they suffer loss. Commission agents make profit from 1 anna to two annas per maund of jute.

Q. 24.—Yes, it is to some extent true; but every cultivator individually cannot take his jute to a long distance to sell it to the balers. Thus, nowadays, these middlemen are necessary.

Q. 25.—The purchasers do not purchase jute by standard weight but they pay the price for standard weight. Sometimes they do this because the producers are not also honest as they sell wet and bad stuff. Both the practices can be abolished by legislation.

Q. 26.—In some places, sometimes this is done in their hard days and for taking loan. There is no hard and fast rule for it.

Q. 27.—The cultivators borrow from private money-lenders, cooperative or other banks and sometimes from *mahajans*, who ultimately become the buyers of the crop. In the latter case the price of jute is to some extent affected. I have no suggestion and idea regarding better credit facilities.

No. 15.

The District Agricultural Officer, Bakarganj.

Dated the 20th March 1933.

Q. 22.—Attempt may be made to form village co-operative organisations to stock the jute locally produced and advance some money to the *raiya*s for their stuff at the time of stocking. The whole stuff may then be disposed of directly with jute balers and profit distributed afterwards. But the difficulty lies with the *raiya*s who in most cases will not be willing to part with their jute unless they get full payment at the time of sale. Any innovations will be taken by them with suspicion. If the co-operative societies now working simply on credit side take up this work amongst the members of the societies then gradually it will be introduced in other centres.

Q. 23.—There is practically no *faria* for jute in this district. The *beparis* go direct to the cultivators in the villages or meet them in the market and purchase the jute directly from them. These *beparis* supply big merchants at Madaripur or to their agents locally; sometimes it is stocked in different markets of the district by these *beparis* from where it is exported mostly to Madaripur. These *beparis* get about 6 annas to 8 annas per maund over the price at which they purchase the stuff in this low market. In high market they get 12 annas to Re. 1 per maund. The *aratdar* where the *beparis* stock their jute, get about 2 annas to 3 annas per maund for stocking. Sometimes these *aratdars* sell directly to the merchants who come from Madaripur and Chandpur and get 2 annas to 3 annas per maund as their commission from both sides. Sometimes the *beparis* get their capital from the local monied men or

merchants on condition of getting a certain share of the profit which varies from 4 annas to 6 annas.

Q. 24.—I do not think there is any relation between the low price and the multiplicity of the middlemen.

Q. 25.—If the cultivator goes to sell his jute in a market he is to pay to the *ijaradar* of the *hat* at the rate of 6 pies to 1 anna per rupee.

Q. 26.—No sale is done before harvest nor is there any pledge by the cultivators.

Q. 27.—The cultivators generally borrow from the money-lender of the locality who are sometimes merchants of the local *hat*. They are now getting money from co-operative banks where there is one. The creditors are not generally the buyers of the crops.

No. 16.

The District Agricultural Officer, Midnapore.

Dated the 13th March 1933.

Q. 23.—I am unable to say anything definitely on this point without making thorough enquires at the jute trade centres.

Q. 24.—I am of opinion that the low price the cultivator is getting for his jute is to a great extent due to the multiplicity of middlemen.

Q. 25.—As marketing conditions are at present, there is no alternative for the cultivator but to sell off his jute to middlemen for ready cash to enable him to pay the land rent and other creditors. If arrangements could be made to organise co-operative sale societies, which could advance to the cultivators at least 50 per cent. of the price of the jute delivered by them as soon as the jute is received by the society, so that the cultivators may have ready money to meet their obligations, then I think the present custom of jute sale may be abolished in course of time.

Q. 26.—There are many instances where cultivators pledge their crops at the time of sowing or even after to *mahajans* or middlemen in consideration of monetary advances received from them. Regarding the terms on which the crop is pledged, I am unable to give any definite information without making enquiries.

Q. 27.—For jute cultivation, the cultivators generally borrow from village *mahajans* or touring *beparis*, and in most cases the latter are the ultimate buyers of the crops. This procedure does affect the price which the cultivator is able to obtain, as due to the *takid* for repayment of the loans, the cultivator is obliged to sell off his jute to his creditors at a price dictated by them.

Regarding provision of better credit facilities to the cultivators, I think co-operative credit and sale societies should be organised on a large scale throughout the jute growing centres.

No. 17.

The District Agricultural Officer, Howrah.

Dated the 14th March 1933.

Q. 22.—The existing Union Boards may be utilised for the purpose of forming village co-operative societies with the help of the Co-operative Department, whereby the *raiyat* may be brought in close touch with the jute baler, thus eliminating the middlemen and middlemen's profits

Q. 23.—Middlemen such as *faria* and *bepari* go from house to house of the cultivators and purchase jute from them and sell the same to *aratdars* at a certain profit, approximately four annas per maund of jute.

Q. 24.—Yes, there is some relation between the low price the cultivator is getting for his jute and the multiplicity of middlemen.

Q. 25.—There are no marketing customs which are detrimental to the *raiyat* in this district.

Q. 26. No.

Q. 27.—Cultivators generally borrow from village *mahajans* or village creditors and sometimes they also borrow from a *Kabuliwala*. The creditors in this district are not the ultimate buyers of the crops. Organisation of a village co-operative credit society may give better credit facilities to cultivators.

No. 18.

The District Agricultural Officer, Nadia.

Dated the 15th March 1933.

Q. 22.—This can be tried through the rural co-operative banks where such banks exist.

Q. 23.—In some villages *farias* generally go about the village enquiring from the cultivators if they require any money to meet cultivation charges specially of jute. The *faria* takes the cultivators in this way either to the *bepari* or to big jute merchants and provides them with money to some extent with an understanding that they will sell their jute fibre with the help of the *faria* securing the money for them. In some cases the *faria* takes the cultivators with their fibre to *beparis* or other jute dealers and takes commission from both the sides for the labour. In some cases either the *faria* or the *bepari* cheats the poor cultivators by wrong weighing.

Q. 24.—Yes, partly.

Q. 25.—In the majority of places there are limited buyers of jute to whom the cultivators are forced to sell for any price dictated by them

as they are quite ignorant of other places where they can dispose of their produce for a better price. In some cases the fibres are left in *arats* where the prices in most cases are settled by the owner of *arats*. The man gets the price of jute after paying a certain amount to the owner of the *arat* for hiring charge of the godown. In some cases the owner of *arats* also cheats the cultivators by paying less price than what he has actually sold for.

This can be abolished if selling can be arranged through properly organised and managed co-operative sale societies.

Q. 26.—Yes. Sometimes before weeding and sometimes before harvesting and in rare cases before sowing.

It is pledged with the condition that the fibre would be sold to the man advancing money with a less rate than what would be the then prevailing market rate or sometimes at a fixed rate as is dictated by the money-lender at the time of advancing money.

Q. 27.—From private money-lenders, jute dealers, and banks.

No.

Yes; when the creditors are the buyers.

Credit facilities may be given to growers through banks or through legislation by fixing the rate of interest for money lent for agricultural purposes.

No. 19.

The District Agricultural Officer, Hooghly.

Dated the 19th March 1933.

Q. 22.—Co-operative societies can certainly play a very important part in the elimination of middlemen and their profits and bring the jute grower in direct touch with jute balers. In fact a serious attempt was made in this direction by the Department of Co-operative Societies by the formation of a large number of jute sale and supply societies. This attempt however proved abortive and the societies were placed under liquidation, resulting in serious loss. The thing is that so long as the jute market is controlled by outside agencies very little or no redress can be given to the *raiyats* in this matter.

Q. 23.—In the Hooghly district there is a class of itinerant small dealers, known as *faras*, who purchase loose jute from cultivators' houses and village markets at 84 *tolas* weight. They pay price of jute to the growers after deducting the following charges:—

(a) A charge of four annas to *aratdars* for *aratdari* business (*i.e.*, for storing jute and effecting sales of jute in *arat*). The charge is reduced to 2 annas from 4 annas since the low price of jute.

(b) Cartage charges from cultivator's house or village market to the *arats* at Sheoraphuli, Champadanga, Tarakeswar and Bonderbil.

(c) Charges for weighing, unloading and assortment at *arats* of *aratdars*.

(d) His profit for his labour which is usually two annas per maund.

The price of jute is paid at the prevailing rate either on the date the same is purchased from the cultivator or it is sold at the *arat* by the *aratdar* to the buyers who call at the *arats* at Sheoraphuli, Champadanga, Bonderbil and Tarakeswar markets, after the above noted deductions. The *farias* send the jute to the *aratdars* and the latter effect sales to the buyers who visit them from Calcutta. In this part of the business the *farias* have no voice or right to dictate or take part in deciding the price of the jute with buyers. He is to abide by the settlement arrived at between the *aratdar* and buyer. The result is that the *faria* or ultimately the grower may suffer. If the *aratdar* fail to sell the jute when the price rules high (thinking or rather speculating that the price will still rise but unfortunately comes down) the *faria* suffers a loss. But as usually the *farias* pay the price of the jute, after the sale is effected by the *aratdars*, to the cultivator, the grower of jute is hit hard and not the *faria*.

Q. 24.—Yes.

Q. 25.—Explained in answer to Question No. 23 in detail.

Q. 26.—Yes. When the seeds have grown into plants on cultivator's field.

By co-operative sale and supply societies of growers.

On condition of selling the whole produce of their fields at the then local rate.

Q. 27.—From *aratdars* (through *farias*) and village *mahajans*.

Yes.

Yes.

Co-operative credit societies.

No. 20.

The District Agricultural Officer, 24-Parganas.

Dated the 23rd March 1933.

Q. 23.—*Faria* and *bepari*, after jute has been ready for the market, visit cultivator's house and purchase the stock of jute from him and dispose the same to the *aratdar* at a certain profit, generally four annas per maund. In rare cases, cultivators themselves having extensive cultivation of jute, dispose of their stock of jute to the *aratdar*.

Q. 24.—Yes, there is some relation between the low price the cultivator is getting for his jute and the multiplicity of the middlemen.

Q. 25.—No.

Q. 26.—In some cases cultivators sell their crops about a month before they are harvested. *Beparis* settle their terms with the cultivators and advance money to them at an exorbitant rate of interest, the rate of interest sometimes being even two annas per rupee and there is

an express condition that the cultivators will dispose of their jute to *beparis* who thus advanced money to them.

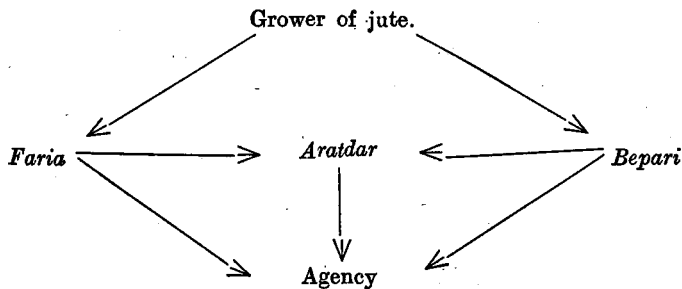
Q. 27.—Cultivators generally borrow from the local *mahajans* or creditors, *beparis* and *Kabulis*. Among the creditors, *beparis* only buy the crops and the price of jute is thereby affected to some extent. By the organisation of co-operative societies, better credit facilities may be given to the cultivators.

No. 21.

The District Agricultural Officer, Tippera.

Dated the 12th April 1933.

Q. 23.—The work of the various middlemen in distributing the producers' stock of jute may be shown in the figure below:—



The share of the *faria* is simply a commission. The share of the *bepari* is whatever profit he can make on sale of his own purchase on his own responsibilities. The share of the *aratdar* is normally *aratdari*—a certain amount per maund of jute transacted through his *arat*.

Q. 24.—The share of the *faria* or the *bepari* and the *aratdar* represents what increase ought to go to the grower in case of a direct deal. But the present low prices have nothing to do with these middlemen.

Q. 25.—High denomination weights used by the *faria* and the *bepari* as against the standard seer of 80 *tolas* is one of the marketing customs detrimental to the interest of the grower. Though there may be a graded price for all years but there is no standard of grading and in this matter the cultivator has no voice. This is one of the main causes why there is so much uncertainty about jute even in normal years.

Q. 26.—It is not pledged as far as can be gathered in this district.

Q. 27.—The cultivators borrow from village *mahajans*. It would not be correct to say that these *mahajans* are ultimate purchasers.

No. 22.

The District Agricultural Officer, Birbhum.

Dated the 13th April 1933.

Q. 22.—According to the present practice the cultivators sell the jute through middlemen who sell them to the balers. The middlemen can be eliminated if co-operative societies of cultivators are formed for the purposes and take up the work of middlemen such as *farias* and *beparis* and sell them to the balers thus eliminating the profits of middlemen.

Q. 23.—Independently of commission earned by the *beparis* they make considerable profiteering by employing various tricks such as false measures and extra weightage of jutes at the expense of the cultivators.

Q. 24.—Yes. There are chains of *farias*. The greater the number the less the profit accruing to the cultivators.

Q. 25.—As they are badly in need of money during the sowing season, the cultivators get loan advances on condition of selling the produce to the cultivators at a stipulated rate. This can be avoided if they get loan from co-operative societies or some other cheap sources. The success of village co-operative societies will depend on the management. In every case I am afraid materials in detail will not be easily available as to the reasons of any failure.

**IV.—Oral evidence of witnesses who appeared
before the Committee in Calcutta.**

IV.—Oral evidence of witnesses who appeared before the committee in Calcutta.

No. 1.

Dr. M. M. Roy, European representative of the firm of Ram Dutt Ramkisendas and Part-time Lecturer of the Calcutta University on Commerce.*

(24th March 1933.)

To the Chairman.—It is possible to get an accurate idea of stocks of jute, including holdings at Hamburg and elsewhere, by which the quantity of the crop required to be grown can be estimated.

The jute cultivators in Faridpur (witness's native district) are cheated by the *farias* who use heavier weights for their purchases.

In his opinion the small raiyats would not profit by regulated markets.

The mills do not sell their manufactured spun yarn cheaply enough to allow cottage or other weavers or carpet manufacturers using it and competing in the markets.

To Dr. Sen Gupta.—While an abnormal state of affairs requires an abnormal remedy, planned production which means restriction is not wanted.

Restriction of jute cultivation is not possible beyond what can be done by propaganda to enlighten the cultivators regarding the likely demands for the next season.

Regulation is impossible in view of the temperament, want of education, etc., of the cultivators.

He had not read Dr. Sen Gupta's Bill and was not in a position to express any opinion on the same, nor had he studied any concrete scheme of jute regulation other than Mr. McDougal's scheme and agreed that he could not speak from experience. He had been out of India for the last four years.

To Mr. Huque.—The present economic price of jute obtaining in Faridpur is Rs. 5-8 per maund and not Rs. 7 to Rs. 8, the reason being that the cultivator is working himself and the low price obtaining is due to his not hiring any labour which he would do if the market were not in such a depressed condition.

*For written evidence, *vide* pages 73-84.

There should be restriction of speculation and of sowing, *i.e.*, restriction of production according to demand. For this purpose the existing agencies can be utilised, *viz.*, co-operative organisations and Agriculture Department which are at present not properly utilized. No non-official agency is necessary.

To Mr. Sircar.—If it were possibly consistent with the point that there would be no unnecessary restriction such as would force the price up disproportionately, the witness agreed that there can be no objection to any effective organisation being set up.

No. 2.

Mr. Harold Graham, C.I.E., I.C.S., Commissioner of the Dacca Division.

(28th March 1933.)

The Chairman.—Do you think the production of jute requires regulation by legislative action? *A.*—I hold the view that it would be both inexpedient and impossibly difficult to administer an Act to regulate the jute crop.

Q.—Do you think it possible to obtain information to advise cultivators regarding the area they should sow before sowings take place? *A.*—As Government publishes a forecast of the crop it should also give information to cultivators regarding the world's markets and the stocks held of raw material and manufactured goods. The raiyats will thus be in a better position to regulate their output with a knowledge of market prospects. It is possible by this information to a considerable extent to regulate the crop and avoid a flooding of the market; I mean by propaganda such as that carried on last year by District Officers through Circle Officers and by the Agricultural Department. It would however be inadvisable and impractical to limit the crop by legislative action. The administration, when it came to lay down the areas which villages or individual cultivators should put under jute, would break down. Nowhere in the world has an administration attempted this. Jute is grown by millions of very small cultivators—it is not a matter of regulating big scale agriculture.

Dr. Sinha.—Are the present form and methods of grading and marketing jute in the mufassal satisfactory from the point of view of (a) growers, (b) balers and mill-owners, (c) middlemen, and (d) the community generally? *A.*—I think it is a great pity that grading is not based upon the spinning value of the various qualities of jute. At present there are three qualities of jute and the top mark is priced only annas 8 more than the bottom one. Grading on other methods than the spinning value will ultimately adversely affect the trade and will prevent its expansion. Classification has drifted from the basis of the milling capacity of the fibre and become a matter of mere trade convention; the top marks have been gradually done away with, and "rejections" become the first quality. Buyers of loose jute have deserted the original standards, and by classing the best jute as

“rejection,” carried on a process of attempting to lower the price paid, by assailing the quality of jute offered by the seller.

Q.—Do you advocate that standards for loose jute should be fixed by legislation or otherwise? A.—I think it would be difficult for any Government to arrange this. The Indian Jute Mills Association and the various associations connected with the trade can do it, and I would leave it to the tradé in their own interests to work on properly constituted and agreed upon standards of quality.

Q.—Can you give us your opinion regarding the various middlemen such as the *faria* and the *bepari*? A.—As a District Officer I have seen a lot of the business of these middlemen. I was once also President of a Co-operative Jute Sale Society at Alamdanga, district Nadia. There I came to know intimately the method of dealing of these *farias* and *beparis* with the *raiyat*. It was the business of the co-operative societies to deal direct with the growers. The societies, however, failed through attempting speculative trading. The *farias* and *beparis* are fulfilling a really important function in the jute trade. I disagree with Mr. N. R. Sarkar's recent speech in respect to the paragraph where, although he was dealing with possible avenues of employment for the *bhadralok* of Bengal, he expressed himself in favour of eliminating the jute-trade middlemen. It would be impossible to carry on the trade without the *farias* and *beparis* coming between the big buyers and the *raiyats* and paying cash for jute in the *raiyats*' own *bari* or in the neighbouring *hat*. In my opinion, too, this is the best opening for employment for the Bengali *bhadralok*, i.e., in business as *farias* and *beparis*.

Q.—Is there any other means, such as the formation of village co-operative societies, whereby the *raiyat* can be brought more closely into touch with the jute baler, thus eliminating the middlemen and middlemen's profits? A.—The co-operative societies had no hold over the *raiyats* and they failed, by holding for a rise which never came, instead of immediately marketing the *raiyats*' jute—their proper business. The *beparis* and *farias* fill a necessary economic function by placing the value of his jute in the hand of the *raiyat* who gets his money at his own *bari*. I disagree that the middlemen should be eliminated and hold that *bhadralok* should take to this business for a livelihood.

Q.—What views do you hold about the standardization of weights? A.—I have very strong views on this matter and I think it one in which Government can interfere and enforce legislation. In some places the *bazar* weight is a 90-*tola* seer, or even as much as 100 or 105, so that the *raiyat* suffers considerable loss. Government can enforce a standard weight everywhere. I do not think Calcutta jute firms can and will object. Eighty *tolas* to the seer and 40 seers to the maund should be the standard weight.

Mr. Khaitan.—The *mahajans* might insist on a little extra. They help the *raiyats* with loans and they get according to the customary weight in Mymensingh, which is always more than 80 *tolas* to the seer. A.—I have not much objection to 84·10 *tola* weight save that once you leave the standard of 80 *tolas*, abuses will creep in. This allowance is not really necessary to the trade. Uncertain weight standards adversely affect thousands and thousands of *raiyats*. Action by Government is possible. It would benefit every grower and would not do the slightest harm to the trade but would prevent cheating.

Q.—In addition to the difference in weight does not the *dhalta* affect the raiyats? A.—Well, that is the same thing. I would simply ask for legislation to the extent that jute should be sold on the standard basis of 80 *tolas* to the seer. I would not interfere to any other extent. I think it is a mistake to interfere with trade except in respect to something which is universally accepted. I deprecate Government interference on any other basis.

Dr. Sinha.—Do you advocate that fixed standards for loose jute should be fixed by legislation or otherwise? Please explain any objections which there may be to such a scheme. A.—It is difficult to fix standards. I should not interfere by legislation. It is not so very difficult for the trade to fix standards according to the milling capacity or quality of the fibre. It is possible for the trade to come to an agreement to fix standards in consultation with all interests and to enforce these standards. Government should not interfere. I think it would be inexpedient to do so. The trade should in its own interests grade on generally accepted milling standards and prevent the market abandoning these. I oppose, however, any Government interference with the trade except in the very last resort. I do not think that by such extraneous interference trade is benefited.

Mr. Huque.—Then you do not advise Government interference in the matter of standardisation of jute? A.—I agree with Mr. Huque. The old standards of 2's, 3's, 4's represented something definite. These have been deserted. At present there is very little difference in price between the top and bottom marks, *i.e.*, L.R. and X.L.R. Now 75 per cent. or more of the jute is classed as rejections.

Q.—What do you mean by “at present”? A.—I mean this season.

The Chairman.—Would a system of standards adopted on the lines of the American Cotton Standards Act of 1923 be suitable? A.—It took 40 years to come to those fixed standards. I think myself that this matter should be left to the trade itself. In course of time the trade will see the wisdom of established standards as tending to general fair-dealing. It would be a pity if it is made a case for Government interference.

Mr. Huque.—It is a tendency of the trade to fly from the standards. A.—I would simply recommend that the various interests engaged in the jute trade should fix standards which can be universally recognized. It is true that absolutely fixed grading is a difficult matter. Still the milling capacity of the fibre would be the basis, and I should leave it to trade morality to establish the standards and keep them.

Mr. Khaitan.—Do you not think there should be a recognized authority to see that the trade conforms to the standard? A.—No. In America it took 40 years to arrange the cotton standards; then why make an exception in the case of jute, and suddenly bring in legislation? The proposition is a novel one. The matter should be left to the trade itself. I think grading of 2's, 3's and 4's was on a sound basis and the trade can easily insist on these standards.

Mr. Khaitan.—Do you not think that some sanction is necessary to enforce the standard? His Excellency the Governor interfered in the matter of the hours of working in mills. A.—I deprecate Government

[*Mr. Harold Graham.*]

interference except in the very last resort. I consider it a novel proposition that Government should fix standards. As to His Excellency's interference, executive action is not legislative action. Only in the last resort should Government interfere. I would leave it at this—that the trade should by agreement work on standards that are understandable and generally acceptable.

Mr. Huque.—Do you not think that the time has come when a Committee should be formed who would look to the interests of everybody and supply information to the growers, as well as merchants and manufacturers? *A.*—There are certain matters in which a Committee might help, but all that is wanted is that some general information should be circulated, *viz.*, what stock of jute the mills have and what is the world's stock of manufactured articles? The proposal for an Advisory Committee to circulate this information is not essentially necessary. The agencies used now by Government can easily do it.

Mr. Huque referred to Question No. 43 of the Questionnaire.—(Do you think it necessary to create a Jute Committee for Bengal, etc.). *A.*—I think the existing associations can give the necessary information quite easily.

The Chairman.—You think that by propaganda we can supply all that information? *A.*—I agree.

Mr. Burn.—You speak about loose jute? *A.*—Yes. I am not dealing with baled jute.

Q.—Is Government propaganda necessary? *A.*—Yes. I quite agree that Government information of the type I have outlined is essential. The *raiyat* has now realised owing to the Circle Officer giving this sort of information and advocating voluntary crop control and telling him roughly how much jute or paddy should be grown; that Government is keen on his interests. Our propaganda is really touching everybody. We have been advocating "Grow enough paddy for your own needs," "Don't grow so much jute until the market improves and then don't swamp it." "Grow other crops such as sugarcane."

Dr. Sen Gupta.—Is it expedient that Government should form some organisation to forecast the requirements of jute on the basis of what stocks there are and approximate demands and then organize restriction of jute growing laying down, village by village, how much the *raiyats* shall grow? *A.*—It is impossible to arrange restriction of this type by Government ukase and administrative interference. It would need a tremendous organisation. Who will pay for it? It would be impossibly difficult to manage. It would require a staff like the cess revaluation or settlement staff. It would be an interference with the freedom of the individual which would be resented and would not be economically sound. The fixing of each village or *raiyat's* quota would give rise to trouble. Academically it sounds feasible but in practical working it would crash. Who will take the responsibility of ordering the *raiyats* to grow, say, 50 per cent., or 75 per cent., of last year's crop? Can a Government department do this? Supposing as at the last *Pujas* (1932), the price of jute went up a couple of rupees or more a maund. Could Government face the agitation of the disappointed *raiyats* who had been ordered not to grow more than, say, 3 bighas

when they might have grown 10 bighas? There are no constant factors to base legislation upon. Even if it were possible it would be politically inexpedient and economically unsound to dictate to the millions of *raiyyats* their quota of jute to grow. In big scale agriculture like tea, and big scale manufacture like hessian and gunnies, where there are limited producers, all of education and business acumen, it is quite possible and might be expedient. But with the millions of *raiyyats* I would leave it to voluntary restriction brought about by the spread of education and information and helped by Government agencies publishing market news, as it does crop news. The *raiyyat* too can grow other crops on jute lands. Within two months of the jute crop being reaped in a district like Mymensingh the whole jute acreage is covered with *aman* paddy. One is not dealing with the sole crop of the country and *aus* can be grown instead of jute, or on higher land, sugarcane. The *raiyyat* can ring the changes. All he needs is information about the conditions of the market, stocks, probable demands, and closing prices.

Q.—Do you think that it would be enough? A.—Yes.

Q.—What is the difference in price of jute between Calcutta and Mymensingh? A.—Rupee 1-8 per maund.

Q.—Is it possible to anticipate the probable price? A.—It is very difficult to anticipate the jute market, otherwise the trade would never have suffered the setback it has.

Q.—Supposing we make a village organisation whose task will be to go round and ask each and every cultivator about the area of land he should use for jute growing. Do you think it possible? A.—I definitely say that it is impossible for an organisation to be set up by legislation to regulate the crop for the whole jute growing areas in Bengal. A visit to the Settlement Record-room of any district and an examination of the number of *raiyyati* interest affected—in a district like Mymensingh, a million or so—will show that it is impossible.

Q.—How could people get the necessary information? A.—We experience no difficulty in getting every information and passing it on to the *raiyyat*.

Mr. Huque.—What is the actual price of jute now prevailing at Mymensingh? A.—Rupees 2-8 to Rs. 3-4 per maund. Jute is still a paying crop from the *raiyyat's* point of view as he counts nothing for his own labour in estimating the cost of production. Jute pays better than *aus* paddy even now. The *raiyyat* is growing jute without the help of outside labour. At Bakarganj paddy is sold at annas 12 to Re. 1 per maund. Therefore people growing jute are doing a little better than those growing only paddy.

Mr. Khaitan.—What are the present wages of labour? A.—Annas 3-6 to annas 4 each. The use of outside labourers has been practically stopped.

Mr. Burn.—As regards standard weights legislation is required? A.—Existing legislation rather should be enforced in connection with jute sales. As regards other matters, *e.g.*, crop restriction and grading standards, it is a very great mistake to interfere in trade.

[Mr. Harold Graham.]

Dr. Sinha.—I think you are in favour of Government propaganda?
A.—Yes, our propaganda was successful. Without it last year's crop might have been 100 lakhs of bales.

Q.—Is there any difficulty in marketing jute? Are the present methods of marketing and grading satisfactory? *A.*—There is no difficulty in marketing jute. I have seen no such difficulty in the jute trade since I have been in Bengal. All we want is the education of the *raiyat* and the supplying of information as to stocks and markets. The trade itself can fulfil all other requirements. It is a question of time. Government should interfere only in connection with weights.

Mr. Burn.—Can the *raiyats* adapt themselves to changing conditions? *A.*—Yes. In Mymensingh they received 3½ crores on a conservative estimate less for the crop of 1337 B.S. compared with 1336 B.S. They have survived this and gradually worked up to paying off 75 per cent. to 80 per cent. of their rent. They are adapting themselves to the changed conditions to an astonishing degree.

No. 3.

Witnesses nominated by the Nikhil Banga Proja Samiti*—

- (1) Maulvi Nazir Ahmed Chowdhury, Editor "Musalman,"
- (2) Babu Rasik Lal Biswas, Vice-Chairman, Jessore District Board, and
- (3) Maulvi Rajibuddin Tarafdar, Secretary, Bogra Proja Samiti.

(3rd March 1933.)

In reply to the Chairman.—Legislation is necessary for regulation of jute crop as cultivators will not come voluntarily under any scheme of regulation. There should be legislation which should be administered through Union Boards. We do not approve of any other agency. In our opinion a suitable remuneration for the President of a Union Board for the purpose would be Rs. 15 to Rs. 20 per month for two months in all during the year and a maximum of Rs. 50. There are about 6,000 Union Boards in Bengal.

The jute forecast figures published are based on wrong information supplied to the Department of Agriculture half-heartedly. If the Union Board presidents are given remuneration and made to supply correct statements and if there is some check, the information would be correct and useful. As it is at present published it is incorrect and does not benefit the growers.

The price of jute is between Rs. 2-8 and Rs. 3 a maund, while that of paddy is Re. 1-4 to Re. 1-8 a maund, but at most places even less than one rupee. The expenditure on jute cultivation is much more than that on paddy. Though not all, a large number of cultivators employ outside hired labour.

To Mr. Huque.—The average production of jute per bigha is 4 to 6 maunds. Production could only be controlled by legislation. Either Government or a central agency should fix the quantity of jute

*For written evidence of the Samiti, vide page 156, *et seq.*

to be produced after surveying the total amount of land producing jute and assessing the total yield, etc. Such an agency is proposed in our written reply to Question No. 28. There should be the Calcutta organization, the District organization and the Union Board. It is recognised that at present the Union Boards are such that they cannot be relied on, but if they work under the supervision of District Committees, the work would be properly carried out. The cultivators would have to be controlled by the imposition of fines, or some other manner of punishment, if they exceeded the area allotted to them. There must be determination on the part of Government or the central body to control production. Such control may be regarded at first as tyranny but afterwards the cultivators would realize that it is for their benefit.

There is difference between jute and paddy as by holding back paddy the cultivator can get something but in the case of jute he can get nothing.

For the past 10 years we have been against legislation because of probable tyranny and misuse of power. We have carried on propaganda, and we have changed our opinion and hold that the cultivators cannot be brought to limit their production through propaganda only. There was a great deal of discussion in our *Samiti* over this question and we were unanimous that legislation is necessary with a view to allocate the share of jute production in cultivation. No difficulty is apprehended that the Union Boards may not deal fairly with the cultivators as the *Nikhil Banga Proja Samiti* and similar other growers' organizations would always look after the interests of the cultivators and supervise the work of the Union Boards.

Advice of Government is often taken by the cultivators to be against their own interests because it is an alien Government and is believed to be on the side of the traders. What Government does is done in the interest of the traders. At present Government is looking to the interests of the consumer and not of the grower.

We know from practical knowledge and examination that the cost per *bigha* of jute cultivation is not less than Rs. 50. The Director of Agriculture's estimate of Rs. 30 per *bigha* is incorrect.

We think that Rs. 50 per year would be sufficient remuneration for the President of Union Board for his work in connection with the control of jute production.

The *farias* and *beparis* can be avoided even though the cultivators' homes are a long way off from the dealers. If the cultivators can sell to the ultimate buyers they will get the remuneration that the *beparis* get. The reason why they do not get it at present is that the buyers do not go to the *mufassal* but purchase through agents or suppliers. In some cases it is advantageous on the part of the cultivator to sell in small quantities and as he requires cash he prefers to sell to the *faria* on the spot, but if he understands that on selling a larger quantity he may get more he will do so. That requires education but if the cultivators could be organized this difficulty would be overcome.

In connection with the marketing of jute, legislation can do much if it is done in the spirit of helping cultivators. Weights and measures should be standardized and local customary extra demands should be made illegal.

[M. Nazir Ahmed Chowdhury, Babu Rasik L. Biswas and M. Rajibuddin Tarafdar.]

To Dr. Sinha.—The production of jute this year is not less than what it was in 1930. In spite of possible difficulties we want legislation to control production. Simply by propaganda we shall not be able to restrict production. There should be a margin of 10 per cent. over and above the area to be cultivated in accordance with the likely demand for unforeseen contingencies.

The minimum price which Government should lay down is Rs. 5 per maund at which Government should purchase the jute. Government will not have to purchase all the jute as merchants will come forward to purchase, otherwise they will have to purchase from Government at a higher price. Jute is a monopoly of Bengal and there can be no analogy with cotton, an attempt to control which by the Berar Government may have failed by Government incurring loss. If it be found that the jute mills can go on without purchasing jute for a year Government should stop production or restrict it to 10 per cent. only next year.

To the Chairman.—The cultivators being uneducated do not know conditions of world market and unless production is regulated jute cultivation may disappear altogether after a few years as an unprofitable cultivation, as happened in the case of indigo.

No. 4.

Dr. D. B. Meek, O.B.E., Director-General of Commercial Intelligence and Statistics.*

(20th April 1933.)

Jute growing is a monopoly in this part of the world. Where there is a monopoly generally one would expect to be able to control the price. There can be no control of price until there is regulation of supply to demand.

There are large variations in price of raw jute and that of jute manufactures. (A chart was placed before the members showing these variations.)

The general price index number of commodities does not show such large and frequent variations.

It is reasonable to endeavour to keep the jute prices within a reasonable distance of the general agricultural price level and to eliminate the large variations as much as possible.

The main object of any regulation would be to eliminate the large variation in price as much as possible and also in time to raise prices up to say the general agricultural price level. This steadiness in price would give the *raiyyat* a larger percentage of the final price.

The *raiyyat* does not get his proportionate share of high prices. When the price is low, he cannot hold the jute. He suffers more than the manufacturer. There are large variations in price of jute manufactures

*For written evidence, *vide* page 414, *et seq.*

in foreign countries and those in this country. These price variations encourage research for substitutes for jute.

The Chairman.—How would you effect regulation? *A.*—Through a corporation. The best thing is to start to organize the producer into some kind of societies to which he will sell his production, and these societies will sell through the least number of intermediaries as far as possible to large buyers. It will take a long time to develop these societies, but I think it is a movement in the right direction, and it should be started now.

Q.—Do you mean co-operative societies? *A.*—Yes. Jute co-operative societies. Compulsion may be necessary to get all growers to come under the co-operative societies.

A central body is necessary to lay down the quotas to be accepted voluntarily. It should be constituted with representatives of consumers in this country and foreign countries, producers in this country and shippers, *i.e.*, representatives of all interested.

If control of growing is effective there is no necessity to enter into purchasing and selling jute. Private people would do this.

I would try persuasion first and not compulsion. I would not attempt to buy up the whole crop, which would need 18 crores of rupees, until the efforts at voluntary organization had failed.

Q.—How would you get finance for supervision? *A.*—The only way I can suggest is a cess of say 2 annas per maund on export of raw and manufactured jute, which should be placed at the disposal of the central body.

I would try to educate cultivators through these co-operative societies which would depend for finance on the central body.

Q.—What kind of societies—village societies or any other kind? *A.*—Societies of jute growers.

Q.—Have you any idea of the necessary outlay for this organization? *A.*—That will depend on the rate of extension of the societies.

Mr. Khaitan.—Should the cultivators sell through these societies? *A.*—Yes. This will eliminate the lower middlemen.

The co-operative societies will have full information from the central body. It is impossible to upset the present organization completely all at once by bringing in some ideal.

Q.—Would the co-operative societies be expected to buy at a minimum rate? *A.*—If there was any legislation controlling the production, I would not recommend purchasing at a minimum rate.

The *raiyyat* could be educated and in time he will be able to control his own production and there would be no necessity to regulate minimum price.

It is a choice between two difficulties—(1) the application of legislation and (2) persuading the producer to play the game.

If we levy a cess of 2 annas per maund of raw jute and jute manufactures, we would get 10 lakhs of rupees per annum and this would be sufficient to organize a scheme at the beginning.

[*Dr. D. B. Meek.*]

Mr. Burn.—Dr. Meek, I take it that you do not want suddenly to disturb all the existing organization considering the complicated nature of financing and transport of the jute crop? *A.*—Yes.

Mr. Sarkar.—Your scheme is to start co-operative societies in each union and at the top a central body. What will be the duties? *A.*—Co-operative societies would get full information from the central body and advise the grower as to how much jute he should grow in the following year.

The central organization would allot a quota to each district, and the co-operative societies will in time advance money against the crop.

The *raiyat* members would get a benefit, because in time these societies will be able to compete with the other producers so that the *raiyat* who is a member of such a society will get a better price.

Q.—What will be the central organization? *A.*—I should make the central organization to be constituted of representatives of all interests, producers, consumers in India, consumers abroad and shippers.

Q.—Why consumers abroad? *A.*—They will be able to give much information such as stocks held abroad and as to possible substitutes.

Q.—Have you read and considered Mr. McDougall's scheme? *A.*—Yes. There is too much compulsion about it. Production of jute should be as voluntary as possible.

For the purpose of organization, it will be sufficient to start with 10 lakhs of rupees.

There is difficulty in the way of making legislation effective. The main improvement is to get the *raiyat* educated who would get advice from the people.

The central organization would not buy jute.

Q.—Should the central body be a single buyer and single seller?

A.—That would be ideal but that would suddenly upset the whole present organization.

Q.—What improvement would you suggest in the existing condition?

A.—The main improvement is that the sale should be made through the organization of the co-operative societies.

Q.—Co-operative societies or Government agents? *A.*—I would rather that the *raiyats* did it by organizing themselves than by compulsion for the control of production.

Q.—How did the propaganda work? *A.*—The propaganda in 1931 was not successful.

In time the primary society would buy and sell and not merely conduct propaganda for restriction.

Mr. Momin.—How will the central organization arrive at the quota for a primary unit? *A.*—There are figures available and the Chairman will bear me out by which such quotas can be determined.

Q.—So far as monopoly is concerned, does not jute stand in the same condition as opium? *A.*—Opium was not a monopoly of India.

Q.—The proposed central organization is supposed to advise the village societies. How will they base their estimates? Will it be desirable for them to call for tenders? A.—This is a technical detail about which there would be no difficulty and it might well be left to the technical staff of the organization.

Q.—Do you think that the advice should come from the central organization long before the sowing season? A.—I think the central organization should be able easily to indicate the quantity of jute which the society should ask to be planted in the beginning of the year.

Q.—If the advice was wrong by more than 10 per cent. there would be a tendency of the price to be low. Will not that throw a great deal of responsibility on the organization? A.—No. If the control is successful such an error is of no importance.

Q.—Would it not be advantageous if these societies purchased direct instead of through the *farias*? Would you not make it a duty of the central organization to deal with big buyers? A.—If they were trying to control, they would naturally buy through these societies.

Q.—What are your views regarding opium control? A.—I understand that there was great difficulty and corruption among subordinates.

Dr. Sinha.—Assuming that the central organization does not materialize, would you recommend Government to take up this work? A.—Yes.

Also apart from the central organization, there should be a research organization.

Q.—But if there is any mistake, then the whole blame would be on the Government? A.—I do not think that there will be any great difficulty.

Q.—Can you give us information as to how changes in supply would affect? Is there any statistical method for arriving at the variations of prices of supply, assuming demand to be constant? Would you entrust the work to the committee? A.—Yes. If they have a proper technical staff.

Q.—Your scheme is for the future control of jute. Have you anything to suggest with regard to the present conditions? You want the price of jute raised up? A.—There is only one solution for present conditions and that is that you have a corporation which will be given power to regulate production, purchase and sale of jute and that corporation has to be given power to raise finance. No corporation will go into the market to raise the price until it has the power to reduce production next year so as to realize better price.

Q.—Do you think that would be practicable? A.—For the present abnormal conditions such a scheme is better and I think it is practicable.

Q.—Then there must be control of production? A.—Yes, if you wish to tackle the present abnormal conditions.

Q.—Has control been successful elsewhere? A.—Yes. The control of coffee in South America was very successful in spite of the fact that the monopoly character was not present. I have no personal experience

[*Dr. D. B. Meek.*]

of control in foreign countries but can give you summaries of some such controls, *e.g.*, in sugar, coffee, tea, sisal, etc.

Q.—Have Government lost money in Brazil? A.—The Brazil Government did not lose money. There were international loans and Brazil got the advantage from the price control. But this is no analogy for a jute control.

Dr. Sen Gupta.—The fundamental principle of your scheme is that control is possible for jute owing to its monopoly condition? A.—Monopoly will not be of any use if you push the price up too high. The price should be a suitable one, sufficiently low, not to encourage substitutes.

Q.—With regard to your idea of central organization, I take it that co-operative societies will develop and be controlled by means of financing the societies. A.—Yes, when fully developed.

Q.—Is it your idea that this money-lending society will also sell jute or you would have other societies? A.—I would have the same society, and the *raiyat* should be a member of the society.

Q.—Would you advocate in the contract of loans given by the societies, a clause to the effect that the debtors will be bound to sell direct to the societies? A.—In time you can, if the members depend on the societies for finance.

Q.—Do you not think that all the money will be wasted without any control if all the drawers do not come under the society? A.—If simple measures of voluntary persuasion are not found to be sufficient, the membership of the society should be compulsory. The society will not immediately be able to control but in time it will.

Q.—Would you advocate some means of compulsion, *i.e.*, legislation? A.—Yes, if necessary.

Q.—By legislation no one should be allowed to grow except under a licence? A.—That is a very large step.

Q.—Otherwise how are you going to compel? If the scheme is to work, there must be some sort of compulsion? A.—Yes in time, when that time comes.

Q.—The central body will determine the quota for these societies. Would you leave it to the discretion of the central body, or should it be on a definite basis? A.—The amount of the quota should be determined by the general trend of production of each quota area together with probable demand in the year for which the quota is being fixed.

Q.—Would you have a uniform rate? A.—Yes; a proportionate rate for each class of jute.

Q.—With regard to the central body, your suggestion is practically on the lines of Mr. McDougall's scheme? A.—My scheme is that suggested by the Royal Commission on Agriculture.

Q.—Do you think it would be helpful if the body consists of consumers? A.—Consumers and growers should be equally represented on that body.

Q.—Your only objection to a scheme similar to the control of cultivation of opium is that there is a risk of certain amount of *zoolum*? A.—Yes.

Q.—Suppose you exercise control through some bodies in which cultivators are represented would there be the same risk of *zoolum*? A.—I do not know.

Q.—What is the object of the scheme? A.—The object of the scheme would be to keep the price adequately high which would naturally vary from time to time with general price level. But you must keep your eye on possible competitors, such as paper. Without powers to control jute production completely it would be extremely difficult to raise the price. The main idea is that supplies of jute should be regulated which would enable the corporation to control price according to demand.

Q.—Would you give us some idea what is the price index number of jute relative to general prices? A.—For that I must look into the price index tables.

Q.—How much is it below the general level? A.—At present 39 as compared with 82-83 for the general price index.

Q.—If the general price level is raised, what would happen to jute? A.—It would automatically go up under the scheme I have proposed.

Q.—Comparing jute with general price level, is it a fact that the large variations in jute prices are brought about by monetary causes? A.—There are large variations in the case of jute for several causes of its own quite independent of the general monetary causes. (*Explains by reference to graph*).

I shall send you a graph showing prices of cotton, paper, sisal, as compared with jute.

Mr. Huque.—What actually was the cause of the sudden rise of jute in 1925? Apart from the general depression what was the special factor of this sudden rise? A.—It was due to a very low stock held in India as well as all over the world.

Q.—Did big fluctuation in stock affect the price? A.—Yes.

Q.—Was there any over-production? A.—There is by definition no general over-production in a long period of years.

Q.—Why did the price drop? A.—That has been due to over-production during the last five years and of course all the general and other causes such as the movement to make each country self-dependent.

Q.—At what price level of jute are substitutes likely to come in? A.—Very difficult to say. We know paper is definitely a substitute now.

Q.—Has there been any systematic enquiry as to what substitute of jute is commercially possible and feasible? A.—Only information collected from journals, *e.g.*, regarding combines in America, the elevators and bulk transport contracts, etc.

[Dr. D. B. Meek.]

Mr. Momin.—What is the difference between the price which a grower gets and the price obtained by a seller? *A.*—I have no personal experience. From information I get from books, it is 40 per cent. of the Calcutta price.

The Chairman.—What do you think about the jute forecast? Have you any changes to suggest? *A.*—The forecast is highly necessary.

Q.—Do you consider it feasible to establish organized jute markets on the lines of the regulated cotton markets in the Central Provinces? *A.*—I have no actual experience.

Q.—Would the trade be expected to fix its own standards? *A.*—The seller and the purchaser would fix the standard, which is absolutely necessary. I think legislative power is necessary.

No. 5.

**Mr. W. Chalmers, Chairman, Jute Fabric Brokers Association,
Calcutta.**

(24th April 1933.)

Before answering any questions the witness requested the Chairman that it should be put on record that he was present at short notice, that he was unprepared with answers as he did not know what questions were going to be put to him, that he would answer all questions to the best of his ability, but that he would welcome an opportunity of submitting these questions and answers to his Committee in order that they might approve of his replies before these passed into the records of the Jute Enquiry Committee.

In reply to a question by the Chairman as to whether the Committee could be supplied with information as to what substitutes were being made use of in other countries for the purpose of competition with the jute industry, the witness said that much more exact information could be obtained from representatives of the Jute Fabric Shippers Association, as all the information which the Brokers Association had was obtained from the shippers. Being invited nevertheless to give whatever information he had, the witness said that he believed that most of the cement trade of the world had been taken up by paper bags which came into use, in his opinion, during a period of high gunny prices and violent fluctuations. Questioned on the subject of grain elevators in Australia, the witness said that while the demand for cornsacks had so far not dropped off appreciably, he had been informed by a shipping house that elevators had, during the past season, reduced demand for sacks to the extent of 50,000 to 60,000 bales. That is to say, had there been no elevators, Australian demand would have been increased by that amount. In spite of the elevators, however, demand during the past season had been above average. It was anticipated, however, that during the next five years, elevators might reduce the total Australian demand to 70,000 bales or so instead of the 200,000 bales which had hitherto

been regarded as normal. Questioned further the witness said that he was not prepared to state that the blame for this could be laid to the door of the Calcutta market. It was in his opinion an economic development which might have taken place in any circumstances, but which may have received some stimulus during a period of high Calcutta prices.

Mr. Weston.—Are you interested in the manufacture of everything that has to do with gunnies? *A.*—Our business is concerned with all jute fabrics.

Mr. Khaitan.—Can you inform the Committee as to where arbitrations are held in regard to the export of jute manufactures? Supposing there is a dispute about the quality and it is not amicably settled, where would arbitration be held? *A.*—If the buyer is not satisfied and the matter cannot be amicably settled between the buyer and the seller, a portion of the consignment—two or three bales picked out at random—is returned to Calcutta for arbitration in accordance with the rules of the Tribunal of Arbitration of the Bengal Chamber of Commerce.

In reply to a question by Dr. J. C. Sinha as to where arbitration was held in the case of late shipment, Mr. Chalmers said that he believed such arbitrations were generally held in Calcutta.

In reply to another question by Mr. Burn on the subject of arbitrations, Mr. Chalmers said that, generally speaking, brokers avoided becoming arbitrators. Arbitrators were generally chosen from the shipping and manufacturing sides of the trade.

Dr. Sinha.—You are a go-between the shipper and mills. As regards export trade for local markets do you come in there also? *A.*—We do.

Q.—What is the usual brokerage charged? *A.*—Three-quarters per cent.

The following questions were asked by Mr. Momin.—

(a) Is your Association interested in any other jute fabric except gunny and hessian?

(b) Having regard to the fact that substitutes are being found and that would necessarily reduce the quantity of jute required in the world has your Association done anything to find new uses for jute, e.g. manufacture of carpets?

(c) Have you got no organisation to foster a spirit of enterprise for new manufactures?

The witness replied that his Association would probably be held to be stepping beyond the sphere of its legitimate duties; though, of course, any samples of foreign manufactures which reached broker were shown to mills in the hope that they might be able to compete.

Questioned by Mr. Burn on the subject of local factors which influenced the trade, the witness said that with preparation he could

[*Mr. W. Chalmers.*]

speak at some length and with considerable feeling on the subject of *fatka*, and that he was confident that the Committee of his Association would endorse what he said. Further remarks of the witness were to the effect that, making due allowance for general world depression, *instability of prices* was the main cause of loss of business to Calcutta, and this destructive instability was in his opinion brought about by the existence of a *fatka* market which in its present form was simply an invitation to all and sundry to come and bet on the price of 8/40. Rumour could be circulated and exploited without scruple in the *fatka* hessian market, which as a consequence could lay no claim to being a barometer of supply and demand, its fluctuations having as a rule nothing to do with these factors but being dependent on, say, rumours of war and consequent demand for sand bags, speculators being caught short, attempts at corners etc., etc. The evil consequences of these illogical fluctuations were felt in the *pucca* market inasmuch as insufficient time was allowed to shippers to offer Calcutta goods abroad. The witness believed that offers from continental markets and factories which, unlike Calcutta, were not subservient to a *fatka* market often remained open for three or four days. The offerers having probably bought their raw material were working on a margin of profit which they were prepared to accept from consumers irrespective of what speculators might do in the meantime. Offers made from Calcutta were generally given about 5 p.m. and had to be accepted or refused by 10 a.m. next morning as the overnight antics of the *fatka* might easily and often did establish a new level of opening prices next morning. It was easy to see from this the advantage given to continental competitors. The witness continued that manufacturers, brokers and shippers all of whose business it was to get goods from producer to consumer went in fear of the *fatka*, and that both buying and selling orders were liable to be withdrawn at very short notice because of its illogical fluctuations.

Questioned by Mr. Momin as to the difference between *fatka* gambling and marginal share gambling, the witness said that in his opinion speculation in shares was unlikely to do any harm except to the speculators themselves, whereas interference with a commodity by people not directly interested in getting that commodity through to the consumers of it must necessarily result in destruction of confidence. Asked as to what percentage of the *fatka* market was not interested in the forwarding of hessian, the witness replied that he had no exact figures but at a guess he would say that probably 75 per cent. of *fatka* operators had no interest in the trade outside gambling in 8/40.

In reply to further questioning, the witness said "I have made no study of the science of economics, and am therefore prepared to defer to the opinion of any expert on this subject who may be present, and to accept correction from him, but I submit that an organisation whose function is not to facilitate the passage of goods from producer to consumer but to frustrate and hamper that process, and in so doing to snatch extra and unnecessary profits from the trade is commercially speaking a redundancy, and an offence against the first principle of Economics." He emphasised that he was making no positive statement to the above effect, but that he submitted it as an hypothesis and was prepared to hear expert opinion.

The witness asked that it should be made clear that no remarks of his should be interpreted as hostility to the legitimate *bazar* which was at

times of material assistance to the market. Questioned upon this point he replied that he drew a distinction between men of substance who took a view of the market and aided the mills by carrying a proportion of their production, and *fatka* operators, whose methods he had already described.

Mr. Momin.—As regards business in hessian, goods are on the first side sold by mills, and by shippers on the last. If the mills sell at the rate of Rs. 8-12 and the shippers at the rate of Rs. 9 then the intermediate persons can make a profit. Therefore the tendency of intermediate dealers must be a raising of prices. *A.*—Naturally so.

Mr. Weston.—All business does not go through brokers? *A.*—By no means..

Q.—You take no responsibility for the quality of goods? *A.*—None whatever.

Questioned by *Mr. Khaitan* on the point of whether the heavy goods market in which there was no *fatka*, was proceeding particularly smoothly in comparison to the hessian market, the witness replied that although there was no *fatka*, heavy goods were susceptible to *fatka* fluctuations albeit in a less degree than hessian.

In answer to questions on the price of Cuban sugar bags, the witness replied that the highest price in his experience was about Rs. 100 in 1925-26 or thereabouts, and that the present price was about Rs. 29-8. Asked whether he attributed this fall in price entirely to the existence of a *fatka* market, the witness replied in the negative.

Mr. Khaitan.—Prices in the market generally depend on a large number of factors, *e.g.*, general level of price, demand for a particular kind of goods, supply and demand, etc.? *A.*—Prices generally depend on the question of supply and demand.

Q.—Prices really depend upon those factors except for some temporary aberration and that is possible on account of rumour? *A.*—Quite so.

Q.—Brokers are needful for this reason, *viz.*, a mill wants to sell a certain kind of goods; it is the broker's duty to find out who is a buyer for that particular kind of goods and bring about a transaction, if possible. Similarly some buyers may want a particular kind of goods—it is not that every mill is a seller at that particular moment and the broker has to find out which mill will sell that particular quality of goods. There are people in the bazar who hold delivery orders or who hold forward contracts and it is not simply the middlemen who may be sellers at a particular moment. There are hundreds of other people dealing in the bazar who may also be sellers. Shippers may be buyers; other people may be potential or prospective buyers of certain classes of goods. Unless there were brokers would it be possible for a seller to know how and where buyers could be found for the particular classes of goods? *A.*—Without brokers it would be extremely difficult.

[*Mr. W. Chalmers.*]

Q.—You have told us that you are very strongly opposed to the continuance of the *fatka*. A.—That is so.

Q.—Are the mills equally strong against the hessian *fatka* market? A.—I suggest that you put that question to the mills.

Q.—I will probably do so. But have you heard mills complain of the *fatka* market? A.—I have heard individual mill salesmen inveighing against it.

Q.—Has the Mills Association as such ever pronounced publicly against the *fatka*? A.—If so, I have not heard of it.

Q.—The *bazar* is a great help to the mills, as it increases the number of buyers. Instead of having 25 or 30 shippers as potential buyers they get, say 100 more as likely buyers. That is what is meant by saying that the *bazar* increases the field of buyers. A.—There I have no quarrel with you. In my experience, which includes a short pre-War period, there has always been a *bazar*. It is difficult to conceive of a market without a speculative element.

Q.—I myself do not see much distinction between the *bazar* and the *fatka* market. A.—There I cannot agree with you.

Q.—In England the *bazars* would be known as jobbers. A.—I suppose they would.

Q.—It is well known that these *bazars* or jobbers, whatever you call them, always hold a large quantity of delivery orders. If they have in their possession either with themselves or with their banks, a large number of delivery orders they help the mills by holding in the form of delivery orders until the shippers take them over and export them to other countries. A.—Quite so.

Q.—It is only when the goods are actually exported that they leave the godowns of the mills. A.—Yes.

Dr. Sinha.—You have just told Mr. Khaitan that the operations of the hessian *fatka bazar* increase the number of buyers. I do not quite follow how these operations can increase the number of buyers of mill products. A.—Of course it does not tend to increase the number of users of mill products. If it creates buyers it also creates sellers. I do not see how it can benefit the mills.

In conclusion, and in reply to another question by the Chairman on the subject of *fatka* gambling, the witness said that in his own personal view, which was always open to correction by expert opinion, *fatka* gambling must tend to raise the price against the consumer without in any way benefiting the cultivator or the manufacturer, inasmuch as the *fatka* was essentially unproductive, and consisted mainly of people who hoped to snatch a profit from the trade without doing any work for it in the way of aiding the goods to their destination. The tendency therefore must be to encourage the consumer to seek substitutes.

No. 6.

Messrs. A. R. Ramsay and J. P. Anastasiadi, representatives of the Calcutta Jute Fabrics Shippers Association.*

(26th April 1933.)

In reply to a question by the Chairman with regard to the substitutes for jute which are in commercial competition, the witnesses stated that the Committee would be furnished with a list of the places in which substitution was taking place as well as, wherever possible, a rough estimate of the actual extent to which substitution has taken place.

Mr. Weston.—With regard to Question No. 47 of the Questionnaire you have stated “it is a remarkable fact that Calcutta has lost an annual outlet for between 30 and 35 million nitrate bags by reason of the extraordinary shrinkage in the Chilean nitrate business.” If the depression passes away quickly as America hopes it will, and normal conditions are restored, say, in 1935, do you think you will recover a good deal of this nitrate trade? *A.*—Yes. It is not quite certain that the whole of the loss in the bag trade due to shrinkage in the Chilean nitrate business is permanent.

Q.—In answer to Question No. 50 of the Questionnaire you make mention of speculation. Is that noticeable in hessian? *A.*—Yes in hessian.

Q.—Can you tell us something about this speculation business? *A.*—It is not the shippers who go into the market—they do not usually speculate in *farka* but there are other speculators entirely unconnected either with the manufacture of jute goods or with the marketing or shipping of jute goods who go into the market and buy goods in anticipation of demand from consuming centres as a result of which prices are put up artificially. By speculation, prices in Calcutta may be raised in anticipation of demand but recent experience has shown that sellers on the Continent and Dundee have been able to step in and satisfy some of the demand at the lower level of prices. This has resulted in considerable loss of business to Calcutta.

Q.—Does that affect the cultivators adversely? *A.*—We do not know. But the loss of business to Calcutta cannot help the cultivator.

Q.—When there is a dispute about the quality of goods how is the dispute settled? *A.*—All gunny arbitrations take place in Calcutta generally by the Tribunal of Arbitration of the Bengal Chamber of Commerce. This is not always to the advantage of the buyers in overseas countries as although the arbitrations are conducted very fairly, a representative of shippers and a representative of mill interests being ordinarily appointed to act together as the arbitrators on a dispute, mills generally insist that intact bales shall be returned as evidence of the complaint. Naturally the returning of intact bales is expensive and in many cases no intact bales are available. This is understandable as

*For the Association's written evidence, *vide* page 281, *et seq.*

the parcel may be sent straight into the country districts from the ports without any bales being examined for faults. On faults being discovered by the actual consumers it may well happen, as it often does, that all the bales are opened up before the agent in the port can obtain intact bales.

In reply to the question put by Dr. Sinha as to how this could be improved, the witnesses said that there were big centres to which large quantities of goods were sent and it would be easy to have Calcutta representatives in those centres for purposes of arbitration.

Dr. Sen Guptā.—Do you suggest that any proportion of business of Calcutta fabrics is going out of Calcutta owing to costly and unfair arbitration? *A.*—Consumers abroad do not complain regarding the fairness of Calcutta arbitration. We have never heard it suggested that the Tribunal's awards were unfair.

Buyers complain firstly because of the expense involved in re-consigning bales to Calcutta for arbitration. If they lose, the arbitration expenses are very high. Secondly, if they have no intact bales available for inspection in Calcutta they have very little chance of obtaining an award in their favour. This is the chief ground for complaints especially for those which involve small amounts. Buyers often have genuine complaints regarding minor details and find that when they put them forward they are told to send back intact bales. This is most unsatisfactory as the mills could often settle *bona fide* claims without insisting on the return of bales.

Certain of the shippers are now selling from Calcutta on the basis of arbitration in America in case of a dispute. Obviously the question of arbitration in Calcutta is a serious one from the point of view of Calcutta mills and shippers.

Q.—If there is a rise in the price of jute, what are the chances of competition so far as substitutes are concerned? *A.*—It would be rather difficult to answer the question.

Q.—By the term "speculators" you are referring to speculators in fabrics? *A.*—Yes.

In answer to the question by Mr. Weston, as to what was the most formidable competitor as a substitute for jute, the reply was "paper"; cotton was also mentioned as being a strong competitor.

Mr. Momin.—Would you say that the attitude of the mills is generally partial towards overseas buyers? *A.*—No.

Q.—If prices and other things are equal, does the foreign buyer prefer buying from mills in his own country because of the arbitration trouble in Calcutta? *A.*—Yes.

Q.—Is that feeling very considerable? *A.*—It means a considerable loss to the shippers.

Q.—About gambling in hessian—does not this speculation tend to put up the prices? *A.*—Yes.

Q.—If this is so, is not that to the advantage of the actual grower? *A.*—Yes.

Q.—The only reason why you like to do away with the speculators is to keep down the prices so that you may compete with other products? A.—Yes.

Q.—Has your Association taken any steps to find out or investigate the possibilities of any other uses of jute than hessian? A.—It is more up to the mills than shippers. Shippers can only place new propositions before the mills.

Q.—Has your Association made any attempt to find any other uses? A.—Yes.

Mr. Huque.—Has the Jute Mills Association tried to find out new uses for jute? A.—The Jute Mills Association have made efforts to find out new uses for jute but not to a very large extent.

Q.—You know there is a futures market in cotton in New York, Liverpool and other countries. What is the difference between a futures market and the *fatka* market? A.—Not much. There is, however, no need for a futures market in Calcutta because jute is almost a monopoly commodity, while cotton is not. In speaking of this futures market, only hessian speculations are referred to.

Q.—Reading between the lines of your evidence I take it there is no co-operation between the shippers and mills in the matter of development of trade as is the case in other countries? A.—There is a growing desire for co-operation. It is absolutely essential in the interests of the jute trade that there should be an organisation in which all concerned should be represented with a view not merely to study the market but also to find out the possible requirements of the trade.

Q.—I find from your evidence that you have given us considerable materials as regards the nature of the substitutes for jute. Circumstanced as we are to-day, do you not think that this matter should be very closely watched in the interests of the buyer? A.—Absolutely so.

Q.—I find in your reply that disputes frequently arise owing to goods containing an undue proportion of moisture. I take it there is a minimum moisture admissible? A.—There is no definite allowance fixed for moisture in shipments of jute fabrics.

Q.—Considering the fact that moisture is a necessary element in preparation, what should be the allowance given for this element? You are perhaps aware that Egyptian cotton was adversely affected in price owing to the fact that there was no definite data as to the necessary amount of moisture that must remain. Has there been a study in the matter? A.—It is peculiarly a question for the mills.

Q.—There is a prohibitive duty on jute fabrics in Chili. Has there been any corresponding tariff on Chili goods? A.—We do not know.

Dr. Sinha.—Do you think that in normal conditions a substantial portion of the present competition between jute bags and cotton bags will persist? A.—We cannot answer the question at the present moment.

Q.—In your reply to Question No. 50 of the Questionnaire you refer to gambling in hessian. Do you think that the rise in prices is mainly

[Messrs. A. R. Ramsay and J. P. Anastasiadi.]

due to gambling in the *fatka* market? A.—Mainly so—the hessian *fatka* market has got 90 per cent. bullish tendency.

Q.—Do you think that the mills take part in *fatka* business? A.—No.

Q.—In your reply to another question of the Questionnaire you say that the mills encourage speculative dealings. Will you explain this? A.—The mills welcome higher prices but they do not actively encourage speculation.

Q.—If the mills can produce here linoleum hessian, do you think the shippers would have export market for that? A.—It would depend entirely on the prices on which they can compete.

Q.—Are the terms of your Association different from the United Kingdom Jute Goods Association? A.—The terms of the United Kingdom Jute Goods Association are identical with the terms of the Calcutta Jute Fabrics Shippers Association.

In answer to a question of Dr. Hector regarding “Canamo” fibre, the reply was that very little was known at present with regard to this particular fibre.

No. 7.

Babu Nirmal Chandra Chosh, representative of the Bengal Jute Growers Association.*

(27th April 1933.)

The Chairman.—Can you give us an idea of your society as to its membership, etc.? A.—We have one central office in Calcutta with 40 branches in the mufassal, each branch having several village committees.

(In reply to the question by Mr. Weston, *viz.*, whether the organisation was a voluntary one, the answer was in the affirmative and the annual subscription was stated to be annas 4.)

In answer to another question by Dr. Sinha enquiring about the number of members, the witness said it was difficult to give the number.)

Q.—Could you give us some details in regard to any particular district, *e.g.*, Faridpur—how many branches have you got there? A.—One at Faridpur, one at Madaripur, one at Baramganj and one at Bhanga.

Q.—How would you work the organisation suggested to be set up in connection with the regulation of production referred to in answer to Question No. 10 of the Questionnaire? Would it be an official organisation or a non-official one? A.—It would be a mixture of both—an

*For the Association's written evidence, *vide* page 216, *et seq.*

independent body under Government supervision in which at least 50 per cent. of the members should be representatives of jute growers; in other words a body sanctioned under the Statute. In a memorandum to His Excellency the Governor of Bengal our proposal was to levy a cess of annas 2 per maund for this purpose, but now that it has been proposed that as Bengal is going to get a share of the jute export duty, we can set apart a portion from that duty for the benefit of the cultivators. If necessary, we must utilise that fund for raising the price of jute whenever the prices fall below a certain fixed limit which may bring loss to the growers.

Q.—Do you think it can succeed? A.—Unless production is restricted it cannot succeed.

Q.—Has it been successful anywhere? A.—When the British Empire produced 70 per cent. rubber, the Stevenson scheme was very successful, but the scheme had to be abandoned when the non-British producers increased the production heavily.

Regarding jute it is entirely a different matter as it is a monopoly of this country.

Q.—For your scheme do you want a lot of trustworthy paid men in the mufassal? A.—I think we have already a system of organisation in the shape of Union Boards—we can utilise them. Supervisors will be required to watch over the Union Boards.

Q.—What should be the pay of such supervisors? A.—In the present depressed condition of the trade, Rs. 100 will be sufficient as well as fixed travelling allowance. For the present Circle Officers may be entrusted by giving a small allowance in addition to their salary.

Q.—Would you not have a lot of corruption by paying only Rs. 100 as salary? A.—I do not think so.

Q.—You say in your preliminary note that the jute cultivators are very badly off. Are they worse off than the cultivators, say, of other provinces or other countries, *e.g.*, America? A.—I have no idea of American cultivators but have got some idea of our sister provinces. The condition of Bengal cultivators was far better than that of the Bihar or the United Provinces cultivators, but at present it is worse owing to depression in the price of jute. Conditions have changed much during the last one or two years in Saran and other places—I mean some of the sugar districts in Bihar.

Mr. Weston.—Would you please refer to page 3 (top) of your preliminary note where it is stated “it is impossible to effect any improvement in the price of jute unless the large stocks in the hands of the consumers are cut down to reasonable proportions.” How are you going to deal with this problem? A.—If the supply is reduced, stocks will gradually decrease.

Q.—Price has continued to be on the downward course in spite of curtailment of production—do you not think that it might happen in any case? A.—We do not believe in voluntary curtailment—we want it to be done by legislation. Our propaganda in connection with voluntary curtailment is not successful because villagers are jealous of

[Babu Nirmal Chandra Ghosh.]

each other and consequently the result is over-production. Without legislation we cannot check that.

Q.—Supposing you did check and on account of such great changes as are now taking place in the market the price of jute rises, all your jute cultivators who had restricted their production, would blame the authorities for restricting their income. A.—We shall always keep sufficient margin, *e.g.*, in case of flood. If we anticipate a demand for 50 lakhs of bales, in that case we will arrange for a production of 60 lakhs of bales.

Mr. Huque.—Where is your office? A.—At 137, Canning Street.

Q.—What are you doing in Calcutta? A.—I am in business—have got a business in the mufassal.

Q.—What is the nature of your business? A.—Produce business.

Q.—Do you deal in jute? A.—I am a *faria*. I do not sell jute in Calcutta. In the mufassal I supply jute to dealers.

Q.—How do you do that? A.—I have got country boats and godowns.

Q.—Who meets the expenses of your Association for the time being? A.—Our Association has practically got no expenses. When we carry on jute restriction propaganda, some of the merchants pay for it.

Q.—Is there any connection between any of the Chambers of Commerce here in Calcutta and your Association? A.—Yes. We are affiliated to the Bengal National Chamber of Commerce.

Q.—There is no fund at your disposal—how do you meet expenditure, if any? A.—At present there is no expenditure.

Q.—Regarding the replies to the Questionnaire submitted by your Association—are they your replies or you consulted some body? A.—I consulted my Committee.

Q.—Who is the Chairman? A.—Maulvi Abdul Karim.

Q.—Do you know the working of the *fatka* market? A.—Not very well. I know a little.

Q.—There is a general impression in certain quarters that the effect of this *fatka* market is to completely unbalance and disturb the regular market conditions—would you be able to contradict or support it? A.—There is no institution to stand in the way of manipulating prices by mills and other buyers. It is only the *fatka* market which stands in their way and I believe that the *fatka* market is doing good to the cultivators. My opinion is also supported by other jute merchants, both European and Indian, *e.g.*, Mr. Luke's speech before the jute futures market enquiry meeting in the Bengal Chamber of Commerce in which it was stated that it was owing to the *fatka* market that they have got to pay higher prices in the mufassal.

Q.—On the other hand we have got evidence in the mufassal that as a result of the operations of the *fatka* market, the Calcutta merchants are being completely wiped away and there is no steady price for the cultivators. This opinion is shared by a large section of merchants—European and Indian, both Marwari and Bengali traders in the mufassal. A.—In any case the effect is not against the growers—it

may be against the dealers. My experience is that as soon as the growers get to know the improvement in the *fatka* market conditions, they put up the prices.

Q.—On the other hand take it from me that the trend of opinion throughout the mufassal is that the cultivators have got nothing to do with the raising of prices, it is only the dealers who put up prices. As a matter of fact the dealers make their transactions on receipt of advices from Calcutta. Do you agree with me? A.—I am convinced that the *fatka* is detrimental to the interests of the dealers but it is conducive to the interests of the cultivators.

Q.—In the present economy of jute organisation, if that is so, do you not think that these dealers are making good their losses from the cultivators? A.—During the last two years at least they have not been able to make good their losses from the cultivators. Formerly they could. *Farias* are more or less cultivators and you will be surprised to learn the amount of interest taken by these men in the jute market reports published by me in the weekly "Muhammadi" which I do with the intention that the cultivators will get correct information. This paper has got a very large circulation and every jute producing village has got one copy. If for some reason or other the jute market report is not published, we get 40 or 50 letters for information. From this you can realise that the cultivators take a good deal of interest and besides they have got some amount of intelligence.

(In reply to the question of the President whether the price was not dictated by dealers, the answer was "not at all times.")

Q.—Do you feel that the growers are so informed to-day that they know the market conditions so much that there is no victimisation on them? A.—If the growers get proper information from Calcutta, then they cannot be victimised.

Q.—I am speaking of the *fatka* market again—do you mean to say that when you are sending information now, ten days hence it will not be old and if it is, how can your information act in such a manner as to make the cultivator know the actual prices prevailing in the market? A.—What I mean to say is that the cultivators should be supplied with the latest market reports.

Q.—I am now speaking of the mufassal market—there are the dealers and growers, in and between them are the *farias* and *beparis*. Has the grower to sell his commodity at the price dictated by the dealer? A.—Not necessarily. The movement of the market, *i.e.*, rise and fall in prices, depends entirely upon the advices from Calcutta.

Q.—Who makes that rise and fall—is it the dealer or the grower? A.—Everybody.

Q.—Your contention is that the grower has something to say about the prices? A.—Yes, if they know the *fatka* market.

Dr. Sinha.—You just told the Khan Bahadur that the cultivator has a say in determining the price which is paid—how do you come to the conclusion that it is always advantageous to the *raiyat*? A.—What I mean to say is that as matters stand to-day there is no distinction between organised buyers and disorganised buyers. It is the *fatka* market which is trying to manipulate the prices. Sometimes when

[*Babu Nirmal Chandra Ghosh.*]

here is good news in the market the prices go up and conversely when here is bad news, the prices come down. So anybody who can keep himself in touch with the *fatka* market can deal with the situation successfully.

Mr. Momin.—What you really mean is that the *fatka* market serves as a sort of competition against the organised buyers in and outside India in raising prices? *A.*—The answer is in the affirmative.

Q.—You have just now told the Khan Bahadur that the *fatka* market generally raises the prices? *A.*—Yes.

Q.—Who are interested in the *fatka* market?

In reply the witness referred to some criticism on the subject published by him, which dealt exhaustively with the point.

Q.—What is your view of the existing co-operative societies? *A.*—The co-operative societies are of little use unless the villagers are educated.

Q.—If you cannot trust the co-operative societies, how can you trust the Union Boards better? *A.*—These co-operative societies were organised about 10 or 12 years ago (the witness was corrected—they were organised about 30 years ago) and I inspected 10 or 11 villages. It was experienced that the villagers had more confidence in the Union Boards. Formerly any man having influence in the village could become president, but now there is regular election and generally really good men are elected as president. They take keen interest in the elections. The villagers are ordinarily ignorant and helpless to protect their own interests.

Q.—You have already told the Khan Bahadur (Maulvi Azizul Huque) that the villagers are intelligent enough to protect their own interests but here in connection with the co-operative movement you say they are more or less backward—how do you reconcile these two contradictory statements? *A.*—My own experience is that the villagers have not been able to take up the co-operative movement in the proper spirit. Besides a higher amount of intelligence is required to understand the co-operative movement which includes banking matters.

I admit my words have not been properly weighed and duly put.

Q.—What do you mean by general economic level of prices? *A.*—The price should not be forced too much. If the price is levelled, say, at Rs. 7, there is no danger of substitutes and it would give a reasonable profit to the cultivator.

Q.—In answer to Question No. 15 of the Questionnaire you have stated the rent of land to be Rs. 7-8 per acre, do you not think it is too high? *A.*—No.

Q.—According to your calculation the existing price of paddy is higher than jute, then why does the cultivator grow jute? *A.*—In anticipation of future high prices.

Q.—What alternative crops would you suggest for jute? *A.*—This should be referred to the Director of Agriculture. Personally speaking I may say that under my encouragement a sugar factory has been

established at Gopalpur in the district of Rajshahi, and another at Setabgunj in the district of Dinajpur.

Dr. Sen Gupta.—Do you not think that if the prices are raised beyond the general level, they should not be so raised as to kill the trade? *A.*—No.

Q.—With regard to the question of the buyer being subjected to oppression, your scheme is simply that the Central Board in Calcutta would dictate what proportion of the land ought to be cultivated each year? *A.*—Yes.

Q.—Is it not your experience that so far as the cultivators of Eastern Bengal are concerned and who form the bulk of the jute growers, there has been a great advance in their capacity of corporate action in recent years? *A.*—In recent years they have made much progress.

Q.—With regard to Union Boards—you say that the interest of the villagers in their Union Boards has increased in recent times and they are taking a more active interest in the elections? *A.*—That is my idea.

Q.—When you say that the cultivators are not victimised by the traders, you do not state that as a general or universal proposition, because there are cases in which cultivators are victimised? *A.*—If the cultivators get to know the prices, it is difficult to victimise them.

Q.—The existence of the futures market makes it impossible to have very high and sudden fluctuations—is that your idea? *A.*—The theory is so no doubt but my experience of the futures market has taught me that there are high fluctuations.

Q.—It has been said upon the comparison of the figures of the *fatka* market here that there is always a tendency for high prices at the beginning of the season and as the season goes on, the prices fall—is this view correct? *A.*—I think this is an extract from a treatise by Dr. M. N. Roy. The theory is good but actual experience does not support it. Having regard to the experience of the last 3 or 4 years, it has been written, but the writer would perhaps like to change his views since the price is now going up although this is the end of the season. Further in the beginning of the season the Government Jute Forecast is published. During the last few years the Director of Agriculture evidently with a view to safeguard the interests of the jute growers has been publishing a bullish forecast. Consequently the price goes up with the publication but gradually goes down with heavy arrivals as the season advances.

Mr. Khaitan.—Is there a feeling amongst the villagers, that is, jute cultivators, that the price of jute has gone down too low? *A.*—Yes.

Q.—And is there a feeling amongst them that the Government or any other authority should do something whereby a reasonable price for jute can be assured to them? *A.*—Yes.

Q.—Do agriculturists themselves feel it? *A.*—Yes.

Q.—Have the cultivators any ideas of their own as to what should be done to improve the price of jute? *A.*—Wherever I have

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addressed the masses regarding voluntary curtailment it was found that the general idea was that the production of jute should be restricted and that there should be legislation for such curtailment, otherwise, as already stated, the villagers or cultivators, being jealous of each other, are unable to act according to their conviction.

Q.—Is it their own view and not any politician's or merchant's?
A.—Their own view.

Q.—You have talked in one place of the general level of prices and in another place of ensuring a fairly profitable price for the cultivators—do you think that the price of jute must, to a certain extent, keep pace with the general level of prices? A.—Yes.

Q.—Alongside of that you think that by proper cultivation or regulation whatever it may be, a reasonable price can be assured to the cultivator? A.—Yes.

Q.—Am I correct in understanding you to mean like this, that is, at the present moment when the price has been varying, say, from Rs. 24 to Rs. 25, even at this level of prices you could have maintained a price, say, of Rs. 40 or Rs. 35 per bale by proper organisation? A.—Yes.

Q.—But if you want to raise it to Rs. 60, then that can only be done if the general level of prices is raised? A.—Yes.

Q.—Do I understand you to mean that irrespective of the level of prices of other commodities, you can, by proper control and regulation of the growth and marketing of jute, maintain a reasonable level at least for jute? A.—Yes.

Q.—Below which it could not fall in spite of the fact that the prices of other commodities may fall? A.—Yes. The price of jute cannot be affected by the world trade depression because India enjoys a monopoly of jute. This may be illustrated by the following example: In Faridpur the cultivators produce a certain kind of garlic which is consumed by the people of Burma—it is only produced in the *chur* lands of Faridpur. You will be surprised to learn that in spite of the world trade depression, the price of Faridpur garlic is standing at a higher level—about 200 to 250 per cent.—owing to low production during the last two years.

Q.—What is the level of the price of kerosine, as compared with two years ago? A.—There is no fall.

Q.—You have been asked more questions about the *fatka* market than your answers to our questionnaire. Is it not to the interest of the merchants to buy low in the *mufassal* and sell high in Calcutta? A.—Yes.

Q.—And if the merchants in Calcutta find that there is a tendency for fall in the outside market, they will at once stop purchases and would wait till the tendency has had its effect? A.—Yes.

Q.—On the other hand when there is a tendency for the market to rise, then they would at once get to the *mufassal* and buy as much as possible? A.—Yes.

Q.—Now so far as conditions are concerned, the big merchants in Calcutta know whether there will be a futures market—also the big merchants in Calcutta whether they be shippers or dealers or mills, would know all the world conditions at once? A.—Yes.

Q.—They do not intend to convey all that information to the mufassal? A.—No.

Q.—So far as the futures market is concerned—is it your experience that the jobbers get the news at the same time as or even quicker than the big merchants in Calcutta? A.—I think they get news earlier, through Reuters' Agency.

Q.—Are you quite sure that such information is obtained only through Reuters? A.—Some may have their own agencies.

Q.—Are you not aware that in Bombay there are big jobbers who have got arrangements with the Radio Co. so that they can get news from anywhere in the world in one minute? A.—I do not know that.

Q.—So at a futures market the tendency of the world is at once reflected in the price and, from the price prevailing at the futures market whoever is in touch with the rise and fall in prices would know at once which way the wind is blowing in the world, but in the absence of the futures market it is possible for the big merchants in Calcutta to conceal information which they get from the world at large? A.—Yes.

Q.—Were you present at the meeting at which a large number of Associations met to consider the operations of the futures market? A.—I was present.

Q.—Did you hear a speech delivered by Mr. Luke? Did he say that before the futures market existed, it was always possible for the Calcutta merchants to buy low in the mufassal and sell high in the Calcutta market and that the merchants always used to make a profit? A.—Yes, I heard that.

Q.—Did he also say that since the establishment of the jute futures market, it has not been possible for the merchants to make profits? A.—Yes.

Q.—And is it from this that you also infer that a futures market is desirable from the point of view of the growers of the raw material? A.—On behalf of the growers I would prefer that the dealings should be in *kutchā* bales and not *puccā* bales.

Dr. Hector.—You stated in your preliminary remarks that the average yield of jute is 16 maunds per acre and that of paddy 3 maunds an acre—where have you got these figures from? A.—From my own district, *viz.*, Faridpur. The official figure is 15 maunds per acre. I think that the yield of paddy given by us as 30 maunds a acre is not too high.

Mr. Momin.—You recommend compulsory legislation for the restriction of jute if necessary—whether it is necessary or not? A.—Restriction is not necessary provided the cultivator can fetch a high price.

Q.—I want you to be very clear about it. Do you want that there should be a Jute Board which would, after enquiry, fix the quantity of land in each local area which should be put under cultivation? Will that be permanent, or for 5 years, or decennial? A.—Th

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cultivator must be informed that he will be allowed to cultivate so much area.

Q.—Who is going to communicate it to the cultivator? *A.*—The President of the Union Board.

Q.—Do you not think that he will be in a state of uncertainty if it is to be done every year? *A.*—If the information is supplied at the proper time there is no chance of uncertainty.

Q.—Is it only over-production which affects the price of jute, or there are other factors? *A.*—There are other factors too, but this is the main factor.

Q.—Similarly betel-nut is an important product and is an important source of wealth in East Bengal and its price is also liable to fluctuations like jute. Would you recommend restriction in this case also? *A.*—I do not know if it is a monopoly product. If so, I would advise restriction.

Q.—What jute is to Eastern Bengal, paddy is to Western Bengal. What would you do in the case of paddy? *A.*—Paddy is not a monopoly, as far as I am aware.

Q.—As regards jute growing, is it not your experience that the maximum amount of land which is fit for jute is under cultivation and cannot be expanded? *A.*—My idea is that it can be expanded.

Q.—The co-operative jute societies were started in Bengal some time ago. Have they been successful? *A.*—No.

Q.—What is the reason for failure? *A.*—They were dealing in jute like ordinary merchants and as most of the merchants failed due to trade depression they also failed.

No. 8.

Mr. N. Brodie, Superintendent, Government Test House, Alipore.

(28th April 1933.)

With reference to the question of standards for testing jute, the witness thought ordinary physical tests were not likely to prove practicable in making standards, but if as the President had tentatively suggested the standards were laid down in terms of spinning values, it was a fit subject for experiment as to whether or not a model machine could be elaborated which would give reliable tests for the spinning quality. Two extremes were instanced in the range of natural products, *viz.*, coal on the one hand, to which physical tests could be applied so as to make necessary valuations, on the other hand the testing of tea could only be done by taste and in this case physical or chemical tests were entirely useless. Between these two extreme examples jute lay probably rather to the "tea" end of the range than to the "coal" end.

Dr. Sinha.—Do you examine samples of commodities where certain standards of specifications are necessary? *A.*—That is our work. (Not our whole work.)

Q.—What commodities do you test generally—natural products, *e.g.*, cotton? *A.*—Coal and minerals among natural products; not fibres.

Q.—Has not the technique of standardisation of fibres made much progress in the United Kingdom in recent years? *A.*—I have no personal experience of that.

Q.—I understand that the purchasing departments of the Government sometimes lay down specifications for the guidance of contractors. Is there any such specification for jute? *A.*—I do not know myself. I might be able to find that out for you if I can.

Mr. Khaitan.—So far as moisture is concerned, I suppose there is no difficulty in finding out what percentage of moisture there is in a sample? *A.*—No. There are various ways in which it can be done.

Q.—So far as length is concerned, of course there is no difficulty? *A.*—I am not sure that one can say that.

Q.—If one knows from where to where the thing should be measured, there should be no difficulty? *A.*—There is no difficulty in measuring individual fibres. To determine the average length of fibre in a sample is a different matter.

Q.—Have you had any occasion to compare samples, *e.g.*, of cotton on the one hand and jute on the other? *A.*—Not specifically.

Q.—In the case of cotton you know slight shades of colour would make much difference, whereas in the case of jute slight difference in shades does not matter? *A.*—I can well imagine that that is so.

Q.—Do you think for all practical purposes there can be any difficulty in finding out even in a scientific way, if it is desired, as to what standard a sample of jute should conform? *A.*—It is a matter for investigation. I do not think I can commit myself definitely.

Mr. Weston.—Do you keep standards in your laboratory? *A.*—No.

Regarding weights the witness said he had recently received an enquiry from the Chief Controller of Stores as to whether he could keep copies of standard weights and measures in Calcutta.

No. 9.

Mr. C. C. Tree, representative of Messrs. W. & T. Avery, Limited, Calcutta.

(28th April 1933.)

The Chairman.—It has been represented to us that weights used in the jute trade are possibly detrimental to the interests of the growers. Could you suggest any remedial measure? *A.*—There is a maund which is known as the Imperial or Railway maund equivalent to 82 $\frac{2}{7}$ lbs. There is also what is known as the Factory maund equivalent to 74 lbs. approximate. If we go to the Indian States on the Bombay side, the maund is found to be equivalent to 40 or 41 lbs. So there are varying conditions in different Provinces. The Government took up the matter about 60 years ago but the conditions were found to be varying to such an extent in the different Provinces that

it was clear that the only thing to be done was Provincial control. You have some sort of unit standard for the Bengal Presidency. But to be able to successfully deal with the question is a very difficult and expensive matter. You cannot send out inspectors into the factories, shops, etc., who are not fully trained and competent. Of course it is a very tall order. You would have to maintain a department having one Chief Inspector of Weights and Measures and under him Sub-Inspectors. The Inspectors would have almost autocratic powers and they must be men, not only of skill but of training and great honesty.

Mr. Weston.—How expensive would it be? *A.*—It would depend largely, I think, as to whether you wanted it to apply to the whole of Bengal, to all districts, to all industries and to all shops. If you want to do that it would entail the employment of a large number of inspectors and each inspector has to be equipped with the standard equipment.

Q.—Would you make legislation as regards these weights?
A.—You can if you like but it does not carry you far.

In reply to the question of Mr. Momin whether any extra expenditure would be necessary if the Police were vested with the powers to test these weights, the witness did not think in practice it would be possible, as only trained men were requisite for this type of work.

The Chairman.—Would you agree that it will be better to be content with half a loaf than to have nothing at all? *A.*—I do not think it will be any use whatever. Without qualified men it would be absolutely useless to do this testing work.

Q.—As you know the weights vary. There is a good deal of evidence on the fact that these different weights are used to some extent to victimise the cultivator. The idea is that we should introduce some absolutely standard uniform weight, it would then simplify things so quickly that it would remove any suspicion. *A.*—I quite see the point. You would have standards—you would want these to apply to the whole of Bengal. First of all you have got to keep a set of standards well preserved say in a glass case. Then you have to have a number of sets of working standards which your inspectors would have to carry with them. You would have to send men who are specially trained in testing weights.

Q.—Do you not think that it would be a good thing to make a start, however imperfect the results may be at the beginning? *A.*—So far as that goes I agree. It is reasonable to make a beginning, but when you get all the facts and figures together, you will find it is not so small a matter.

Mr. Momin.—Do you think that the introduction of standard weights in the Province is not practicable because of the money that would be necessary to employ inspectors to test the thing? *A.*—You must have men of experience and training.

Q.—At present what happens is that in various local areas they use various standards—this is not for cheating the public but certain standards have come into vogue which they use and for newcomers it is very

difficult to know whether the standard is 60 *tolas* or 80 *tolas* per seer. Supposing Government by legislation makes a rule that only a particular standard will be used in weight and if this is not used the offender will be liable to prosecution, will not that have some effect even without incurring extra expenditure? A.—I do not know whether it will be workable. I think this is largely a matter of education. In Bombay some years ago—about 1925, I think they brought in “The Cotton Ginning and Pressing Factories Act.” I should think it is rather a tall order to issue a ruling for the whole of Bengal. It might be possible in one particular industry like jute.

Q.—What is desired is that the sellers are not in any way cheated or do not lose by the difference in weights used at the mills or factories. In *hats* they use stones and they may be varying one or two seers a maund. Is there any simple method by which the present system can be improved? A.—The simplest thing would be to use the scale of the Imperial maund, because it is used on the Railways throughout India. Also it is in general use in Calcutta.

Mr. Khaitan.—In the third paragraph of your written statement you have said—“as far as we know the only recent Act which has been passed and is being enforced, is ‘The Cotton Ginning and Pressing Factories Act, 1925’, under section 13 of which the Government of Bombay have framed rules and regulations covering the use of Weights and Measures.....” This applies to the Cotton districts, I believe? A.—It applies to all various ginning factories throughout the Bombay Presidency.

Q.—Does it apply to interior villages? A.—It is only operative in the ginning factories—it is not operative in the villages.

Q.—You have stated in the next paragraph—“In 1926 the United Provinces Government considered the enforcement of section 13 of the Cotton Ginning and Pressing Factories Act.....” Did they intend it to apply to villages or only to factories? A.—They have not reached the stage of formulating any rules. They simply made enquiries about equipment, expenditure, *etc.*

Q.—In the next paragraph you refer to the Bombay Weights and Measures Act. Is that applicable to villages or to big trading centres and factories? A.—The Bombay Act is in abeyance awaiting allotment of funds.

Mr. Huque.—There are two aspects of the question under discussion—one is with reference to the instrument and the other to balance. Leaving the question of balance aside for the present, let us deal with the question of weights and measures. Would not the instrument help to some extent if the weights are standardised? A.—It is always better to have standard weights. In the case of a dispute between the seller and the buyer of jute, the Licensed Measures can be called in. They will bring their instrument along with them for testing. It may appear a simple matter to test weights but in reality it is not so. I should imagine at least a year’s training is required to make a man competent to test weights.

The Chairman.—Is it not a sound idea to apply the instrument to one trade to start with? A.—Yes, I should think so; but it would be

[Mr. G. C. Treo.]

useless if there were no competent inspecting agency. The inspector would not only be able to condemn the weight if short or excessive but also correct, *i.e.*, adjust the weight to the correct standard. That is a means of revenue and a means of maintaining the staff.

Q.—Did you say the inspector going round to test a weight finding it wanting either too much or too low, corrects it? A.—Yes. He should be able to adjust the weight to the proper standard and stamp it so that there may be no dispute afterwards.

No. 10.

Babu Aswinj Kumar Ghosh, representative of the Bengal Mahajan Sabha.*

(1st May 1933.)

The witness at the outset stated that he had no technical knowledge personally of the jute trade, nor was he personally employed in that business, but that the *Bengal Mahajan Sabha* had discussed the questionnaire and he was prepared to answer questions as its spokesman to explain the reply that the Sabha had already forwarded. So far as general knowledge was concerned he was acquainted with the conditions of things regarding jute production and trade in Northern and Eastern Bengal.

The Chairman.—What is the object of your Society? A.—It is an Association of *aratdars*, *i.e.*, *chalani* merchants who carry on the inland trade from ports to mufassal towns and *vice versa*. Some of the members of this Association bring goods to Calcutta from their *arats* to sell them to shippers, and some of them are shippers.

Q.—What is the number of your membership? A.—292, *i.e.*, about 300.

Mr. Momin.—Since when have the number of your membership increased to 292? I find in the Government report that your Association consists of thirty members. A.—At no time the number of our membership has been so low as that. Even when it was founded in 1905, the number of members was nearly 205.

Q.—Your Association is the representative, mostly, of *chalani* merchants as well as of some money-lenders, *i.e.*, you deal mostly in finished products like piece-goods and things which are imported? A.—That is so, but there are some firms who purchase jute for transshipment to Calcutta and from there it is shipped elsewhere abroad.

Q.—They are not export traders? A.—No. Generally they are inland traders and deal only in loose jute, though there are some balers and exporters also.

Q.—Do you recommend restriction? What are your practical suggestions? From your experience would you like that restriction should be given effect to? A.—I would recommend restriction by legislation,

*For the Sabha's written evidence vide page 346 et seq.

otherwise it would be impossible. Some propaganda has been tried during the last one or two years and that has had some effect.

Q.—You do not apprehend that restriction by legislation would lead to oppression? A.—I do not think oppression is apprehended.

Q.—What agency would you apply? A.—If the work is to be taken up at once, the best agency would be to work through the Union Boards with the help of Circle Officers, because the local *zemindars* can be employed only when there is an organised system for utilizing their help.

Q.—Are not most of the *zemindars* non-resident? A.—I mean their local officers can be utilized on their behalf.

Q.—Considering the present state of feelings between the landlord and the tenant, do you think this arrangement would be appreciated by the tenants? A.—I think it would be to the advantage of both if jute can fetch better prices, for otherwise both are sufferers.

Q.—If the *zemindars'* agents be employed, should they be given powers for penalising offenders against restriction? A.—No. They should be given powers for reporting cases of default.

Q.—If restriction is by legislation, which should be the agency to allot quotas of land to be cultivated? A.—The actual agency should, I think, be the Union Boards, because these are statutory bodies and *zemindars* are more or less scattered; but if they can be brought in any organised system, then they can be entrusted with such powers. At present there is no agency in which they have statutory powers for working in an organised way.

Dr. Sinha.—Regarding the question of regulation, do you want it as a permanent measure or as a temporary one to meet the present situation? A.—For the present it must be a temporary measure, but if at the end of 5 or 10 years, the results are found to be good then it can be made permanent.

Q.—Would you prefer Co-operative Societies to Union Boards? A.—In the present state of co-operative movement in Bengal, I do not think much progress can be made through these co-operative agencies. Of course, the ideal should be co-operative organisation but that is not feasible at present.

Q.—Have you any idea of raw jute? How is this business actually carried on in Calcutta? A.—By *aratdars*.

Q.—There are complaints about standards. Both the dealers and cultivators lose much money on account of this trouble. How would you lay down standards? A.—I am of opinion that the standards for all jute loose and baled should be fixed by a statutory body and should not be changed in the course of the year in the case of all Indian packed bales. The standard differs in the city and the mufassal to the disadvantage of the grower. This should be made uniform.

Mr. Khaitan.—In reply to Question No. 41 you consider Mr. McDougall's scheme to be a feasible one. Now, according to that scheme, all jute must be bought from the agriculturists by a central organisation and it is only from that organisation that other dealers can buy.

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Do you consider that to be feasible? A.—It all depends on the finances—if the scheme be financed by Government, it is feasible, otherwise not.

Q.—In connection with the central organisation, will they appoint subordinate officials in the mufassal or will existing firms act as agents? A.—Paid permanent men would be better than agencies.

Q.—Now-a-days what is the difference in price in connection with the various kinds of jute? A.—The difference is not very great at the present moment—Re. 1, Rs. 2 or Rs. 3.

Q.—Regarding the ascertainment of quality, if one tried to appraise a higher quality of jute as lower, then the agriculturist would surely be affected, but supposing there is some arrangement between the agriculturist and the subordinate official and he appraises the lower quality of jute as higher, what would be the check? A.—Some check may be provided thus: final fixing of the standard should always be subject to the approval of the Central Board.

Q.—Supposing, unless something is paid to the official, he would not pass a particular quality, what would you do to provide against this? A.—The seller should have the right to prefer appeal. If the local officials do not pass a certain quality as of higher standard, that would have to be sold to the local centre subject to protest and the dispute will be finally settled by the central organization.

Q.—Do you think this can work smoothly? A.—It is very difficult to give a definite opinion unless some experience is gained.

Q.—Something should be done to regulate production and get a minimum price for the jute agriculturists? A.—Yes, certainly.

Mr. Finlayson.—You recommend legislation for restricting production—what powers would you give to officials for seeing that the legislation is carried out? A.—If anybody cultivates jute within his area without licence, he will be brought to court and made liable to pay fine.

Q.—By civil courts? A.—No, criminal courts.

Q.—Would you give licence to everybody? A.—That would be determined by the Statutory Body. Allocation would be made by the Statutory body that a certain area is to be cultivated for jute in a locality. This allocation should be communicated to the agriculturists by the Union Boards concerned. If anybody cultivates jute in excess of the fixed limit, he will be fined.

Q.—Will not State interference be unfair to individuals? A.—Interference of the State in private matters like these means considerable inconvenience to individuals, but by the propaganda carried on for the last two years the people have got accustomed to the idea of restriction. So there will be no general outcry. There may be individual murmurs of protest.

Q.—Supposing a man has got land which is only suitable for jute cultivation, would you restrict him also? A.—It is a very difficult question. Of course if it is to the interests of the whole country that restriction is necessary, he will have to suffer for the sake of the public.

Q.—Supposing there is trade revival and the price of jute goes up from Rs. 4 to Rs. 10, will not there be considerable trouble among cultivators? A.—In that particular year they will of course have to suffer for not being able to reap a large profit, but there will be the

Jute Board to cope with the situation for the next crop so as to regulate production according to demand.

(On the question of "guarantees" the witness could give no further information beyond what was put down in the answers given by the Association, as this was a technical matter and he could not give an accurate description off-hand of what was implied by "guarantees.")

Q.—How can we fix the standard so that trouble may not recur?

A.—These various standards were brought about to meet a certain situation when a huge quantity of jute was rejected. The standard would be fixed if the old uniform standard was adopted.

Q.—Has it not been restored and shipped since then? A.—Our information is that it has not been restored.

No. 11.

Babu Ram Nath Bajoria, representative of the Marwari Association.*

(1st May 1933.)

The Chairman.—Would you tell us what section of the trade your Association represents? What part of the jute trade your members carry on? A.—The members of our Association do all sorts of business.

Q.—Are there members who have up-country agencies? A.—Yes.

Q.—What is the number of your membership? A.—I do not remember exactly.

Mr. Huque.—Do you think that the jute market has fallen down on account of speculation? A.—Yes.

Q.—Would you recommend restriction in any form? A.—Not by legislation, by voluntary propaganda.

Q.—Are you not aware that there has been intensive propaganda during the last two years and yet there is over-production? A.—No.

Q.—Since this propaganda has begun, you know that the acreage has not decreased appreciably? A.—Yes, it has decreased considerably. From 30 lakhs of acres it has come down to 20 lakhs.

Q.—But so far as actual product is concerned, it has increased? A.—No. Of course this time particularly the yield per acre is very good.

Q.—What is your view about the Jute Marketing Board? A.—I do not think the Jute Marketing Board will be successful.

Q.—If cultivators organise co-operative societies for the sale of jute, will the organisation be successful if it is helped by Government? A.—I do not think so.

Q.—But you are in favour of Balers' Association or Shippers' Association—when the cultivators want to organise, you do not favour the

*For written evidence of the Association, *vide* page 211, *et seq.*

idea? A.—The cultivator should be supplied with all the information.

Q.—Have you any objection if Government take steps to consolidate all jute centres into one central organisation? A.—I am in favour of that.

Q.—Is the present system of forecasting accurate? A.—If we can arrive at some accuracy of figures, then it may be very good. I think accuracy is impossible.

Q.—Supposing that a Committee be constituted by Government in which the Department of Agriculture, dealers and cultivators will all be represented with a view to know the nature of market demands as well as to give an approximate idea of the forecast, will you co-operate? A.—Yes, we would welcome that.

Q.—Are you in favour of the idea of taking steps by Government or some other organisation to broadcast the marketing conditions to all cultivators? A.—That is a very good idea.

Q.—Are you aware that the standard of jute is changed by the mills from time to time? A.—Yes, it is very bad.

Q.—So in the interests of the trade you require standardisation of jute? A.—I would like standards to be fixed by legislation.

Q.—Would you follow that standard in the case of cultivators? A.—Why not?

Q.—Are you in favour of one common standard to be followed in the jute business? A.—Yes.

Q.—You are in favour of standards by legislation? A.—Yes.

Q.—In that case are you prepared to withdraw your statement with reference to Question No. 31 of the Questionnaire, viz., "The existing standards are working quite satisfactorily. To fix standards by legislation is not feasible....."? A.—Yes.

Mr. Momin.—You are opposed to restriction by legislation? A.—Yes.

Q.—And you think that voluntary propaganda may be successful? A.—Yes.

Q.—Has not the past propaganda been a failure? A.—We think it has been successful during the last two years.

Q.—What is your objection to restriction by legislation? A.—In that case the cultivator will have to remain confined within a certain limited area fixed by Government and if he cultivates a few acres more, say 5 or 10, then he will be put to difficulties by the Police officers.

Q.—Do you mean this will lead to harassment of the *raiyat*? A.—Yes.

Q.—Do you think that the Agricultural Department underestimates in making jute forecasts? A.—Generally.

Q.—Is it your experience that owing to this underestimate, it has affected the trade? A.—Yes, it has affected the trade in up-country places specially the *beparies* and dealers. It also leads to speculations here.

Q.—But so far as the actual growers are concerned, over-estimate is more harmful than under-estimate? A.—Yes.

Q.—Do you say that the formation of village co-operative societies is not to the interests of the *raiyat*. A.—Yes.

Q.—Why do you say so? A.—Because it will result in fraud and corruption. Moreover, the elimination of middlemen will mean that these people will be brought in direct touch with the balers who may prove more exacting than others.

In answer to the question of Mr. Khaitan whether it would be to the advantage of the cultivator to sell jute in different grades, the witness stated that it would be in the interest of the cultivator not to sell in different grades but in one bulk.

Mr. Khaitan.—If the cultivator brings a parcel of jute to a co-operative society, they assort the jute and pay the agriculturist for the different grades and according to different rates. Do you mean to say that the agriculturist will suffer? A.—Yes, in my opinion. All the employees are not honest as regards grading. I would prefer *farias* to this society.

Q.—If the co-operative societies do their work honestly and efficiently, then the *raiyat* will be benefited? A.—Yes.

Q.—From where do you buy jute? A.—I have got agents in mufassal and buy both from *farias* and *beparis*.

Q.—As regards weights and measures why is there so much complaint among the agriculturists about the weights and measures that are used by *farias* and *beparis*? A.—This is because weights vary in different districts.

Q.—Would you not therefore recommend that in every district the standard of weight should be the same? A.—Yes.

Q.—For the *farias* also there should be the same method? A.—Yes.

Q.—This can only be done by legislation? A.—Yes.

Q.—You have said in your answers to the Questionnaire that the *fatka* market operates in depressing the prices of jute, but are not the producers in this *fatka* market a sort of competitors? A.—The bull in the *fatka* market will be losers—they have to pay a certain premium every month. Accordingly, the growers who are naturally bulls have to suffer.

The Chairman.—Do you protect yourself by selling forward in the Calcutta Baled Jute Association contract? A.—Yes.

Q.—Do the mills hedge in the East India Jute Association? A.—I do not think so.

Mr. Khaitan.—You have got particular marks under which you pack your jute—some Firsts, some Daisees, some Tossas, etc. Just as you are packing the various qualities under your own marks, other

[Babu Ram Nath Bajoria.]

balers are, at the same time, packing the different qualities under their own marks. Is it always possible to get a shipper to buy all your bales on a particular day? A.—It is not always possible.

Q.—You may not get a shipper buyer for 2 or 3 weeks for your marks? A.—For a day or two I may not get a shipper to buy.

Q.—During the season time is it always possible to get shipper buyers within a day or two for all your marks? A.—During the season time it is always possible to sell any grade of jute we like.

Q.—In reply to Question No. 21 of the Questionnaire you have suggested that organised markets, on the lines of the Central Provinces and Berar cotton markets, are not suitable for Bengal. What is it that prevents the establishment of organised markets in Bengal? A.—It is not possible because the cultivator has got a few acres of land here and a few acres there. In short, fragmentation is the reason.

Q.—In reply to Question No. 25 it seems you support organised markets. If organised markets are possible in one case, this may be possible in another? A.—I do not generally support these markets but if they can stop the malpractices of the Government employees, then I can support.

Q.—In reply to Question No. 30 you say that “the home guarantee and the invoicing back clauses operate as a hardship to exporters.” By exporters do you include the balers also? A.—Yes.

Q.—The invoicing back clause is included in the contract between the shipper and the foreign buyer? A.—Yes.

Q.—And the home guarantee is given by the baler to the shipper so that under the home guarantee clause whatever is decided by the London arbitration has to be accepted by the jute baler? A.—Yes.

Q.—And that arbitration in London is held under the auspices of the London Jute Association? A.—Yes.

Q.—Balers cannot become members of the London Jute Association? A.—No.

Q.—Arbiters have got to be selected from amongst the members of the London Jute Association? A.—Yes.

Q.—So that there is no safeguard for the security of interests of the balers at these arbitrations? A.—No.

Q.—Therefore you would prefer if some method could be devised by which it would not be necessary to give a home guarantee and depend upon arbitrations held in London—would the balers here prefer that change? A.—Yes, if the arbitration is held in Calcutta instead of London.

Q.—At the present moment how many months generally elapse between the time of shipment and the time of receipt of final invoice? A.—4 months.

Q.—So that the shipper and the baler here have got to wait 4 months before they can know finally what the result of that shipment has been? A.—Yes.

(In reply to a question by Dr. Sinha enquiring since when the home guarantee clause has come into vogue, the answer was “20 years.”)

Q.—In answer to Question No. 31 with reference to the idea of setting up a body recognised by the trade to inspect consignments of jute and grant certificates which would be authoritative and final, you say that foreign consumers cannot be expected to agree to it for obvious reasons—so far as continental countries are concerned they would not raise any objection? A.—No.

Q.—It is only Dundee and London buyers who will object? A.—Yes. The London Association will object.

Q.—If arbitrations are held in various countries, *e.g.*, Japan, Germany, etc., what would be the position of the sellers? A.—The position would be miserable.

Q.—In answer to Questions Nos. 33 and 34 of the Questionnaire, you say “Mills mostly buy their jute by contracts. There are fixed standards, such as XLR, LR, R and 4’s.” Do not the mills buy jute from mufassal markets? A.—Yes, they buy most of their jute by contract. They do not buy in the mufassal.

Q.—Are there any dealings in R’s at present? A.—Very little.

Q.—LR is at the top? A.—Yes.

Q.—When B. T. R. became the largest rejection? A.—3 or 4 years ago.

Q.—XLR which used to be the worst standard is now the best standard? A.—Yes.

Q.—In view of the prevailing uncertainty about the standards, would you like from the seller’s point of view that there should be fixed standards which could not be altered? A.—Yes.

Q.—Who would lay down the standard? A.—An expert body should be set up to fix standards.

Q.—What would be your classification in making the standard; would it be on a spinning basis? A.—We can fix a standard on whatever basis they like.

Q.—In answer to Question No. 41 of the Questionnaire, you say “we consider it desirable to have a scheme by which in the event of a possible slump in the market jute could be purchased and held back from the market for the time being, but we fear it is not a practicable scheme.” If there be any practicable scheme by which jute can be held back from the market for a certain time, do you think it would be good to the cultivators? A.—Yes.

Mr. Finlayson.—With regard to Questions Nos. 33 and 34 of the Questionnaire regarding fixed standards, do you hold the mills responsible for changing the standard? A.—The mills are solely responsible for this.

Q.—Do you not think that it is the loose jute balers who are at fault for selling their stuff according to the standards? A.—They are forced to sell. If proper standard is tendered according to the contract terms, the mills get it allowanced as they like in the Bengal Chamber of Commerce Tribunal.

[*Babu Ram Nath Bajoria.*]

No. 12.

Mr. R. Ellis, Superintendent of the Licensed Measurers Department of the Bengal Chamber of Commerce.

(2nd May 1933.)

On the question of the measurement of jute the witness said that under the constitution of the department with the Bengal Chamber of Commerce in 1883, it was laid down that all such measurement by the department was to be regarded as final. Measurements were taken invariably for freight calculation purposes and all jute for foreign export was measured. Should a baler make a general complaint regarding the measurements for bales exported from his press, it was the custom for the departmen to invite him to come himself, or to send a representative, to witness the measurement of several of his parcels. Should the complaint be of a particular parcel, the remedy was a more difficult one. The baler might have the parcel "broken out" from the steamer hold and re-measured in Calcutta—an expensive procedure—or he might have the consignment re-measured at the port of destination.

Mr. Huque.—Supposing at the time of the contract a certain standard is in vogue? *A.*—I am now only dealing with the question of jute measurement.

Q.—In your experience have you noticed that due to climatic effect there is difference in weight? *A.*—I cannot tell you. At certain seasons of the year it may increase.

Q.—Have you any knowledge as regards that aspect? *A.*—No.

Q.—When measurements are made, do you take climatic conditions into consideration? *A.*—No.

Q.—As regards weight? I understand a considerable portion of your work is in connection with weights and not measurements? *A.*—The weighments of jute by the department resolve themselves into two branches—

- (1) weighment of jute for steamer export, and
- (2) weighment of certain parcels, usually *kutch* bales, at the mills, and weighments at press-houses.

The proportion of jute weighed for steamer export is about 85 per cent. of the total weighments of jute by the department; the balance of 15 per cent. being at mills and/or press-houses.

If a baler is dissatisfied or challenges the weights of his bales, he is admitted as having the right to attend to witness the weighment of a parcel or parcels in which he may be interested.

Mr. Weston.—In the function which you exercise, is there anything that is likely to cause uncertainty in the price of jute or depreciate the price of jute? *A.*—None whatever.

Q.—You are merely a registration authority? *A.*—Yes, for measurements and weighments.

Q.—Your function does not exercise any effect on the price of jute? *A.*—None whatever.

Mr. Huque.—Supposing a baler from Narainganj or Sirajganj wants his jute to be weighed, is he to be notified? *A.*—No.

Q.—As a matter of fact we get complaints that they had no opportunity to be present? *A.*—Balers can ascertain as well as I when their jute is to be shipped: the time is always uncertain.

Q.—Have you any objection to send notice in case of dispute? *A.*—No, but the baler would probably not be in a position to satisfactorily challenge the weight, since the parcel under dispute would by then be stowed away in the steamer.

Q.—There may be some lurking suspicion in the mind of the baler that the weighment is not all right—is there any objection for the baler to be present at the time of re-weighment? *A.*—There is no objection, but in the case of weighments for steamer export, it would not be a practical proposition to notify the baler as to the time of weighment of a particular parcel: the shipment is carried out under the orders of the steamer authorities: I do not know when jute is going to be shipped.

Q.—If the baler is affected by the weighment, or if he feels that he is likely to be affected, is there any difficulty for the baler to be present? *A.*—The difficulty is as to the time of shipment: I could not undertake to tell him in present conditions.

Q.—Could you make any suggestions? *A.*—No. I might possibly be able to assist him and to let him know the time approximately if I had sufficient staff to do this work; it would require a very large staff to do so.

The Chairman.—Do you know if the number of disputes is very large? *A.*—I receive very few complaints.

Dr. Sinha.—What is the general practice in the case of mill weighments—is the seller's representative present at the time of weighment in cases of dispute? *A.*—The seller is always notified in the case of re-weighments of jute at mills by the department. His representative does not usually attend, perhaps once in every fifteen or twenty instances.

Mr. Huque.—In these disputed weights at the mills, or wherever it may be, is there anything in the nature of making an allowance for climatic factor? *A.*—No; all that the weighing officer is required to do is to weigh the bale and record the gross weight thereof actually shewn by the scale.

[*Mr. R. Ellis.*]

No. 13.

Messrs. C. Euthymopulo and F. M. B. Lutyens, representatives of the Calcutta Baled Jute Shippers Association.*

(8th May 1933.)

The Chairman.—With reference to Question No. 13 of the Questionnaire, do you think it would be sound action on the part of Government to encourage establishment of sugar mills in suitable places? *A.*—We can see no objection. We do not think we are very well qualified to express a definite opinion on this point.

Q.—In answer to Question No. 18 you suggest: "A department working in conjunction with the Agricultural Department for research and propaganda in this direction would be of great value....." What sort of department is meant—is it any organisation like the Jute Committee or is it any other department? *A.*—We do not mean a Government department.

Q.—Your answer to Question No. 29 comes to this: that the operations of the *fatka* market depress the price of baled jute in Calcutta, virtually it enables the consumer to obtain jute at a price which means loss to the cultivator? *A.*—Yes, that is our view.

Q.—With regard to Question No. 31 (i) in connection with improvements in the methods adopted in the export trade, you have stated, "If and when minor points come to light that show a need for improvement the trade itself is in an excellent position to make the necessary adjustments through the various Associations connected with the different sections of the trade. In the past the Calcutta Baled Jute Association, the Jute Balers Association and this Association have adjusted matters when difficulties which have arisen have been brought to their notice". There is nothing to prevent such action taking place in future? *A.*—No.

Dr. Sinha.—In answer to Question No. 5 you have suggested that the operations in the futures market have tended to depress price and you refer to hedging in the futures market. I take it that only one kind of hedging is possible? *A.*—There may be other ways of hedging also.

Q.—In connection with your answer to Question No. 30 you have suggested that the "invoicing back" clause is necessary for the protection of buyers. You are aware that there is an inspection service relating to Manilla hemp. Would that be practicable in the jute trade? *A.*—No, because we do not think Calcutta arbitration and inspection will be a good thing for the trade. As regards the invoicing back clause, it is essential for the protection of foreign buyers, because, ordinarily, the shippers are allowed to inspect only 5 per cent. of the parcel to be shipped. So far as this 5 per cent. is concerned, the bales may turn out quite good, but it does not necessarily follow that the other 95 per cent. will not possess undesirable features. So the invoicing back clause is equitable and protects the buyer. Besides,

*For written evidence of the Association, vide page 358 *et seq.*

Home buyers will not be agreeable to this suggestion. We have tried to explain to you that this will not be a good thing for the trade.

Q.—Why should the foreign buyer object to inspecting staff? A.—There are practical difficulties which are not easy to overcome. Even in the case of manufactured articles, Calcutta arbitration is not working satisfactorily. Then why should you apply it in the case of the raw article?

Q.—Supposing your Calcutta inspection service is all right, I fail to see why, what is possible in Manilla, should not be possible in Calcutta? A.—Well, in this connection you have to bear in mind that India is seller and Europe is the buyer. The seller tries to satisfy the buyer and the buyer does not support your suggestion.

Q.—If in the case of Manilla hemp foreign buyers are satisfied, why should it not be in the case of jute here? A.—We have told you definitely that the foreign buyers will not be satisfied.

Mr. Huque.—Will you kindly refer to your answer to Question No. 3 (i) of the Questionnaire where it is stated: "Jute, even under present depressed conditions still gives the best return." What are your data for this statement? Are you aware that for years past the price of cotton was much below the economic price of the cultivator? Do you mean to say that because this was so, therefore it gave the best return? What is the meaning of the term "the best return"? A.—The best return under the present circumstances. One of the many things that strikes us is that unless it was profitable to the cultivator, he would stop growing jute.

Q.—In answer to Question No. 9 you have said: "In view of the peculiar circumstances in Bengal legislation would be definitely unfair" May I know what are the peculiar circumstances? A.—We are not in favour of it and we have answered generally. One of the peculiar circumstances, however, is that in Bengal the possibility of substituting other crops is, practically speaking, nil, and if you restricted the staple crop by legislation, it would be definitely unfair to the tiller of the soil.

Q.—May I take you to the answer to Question No. 16, where you say: "The Association understands in this connection that Government rent collections have shown a remarkable improvement during the past year, while an even better return is expected in the present year." What is the source of your information on this point? A.—The Association was given to understand by several local officials that rent collections this year have been very much better than what was expected. Next year they expect further improvement.

[Mr. Huque asked the witnesses to take it from him that this year the cess collections were hopelessly bad and every district board in Bengal could not meet their legitimate expenditure. In this connection he referred to his own district, viz., Nadia.

To this the witnesses replied: "Our Association is not intimately connected with the rent collections and we do not wish to make a dogmatic statement.]

Q.—With regard to answer to Question No. 29—you admit that the market conditions are depressed all the world over. That being

[Messrs. G. Euthymopulo and F. M. B. Lutyens.]

so, if you want a business man to make good his loss in course of a transaction, it has been shewn that he can do it by having recourse to the *fatka* market, the result is that it is the *raiyat* who ultimately suffers. I can assure you, up till now the cultivator has not come into the picture, but if you do not give him justice, ultimately he will come in with vengeance? A.—We have always taken the point of view that the cultivator and the trade are going hand in hand.

Q.—In answer to Question No. 18 you suggest research and propaganda. Which do you want? A.—We do not think it very much matters.

Q.—Do you want a Statutory Committee for the purpose of carrying on propaganda? A.—What kind of propaganda?

Q.—The propaganda which you have suggested in answer to Question No. 18. Do you think there should be a Statutory Committee for that purpose? A.—No.

Q.—Who will do it? A.—Whoever the party who does it, we do not want a Statutory Jute Committee. We are prepared to co-operate as much as we can with any scheme which would be under the Director of Agriculture, Bengal.

Q.—Supposing it is decided that a Committee should be set up in Bengal in which the balers and shippers would be represented, do you want a Committee like that? A.—We are against the establishment of a Statutory Jute Committee.

Mr. Burn.—Regarding the question of arbitration, have you ever had personally any serious complaint about arbitration? A.—No.

Q.—You say no useful object would be served in having Calcutta arbitration? A.—No.

Mr. Finlayson.—Would the buyers agree to Calcutta arbitration? A.—No.

Q.—Would you tell me if the invoicing back clause is necessary in the interests of buyers at home? A.—Absolutely necessary.

[In answer to the question of Mr. Finlayson, if standards were fixed in co-operation between balers and shippers, the witnesses replied in the affirmative.]

No. 14.

Mr. R. E. Birtwistle, representative of the Bengal Chamber of Commerce.

(2nd May 1933.)

On arbitration.

On being requested by the Chairman to give some idea regarding various kinds of arbitration, the witness said that he would first refer to the Tribunal of Arbitration of the Bengal Chamber of Commerce and he placed on the table a copy of the rules of this body.

Though primarily intended for the use of members of the Bengal Chamber, non-members also frequently submitted disputes to the Bengal

Chamber for arbitration. A panel of arbitrators was formed of specially qualified men whose names were submitted annually by firms who were members of the Bengal Chamber of Commerce.

These men were recommended to act in disputes as under:—

- (1) Gunnies—General trade questions excluding quality.
- (2) Jute—General trade questions excluding quality.
- (3) Gunnies—Quality, etc.
- (4) Jute—*Kutch*a bales. Quality, etc. (European standard).
- (5) Jute—*Kutch*a bales. Quality (other than European standard).
- (6) Jute—*Pucca* bales. Quality, etc.
- (7) Cuttings—Quality, etc.

Each man whose name is submitted is recommended by his firm to be competent to act as an arbitrator under one or more of the above headings.

A sub-committee then grades the names so submitted according to the experience of each person, and it often happens that a man's name may be included on the list, but he may have to wait 3 or 4 years before he is given an arbitration.

The Registrar has thus a list of carefully selected names of arbitrators and can choose the most suitable men to act on any case submitted.

As an additional precaution, before arbitrators are appointed to act in a particular arbitration, the Registrar submits the names of the persons he proposes to appoint to the arbitration sub-committee of the Chamber and asks if they have any comments to make regarding the proposed nominations. If no objections are raised, the Registrar then appoints the arbitrators.

The procedure in arbitrations concerning quality or moisture is as follows:—

Two arbitrators are appointed and they see the original contracts and correspondence which has passed between the parties, and the case submitted by them.

The seller is then given an opportunity of going to the mill or press house, where he can choose a certain number of bales from the entire parcel, on which he places his seal. The buyer also chooses and seals a similar number and the sealed bales are brought down to examination room in the Bengal Chamber of Commerce.

Before the arbitrators examine the jute each party is required to send a representative to identify the bales and a certificate that this has been done is signed by each of the parties.

The arbitrators then examine the bales and make their award.

Besides references to the Tribunal of Arbitration of the Bengal Chamber of Commerce there were also private arbitrations conducted.

In reply to a question by Mr. Burn as to whether the awards were enforceable in a Court of Law, the witness answered in the affirmative.

It was stated in answer to another question that the registration fee, when one of the parties was a member of the Bengal Chamber, was Rs. 32; when both were non-members the fee was Rs. 200.

[*Mr. R. E. Birtwistle.*]

In reply to questions put by Dr. Sinha regarding the composition of the panel of arbitrators, the witness said that every possible care was taken to see that only most suitable people were appointed.

Q.—I find in a baler's contract form that each party to the dispute shall appoint an arbiter. *A.*—That is so in the case of private arbitrations.

Mr. Huque.—May I ask your opinion generally in connection with arbitrations? Do you think there would be any difficulty if definite standards were laid down for the sale of loose jute? *A.*—As I am only representing the Bengal Chamber on the question of arbitrations, I cannot give their views on the question of loose jute standards, but in conducting an arbitration the arbiters have to take into consideration the terms under which the jute was sold.

Mr. Khaitan.—It has been suggested to the Committee that physical tests are always needed in order that a judgment may be properly passed on a parcel of jute. Do you agree with this suggestion? *A.*—I understand that by physical tests you mean laboratory tests or practical spinning tests, and I consider such tests are unnecessary.

Q.—If persons who are asked to examine a parcel of jute are properly qualified, then the kind of examination that is done by arbiters would be quite satisfactory? *A.*—Yes.

Q.—Now the custom as it prevails in Calcutta is that if there is a dispute, whether people have confidence or not, they must go to the Bengal Chamber of Commerce for arbitration—they cannot avoid it? *A.*—If the jute is sold on a contract which includes a clause stating that disputes will be submitted to the Bengal Chamber for arbitration, then there is no alternative, unless the parties concerned agree to refer the matter in dispute to private arbitration.

Q.—Under the contract as adopted by the Indian Jute Mills Association, a seller or buyer has no other alternative except to refer to the Bengal Chamber of Commerce for arbitration? *A.*—That is so, they are bound to submit to the Chamber, but as stated, they can jointly agree to refer the dispute to private arbitration.

Q.—Therefore the question of confidence does not arise—there is no other alternative? *A.*—The parties concerned have confidence, as they use a contract in which the clause, you refer to, is incorporated. In some cases I believe some mills and balers have a clause which provides for private arbitration. Actually a large number of sellers and buyers outside the Bengal Chamber and the Jute Mills use the Indian Jute Mills Association form of contract.

Q.—As regards the question of award—as the award is enforceable by the High Court, there is no question of complaint because the award is binding—whatever the award is—nobody can claim? *A.*—That is so.

Q.—You say the registration fee for a member of the Bengal Chamber of Commerce is Rs. 32, whereas for a firm which is not a member of the Bengal Chamber the fee is Rs. 200? *A.*—Yes, but although the seller, for instance, might not be a member in the case of an undersigned contract, the broker may be a member.

Q.—In the case of arbitrations, in which the Managing Agent of a mill is not a member of the Bengal Chamber of Commerce, and so also the seller, Rs. 200 has got to be paid for arbitration?

A.—Yes.

Q.—Do you consider this to be fair? A.—Such mills can, if they wish it, use a different arbitration clause.

Next the witness referred to the method of conducting private arbitrations and explained that there was often a disadvantage here, as, if one party was definitely trying to avoid his liabilities, he could appoint an arbiter who could refuse or neglect to meet the other arbiter or fail to come to an agreement on the appointment of an umpire.

In the case of the export trade, disputes were settled by private arbitrations as laid down in clause 17 of the Calcutta Baled Jute Association contract.

Each party appoints his own arbiter who must be a member or employed by a member of the Calcutta Baled Jute Association.

Vexatious delays were avoided by rules, viz., that—

(1) If the arbiters failed to agree on the appointment of an umpire, within 7 days, the committee may appoint one, and

(2) Arbiters are required to make their award within 40 days, failing which the umpire takes over the case.

Either party, under a Calcutta Baled Jute Association contract, may appeal to the Committee against an award.

No. 15.

Mr. Balfour Smith, representative of the Bengal Chamber of Commerce.

[*On inland steamer and railway freights.*]

(3rd May 1933.)

In reply to the Chairman the witness said that the rates of freight vary. In respect of river carriage the year is divided into two seasons, the slack season from January to June, and the busy season from July to December. From agreement stations, that is to say, from stations included in the Jute Mills Agreement, the slack season rate is Re. 0-7-3 per maund, and the busy season rate is Re. 0-10-0 per maund. These rates are subject to discounts of 20 per cent., 22½ per cent., and 25 per cent., for baled jute of 1½ or 3½ maunds, 4 maunds and 5 maunds respectively. Quick discharge rebates varying from 4 pies to 10 pies per maund may also be earned.

After deducting these discounts and rebates and paying the cost of boating from flats to mills and the handling charges incidental thereto the net rate to the inland steamer companies in the busy season is about Re. 0-4-6 per maund and in the slack season proportionately less. Out of these net rates the steamer companies have to meet the cost of

running their flotillas to and from the jute centres, establishment, maintenance of block, etc.

Q.—Can we put it down that the competition between the railways, steamers and country boats is responsible for all these variations? *A.*—No. Where river competition is concerned however the existence of such competition has been adduced as a reason why the inland steamer companies, parties to the Jute Mills Agreement, should reduce their existing rates of freight.

Mr. Huque.—Compared with other bulk goods how does this jute freight stand? *A.*—It stands very low for the class of traffic.

Q.—What do you mean by saying that rice is first class goods? *A.*—In the Indian Railways General Classification rice is scheduled as first class. Jute is sixth class.

Q.—What is the distinction between the various classes? *A.*—The value or nature of the commodity may govern the classification. For example piece goods come under the eighth class.

Q.—Supposing a commodity is in great demand, how is it classed? *A.*—It depends on the commodity. If in great demand and the classification is high, rates actually lower than the class rates would probably be charged.

Q.—What is the freight of rice compared with jute? *A.*—Jute freight should be higher. Jute is chargeable at sixth class. The busy season Jute Agreement rate (gross) charged by the inland steamer companies is actually equivalent to third class, and with discounts and rebates deducted, equivalent to second class. The slack season rate is equivalent to first class, and with discount and rebates deducted, less than first class.

Q.—Are there any other goods upon which rebates are paid? *A.*—We pay rebates on coal and salt in-bulk for quantities.

Q.—What is the principle of rebates? Why do you not give smaller rebates? *A.*—For pressed jute the discount allowed varies according to the weight and cubic capacity of the pressed bale. If you took a flat of 30,000 maunds dead weight capacity you would probably not be able to load 15,000 maunds of drum jute in it. Jute pressed into 1½, 3½, 4 or 5 maund bales of certain defined measurements naturally takes up much less space than drummed jute and justifies the granting of discounts, to ensure the best use being made of the block available. You cannot carry the same maundage of jute in a vessel as of rice.

Q.—Is there any other commodity—a bulk commodity—near about it? *A.*—There is cotton in bags or bales.

Q.—What is the difference in freight? What would be the cheapest freight? *A.*—Cotton rates are probably higher than the rates for jute, cotton being the bulkier article.

Q.—What about Railway freight? *A.*—Where there is competition with river transport, rates of freight are competitive. Where there is no competition the rail rates may be on a higher though a still reasonable basis.

Dr. Sen Gupta.—Do I understand that railway charges or rates of freight are different for the same commodity and for the same distance

where there is no competition with the steamers? A.—Where there is no competition with the steamers the railways charge in some instances on a higher basis than from competitive points.

Q.—Is there any under-cutting? A.—There is no under-cutting.

Mr. *Huque*.—Where there is no railway communication, what is your rate? A.—As all the principal jute shipping stations are included in the Agreement, the agreement rates apply whether there is railway competition or not.

Q.—Under the Mills' Agreement, is there no responsibility if the jute is lost by fire? A.—We have no responsibility.

Dr. *Sen Gupta*.—Would it make any difference if it is insured and if it is not insured? A.—Yes. Under the Agreement the mills undertake to insure against loss.

Mr. *Huque*.—Is there anything to show that you accept certain freight where the jute is insured? A.—The Mills' Agreement provides for insurance being undertaken by mills. We could not be expected to undertake such risks at the low rate of freight charged.

Q.—Take the case of Aricha which is not connected by rail. Is freight affected there? A.—No. We charge the same rate of freight from Aricha as we do from Goalundo. Our aim is to promote traffic by charging reasonable rates of freight, without consideration as to whether there is direct competition or not.

No. 16.

Babu Priya Nath Sen, Dacca.*

(4th May 1933.)

Mr. *Weston*.—Would you tell us exactly what authority you have in this matter—are you a student or connected in any way with jute? A.—I have studied the matter.

Q.—Do you exercise any responsibility in the trade? A.—No, though I was the Secretary of the East India Jute Association at the time of its foundation. My interest is mostly as a grower. My country home is in one of the important markets in the Dacca district, viz., Baira, which occupies the third or fourth place among the jute markets of the district. It exports 6 to 8 lakhs maunds of jute a year in normal times. I have studied this question and have also written a book which is partly in print.

Q.—When you say that you are interested as a grower of jute, have you taken any responsible part in the market as a grower or as a *zemindar*? A.—No—not in marketing as a grower, nor as a *zemindar*.

*For written evidence *vide* page 229 *et seq.*

Q.—Your interest merely is that jute is grown on your land? A.—I watch with interest what the prospects are at different times and how they can be bettered.

Dr. Sinha.—You are in favour of regulation of jute mainly through the co-operative agency? A.—That is the only way that seems feasible to me.

Q.—You do not think it possible to regulate it through union boards or other official agencies? A.—There would be great difficulty in regulating it through the union boards or similar boards that may be set up.

Q.—What difficulty do you apprehend? A.—The difficulty would arise in the administration of the scheme.

Q.—Suppose the scheme is this—there is a central organisation which decides the total quantity of jute to be grown next year. This quantity is distributed among the villages of each union board according to the conditions prevailing in each village? A.—Up to that point there would be no difficulty. After that there would have to be a very elaborate and expensive machinery to check whether the quota allotted to each villager has been adhered to. In some cases they will be tempted to break the rule and there will be no authority to check unless you have some machinery of the above nature in your mind.

Q.—If we lay down penal clauses, the offenders will be punished? A.—That may be done, but who is going to administer that law and who will give the information that so and so has grown more than the quota which was assigned to him?

Q.—Suppose we entrust the union boards? A.—There are only 6 members and a few *chaukidars*. Great difficulties will arise in carrying out such a scheme.

Q.—Suppose the quota is fixed and each cultivator has to grow 50 per cent. of his area—what alternative crop can he grow in the remaining portion of the land? A.—The only alternative crop is rice in the low lands, but in the high lands sugarcane may be grown, and in fact I know in the high lands sugarcane is being already substituted for jute almost extensively in the Mymensingh district to some extent in Rangpur and Dacca districts and in some portions of Faridpur also.

Q.—With regard to paddy as an alternative—the price of rice has come down very low. What is the price in your part of the country? A.—It was selling at Re. 1-6 per maund in my village. Though it is a large jute-producing tract, the rice has to be brought from *bhati*, i.e., from districts lower down, e.g., Brahmanbaria, Comilla and sometimes from the Bhawal side (Dacca district).

Q.—Would rice be as profitable as jute? A.—I am afraid not, since it is not a cash crop for the most part of our country. Generally the cultivators are much better off now with regard to foodstuff—they can get sufficient quantity of paddy and other foodstuffs for fairly low prices, but the difficulty is that, even that amount of cash is not in their hands. Jute brings ready money, therefore it is largely cultivated.

Q.—With regard to the system of regulation, you prefer co-operative societies to union boards? A.—I suggest this because the money that is necessary to finance the cultivators in connection with the production of jute, would be lent by these societies. Necessarily,

they would be able to exercise their influence upon the agriculturists who would be their debtors.

Q.—The difficulty that arises in my mind is that so far as the co-operative societies are concerned, they touch only the fringe of the whole problem—to quote the official language—most of the agriculturists are not within the co-operative fold, so how would these societies be able to control the scheme of jute regulation? A.—Co-operative system has made considerable strides in the Dacca district, *e.g.*, in Narainganj which is an important jute-growing tract. In some portions of this subdivision there is not a single village in which there is not a co-operative society.

Q.—But what proportion of the population comes under the co-operative societies? A.—I have no exact idea, but it will not take a very long time to cover at least 80 per cent. of the jute-growing area falling within only 8 districts as I have shown in my written evidence, spreading thereby co-operative societies.

Q.—Your idea is that co-operative societies will be able to regulate, but it will take some time: What period do you suggest? A.—That depends upon the rapidity with which the co-operative societies can be spread.

Q.—Assuming the rapidity with which the co-operative societies have spread in the past, what do you expect? A.—Special measures will have to be taken to spread the societies.

Q.—Do you think it will be possible to bring these regulations after 5 years? A.—I think it is possible. Of course it would depend more upon propaganda and education at the early stages. I have seen the effect of propaganda not only in the last two years but also the effect of the propaganda which was carried on by late Mr. C. R. Das and latterly taken up by the Congress. It met with considerable success.

(In reply to a question by Mr. Weston whether anything more could be done by propaganda than what had already been done, the answer was in the affirmative.)

Q.—The object of restricting jute is to raise the prices—do you know of any case where a man having grown three-quarters of jute in comparison with what he used to grow before, has got more money? A.—Yes.

Q.—Suppose the yield of a cultivator is 50 maunds on 10 *bighas* of land, he sells at Rs. 3 per maund and gets Rs. 150. Now the area is restricted to half and the yield therefore is 25 maunds—is it your contention that he would be able to sell this quantity at more than Rs. 6 per maund? A.—Yes.

Q.—Have you given actual facts to show that? A.—I have given actual facts in page one of my written reply to the Questionnaire.

Q.—Are you in favour of establishing organised markets for jute to check the malpractices of the middlemen? A.—Yes.

Q.—Do you suggest that jute should be stored before sale in the godowns of the purchasers? A.—I want to avoid that, because there the seller is placed in a very handicapped position.

Q.—With reference to Question No. 31 of the Questionnaire would you like to establish an organised market in the town of Dacca? A.—In

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the town of Dacca the crop is bought by middlemen—that makes a difference. The idea in the Central Provinces Act, for instance, is that the *raiyat* can sell his jute in his own home at a profitable price, and if he likes, he can also bring the commodity to an organised market. But in the case of over half of the Dacca district people have to use floating markets (*bhashan hats*). The low-lying jute areas all go down water during the busy jute season and consequently they have often to use floating or *bhashan hats*.

Mr. Momin.—Do you mean north-east of Brahmanbaria, east of Bhairab, Netrakona? *A.*—Yes, among others.

Q.—Would you have a public market place where jute can be bought and sold? *A.*—This would be rather difficult in our part of the country, as there are no exactly defined boundaries of *hats*. I would describe the conditions in my own village. Formerly, owing to the depth of water the jute houses were all placed towards the east of our village. The river having since silted up, they have all been transferred further west.

Mr. Weston.—Is this floating condition likely to be a severe handicap to the establishment of a regular market? *A.*—Yes, specially on the point of fixing the place of weighment as provided in the Central Provinces Act.

Q.—You have just now told us you were the Foundation Secretary of the East India Jute Association. When was it started? *A.*—It was started in 1927.

Q.—Who were the founders? *A.*—We had an organised body under the Companies Act.

Q.—Who were the first Directors? *A.*—I do not exactly remember, except the names of Rai Bahadur D. N. Ballav, who resigned after a fortnight, Nandalal Kasera, Hanuman P. Bagaria and two or three other Marwaris.

Q.—How long did you act as Secretary? *A.*—About six months.

Q.—Is the Association defunct now? *A.*—No, it is still going on.

Q.—Can you give us an idea of its activity? *A.*—It was started as a regular futures market. There were also some other objectives for its establishment but these did not actually materialise.

Mr. Momin.—You are in favour of regulation by legislation? *A.*—I am in favour of regulation by legislation through the co-operative societies, not through the union boards.

Q.—Till we can work through the co-operative societies, we should try to achieve the object through educating the cultivators by propaganda, not by compulsion? *A.*—Yes, at once through propaganda but not through compulsion immediately.

Q.—Although you think that the ideal state will be compulsion by legislation? *A.*—Yes, you might legislate that the co-operative societies will direct the limit of area to be grown.

Q.—What method would you suggest in the matter of regulation? *A.*—Immediately, there should be, as much as possible, a perfect organisation for acquainting the cultivators with all the market conditions.

Q.—Would you like to have a central organisation whose duty it will be to collect facts and figures? A.—Yes. And the dissemination of necessary information out of that which should be through official agencies.

Q.—You educate the actual growers as to requirements of the future and the market conditions—would you not do anything else to compel them to restrict cultivation? A.—For the present I am not in favour of introducing compulsion by legislation. When the co-operative societies will be extended throughout the jute area, no penal clauses will be necessary to restrict the production.

Q.—Supposing you give me all the information and you advise me to restrict—I do not do this, there is no compulsion? A.—Our villagers are intelligent enough to understand their own interests, provided they get information from a trustworthy source.

Q.—Is it in your experience in the past that, if they got information that in future by restricting cultivation, they would expect a better price, more jute was grown in that case? A.—Yes, in a number of cases.

Q.—Then how could you say that without compulsion restriction would be feasible? A.—I am in favour of compulsion but through the co-operative societies. I do not think compulsion in any other way is practicable.

Q.—You have said that the cultivators are intelligent enough to understand their own interests. From this statement one, of course, would naturally infer you do not think that compulsion should be necessary to restrict cultivation? A.—No. I want compulsion to come through the co-operative societies but we cannot have that immediately. Before the co-operative societies are spread all over the jute area, regulation of jute cultivation is also essentially necessary, and that I want to be brought about by the education of cultivators through propaganda.

Q.—It comes to this—you want intensive propaganda to be done for educating the villagers? A.—Yes.

Q.—When you have the co-operative societies started all over the jute area, then you would introduce compulsion? A.—Yes.

Q.—What sort of compulsion? A.—The societies will lay down a definite condition that unless the area was restricted when necessary, no loan would be available and they would also fix the quota for each cultivator.

Q.—In that case they will have to take a sort of census every year? A.—The cultivators will themselves give the information.

Q.—What proportion should be restricted? A.—This will be fixed by the co-operative societies.

Q.—Then the co-operative societies themselves must get a lead from somewhere? A.—That they will get from the central organisation. Every year, before the sowing season, the central organisation will send information to every co-operative society that the quota of jute area should be so much, and they, in their turn, will communicate the information to the villagers. I also suggest that the probable demand of the current season should be published along with the Final Forecast,

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and in February or March, when the sowing begins, another estimate of demand for the next season should be published.

Q.—Will you go further and make these co-operative societies also check whether the advice has been accepted or not? *A.*—That they will easily understand. Cultivators will follow whatever advice is given, provided it is in their interests.

Q.—Supposing their advice has not been followed, what will societies do? *A.*—They will not give any loan.

Q.—Does every cultivator borrow money? *A.*—Yes.

The Chairman.—You have not the whole countryside filled with the people of the co-operative societies; do the agriculturists restrict the area of cultivation at present? *A.*—Yes, they act generally of their own accord.

Q.—If they act of their own accord, it seems to me there is no question of compulsion at all, because when it comes to restriction, you will have 90 per cent. in favour of it—the remaining 10 per cent. will be a small item? *A.*—Yes.

Mr. Momin.—Whom would you restrict—there are several grades of tenants, e.g., *thikadar*, *adhia*, *bargadar*, etc.? *A.*—The actual cultivator.

Q.—If you restrict the actual cultivator, in the case of *adhia bargadar* you will only try to restrict those people? *A.*—Here I include the *bargadar* among the cultivators.

Q.—What is your objection to restriction by legislation? *A.*—It will be very difficult—I do not think it will be practicable, and it will bring greater trouble than benefit at present.

Q.—You mean cultivators will be harassed? *A.*—Yes.

Q.—One very new thing which has been said in your written statement, is about perquisites of the *amla* staff of the big buyers, which they derive from the sellers, like the *Burra Babu* of a Jute firm? *A.*—I have seen that kind of realisation personally.

Q.—You want to discontinue it? *A.*—Certainly.

Q.—How would you do it? *A.*—Exactly in the same way in which exactions have been stopped in other spheres. This has to be stopped by legislation, not by propaganda.

Q.—What would you forbid by legislation? *A.*—Any realisation in excess of the fixed price.

Q.—There are, you say, about 100 more important *hats* and in most of them there are agencies of big Calcutta firms. Is it your idea that the village co-operative societies should sell jute direct to the big firms wherever there are agencies and not to *beparis*? *A.*—Why not to *beparis*, if they come forward to pay a higher price?

Q.—Do you recommend that the excess jute area should be put under sugarcane cultivation? A.—It cannot be done everywhere, but that is the most profitable thing.

Q.—Do you know the price of *gur* this year? A.—It has gone down very much.

Q.—If it is so, would you still encourage extensive growing of sugarcane? Do you not apprehend in this case also the price will come down and bring loss to cultivators? A.—The point is not free from difficulty, but at the same time there are other factors to consider. If there is extensive cultivation of sugarcane, factories would spring up in many areas—already this has been the case in some parts of the Presidency Division as well as of the Dacca Division.

Q.—Have you any experience of the futures market? A.—To some extent.

Q.—What is the effect of this market on the prices of jute? A.—They vary at different times. Sometimes they depress, sometimes they raise the prices.

Q.—In your opinion, therefore, you do not think that this futures market is an unmixed evil? A.—No, it allows a system of hedging.

Dr. Sinha.—Who hedges in this market? A.—I cannot tell you definitely. There are firms of good standing, who would not go openly to the market, but do the hedging through their agents.

Mr. Momin.—Do you think the business in the futures market is disreputable? A.—I could not say that it is a very reputable place, because there are people who, knowing nothing about jute, go to the market for the sake of speculation—in other words it encourages gambling.

Q.—Does not the same practice exist in the share market? A.—There it is openly done.

Q.—Is it your experience in the mufassal also—do the growers suffer a good deal as a result of the operations of this market? A.—Yes, at times.

Q.—Would you like standards of weights? A.—Yes.
(Here the witness mentioned some of the different standards that were in use.)

Q.—To enforce standard weights what would you do? A.—Legislate. I should like to have uniform standards of weights throughout the province.

Q.—And to see this thing actually enforced, would you recommend extra staff—say Inspectors? A.—No. One or two prosecutions in one place will put matters quite right.

Q.—Would you leave the enforcement of this law into the hands of the police? A.—Yes, as in general markets.

Mr. Huque.—You recommend that the restriction scheme should be worked by the co-operative societies and not by Union Boards? A.—Yes.

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Q.—Now the union boards are worked by villagers just as much as the co-operative societies? A.—Yes, to some extent.

Q.—What special feature is there in the co-operative scheme that would make it successful? A.—It would be to the interest of the co-operative societies themselves to have this scheme made successful, because their lending business would be properly done. The union boards would have no such interest. If the co-operative societies give loan to a cultivator, it will be their chief concern that the loan is repaid and the second consideration will be that the man, who is taking the loan, is in a position to repay same. All these considerations would disappear in the case of the union board.

Q.—Do you want these co-operative societies to take jute? A.—Not exactly in their own godowns.

Q.—Apart from restrictions, is it your idea that the co-operative societies will do the work of taking over jute in lieu of their money or will they simply put the restriction scheme into operation and not handle jute at all? A.—They will put the restriction scheme into operation and in case of necessity will also handle jute.

Q.—Are you aware, the greatest complaint against these co-operative societies as a rule is that the *panchayats* take the largest share of the loan which is given to them and they give very little to the people? A.—That would exactly be prevented if the co-operative societies work in a well-regulated and proper way.

Q.—How—it is not still quite clear?—Here the witness pointed out in course of explaining the position that, it was more to the interest of the agriculturists to borrow money from the co-operative societies than from others, as in the former case no other security excepting jute would be required.

Q.—In any case you must admit there is no particular charm in the co-operative societies which would necessarily succeed and not the existing union boards? A.—I do not accept that position. On the other hand, there is a much better chance of success in the case of co-operative societies than the union boards as far as restriction is concerned.

Dr. Sen Gupta.—You want that the jute crop should be regulated by legislation. You want rather that every jute-grower should be restricted to a particular area on which he may grow jute? A.—Yes, his production should be regulated.

Q.—Then you want that it should be done through the co-operative societies? A.—Yes.

Q.—Your idea is that the co-operative societies would be able to regulate, because they would be lending money to the jute cultivators? A.—Yes.

Q.—But you recognise that it will not be possible, without some sort of compulsion, to secure that every jute-grower be a member of the co-operative society? A.—If there is a provision like the one in the Punjab Agricultural Loans Act, it would serve as a sort of compulsion on the cultivator, though indirectly, to come to the co-operative society.

Q.—None shall grow jute unless he is a member of the co-operative society? A.—Do we come to that position?

Q.—Why is it that the co-operative societies have not yet spread throughout the whole jute area in the province? A.—Because the co-operative societies are not big and numerous enough to do that.

Q.—Do you know that one of the reasons, at any rate, which has prevented the extension of co-operative societies is that, the cultivators are hopelessly indebted to *mahajans*? Unless they can get out of the clutches of *mahajans* they cannot go into the co-operative societies? A.—Of course, unless the assets are in excess of the liabilities, no co-operative society would register a member.

Q.—So there is no likelihood of early extension of the co-operative societies? A.—Yes, unless there is another windfall from jute like that in 1925-26 which is not at all unlikely.

Q.—And even assuming you have a law by which jute growing is restricted to the members of co-operative societies, would it not take at least 20 years to bring such a law into operation? A.—If we push on the work vigorously, the time may be shortened.

Q.—Then it comes to the question of finding money for the growers which is not a simple matter. That would mean wiping away the debts of cultivators? A.—It is possible to work out the scheme without wiping away the whole debt—even one-third would be quite sufficient.

Q.—Anyway the work will take a lot of time? A.—Yes.

Q.—The function of the co-operative societies would be to lend money and sell the produce of the members? A.—Not in the manner in which sale societies did the work.

Q.—Let us take, for example, the case of Gosaba—as in the case of Gosaba there would be a system of co-operative societies which would be ready to finance as well as sell the produce? A.—In the present case the societies will sell the produce only as representatives of cultivators.

Q.—Do you think in Gosaba the societies have been very successful? A.—I do not know full particulars of those societies.

Q.—The co-operative sale societies existed for about 4 years? A.—Yes.

Q.—And in 4 years they started from very small beginnings and rose to the position of the fourth biggest trader in jute in Bengal. That was too sudden a rise and they were not probably equipped for that; it might be different in our case if we started from the bottom? A.—I have not thought about this matter and I cannot say anything about that. In any case, however, I think encroachment into the field of trade brought about the ruin of the co-operative sale societies.

Q.—You would like the co-operative societies to restrict cultivation? A.—Yes.

Q.—Do you not think it would be necessary for that purpose to keep a register of the jute lands of every member? A.—Yes, in the case of debtors that would be automatically done.

Q.—What is the idea about the size of the co-operative society—what would be its membership? A.—It would be something of

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manageable size, just as union boards modified according to circumstances.

Q.—Would you like that there should be branch societies and they would be affiliated to the central society? A.—Yes.

Q.—Is it your idea then that the central society would lend money and at the time of lending money restrict the area of cultivation? A.—Yes.

Q.—Do you think that the co-operative societies would be more effective than the union boards in the matter of the restriction of jute area because it would be to the interests of the co-operative societies to see that the money is repaid? A.—Yes.

Q.—Do you recollect the fact that the co-operative societies consist of those members who are jute-growers themselves? It is as much to their interest that money (loan money) should come back as that they should grow as much jute as possible provided they could get good prices? A.—If you say that, you strike at the root of the representative system altogether.

Q.—If you think that system workable, you have to admit that those people who are in the body would look more to the general interest than their personal interest. A.—Yes, though there may be avaricious people breaking through it. In spite of that you have to stick to it.

Q.—you have spoken of the corruption among the *panchayats* and co-operative societies? A.—I did not say that about the co-operative societies.

Q.—Do you suggest that as an effect of propaganda cultivation has been so far restricted that the price has risen during the last two years? A.—As far as they could, considering all the attendant circumstances.

Q.—Is it not a fact that in spite of the restriction through propaganda, the quantity of produce has still been far in excess of what it should be? A.—Not very much, slightly excessive.

Q.—Would you admit that restriction has been largely due to very inadequate prices? A.—That is also a factor, but the propaganda has been very effective.

Q.—You remember that in spite of the propaganda carried on by Congress, the cultivators did not restrict cultivation of jute when there was a huge rise in the prices—of course at the beginning of the propaganda there was some restriction? A.—I know how much propaganda was carried on by the Congress. Only Rs. 10,000 was spent in the first year, next year not more than Rs. 3,000 was available and you can very easily understand what kind of propaganda could be carried on with that amount!

Q.—If the price rises to Rs. 15, no amount of propaganda could stop excessive production? A.—No. The remedy would then have to be provided in another way as I have suggested in my written evidence.

Q.—In answer to Question No. 46 of the Questionnaire, you suggest “a tax of half anna should be levied on every maund of jute in contracts in the futures market of Calcutta in which no delivery is taken.” Why do you exclude “deliveries”? A.—Because there is already a tax on export.

Q.—The East India Jute Association claim that every transaction should be made on a contract form—what is there to prevent these

contract forms being stamped? A.—No objection, if there is really a contract form.

Q.—In the second portion of your answer to Question No. 46, how do you justify the imposition of a tax on the purchases of Indian mills on the ground that they are in a position of advantage over the foreign buyers? A.—There is no duty on raw or loose jute but there is duty on baled jute with which the foreign buyers are entirely concerned. The principal reason, however, is that because Indian mills use loose jute, they are saved preliminary operations of manufactures. This cuts down an appreciable amount from their production cost, which in normal times is only Rs. 200 per ton of cloth, as compared to £30 or double at Dundee. When jute arrives in the Dundee mills it arrives almost in the form of logs of wood and in reconverting this into proper condition, three processes have to be undertaken. The cost of these processes has not to be undertaken by the Indian mills.

The Chairman.—Are you in favour of the futures market? A.—I was not in 1927 when I left it after about six months. It might have since changed its character or work.

Q.—Is it your experience that its influence is bad? A.—It is not always good—I can say this much at least.

Q.—You have no definite views on the *fatka* market? A.—If it is allowed to continue, it should be put under strict regulations. I remember once a Bill was submitted to the Bengal Council for regulating the futures market by Mr. Khaitan.

Q.—Before you have any justification for doing that you have to point out whether this organisation is defective. Is it a genuine futures market or is it not—if it is a genuine market, we cannot touch it? A.—That is the reason why it has been allowed to remain so long. It is very difficult to draw the line.

Q.—You have no information to give which would indicate that the futures market is not a genuine organisation? A.—No definite information.

Q.—Would you say that a large proportion of the transactions made in the futures market are gambling transactions by people who have nothing to do with jute? A.—Yes.

No. 17.

Babu S. Roy Chowdhury, representative of the Belgachia Aratdars Association.

(5th May 1933.)

The Chairman.—Could you tell us very briefly what is the work of your Association? A.—It is an *Aratdars* Association.

Q.—What do the members of the Association do? A.—They are commission agents. They grade jute, sell it to buyers and get the commission from their *beparis*.

Q.—How do they work? A.—They obtain jute from the cultivator, make it up into drums and despatch it to Calcutta where it is sold on commission by the members of the *Aratdars* Association.

Q.—What is the rate of commission? A.—At present it is annas 4 per maund including brokerage and other expenses.

Q.—Do the members of the *Aratdars* Association assort the jute into different grades? A.—They do not; but the *beparis* after purchasing from the cultivators assort and despatch it to Calcutta where they hold it in the *aratdar's* godown until a purchaser is found when it is sold on commission. We advance money to the *beparis* up-country for the purchase of jute and this begins from April to May.

Q.—Do the *beparis* advance money to the cultivators? A.—Sometimes.

Q.—Is this done on a very large scale? A.—Yes.

Q.—How much money does a firm advance? A.—In normal times as much as Rs. 20,000, but at present only Rs. 2,000 to Rs. 3,000 is usually advanced.

Q.—To whom does the *aratdar* sell jute? A.—The *aratdar* sells both to mills and export balers.

Q.—Does the mill buyer come and see the jute in your godowns? A.—No.

Q.—You sell through a broker? A.—Yes.

Q.—And the broker inspects your jute? A.—Yes.

Q.—Is there any difference in the assortment required by the mills and the baler? A.—No. We sell same kind of jute to the mills as well as balers.

Q.—What allowance does the *bepari* get? Is he a commission agent or does he make as much money as possible? A.—He gets his allowance from the *aratdar's* firm.

Q.—Is the *bepari* a merchant who buys from the cultivator and sells to balers and shippers? A.—Yes.

Q.—Do you know anything about the *faria*? A.—Yes. The *faria* is a small man—he purchases jute from the cultivator, sells it to the *bepari* and then we get it from the latter.

Q.—What is the price of jute in Calcutta to-day? A.—To-day the market is—*dessi* Rs. 4-8 to Rs. 4-12.

Q.—How much does the cultivator receive? A.—Rs. 3.

Q.—There is no jute in the hands of the cultivator now? A.—No.

Q.—Do you trade in eastern and northern Bengal districts? A.—Yes. *Tossa* comes from Rajshahi and we have *beparis* in East Bengal.

Q.—What is the name of your firm? A.—The name of my firm is Kunja Bihari Roy Chowdhury.

Q.—Roughly how many maunds do you deal with in course of a year? A.—Generally we sell up to 1,25,000 maunds. At present we are doing no business at all.

Q.—Do you think standards of jute change a great deal during a season? A.—We sell our jute overhead.

Q.—Do you live in Calcutta? A.—Yes.

(In reply to questions put by Mr. Khaitan the witness said that the proportion of their business in eastern jute was small compared to that of *dessi* jute.)

No. 18.

Messrs. J. W. R. Steven and A. C. Robertson, representatives of the
Calcutta Jute Dealers Association.*

(8th May 1933.)

[Mr. Steven also represented the Narainganj Chamber of Commerce.†]

The Chairman.—Do you come in frequent contact with the cultivators? *A.*—Yes. In some cases we actually advance money direct to the cultivators at sowing time and these cultivators give their jute to us when it is ready for marketing.

Q.—You do not support the idea of regulation of the jute crop? *A.*—No. We have given our reasons in our written reply.

Q.—With reference to Question No. 5 of the Questionnaire, do you consider overproduction is the only factor which depresses the price of jute? *A.*—It is a factor for the depression of price.

Q.—Would you look at Question No. 23 of the Questionnaire dealing with the middlemen—do you consider the *bepari* system sound? *A.*—It is the only feasible way in which we can carry on our work.

Q.—Regarding the question of weights—is there any objection to introducing standard weights instead of the varying weights that are in existence? *A.*—We have no objection at all. As a matter of fact we leave it entirely to the seller as to what weight he sells to us in.

Q.—In answer to Question No. 5 it is stated—“Mills are working only 40 hours per week with approximately 25 per cent. of their hessian looms sealed”—What is its effect on the market? *A.*—This diminishes the demand for good quality jute.

Q.—Question No. 21 deals with organised markets—you think there is no opening for a regulated market? *A.*—We have no objection to establishing an experimental market in the *mufassal*. The co-operative societies were tried but as is well known these were not a success. From our point of view it is preferable to have one large market as it obviates the expense of keeping numerous staffs in small outstations. The more expense we incur in marketing the less the cultivator gets for his jute.

Q.—Do you regard the interests of cultivators as identical with yourselves? *A.*—Yes, usually. If the cultivator is making money the baler is also making and *vice versa*.

Q.—Are you in favour of a jute committee being established? *A.*—No.

Q.—Do you think any body of the kind would be of any use? *A.*—This, in our opinion, is an unnecessary expense to be shouldered by Government. We say unnecessary, as the information suggested on the lines of the Royal Commission on Agriculture is such as large baling firms who have been in existence for over 50 years can give without the expense of the formation of a jute committee.

Q.—What about the research? *A.*—We are very much in favour of research, provided new uses for jute can be found.

*For written evidence of the Association, *vide* page 322 *et seq.*

†For written evidence of the Chamber, *vide* page 44 *et seq.*

Q.—Who would control this research—would it be a department of the Government, as at present, or should there be a Committee? *A.*—There should be a committee with the trade well represented—especially those with upcountry knowledge and under the control of the Director of Agriculture.

Dr. Sen Gupta.—Your opinion comes to this—that the whole of the jute business from the cultivation to the sale is so well ordered that it does not require any alteration at all? *A.*—It is the unanimous opinion of those who have had long experience of upcountry working. We are afraid we cannot suggest any change.

Q.—Then we can sum up by saying that nothing should be done? *A.*—Yes.

Q.—Do you think if the cultivator could regulate the cultivation of jute that would be desirable but you do not think it practicable? *A.*—The whole matter is entirely a question of supply and demand and this alone influences the quantity of jute sown from year to year.

Q.—Supposing the cultivators agreed among themselves to grow jute according to possible demands, would it be good to them? *A.*—Yes, if they are certain of the demand. We do not consider it desirable unless the cultivators do it of their own accord.

Q.—Do you think regulation would be desirable for the benefit of the cultivator as well as the trade? *A.*—We do not think it necessary.

Q.—You say in one place the chief factor of depression is overproduction—if there is no overproduction, this would benefit the cultivator? *A.*—We have already explained this.

Q.—The manufacturers are regulating production according to expected demands of the market, the cultivators are producing more jute than the demand—so it would have been better if the cultivator had not produced so much? *A.*—Well, the cultivator might have got better prices but this is problematical as it all depended on what prices mills were able to pay and in relation to the price for the manufactured article a fair price was paid for his produce.

Q.—Your only objection to regulation is that it is not practicable? *A.*—It is not practicable—we are definitely against it.

Q.—If it were possible to have a practicable scheme for the regulation of jute according to the demand of the market, your Association would not oppose it? *A.*—We cannot say that.

Q.—Supposing a practicable scheme were possible and placed before you, would you consider it desirable? *A.*—We would not answer that point, as it is a hypothetical question.

Q.—If the jute mills are regulating their production according to the demand and it is to their advantage, so the same method would also be advantageous to the cultivator? *A.*—We doubt very much if this would turn out to be the case.

Q.—What do you think to be the disadvantages which the cultivator would suffer from if he had agreed to regulate production? *A.*—He would have to compete against other fabrics.

Q.—Supposing the cultivator grows less jute? *A.*—Even to-day paper is seriously competing with jute fabrics and if less jute is produced

than is required by the trade the natural result would be a rise in price. This would enable paper, etc., to capture more of the trade than they are doing at present.

Dr. Sinha.—In connection with the question of varying standard, what is the difficulty in allowing the seller's competition to have a fair play as in the case of other commodities? *A.*—You cannot stop buyers buying something they want to buy. Supposing a standard was fixed but the seller was willing to give something better. How can you stop them buying what the seller has offered? After all the sellers are well organised—the only trouble we had this season was with regard to the condition, *i.e.*, moisture.

(In answer to a question by Mr. Huque as to the desirability of organised markets, the witnesses stated that the idea was not desirable and added that his experience was that the cultivators got very fair dealings under the existing conditions of the market.)

Q.—In reply to Question No. 28 regarding the system of marketing jute through the agency of a co-operative organisation, you have stated that such a scheme is not only impracticable but undesirable as it would eliminate all competition and would no doubt result in the cultivator obtaining much lower prices for his jute—how do you support this contention? *A.*—By the fact that co-operative societies have not been successful.

Q.—Suppose the *raiyat* is a member of the society and sells his jute to the co-operative organisation, would there be still any danger of the *raiyat* getting lower price? *A.*—We are definitely against co-operative societies because we do not consider that they would be of any benefit to the cultivator.

Q.—In reply to Question No. 38 you suggest that the *raiyats* are getting market information from the agents upcountry of Calcutta houses. Is it to the interests of the buyers of jute to give correct information of the Calcutta price to the *raiyat*? *A.*—Yes.

Q.—With regard to the jute committee you have suggested that the committee should do research work on the side of agriculture as also on the side of manufacture. Who is to control the committee? *A.*—Preferably the Director of Agriculture.

Q.—Do you consider that as a result of the research carried on by the Department of Agriculture, there has been any improvement in the quality of jute? *A.*—No, we should say it had deteriorated.

Q.—In spite of this how would you entrust agricultural research to the Agriculture Department? *A.*—This can be very easily explained. The research operations have not been successful because there was at the time a shortage of jute and the trade insisted on having quantity at the expense of quality. This is the main cause of deterioration.

Mr. Huque.—Do you remember the time when the controversy was raging as to whether the Agricultural Department should carry on research for better quality production or more quantity production? *A.*—About 1925 or 1926.

[Messrs. J. W. R. Steven and A. C. Robertson.]

Q.—And the trade was in favour of quantity production? A.—Yes.

Q.—And the Agricultural Department went in for quantity production? A.—Yes.

Q.—And you now find it is a mistake? A.—No.

Q.—Is it purely a dogmatic assertion on your part or is it your experience that if the growers combine together in a co-operative society with a view to sell their jute, that would not be beneficial to them? A.—If it is beneficial to the cultivator no one would object.

Q.—Supposing the cultivators start a co-operative organisation of their own and bring all their jute to a particular market, say, Narainganj, do you not think it would be to the interests of the growers? A.—I have no objection to this, provided it is not going to be used for speculative purposes.

Q.—In the higher development of trade everybody would expect a fixed price at a standard weight—is it not proper? A.—We have already expressed our views on this point.

Q.—Why not have a definite standard and you fix the price accordingly? A.—Neither the cultivator nor the consumers appear to want this.

Q.—We are definitely assured that the cultivators do want standard weight. A.—In practice we use any weight which is suitable to the cultivator. We have no objection to standard weight and have been trying to institute this in several districts with varying success.

Q.—In spite of the fact that jute is selling at the rate of Rs. 3 per maund there is serious competition abroad. Supposing prices go up, say between Rs. 5 and Rs. 6, the result will be more competition? A.—Yes.

Q.—Do you want the country to be satisfied with the present state of affairs? A.—We have to be.

Q.—Do you agree that in every country, *e.g.*, America, Japan, Brazil, Egypt, etc., there has been slump in trade but they have been making experiments, though unsuccessful, to revive trade? Do you want India to make no experiment? A.—No, we do not say so. Our point is that jute is a monopoly crop and is being marketed according to the wishes of the cultivator on the one side and the mills on the other. No official control would in our opinion help either the cultivator or the manufacturer.

Q.—Suppose the *raiya*'s cost of cultivation is Rs. 50 per acre. Does it include his own cost of labour? A.—Yes.

Q.—Now you are in favour of trade doing everything and Government not interfering excepting the research work to be carried on by Government? A.—Yes.

Q.—If you in the trade want to do everything, why should not you do the research work? A.—The past experience gained by the Agricultural Department of Bengal in jute research is too valuable to lose.

Mr. Burn.—Would you say that the position of the *raiya* to-day is critical? A.—No.

Q.—Would you agree that the marketing of jute is already accomplished by methods peculiarly suited to the vast area from which the crop is produced, and the requirements of the innumerable small cultivators, who grow it? *A.*—Yes.

Q.—The question of transport is a most important item in the marketing of jute—the average raiyat has no facility for bringing jute into a central market? *A.*—The present method of marketing seems to be the most suited to conditions as at present prevailing. Until such time as roads and waterways are improved we do not consider it possible to eliminate the *faria* or *bepari* who have a definite economic value in the transport of jute from the cultivator to the baler.

Q.—About allowances which we have been told are demanded from the raiyat by the middlemen—I refer to long established customs—would you be in favour of legislation to curtail these on the grounds that they were detrimental to the trade? *A.*—We will not mind that, but we do not consider the position is such that any legislation is necessary. These are fixed trade customs dating back many years and in our opinion it would be no benefit to the cultivator.

Q.—Is jute still a remunerative crop to grow? *A.*—Definitely so.

Q.—Has propaganda reduced the output? *A.*—To a certain extent.

Q.—Do you think that the curtailment of production by mills has enabled them to pay better prices for jute? *A.*—Yes. Jute mills have directly benefited the grower.

Q.—Would the raiyat benefit by fixed standards? *A.*—No, we do not think so. They bring jute in bundles, unassorted.

Mr. Weston.—You say raiyats bring their jute in bundles. If they knew the price of the various qualities according to definite standards would they not be able to secure the best price for their jute? *A.*—The cultivator knows whether the jute he is selling is good, bad or indifferent and holds out for the best price obtainable.

(In answer to a question whether in representing the Narainganj Chamber of Commerce, the witness Mr. Steven agreed with all the views expressed by the Chamber in their written statement, the reply was that it could not be said that he agreed with all their views.)

No. 19.

Mr. C. Euthymopulo, representative of the Calcutta Baled Jute Association.*

(2nd May 1933.)

The Chairman.—From the evidence do you not think that the production of jute requires regulation? *A.*—No more regulation is necessary than exists at present.

Q.—What are the reasons on which this opinion is based? *A.*—I think that the cultivators have got enough common sense to grow as

*For the written evidence of the Association, vide page 314 et seq.

much jute as suits them and also there is a great difficulty in the way of alternative crops.

Q.—Do you admit that the main cause of the prices of jute being very low at present, is overproduction? A.—I think there are various factors at play. There is a general crisis all over the world and jute could not escape it. I do not think that the price of jute is lower than other things—on the whole it has shared the fate of other commodities.

Q.—In view of the fact that jute is meeting with competition from other substitutes and jute bags are also being displaced by the use of elevators and bulk shipment, do you consider that agricultural research and propaganda, which is necessary in order to assist the grower, should continue? A.—I think it would be a very good thing.

Q.—You probably know that most big concerns in the world have their own research departments? A.—Yes.

Q.—If the jute mills were to establish a research department of their own, they would only be following the example of many other big concerns in the world? A.—That is so.

Q.—Would you advocate the abolition of jute forecasts? A.—I would not go as far as abolition of jute forecasts, but would like more accurate forecasts. Government issue weekly reports about various crops—these reports might be made more clear.

Q.—Could you suggest a way in which more information could be conveyed to the trade in these weekly reports? A.—I suggest that instead of merely reporting that the condition of crop is, for example, "fair", the reports might be made a little more precise. So far as actual figures are concerned, I realise there is great difficulty in getting accurate figures from Collectors, etc. We had a discussion on this point with the present Director of Agriculture and pointed out to him that there are certain districts in which the Collectors' figures, year by year, were incorrect. Personally, I think that the forecast is necessary but there are others who think that these forecasts are so misleading that they would be better off without them. This season we had a forecast which is very far off the mark. So far as the trade is concerned, they would only be too pleased to co-operate with the Director of Agriculture in this matter.

Q.—You suggest that the Director should consult the trade—at what time should they be consulted? A.—A short time before the preliminary forecast, and also a short time before the final forecast.

Q.—Do you think that the Director should consult the firms individually? A.—They would be only too glad to supply information, but sometimes the Director has not given sufficient weight to their information. (In this connection names of certain firms were mentioned, *e.g.*, Messrs. Landale and Clark, Ralli Bros., etc.)

Q.—Would not there be divergence of opinion? A.—I should not think so.

Q.—With reference to Question No. 30 of the Questionnaire—do you consider that these Home guarantees are necessary? A.—Certainly. If you do not have a Home guarantee, it would be very prejudicial to the interests of overseas buyers, who should be entitled to claim an

allowance or reject jute if it is unsuitable for the purpose for which it was purchased.

Q.—Do you know in your experience if arbitrations have to be resorted to in a large number of cases? A.—What happens is this: If the buyer finds that the jute is below the guaranteed standard, he claims arbitration. Owing to present low prices expenses connected with arbitration are very heavy, and there has been a great effort made by the shippers for amicable settlement. In the case of an amicable settlement, first of all the reputation of the baler does not suffer and, secondly, arbitration fees and things like this can be avoided. If, however, the baler does not give any allowance and no compromise can be reached, then arbitration is resorted to.

Q.—With reference to Question No. 25 of the Questionnaire, would it be possible to abolish such marketing customs as you consider detrimental to the *raiyat*? A.—So far as loose jute is concerned, I do not think our Association is directly concerned.

Mr. Finlayson.—Do you consider that both export buyers and shippers as well as Calcutta balers are satisfied with the existing methods regarding arbitration? A.—I think so. I have heard of no complaints.

Q.—Do you think arbitration in Calcutta would be practicable? A.—In any case the overseas buyers would not accept it.

(In reply to the same question put by Mr. Burn, the answer was identical as above.)

Mr. Huque.—In connection with Question No. 15 of the Questionnaire, where have you got the figures from, regarding cost of cultivation? It is stated in your reply that "in some districts where cultivators do not hire any labour it is as low as Re. 1 per maund." A.—This is our information and that from quite reliable sources. I am not myself a cultivator.

Q.—In calculating the price of jute, do you think the labour charge should be calculated? A.—Yes, where such a charge has been incurred.

Q.—Supposing you cultivate a certain crop in your garden yourself and by those people who help you and practically it does not involve any charge—are you prepared to sell it for nothing? A.—No. No body sells anything for nothing.

Q.—What I want to know is—would you think a fair cost of cultivation includes labour? A.—How can I say—we are not cultivators. I can only reply to questions generally.

Q.—In any case your information is to be regarded as hearsay evidence? A.—No. The jute firms have been in the trade all their lives and they take very very great care in collecting all necessary information connected with the trade.

Q.—Would it be possible for you to give us the figures as to how this (cost of cultivation) could be calculated? A.—In every district you get different figures.

Q.—On the whole you know that in places like Serajganj, Narainganj, Dacca and Mymensingh, the cultivators have to pay labour charges? A.—I cannot answer the question off-hand.

[Mr. G. Euthymopulo.]

Q.—Would it be possible for you to send it later? A.—Possibly. We have no objection to that.

(Incidentally the witness observed that in reply to one of the questions they found the rent collections had been better last year than had been the case for some years past. If the rent collections had been better, then how could it be said that the cultivators had been worse off?)

Q.—Supposing the practical difficulties are got rid of in connection with the organisation of a jute growers' market, would you be in favour of an organised jute market? A.—I do not see the necessity of an organised jute market.

Q.—Do you think that the grower does not get a considerable part of the money which is his due? A.—A part of it may go to the middlemen.

Q.—Why are the middlemen here? A.—Middlemen do business like everybody else and they are not confined to the jute trade.

Q.—History has shown in many countries producers have organised themselves. Would you be in favour of the producers organising themselves in this country? A.—I do not think there is any jute company who would not be too pleased to deal in direct contact with the cultivator.

Q.—The Committee had gone to Narainganj, Mymensingh and other places and taken evidence of the best European firms. Would you be surprised to learn that some of their evidence was that it is not possible for the cultivator to bring his own jute directly to the higher authorities, as there are men in the firms who have to be satisfied? A.—I certainly do not think so. I have been in the jute business for the last 20 years—our company certainly are not doing that.

Q.—Therefore, whenever you find there is in evidence something which does not agree with your views, your attempt is to deny it? A.—I do not think so.

Q.—I was supposing that the general nature of the evidence is that there is much which is due to the cultivator and from which he is being deprived. If this is correct, will you be in favour of a jute growers' association? A.—I cannot reply to a hypothetical question.

Q.—With reference to Question No. 5 of the Questionnaire, how do you say that the speculative rates have contributed towards the lowering of prices? A.—After explaining the position in detail the witness remarked "We have found that the balers sell systematically below the baling cost and recoup themselves by selling at a higher price in the futures market."

Q.—What is its effect on the grower? A.—If a man sells his jute to the consumer below the necessary cost, presumably he will also pay the cultivator a lower price.

Q.—Would you be in favour of an organisation in which the grower, the baler, the middleman and the shipper—everybody is represented with a view to estimate the world's jute demand? A.—There is no necessity for a separate organisation. The trader and the grower work hand in hand. It is not necessary to have such an organisation in order to gauge the world's demand for jute.

The Chairman.—Do you agree that it is due to the cultivator to give him all possible information in regard to likely demands so that he may adjust his sowings accordingly? *A.*—As a matter of fact we suggested that. Unfortunately the grower pays more attention to the *fatka* market than is necessary.

Dr. Sinha.—What is the period of time which usually intervenes between the purchase of loose jute and its sale to the shippers? *A.*—Difficult to give definite reply, about two months.

Q.—Do you require any hedging for that—do you require any protection? *A.*—Some people require, some people do not.

Q.—Do you require hedging for the benefit of jute associations? *A.*—We are not against legitimate hedging operations, but are against purely speculative operations in the *fatka* market.

Q.—Have you any system of forward delivery in your association? *A.*—Yes, we have.

Q.—Is the rate of forward delivery lower in the Calcutta Baled Jute Association than the *fatka* market? *A.*—Not necessarily. Depends on market conditions.

Q.—Have you any system of future delivery—do you require another association to help you in this matter? *A.*—No.

Q.—In your reply to Question No. 31 of the Questionnaire it is stated “Jute sometimes deteriorates in quality after it is shipped, etc.” Does that partially apply to manufactured jute goods also? *A.*—We do not deal in manufactured goods. This is not for our association to answer.

Q.—In answer to Question No. 34 of the Questionnaire you have given several reasons as a result of which the grades of jute tended gradually to improve in the past. Is this still in force? *A.*—Yes, as far as I know.

Q.—Questions No. 43-46 of the Questionnaire deal with the creation of a jute committee for Bengal. You are opposed to any form of control, but if it is in the interests of the jute trade, you would not oppose? *A.*—We do not see any necessity for it.

Q.—It seems you support the doctrine of *laissez faire* policy? *A.*—We are opposed to any form of Government control for two reasons—first, on principle and secondly, on the ground of expenditure.

Q.—If it is financed by a portion of jute export duty that is due to be allotted to this province, then no additional expenditure is involved. Have you any objection to that? *A.*—We have no objection to anything which is connected with the research work, but we cannot see the reason for the creation of a jute committee.

Q.—I hope you are familiar with the working of the Indian Central Cotton Committee. Would you like to have a committee like that? *A.*—No.

Q.—In what respect does jute differ from cotton? *A.*—Jute is grown only in India, cotton is a different thing. It is grown in many parts of the world.

Q.—Because it is a monopoly, you may sleep over the matter? *A.*—I would not go so far as to say that jute is a monopoly. It is

[*Mr. G. Euthymopulo.*]

chiefly grown in India. Cotton goes through certain processes of ginning, etc., which are not necessary in the case of jute. There are various other points of dissimilarity between the jute and cotton trades. I would not like to go any further in order not to take up your time unnecessarily.

In answer to the question by Mr. Khaitan enquiring as to the cost of production of jute, the witness stated that their association was not an association of cultivators and as such he was not in a position to supply the required information.

Mr. Khaitan.—Do you think the jute mills would be interested in the new uses for jute? *A.*—I can see no reason why they should not—I think they are.

Q.—Have they done anything so far? *A.*—They have given considerable attention to the matter.

Q.—When you told the Chairman that the Director of Agriculture should consult trading interests in formulating the jute forecasts, you mentioned the names of certain firms but there is not a single Indian name in that list. *A.*—I am sorry about this. I am sure that any information from Indian firms who are in a position to give this information owing to up-country knowledge and organisation would be welcomed.

Q.—You are aware that great importance is attached to these forecasts in the market and prices are considerably affected at once? *A.*—Yes, when they are accurate.

Q.—People look forward to seeing the forecasts? *A.*—Yes, specially speculators.

Q.—In view of the fact that the market is very much interested in the figure of forecasts, do you think it is desirable that there should be a joint invitation to people to send their information and that there should be a conference between the Director of Agriculture and merchants as to what the actual figure should be? The firms may be at liberty to send their information to the Director of Agriculture who should form his views on the opinions received. *A.*—I have an open mind in regard to this.

Q.—When a certain parcel is invoiced back, it remains as a rejected parcel? *A.*—Yes.

Q.—If a rejected parcel is kept in a godown in European countries, the expenses are very large? *A.*—Yes; but this also applies to all consigned goods.

Q.—Those rejected parcels have got to be disposed of very quickly on account of storage expenditure? Do you think that has a bad effect in regard to the trade? *A.*—I cannot see any special difficulties in this connection.

(On Mr. Khaitan putting certain questions in connection with the Jute Futures Market Committee of which the witness was a member, the Chairman agreed with the latter that in his private capacity he would be only too pleased to deal with the questions but as a representative of the Calcutta Baled Jute Association who had pronounced themselves against the Jute Futures Market, the position was a little awkward for him.)

Mr. Weston.—In answer to Question No. 34 of the Questionnaire you have stated "For these reasons in the past the grades tended gradually to improve and in the course of the season it was sometimes found that the standards had improved by nearly a whole grade." That is in favour of the buyer and not seller? *A.*—Not necessarily. This question can only be answered in connection with the broader proposal of fixing standards by legislation. Even supposing you fix standards, how can you prevent people selling something better than the fixed standard when they want to do so?

(In reply to another question bearing on standards, the witness said that when a mill got a bale of jute opened, it would get so much percentage of jute which was suitable for its warp and so much for its weft.)

Q.—Suitable in what respect—strength, colour? *A.*—Both strength and colour.

Q.—You are very emphatic against the fixation of standards—could you give your reasons? *A.*—First, it would not prevent anyone selling something better than the fixed standard and, secondly, it might be a source of constant dispute and will naturally involve the parties concerned in arbitration in Calcutta. The consensus of opinion is that if arbitrations are held in Calcutta this will not please buyers at Home and this will mean loss of business to Calcutta.

Q.—Is it not much easier to fix standards for jute in Calcutta than it is to fix standards for cotton in America? *A.*—It may be somewhat easier but it does not necessarily follow that the proposition is a practicable one. Difficulties in cotton may be greater but it does not follow that there are no difficulties in jute. I do not see any benefit both on the score of expediency and benefit to trade.

Q.—Standards are changed in the middle of the season. Would legislation be effective in this case? *A.*—Legislation will not stop that for the reasons given in my previous replies.

Mr. Huque.—If there is a standard in loose jute, will not that affect your export trade? *A.*—I do not think the question arises. We are not connected with the loose jute trade.

No. 20.

Mr. H. P. Bagaria, representative of the Indian Chamber of Commerce, Calcutta.*

Dated the 10th May 1933.

Mr. Finlayson.—If we have any legislation restricting the production of jute, other countries will grow this crop? *A.*—As regards the question of other countries growing jute I think many countries have tried to do so but so far no country has been able to grow jute on a commercial scale. Unless the price is pushed up to an unreasonable

* For written evidence of the Chamber *vide* page 186, *et seq.*

level, out of all proportion to the general economic conditions, there is no danger of other countries trying to grow jute.

Q.—What is your idea of a “reasonable level”? A.—Rs. 6 per maund would be a reasonable level under the present world conditions. Even at the present price of jute manufactures, there is room for improvement in the price of jute.

(In this connection the witness added that as a matter of fact jute was the best paying industry in India and at the present prices of jute, the mills were making a very good profit, which found reflection in the price of jute shares.)

Q.—Do you think there is no danger of substitutes from other countries? A.—I do not think there is. Now-a-days, it is not entirely a question of price. Some countries do not want to buy goods from other countries—as far as possible, they want to make their countries economically self-contained. If a country does not want to buy our goods, the question of price is immaterial.

(In reply to a question by the Chairman, the witness said—“There is a movement in America to increase the consumption of cotton bags. Appeal is made to the patriotic sense of the people. In such matters the question of price is not very important. The high price paid for *khaddar* cloth is an example thereof.”)

Q.—Would you recommend standardised weights? A.—Yes. Due to diversity in weights the ignorant agriculturists are never in a position to know as to whether they are getting a fair price for their jute or not. The present system leads to a lot of confusion. It is understood that the weight of one *seer* varies from 55 *tolas* to 110 *tolas* in the different parts of Bengal.

Q.—From your experience in the mufassal, do you think that the cultivators would welcome a change? A.—There is no reason why they should object. On the contrary, they would welcome a change as it would be in their interests.

Q.—Are you in favour of regulated markets? What is the position, say in Narainganj, in connection with the marketing of jute? A.—The cultivators do not bring any jute to Narainganj. It is only the *beparis* who bring down their jute for sale. I think the cultivators dispose of a considerable part of their crop in their own villages. They take a part of it to *hats*. The *hats* are irregular markets and we want regulated markets. An experiment has been made with cotton in Berar and it has been found very successful. Why should it be otherwise in the case of jute? Since the establishment of regulated markets in Berar, more and more cotton is being brought into those markets for sale. Further, the establishment of a regulated market prevents the cultivator being at the mercy of dealers. In Berar the sellers get the latest information about the Bombay market.

Q.—It is very much the same in Bengal? A.—I do not think. In the absence of a regulated market, manipulation in prices is possible. In this connection I may tell the Committee that a certain gentleman is trying to disseminate information about prices in Calcutta and I understand that the Narainganj Chamber of Commerce is trying to prevent that.

(Chairman: Is this in *Shitallakhya* in Narainganj? A.—I do not know.)

Q.—Are you in favour of co-operative societies? A.—We have stated our views in the written reply. Co-operative societies were

started in Bengal and I understand they lost a good deal of money and the experiment was a failure. Another reason why we are against these societies is that at present the cultivator is so ignorant that he will be liable to pay illegal gratifications, because the money that will be distributed will have to pass through so many hands and it is very likely that the subordinate officials will be tempted to demand illegal gratifications.

(Reference was made to the story of malpractices related by Mr. Morgan in connection with *taccavi* loans.)

Q.—Referring to Questions Nos. 30, 31 and 32 of the Questionnaire, what are your views regarding fixed qualities and the Home guarantee clause? A.—There is much complaint about variations in the quality of different standards and also a great deal of grievance about the Home guarantee. There are some shippers who sell their own private marks, the quality of which varies according to each mark. In the absence of definite standards, when the market goes against the buyer he raises unnecessary objections regarding quality. As regards the Home guarantee clause, shippers protect themselves by taking from balers a letter of guarantee whereby the sellers are bound to pay all allowances and arbitration expenses, and we sell on the understanding that in case of dispute arbitration will be held in London. The charges of arbitration are very high there. On these grounds we are of opinion that qualities should be fixed and the Home guarantee clause should be abolished.

Q.—Why do they sell on these terms? A.—Owing to the superior organisation of the buyers, also because the buyers are so few in number and the sellers are so large. When I was in Manilla, I found there that the quality of every bale of hemp that leaves the Philippine islands, is certified by the Grading Board and all business is done on those terms and on no other terms. There are no private marks. The terms on which jute is sold here, are not fair to the seller.

The Chairman.—Is there a feeling amongst the buyers on the Continent or anywhere else against London arbitration? A.—No.

Q.—Then why not make Calcutta the arbitration centre? A.—Once the German spinners wanted to buy from Calcutta on the understanding that in case of dispute arbitration was to be held in Hamburg, but owing to opposition from the London Association the Germans did not succeed. I may tell you in confidence that one of the firms here who wanted to become a member of the London Jute Association, and whose application was refused, started selling to Hamburg on terms other than the London Jute Association terms. Great pressure was brought to bear on them and they had to discontinue. Under existing conditions it is not possible for the seller to know for six months if he stands to lose or gain in a particular transaction.

(Questioned by Mr. Weston why should the seller be doubtful if he had confidence in his goods, the witness stated that the sellers had no representatives on the arbitration panel of the London Jute Association.)

Q.—Then why do you do business on such terms? A.—We have to. There is no help. About three years ago the Indian loose jute

[*Mr. H. P. Bagaria.*]

dealers tried to get the Indian jute mills to adopt warp and weft guarantees. They found that they could not succeed owing to lack of organisation amongst themselves. They at one time decided that they would not sell on the standard of the mark basis. But when the crop began to move sellers had to give way because no mill would buy except on their own terms. Even the European balers also felt that the absence of definite standards was a very unsatisfactory state of affairs but they could not openly challenge the jute mills. Matters came to such a pass that even they had eventually to come out and fight with the mills for permanent standards of quality.

Q.—I still cannot see, Mr. Bagaria, if there is any desire in Calcutta and an equal desire elsewhere to avoid London Jute Association arbitration, why it should not be commenced in Calcutta to-morrow? A.—The desire is only in Calcutta. It is the sellers who want it, not the buyers. The representative of the Balers Association will be able to tell you all about it.

Q.—But what is your own opinion? A.—It is due to the superior organisation of the buyers.

Q.—Supposing a German spinner is willing to buy jute on terms which do not include London arbitration? A.—In that case the Germans would like to buy on their own terms, that is, they would like to have the arbitration held in Hamburg.

Q.—Is there any other body who want arbitrations to be held in Calcutta? A.—The question is of importance to the sellers and not the buyers, so it is the sellers who have raised the question. In order to protect the interests of the sellers the American Government have introduced an Act known as the Standards Act.

Q.—How would you suggest that these Home guarantees should be abolished? A.—They can be abolished if there is an independent Tribunal of arbitration in Calcutta and if the decision of the Tribunal be made obligatory on all parties. In that case I do not think there is any reason why the foreign buyers should have cause for dissatisfaction. Naturally, they would like to buy jute on their own terms, but if there be a really independent Tribunal, they would have no legitimate cause for complaint.

Q.—If you have your Calcutta arbitration, or if you have Calcutta inspection, the whole of the risk is put on to the buyer? A.—Following this line of argument we may say that if we have London arbitration, the whole risk is put on the seller.

Q.—What are your views regarding the creation of a jute committee? A.—We have made certain suggestions in our written reply. If those suggestions be not accepted, we are in favour of the appointment of a jute committee.

Q.—What is your idea as to the effect on the jute industry as a result of competition from substitutes? A.—I have got a fair experience of the gunny export trade and I can say there is a tendency on the part of the foreign buyers to exaggerate this question of substitutes. We have, therefore, suggested that an independent enquiry should be conducted in regard to this question and a representative of the Bengal Government should be sent to some of the countries abroad to make enquiries into the matter, because it is a question of vital importance to this province.

Q.—You think more concrete evidence is required about this question of substitutes? A.—Yes, because we have been hearing of these substitutes ever since the industry was started in Bengal. I want an independent investigation.

Q.—Regarding regulation of production—if the 1921 agreement had not been signed, jute would never have reached the present position? A.—My idea is that the regulation of production is a sound principle. The striking result of regulation is that even to-day when we are passing through the worst form of depression, the jute mills are making money.

Q.—Do you recommend standardisation of jute bales? A.—Yes. In the absence of fixed standards there is always a feeling of uncertainty in the market. Supposing there are two standards prevalent in the market, viz., LR and XLR—I make a forward contract for delivery three months hence and sell to-day on the basis of the present quality of the standards LR's and XLR's but by the time the delivery is given the quality of the two grades appreciates considerably with the result that I have to deliver jute of a quality superior to what was originally intended to be delivered. I will be put to unnecessary loss.

Q.—What is the remedy? A.—For the last three or four years we have been carrying on a good deal of correspondence on this question and drawing attention to the serious loss to which sellers are being put. In our view all standards should be fixed by legislation.

Q.—What are your views about arbitration? A.—Indian sellers have got a good deal of dissatisfaction in this connection. The panel of arbitrators consists of representatives of the mills or the brokers. The brokers have to depend for their living on the favour of the mills. Consequently they cannot afford to dissatisfy the mills. The result is that the brokers do what the mills want them to do.

The Chairman.—Do you think all the arbitrators would be unfair? A.—No.

(In connection with further discussion on the question of standards, the witness stated that there should be some sort of legislation on the lines of America, as a result of which anybody not conforming to the fixed standard, would be liable to punishment. The witness was definitely against private standards.)

Dr. Sinha.—In your opinion what is the effect of the futures or *fatka* market on the prices—does it raise, lower or steady the prices or does it lead to fluctuations? A.—The question of price is determined by so many factors that it is very difficult to say what factor is responsible to what degree for a rise or fall. It is a very complex thing. Generally, whichever factor is powerful at a particular time, that factor rules the market for that particular period. The advantage of the futures market is that it provides a continuous market.

Q.—In many commodities for which there is no futures market, what happens? A.—In such cases there are wild fluctuations. The futures market prevents violent fluctuations of price for a particular period, as business is possible at all prices at all times.

Q.—Do you mean to say that the effect of the futures market is to raise the price of jute? A.—If it raises the price, you will have to admit that it also lowers the price sometimes.

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In reply to further questions by Dr. Sinha on this subject, Mr. Khaitan summed up the reply of the witness as follows:—Suppose the jute season commences in August. A person goes to mufassal and buys 10 lakh maunds of jute but has not been able to find an actual consumer—the consumer being either the baler or the mill. If he cannot make a sale against this quantity, he will have to throw this lot on to the market. Business goes on continuously in spite of the course of prices—it is a thing which is not usually understood except by those who are actually in the trade—and in the present instance the man concerned would have to sell at a loss. If he could throw these 10 lakh maunds of jute on to the actual consumers, that would depress the market but, on the other hand, if there is a futures market where you have got speculative buyers, they furnish a sort of holding power between the seller and the actual consumer, *viz.*, the baler and the mill. For the time being, these speculators take the bales off the hands of the seller and retain them until there is an actual demand for these bales. (Dr. Sinha remarked that that would mean steadying of prices, not rise in prices. In reply, Mr. Khaitan said that the terms “steady prices” and “rise in prices” are comparative.) Supposing on the date when the purchase was made, the price was Rs. 30 per bale. If the man threw his bales on to the consumers, the price might have gone down to Rs. 26 per bale but on account of the speculative or hedge buyers in the futures market, the price would not go down from Rs. 30 to Rs. 26, but would remain either at Rs. 30 or, say, between Rs. 29 and Rs. 30. So that, from one point of view, you could say the price has been raised from Rs. 26 to Rs. 29 and from another point it may also be said that the price has been steadied.

Q.—If *fatka* prices in the futures market move up and down, will such fluctuations be to the advantage of the grower? A.—I do not understand this question. The fluctuations in the futures market are as advantageous or disadvantageous to the growers as the fluctuations in the price of jute in other markets are.

Q.—Do the loose jute dealers hedge in your market? A.—Yes, they do.

Q.—Why is it then that almost all the jute associations refuse to co-operate with you? A.—That is a matter of prejudice. We have as members several balers and some balers are indirectly interested in the business of some of our members.

Q.—Do the mills hedge in your market? A.—No.

Q.—Do the shippers hedge in your market? A.—Yes.

Q.—They make forward sales in London, against that they make forward purchases? A.—Yes.

Q.—With regard to the forward purchases, it has been represented to us that the rate in your market for forward delivery is always higher than that of the Calcutta Baled Jute Association? A.—Yes. But now our terms are practically the same as those of the Calcutta Baled Jute Association.

(The witness continued on the 11th May 1933.)

Dr. Sinha referred to the hedging facilities in the futures market discussed last evening and asked—

Q.—In view of the fact that the rate for future delivery in the East India Jute Association is higher than the rate for a corresponding delivery in the Calcutta Baled Jute Association, how is it possible for a shipper to make forward purchases in the East India Jute Association against a future sale abroad? A.—According to the old by-laws of the East India Jute Association, there was considerable difference between the terms of the two contracts but that should not present any difficulty in the way of a shipper hedging his sales to a foreign spinner. If for instance a shipper makes a forward sale of a certain grade of jute to a Continental spinner, say, to the extent of 5,000 bales for a particular delivery and if for certain reasons he is not able to buy that particular grade or quality for that shipment and if in order to protect himself against an adverse fluctuation of the market he buys a corresponding amount of jute on the contract of the East India Jute Association, his purpose of hedging is perfectly served, because when he is able to get the exact description of goods that he has sold he sells back the contract purchased in the East India Jute Association market and as the premium is always there, he is not a loser.

Q.—Is there a considerable amount of hedging done by different merchants in the East India Jute Association? A.—Yes.

Q.—I am not still satisfied—I do not understand that point—if you are offering these facilities, why are a substantial number of other associations so averse to take advantage of your market? A.—As I already told you yesterday one of the reasons is that there has been a certain amount of prejudice against the futures market, but I can tell you that at least a dozen of these big European firms, and practically every Indian baler, are actually dealing in our market. (In this connection reference was made to a recent committee formed for the purpose of doing business with the futures market and the report prepared by them was also unanimously signed. The Board could not be constituted as recommended as other associations declined to appoint representatives, but the East India Jute Association had already given effect to all the recommendations of the Committee so far as the terms of the contract were concerned. They were prepared to hand over the management to a representative body, as suggested by the Futures Market Committee, but they certainly could not compel others to serve on the Board of Management of the East India Jute Association. Extracts were also read from the speech of Mr. McLeod, who was said to have observed “we are not opposed to the futures market”). During the six years that the East India Jute Association has been in existence, not a single constructive suggestion has ever been received from any section of the trade. A large number of jute merchants desired a futures market but owing to the general prejudice they had not the courage to say so openly. Another reason is that the futures market is mistakenly supposed to be responsible for all rises or falls in the price of jute. It is forgotten that the futures market merely registers what happens in the jute trade. Just as the thermometer only registers the heat of the body and is not responsible for the rise or fall of

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temperatures, the futures market by itself can never cause a rise or fall. As I already told you we are passing through a period of depression which is unprecedented in its character, and even the best intellectual brains in the world have not been able to arrive at a definite conclusion as to the actual cause or causes responsible for the present state of affairs. There is nothing to be surprised at, therefore, if people, ignorant of world causes believe that the existence of a futures market is responsible for the present depression.

Q.—You have given us figures for the last five years. Can you give us an idea of your transactions? A.—That is not possible.

Q.—You will agree with me that it is one of the essences of a satisfactory hedging market that all interests of the trade should be properly represented? A.—Yes.

Q.—If the main associations refuse to send their representatives to your organisation, how can you say that the futures market serve their interests? A.—We are doing what we can to the best of our abilities in the interests of the general trade. For our part, as already stated, we were prepared to alter our rules according to the suggestions of the recently formed Committee.

With reference to the question by Dr. Sinha in respect of the wide divergence that prevailed between the old *fatka* rate and the rates for contract in the Calcutta Baled Jute Association (as pointed out in the first quarterly report of the Association to which the witness belonged), the witness stated as follows:—I am glad that this question has been raised. The members of the old *fatka* market used to carry on business for certain deliveries and on the due date, *i.e.*, on the last day of the month for which transactions were entered into, certain members met together and arbitrarily decided the rate on the basis of which all outstanding transactions were closed. There is no such system in the East India Jute Association. According to its by-laws, against all sales or purchases outstanding on the due date the buyer has the right to purchase goods on account of the defaulting seller, and the seller, if the buyer fails to take delivery of the goods, has got the right to sell the goods on account of the buyer. Now as regards the difference between the price of the Calcutta Baled Jute Association contract and the East India Jute Association contract, first of all, this difference is confined to a certain limit. In the old *fatka* market this difference could go to any limit, because the settlement depended on the rate fixed by certain members. The difference between the Calcutta Baled Jute Association and the East India Jute Association contracts is due to the fact, that according to the terms of the East India Jute Association, the buyer has got the right to hold the goods that he purchases or rather make the seller hold the goods for him for a certain period, whilst according to the rules of the Calcutta Baled Jute Association if a purchase is made for a certain delivery, then on the last day of the month shipping instructions must be sent to the seller whether the purchaser wants it or not. As the terms of the East India Jute Association contract include the right of holding goods, the seller would naturally include in his price the charges for storing the jute, insuring it, loss in weight and such other incidental charges.

Q.—Is your system of deliveries a sufficient safeguard against wavery? A.—In this respect the East India Jute Association is no worse or no better than other organised futures markets in the world.

Mr. Weston.—We have been told that the operation of the futures market is a very good thing with regard to giving a higher price to the cultivator. Do you support that argument? *A.*—No speculator, however powerful he may be, can create one bale more than what has been produced in the field of Bengal. Speculations in futures market can create an artificial demand. Speculators sometimes purchase goods and hold them off the market but they cannot augment supplies.

Mr. Momin.—Is it your view that the operations of the futures market tend to raise the price of jute as well as lower it? *A.*—It provides a hedging facility.

Q.—Do the buying and selling in the futures market create more competition in the price of jute? *A.*—It brings in a greater number of buyers.

Q.—In any case you do not think that the futures market has the effect of decreasing the prices? *A.*—No.

The Chairman.—Could you give us a list of the members of your association? *A.*—Yes.

Q.—What is their business? *A.*—Some of them are balers, some are dealers; but majority of the members are acting as brokers.

Q.—We have been told so many times that the great majority of transactions carried on in the East India Jute Association are not connected with genuine transactions but are really gambles. Is this charge true? *A.*—In that respect it is, as I have already remarked, neither worse nor better than other futures markets in the world.

Q.—Could you suggest any remedy? *A.*—The International Chamber of Commerce has dealt with that question. In no futures markets in the world is there any restriction about dealings.

Mr. Khaitan.—Is it not of the essence of the success of a hedging market that there should be people dealing there, who are not actually connected with the trade? *A.*—Yes. No futures market can succeed without acting on this principle. It is of the essence of the hedging market that there should always be a number of buyers and sellers who are speculators. In the hedging operations some one must be prepared to assume the risk that the holder of ready goods wants to avoid.

Q.—Unless that body of speculators or jobbers is present there, no hedging is possible? Supposing a baler comes out to sell 5,000 bales, somebody must be prepared to take charge of these bales till some shipper comes to make a hedge? *A.*—Yes.

[By further questions Mr. Khaitan demonstrated that it was also of the essence of hedging transactions that actual deliveries did not take place till certain conditions were fulfilled.]

Q.—Having regard to your experience both at Bombay and in Calcutta, would it not practically be a wrong hedge if contracts were kept outstanding till the due date? *A.*—Yes.

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Q.—How many years' experience have you had of Bombay? A.—About 12 years'.

Q.—You were dealing in cotton in Bombay when the Cotton Board was started? A.—Even before that.

Q.—When the East India Cotton Association was established? A.—Yes.

Q.—Up to what year were you in Bombay? A.—I do not remember exactly.

Q.—And since 1927 you have been in Calcutta, dealing in jute? A.—Yes.

Q.—Supposing a contract is made in the month of July for December delivery and in the meantime a higher quality of jute is expected to be delivered against a contract for an inferior grade—supposing the seller wanted to deliver jute on the basis of the quality which existed in the month of July, when the contract was entered into—would the buyer expect the better quality in December or the quality as it stood in July? A.—If the buyer accepted the standard that was prevalent in July, there would be no difficulty and the seller would have nothing to complain. But, unfortunately, when the buyer makes a contract in July and the standard changes, say, in October, he expects the improved standard and so this leads to a lot of trouble. In such cases the seller is put to heavy loss in the shape of payment of allowances.

Q.—Would a seller of his own accord like to deliver jute of a higher grade unless he was forced to do so? A.—Unless a seller wants to throw away his money, why should he deliver a quality of jute superior to what he contracts to deliver?

Q.—Cannot legislation prevent the forcible delivery of a higher quality of jute? A.—Certainly. As matters stand at present, it is possible to change the standards in the course of the season. There has been a great deal of confusion during the last 10 years in this connection. If we can fix the grades by legislation, business would be done on the basis of such grades as would be determined by law and then it will not be possible to change standards at one's own sweet will.

Q.—Is it a great pleasure to sellers to give a Home guarantee? A.—There is a lot of complaint in this respect.

Q.—Supposing a system was introduced that business can only be done on the basis of prescribed standards—that each parcel of jute before it leaves the shores of India was to be inspected by a proper authority and certificates were given about the quality and that certificate was to be binding on all concerned, would not such a system be able to dispense with the present Home guarantee clause and all the complications that it introduces? A.—There will be no necessity of the Home guarantee at that time.

Q.—If all parties do not agree to the proposal? A.—No reform has ever been introduced by common consent. All the parties can never agree.

Q.—How would it be possible to examine every bale of jute if standards and inspection were prescribed in Calcutta? A.—At present

not more than 10 per cent. of the bales are examined, *e.g.*, out of 250 bales only 3 or 4 bales are opened to ascertain the quality.

Q.—What would be the difficulty if a similar practice were laid down in Calcutta for inspection? *A.*—There would be no difficulty. The arbitrator or the certifier could select at random any bale he liked.

The Chairman.—Is there a mark for the finer quality of jute? *A.*—Yes.

Q.—If there is a mark for the finer quality of jute, why does not the seller sell it at the higher rate? *A.*—Because the buyer wants to buy only the lower quality. The European as well as Indian sellers have all been suffering on this question. It seems to me that unless one is forced to do so, no man would be prepared to deliver finer quality into a lower quality contract.

Mr. Huque.—Would you agree that too much wild fluctuation is bad for everybody concerned? *A.*—Yes.

Q.—You would avoid the Home guarantee clause through legislation in India? Do you mean to say that simply because there will be marks in India, the Home or other Continental buyers will be satisfied? *A.*—There is no reason why they should not be. If an independent tribunal of arbitration is set up here, why should not they have confidence?

Q.—After all Germany is not pulling on well with England, then why is it that the German buyers are agreeable to the London arbitration? *A.*—Most of the shippers here are connected with London and it is only natural that they would like to support the London Association. They do not want that Germany should buy on Hamburg arbitration terms. Supposing arbitrations are held at different places—German buyers buying on the basis of German arbitration, Spanish buyers on the Spanish arbitration, Japanese buyers on the basis of Japanese arbitration and so on—in that case a seller would feel great inconvenience in Calcutta.

Q.—Why not get spinners abroad to agree to Calcutta arbitration? *A.*—The trouble is there is no organisation here at present.

Q.—The long and short of it is that Indian jute dealers have not been able to capture the Continental market. What is it you want—Calcutta arbitration or Calcutta certificate? *A.*—There is a great difference between “arbitration” and “certificate.” In the case of arbitration, the bales would have to be shipped back to Calcutta. In the case of certificate it is not necessary. The arbitration question can only arise when the buyer has an opportunity to see the bales, and only if he is not satisfied with the quality. Sometimes, simply to extract some money from the sellers, arbitration is claimed.

[*Mr. H. P. Bagaria.*]

No. 21.

**Messrs. Madhab Cobinda Roy, Madan Mohan Sarda and K. Lahiri,
representatives of the Bengal National Chamber of Commerce.***

(11th May 1933.)

The Chairman.—Would you recommend regulation or control of production? *A.*—Our association does not support control. What we recommend is the curtailment of the crop.

Q.—Would you do it compulsorily? *A.*—If we try to take any steps in this direction without convincing the people, there might be a revolution in the country."

Q.—Do you think regulation is possible in Bengal? *A.*—Yes. If the agriculturists are made to understand that regulation of crop will be to their interests, there is no likelihood of any trouble.

Q.—In that case legislation is not necessary? *A.*—Of course, yes, otherwise there may be cases of evasion.

Q.—What factors do you take into consideration in estimating the cost of production? *A.*—We take every possible item into account, viz., rent, interest, depreciation, price of seeds, etc.

Q.—Do you consider Rs. 6 to be the genuine cost of production? *A.*—Yes, we think the cost of production comes up to that figure per maund. Jute is never cultivated in Bengal on a commercial basis.

Q.—At page 11 of your written reply—in answer to Questions Nos. 29, 30, 31 and 32—you suggest—"the centre of control thus exercised over the shipments of jute to Great Britain should be shifted to India where the function, now discharged by the foreign Arbitration Boards, may be entrusted to an expert representative institution like the Coal Grading Board"—I suppose there is nothing to prevent it? *A.*—Quite so. But the buyers have been so accustomed to the Home guarantee and the London Arbitration, that they would not individually like to come out of the existing arrangements.

Q.—If buyers are not willing to come out, does it indicate that they are satisfied with the present arrangements? *A.*—Buyers are satisfied, but the sellers are not.

Q.—I am told there are half a dozen firms in Calcutta who have seldom any arbitration at all. If this is so, one may take it that the existing arrangements are not defective? *A.*—We do not think this applies to each and every parcel they send out.

Q.—Do you want to resort to legislation on this point? *A.*—No. Since the committee is there and we can put all our grievances with them, we want to see how far the committee can help us in this matter.

Q.—On page 13 of the printed reply to Questions Nos. 43 to 46 you have given a long list of the functions which, you think, should be attached to the Central Jute Committee. This seems to me to be extraordinarily broad. Do you think that it will be better to increase the

* For the written evidence of the Chamber vide page 379 *et seq.*

staff of Government or that the proposed committee should have a powerful staff? A.—We feel inclined to the latter alternative.

Q.—As regards propaganda for expansion of markets and research work, all this is certainly the function of a body like the proposed Central Jute Committee; it is a matter of most vital importance and you should press for that beyond anything else? A.—We quite agree that it is very essential.

Mr. Momin.—As regards the restriction of jute you suggest that there ought to be legislation in order to compel the jute growers to abide by the mandates issued by the central organisation? A.—Yes.

Q.—Do you apprehend that this may, in its working, cause hardship to the agriculturists? A.—There may be some difficulty in the working but it is so very essential to the cultivator himself that the apprehended hardship which he may be put to, will be much less than the compensating advantage which is likely to accrue.

Q.—Knowing the way in which the work will have to be done, do you not think there is very great likelihood of the cultivators being oppressed in various ways—*e.g.*, the central body will issue a mandate that certain villages in Pabna or certain local areas will only grow such and such quantity, the union board in their turn will settle which particular agriculturist will grow how much area—in doing this do you not think there will be a lot of partiality? A.—That might happen. But this contingency applies to every other sphere of a similar nature.

Q.—In spite of this would you recommend legislation? A.—Yes, because the compensating advantage which the cultivator will get, is likely to be greater than the apprehended evil.

In order to avoid hardship in this connection the witnesses pointed out that the central body should fix that so much percentage of the land should be cultivated for jute. Then the union board will prepare a list of the cultivators and ascertain how many *bighas* of land each of them has, and after that they will simply see whether the agriculturists have complied with the instructions issued in respect of restricted cultivation.

Q.—What were they going to do with the remaining portion of the land on which jute had not been cultivated? A.—The cultivators would themselves ascertain how they were going to utilise the rest.

[In this connection witnesses averred that sometimes less cultivation yielded more profit. Mr. Weston asked if the witnesses had ever experienced that half the production brought double the price. The reply was in the affirmative.]

Q.—Would you have that checked by an inspecting agency just to see whether the mandate has been properly carried out or not by each agriculturist? A.—The union boards can do it. So far as our Chamber is concerned, we have not gone into details on this point. On the whole we prefer regulation of crop by law. How this is to be carried out we have not considered.

[Messrs. Madhab Gobinda Roy, Madan Mohan Sarda and K. Lahiri.]

Q.—You have not considered the practical application? *A.*—We quite agree with you. How this is to be worked and to whom the work is to be left, we have not considered.

Q.—If the difficulties are found to be proportionately much more than the advantage? *A.*—In that case we will change our views. From the cultivator's point of view, he will be much more benefited if there is legislation and suitable arrangements are made for carrying out the administration of the law.

Dr. Sinha.—With regard to the question of regulation, there are two aspects, *viz.*, whether it is desirable and whether it is feasible. As far as I can judge from your replies to other members, you consider it desirable. Now, I shall be glad to know whether you consider it feasible? *A.*—Yes, we consider it feasible.

Q.—But you have not given us any concrete scheme? *A.*—We want it to be done through the union boards.

Q.—If the union boards do not do their work properly? If there be abuses among the staff—what would you do? *A.*—Well, in the villages it is this body which collects taxes. In this connection how do they ascertain that this man should pay so much tax and that man so much?

Q.—Then you do not apprehend any difficulty? *A.*—No.

(In connection with a question regarding the margin of profit, the witnesses were of opinion that the existing margin of profit, though not quite desirable, was not altogether unsatisfactory, as other crops were less remunerative.)

Q.—Is it not very difficult to estimate the world demand beforehand? By restriction the cultivators produce less. Suppose the world demand exceeds the estimated quantity, what would then be their position? *A.*—If the world demand is more, the cultivators will profit more.

Q.—Do you not think information of the existing stock would be safer? Suppose the calculation is all right but the actual demand is less. In that case do you not think the Jute Committee will run the risk of being discredited? *A.*—After all, even if there be shortage of demand, it will not mean serious trouble to agriculturists.

Mr. Huque.—Your point of view is that, leaving aside abnormal years for which nobody can have any foresight, the estimate that is ordinarily made is roughly accurate? *A.*—It is so.

Q.—One point that strikes me is that the price of jute has fallen—has there been a corresponding fall in the price of hessians and sacks? *A.*—No.

Q.—May I know what is the approximate fall in the price? *A.*—Approximately, it is 30 per cent.

Q.—I want to know why there has been a fall of only 30 per cent. in the case of manufactured goods? *A.*—Because the production of jute goods is more properly regulated than the production of raw jute.

Q.—Do you mean to say that the mills, by virtue of their controlling capacity, have sustained a loss of only 30 per cent.? A.—Yes.

Q.—Can you tell me to what extent the price of raw jute has fallen? A.—About 75 per cent.

Q.—If the price of hessian and every other thing has fallen down to a limit of 30 per cent., why should the price of raw jute go down to 75 per cent.? A.—Overproduction is one of the factors.

Q.—Have you got figures in your Chamber to let us know as to what the total amount of capital has been invested in the various jute mills and the total amount of dividends which they get year after year and also the total amount of expenditure which they have incurred on overhead and other charges? A.—We think it is possible to supply the information regarding the total amount of expenditure, the amount of dividends paid and the reserve fund for the last 10 years.

Q.—Jute is the staple crop of production in only a few districts, e.g., Tippera, Mymensingh, Dacca, Faridpur, Rangpur, Pabna and one or two other places; in other places only a few hundreds of acres are cultivated for jute. Do you want to restrict the former districts only? A.—No, we want restriction to be made general.

Q.—If that is so, is it your view that in the district of Midnapore where only about one thousand acres of land are under jute cultivation, this restriction should be put into operation? A.—No, districts like Midnapore might produce more.

Q.—In that case do you not apprehend any difficulty? The whole idea is to make jute profitable for every body, but if there is no system in our policy no advantage in the scheme of restriction will be available. A.—We cannot presuppose that question now—we shall deal with the point when the occasion arises.

Mr. Momin.—Would you agree to the suggestion that in district where jute is not an important crop, the growing should be altogether stopped? A.—No, it will mean hardship.

Q.—You say that the overproduction of jute is responsible for the fall in prices, but where is overproduction except in 1926 and 1927 and in 1930 and 1931—in every other year the supply has been less than the demand? A.—You must take the question of stocks into consideration in this connection and also the fact that the figures for supply, as given in our memorandum, relate only to forecasts, which proved to be considerably short of actual figures.

Mr. Khaitan.—About the difference in fall between the price of hessian and other jute manufactures and the price of raw jute itself would you expect that the fall in the price of jute manufactures—taking everything else to be on a uniform level—will be to the same extent in percentage, as the price of raw jute, having regard to the fact that

[*Messrs Madhab Gobinda Roy, Madan Mohan Sarda and K. Lahiri.*]

standing charges continue to be the same? A.—No. The mills have got an organisation to control their manufactured articles.

Q.—Imagine for a moment that there was no control in the output and the price of raw jute fell, say, by 25 per cent., would you expect the price of hessian also to fall by 25 per cent.? A.—The fall in the price of manufactured goods would not be to the same extent as in the case of raw jute because of the fixity of standing charges.

Q.—Similarly, other factors remaining the same, if there is a rise in the price of raw jute, would you not expect that the rise in the price of manufactured products would be less, standing charges continuing to be the same? A.—Yes, proportionately less because the mills have organised themselves and are always watchful that the supply may not be in excess of the demand. Therefore the jute mills have benefited, whereas the agriculturists, on account of lack of organisation, are the worst sufferers.

Q.—In these circumstances do you not think that some attempt should be made in the interests of agriculturists for the regulation of their output? A.—Yes.

Q.—Having regard to the great complications in the world to-day, if a country is to prosper, it must have some kind of plan, must regulate its market, otherwise everybody will suffer. Therefore, in the interests of the agriculturists and the general interests of the country, would you advise the Committee to devise some measure of regulating the market—as to what form that regulation should take, it is more for the Government to consider? A.—Yes.

Q.—If the suggestions of the Committee are found to be faulty in any way, there is the Government, the Director of Agriculture, the Director of Industries—my friend Mr. Weston—to give a better scheme? A.—Yes. If unsuccessful, nobody should be blamed.

Q.—Is it not desirable that there should be some kind of regulation whereby the interests of the agriculturists may be protected? A.—Yes.

Q.—Are you aware that in spite of the general trade depression, the price of kerosine oil has gone up? A.—Yes. This has been possible by combination and regulation.

No. 22.

Messrs. S. K. Scott, W. Walker and S. K. Bhattar, representatives of the Indian Jute Mills Association.*

(12th May 1933.)

The Chairman.—Are you against the regulation of the jute crop? A.—No. We are in favour of regulation, but not by legislation.

Q.—Is it worthwhile to establish one regulated market for jute as an experiment? A.—It might be tried as an experiment.

Q.—Regarding the controversy about standards—would you like that a standing committee approved by the trade should go into this matter and see how far it is possible to lay down standards? A.—Yes.

*For the Association's written evidence vide page 365 et seq.

Q.—It should only apply to people dealing with jute, and the standards, which could be more or less adhered to, should be laid down?
A.—Yes.

Q.—It would take a long time to have this question settled by legislation? A.—Legislation should not be applied in this case; the various sections of the trade can settle the matter among themselves.

Q.—Question No. 43 of the Questionnaire deals with the creation of a jute committee. How would this committee be connected with the one mentioned in your answer to Questions Nos. 53 to 56? A.—Our proposed committee would be connected with the one referred to in our answer to Question No. 43 on the technological side.

Q.—Question No. 46 of the Questionnaire refers to competition from substitutes. Can you give a general idea whether it pretends to be serious in future? A.—Competition from paper has potentialities which may be capable of taking away a very large percentage of the bag trade.

Q.—You attach most importance to the research? A.—Yes.

Mr. Weston.—Would you agree that some definite organisation is necessary in order to improve the efficiency of jute manufacture so as to expand its possibilities? A.—Yes.

Q.—Are you aware that all the research organisations for the principal industries in Great Britain are financed by contribution from the industries *plus* contribution from the Government? Is that kind of thing you have in mind? A.—Our trade should have its own research department, the financing of which is to be done by taking a portion of the jute export tax.

Q.—If you take anything from the export tax which would be more or less a contribution from Government—would you expect to have any representative of Government? A.—We would prefer not to. We are of the opinion that this department should be conducted by the Indian Jute Mills Association.

Mr. Sarkar.—Do you think control is not possible in the matter of jute regulation? A.—No.

Q.—Why? A.—The number of cultivators amounts to about 3 millions and they are widely scattered. The system of communication is so bad that in the existing circumstances control would not be effective.

Q.—Is communication very important in the matter of control? A.—Yes. It is very necessary to come into touch with the people.

Q.—If the union boards or co-operative organisations are put in charge of control? A.—We know nothing about the co-operative societies.

Q.—If there is local organisation in the village or group of villages? A.—Expenses would be too great.

Q.—If we start local organisations, I do not understand how they would be expensive? A.—Do you expect that these organisations could

[Messrs. S. K. Scott, W. Walker and S. K. Bhattar.]

come in touch with a body of three millions of people scattered over so many hundreds of miles?

Q.—Suppose control is placed in the hands of the union boards?

A.—They would have to be paid.

Q.—Are you opposed to control as a matter of principle or you do not think it feasible? Are you opposed to all control? A.—We are not opposed to all control, but your proposals interfere with the freedom of the individual.

Q.—Why did you then approach the Government of Bengal when some of the non-association mills did not accept your terms of working hours? Why did you want Government to help you to compel the unwilling mills to accept your terms? A.—We do not think the suggestions are the same. We approached Government for assistance, not control.

Q.—Assistance in what shape? Was it not the essence of your proposal that if the unwilling mills did not listen to your advice, they must be compelled to accept it, and that by legislation? A.—We were not present—necessarily we cannot answer that question. We do not think that the Jute Mills Association ever demanded that legislation should be applied. In some circumstances control of production is necessary.

Q.—In the case of manufactured goods regulation is necessary but not in the case of raw jute—is that your idea? A.—Control is necessary to some extent in either case, but interference by Government is not required.

Q.—For a matter of compromise Government help is necessary?

A.—We asked for their aid. On that occasion the industry was in jeopardy.

Q.—After all what was the implication of your moving Government to give you aid? A.—We could not come to a compromise with ourselves and others were taking undue advantage over the Associated Mills.

(Khan Bahadur M. Azizul Huque read extracts from the 1932 Report of the Indian Jute Mills Association and enquired, whether it was not a fact that when Government came with the suggestion of the Chamber as regards the Indian Factories Bill, the Indian Jute Mills Association opposed it? The reply was in the affirmative and that reasons for the Association were set out clearly in the Report.

Having read a few other extracts the Khan Bahadur asked whether the statements of the Report were correct, and the answer was “yes.”

Q.—So far as weather conditions go—have you experienced fluctuations in the yield per acre? A.—No.

Q.—In answer to Question No. 16 you have stated Rs. 3-8 to Rs. 4 per maund to be a reasonable return to the cultivator. May I know how you arrived at that figure? A.—This is the information from our

agents in the mufassal. We have no other source of information. We have not the details with us.

Then there was some discussion regarding profits made by the mills and Mr. Sarkar pointed out that these profits were made at the expense of the cultivator, who did not at all get a reasonable return at the present rate of Rs. 3-8 to Rs. 4 per maund and the result was the condition of the jute agriculturist class was hopelessly miserable.

This was denied and it was pointed out that in ratio to the price obtained for manufactured goods the cultivator got a fair price for his fibre.

Mr. Khaitan.—You are aware that for the agriculturists in Bengal, jute is a very important commodity as a money crop? *A.*—Yes.

Q.—Therefore I believe your Association would have the fullest sympathy with the view that every effort should be made to benefit the *raiyats* by giving them as much profit as possible out of jute? *A.*—We are in sympathy with the view that the *raiyats* should have a reasonable profit.

Q.—Would you like to see the *raiyat* prosperous? *A.*—Yes. Their prosperity means our prosperity as well.

Q.—The prosperity of the manufacturer is identical with the prosperity of the *raiyat*—would you differ from me there? *A.*—No.

Q.—As you find there are so many substitutes coming up, is it not desirable to find fresh uses for jute? *A.*—Yes.

Q.—Would you kindly tell the Committee what the Jute Mills Association has so far done to find new uses for jute? *A.*—The Association has appointed a sub-committee who are considering the question, and are now preparing a report for submission to their members.

Q.—Would you kindly help us by giving such information as you have got? Along what lines your sub-committee is working or proposes to work? *A.*—Reference to the last portion of our reply to Question No. 56 of the Questionnaire would supply the necessary information.

Q.—I understand that you are doing something to find out as to what more things can be manufactured on the same lines, *e.g.*, hessian. This I would not call “fresh uses for jute”? *A.*—Paragraph 2 of our answer to Question No. 51 of the Questionnaire gives the reply to your query.

Q.—Referring to top of page 12 (printed reply to the Questionnaire)—has your Association done anything, or does the Association propose to do anything, to find fresh uses for jute? Let us suppose it should be possible to have *durries* or carpets out of jute, or some material which

[*Messrs. S. K. Scott, W. Walker and S. K. Bhattar.*]

might turn jute into cloth out of which coats and other garments could be made. A.—All these questions will form the basis of investigation by the sub-committee.

Q.—Nothing has been done so far? A.—We are issuing interim reports next week and shall be pleased to send you a copy.

Q.—Would you have any objection if Government or any other organisation, *e.g.*, the Chemist's Department of the University, came forward and rendered assistance, both to the Association and to the public in finding out fresh uses for jute? A.—Any suggestions will be welcome.

Q.—But you will not have their co-operation? A.—Any co-operation is assistance—if they gave assistance, that would be co-operation.

Q.—Do you consider the present equipment of the jute mills is suitable for manufacturing coating cloth? A.—Not in Calcutta.

Q.—Have you got any equipment for manufacturing carpets? A.—There is perhaps only one mill.

(In this connection it was suggested that only three mills had got equipment for manufacturing just those carpets which were like hessians but not the pile type of carpets.)

Q.—Has any mill got equipment for fine carpets? A.—No.

Q.—Is it possible to promote cottage industries for the spinning and weaving of jute? A.—Hand spinning would be difficult but hand-looms are possible.

Q.—Are you convinced that the research carried on by the Jute Mills Association would be suitable for adoption by those who have engaged themselves in cottage industries or other small industries? A.—No.

Q.—In connection with the improvement of cottage industries, do you not think it desirable that the Industries Department, or some other department that may be set up, would be a useful thing for the public at large? A.—It is rather difficult to answer that question. We have not considered the point.

Q.—It is understood from Mr. Weston that some cottage industries, even at the present moment, are actually carrying on the manufacture of jute goods. Would you have any objection if further endeavour be made by Government or by the industry or any other organisation to help the agriculturists or the artisans—in other words, the masses—who engage themselves in cottage industries? A.—No objection.

Q.—So that you will have no objection, in addition to your research work, to have any other organisation that may exist or be set up to carry on research work, provided your own research is not prevented or handicapped in any way? A.—That is so.

Q.—There is a serious complaint against standards on the part of sellers. Supposing at the beginning of the season the standards were R's, 4R's and LR's—I am only assuming certain terms—and in July these were the standards on which contracts for December were entered into. Now let us suppose that in the interval, say, in September, people began to deliver what was known as 4R's in July under contracts for R's, and similarly in the case of LR—that is, one grade higher. If no further change occurred, do you think that the buyers would expect their goods one grade higher when the time came for fulfilment of that contract in December? A.—No, that does not generally happen.

Q.—Would you have any objection, for the purpose of giving a feeling of security to every person, if a law be passed that under similar circumstances the buyer cannot expect delivery, under a July contract, qualities superior to what was understood to be in July? A.—In our opinion no legislation is necessary.

Q.—Have you any objection to its being properly provided that contracts would be fulfilled according to the intention of the parties to the contract at the time of making the contract? A.—There is no necessity for legislation, as the Bengal Chamber of Commerce arbitration provides necessary facilities if there is dispute in the matter. Eventually there is the High Court.

Q.—We want your views because this complaint has been seriously made. We are trying to find out some satisfactory solution so that there may be a feeling of security. For several years past agitation in this matter has been carried on, and there is an honest grievance in the minds of a large number of people, and therefore they want that when this Committee is sitting, there should be a full investigation into the matter and an atmosphere of security created. If you do not give us any suggestions, the Committee will be prepared to recommend such steps as they think proper in this connection. A.—We are of opinion that interference in this respect cannot be made by any other body except under arrangements between the buyer and the seller. There may be isolated cases of grievances but in the majority of cases this has not been our experience.

(Mr. Finlayson enquired what percentage of claims are made in respect of Calcutta contracts—the answer was “an infinitesimal percentage.”)

Q.—What is your objection to have some kind of safeguard that under a contract the quality of goods should satisfy the buyer which was under contemplation of the parties at the time of the contract? A.—We do not think it can be done by law.

Q.—But if it can be done by law, you should have no objection? A.—Yes, we do object. We consider the present system is working satisfactorily.

Q.—Grievances are addressed to the Jute Mills Association or the balers? A.—To both.

Q.—Why are grievances addressed to the Jute Mills Association? *No answer.*

Q.—I suppose Mr. George Morgan is a responsible man? Whom is he representing in the Legislative Assembly? A.—The Bengal Chamber of Commerce.

Q.—What was the business of Mr. Morgan before he went into the Assembly? A.—He was a jute broker.

Q.—Now, he cannot be a person who does not know jute? A.—No, he has been in the jute business for the last 30 years.

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Mr. Khaitan then quoted extracts from Mr. Morgan's speech supporting Mr. Khaitan's point of view in this connection and said: "I would again ask you, gentlemen, to give us assistance," to which the witnesses replied "We have no suggestions to make. We consider the present system satisfactory."

Mr. Momin.—You said in reply to Mr. Sarkar's question that you are opposed to any sort of control of the cultivation of jute? *A.*—Except by propaganda.

Q.—You object to control by legislation definitely? *A.*—Yes.

Q.—What is exactly the reason of your objection—is it because you consider that that will lead to harassment of the agriculturists? *A.*—It is possible.

Q.—Supposing control is made by propaganda as has been done before, would you have any objection? *A.*—No objection.

Q.—You do not object to voluntary restriction? *A.*—No.

Q.—Is it not necessary that the authority from which the propaganda emanates, should be well informed as to the future requirements of jute? *A.*—It is very difficult to judge the future requirements of jute.

Q.—What sort of propaganda should be done? *A.*—Any propaganda as regards stocks, raw material here and in other parts of the world, how long the existing stocks will last, etc.

Q.—What will be the proper agency to make these enquiries and make them known to the cultivator? *A.*—Present organisations are quite suitable, *viz.*, the Subdivisional Officers and Collectors.

Q.—I suggest to you whether it will not be better or advisable to have a central organisation which should collect all this information and disseminate it through Collectors? *A.*—We would prefer existing arrangements.

Q.—Overproduction, according to you, is an important cause of price depression? *A.*—Both overproduction and world depression—it is very difficult to determine which.

Q.—Is it not a fact that the price of jute is also governed by the general level of prices, as also by the price of manufactured products—if the general level of price be high, the price of hessian would be high, so the price of jute would also be high and *vice versa*? *A.*—We agree.

Q.—Would you agree with the suggestion that in recent years the low price of jute has been mainly due to overproduction? *A.*—The demand for manufactured goods has fallen to such an extent that curtailing production to existing demand has on occasions been impossible.

Q.—About the attempts of your association for finding out new uses of jute, would you object to carrying on experiments suggested by any scientific authorities? *A.*—Not at all.

Q.—If you are able to discover more uses for jute in this country, that will tend to increase the price of jute? *A.*—Undoubtedly.

Q.—Therefore it is very important that much greater attention should be paid to the discovery of new uses for jute? *A.*—Yes.

Q.—Do you think if you reduce your dividends, you will be able to pay better prices to jute growers? A.—Our profits are not excessive.

Q.—In answer to Question No. 19 of the Questionnaire you think that the jute forecasts, as now prepared, are not of much value because they are not very accurate. Have you any suggestions to make as to how you can make them more accurate? A.—We think that if the present authorities consult different sections of the trade, they will get more information and therefore the forecasts are likely to be more accurate.

(Dr. Sinha.—Does not the Director of Agriculture consult the trade at present? A.—We think so.)

Q.—Regarding dispute between the buyer and the seller as regards quality of jute—supposing you had a body of arbitrators or some body who could certify, at the time of making a contract, that the jute is of such and such standard—would not this arrangement be satisfactory? A.—We do not think it will be feasible.

Q.—Do you consider that the operations of the futures market exercise a bad effect on the trade? A.—Yes.

Q.—Does this market tend to raise prices? A.—No.

Q.—You think that co-operative institutions will not be of any use to the *raiyats* in raising the prices of jute? A.—Yes; they are likely to meet failure.

Mr. Khaitan.—Supposing the price of jute rises by Rs. 2 per maund, then the price of hessian also may rise by Rs. 2 per maund; but if the price of jute has risen by, say, 40 per cent., the price of hessian would not rise by the same percentage because of the fixity of standing charges? A.—Naturally so.

Q.—Does not that explain to a certain extent that the price of manufactured goods has fallen by a smaller percentage than the price of raw jute? A.—Yes.

Mr. Momin.—Are you aware that the present rate, viz., Rs. 3 per maund, at which the cultivator to-day is selling, means loss to him? A.—No.

Q.—Is it the information of the Indian Jute Mills Association that at the present rate the cultivator is making a profit? A.—To-day the price is Rs. 4 per maund.

(There was some discussion on the point and the witnesses maintained that the average price was not below Rs. 4.)

Mr. Huque.—What is the effect of the *fatka* market on the prices—does it raise prices or depress them? A.—The effect is fluctuations—in the long run it lowers prices.

Q.—Throughout Bengal it is realised that unless the growers are organised with a view to restricting production, there is no solution

[Messrs. S. K. Scott, W. Walker and S. K. Bhattar.]

of the present impasse. If the growers organise, have you any objection? A.—We consider it would be a waste of money, but on the whole we have no objection.

Q.—I understand that your objection to restriction is on the score of legislation but if otherwise restriction is possible, you have no objection? A.—No. Answer to Question No. 14 of the Questionnaire covers our reply.

Q.—Do you support the idea that propaganda should be carried in favour of restriction? A.—Yes.

Q.—That being so, you feel it is necessary in the interests of the country? A.—At the moment.

Q.—Have you ever seen any Government hesitating to pass legislation if it is to the interests of the country? A.—We object to legislation.

Q.—Do you not think that the elimination of middlemen would be advantageous to the *raiyyat*? A.—It would be very difficult to eliminate middlemen.

Q.—Would you not welcome direct contact between cultivators and yourselves? A.—We say it is impossible.

Q.—Whether it is a desirable feature in the economy of jute life? A.—It may be desirable.

Q.—And if you feel it desirable, do you mean to say that no steps need be taken to help it? A.—We repeat, it is impossible.

Q.—Have you any objection to something being introduced here? A.—No.

Q.—If you have no objection to it, would you desire this Government to help making an organisation—after all, Government exists for the people—do you want the Government of this country making some effort to improve the present position of the growers as they have been doing in other countries, not always with success but at least making honest attempts? A.—Our information is that such attempts have not been successful.

[The following extract of a statement regarding the American Farm Board Scheme made by Secretary Hyde of the United States of America, Department of Agriculture was later on supplied by the witnesses as being informative:—“By this time it is evident that supply and demand conditions cannot be set aside by legislation, that the dumping of surpluses abroad is not feasible, that the indefinite storing of surpluses tends to prevent rather than to cause, a rise of prices, that tariff duties are not effective on commodities produced largely for export, and subsidies would increase rather than restrain production.”]

Q.—Is it not a fact that in spite of failure they are trying? A.—Yes.

Quoting from a letter the Khan Bahadur pointed out that in 1929 the Indian Jute Mills Association fixed certain marks for all future transactions, whatever the grade or quality was, and then asked—

Q.—Is it a fact that there has been a departure to-day, and if there has been a departure, has this been done with the consent of

other mills concerned? A.—Yes. Instead of 5 qualities we are working to-day with 3 qualities.

Q.—In connection with the development of the sugar trade (*vide* answer to Question No. 13), will you be in favour of Government starting sugar factories as shareholders, guarantors, or security holders, with a view to development of this trade? A.—If Government have enough money to spend, why should people object?

Dr. Sinha.—What approximate percentage does the cost of raw jute bear to the total cost of sacks produced in a Calcutta establishment? A.—At present about half.

Q.—What are the chief kinds of jute manufacture which you now use? A.—Hessian and sacks.

Q.—What are the special difficulties—apart from the difficulty of unskilled labour—in producing finer quality articles in Calcutta, such as tarpaulins and linoleum hessian, etc.? A.—Tarpaulins are manufactured in Calcutta. Linoleum hessians need to be woven from very even round yarns. They are wound round wooden centres and cannot be exported in tightly packed bales. Freight costs are consequently excessive.

Q.—What is the special difficulty in having fixed standards—why do you not combine and have definite standards? A.—The difficulty has been want of unanimity.

No. 23.

**Babu Bansidhar Jalan, representative of the Jute Balers Association,*
Calcutta.**

(13th May 1933.)

The Chairman.—You deal in jute on a large scale in Eastern Bengal and elsewhere? A.—Yes, everywhere, in Chandpur, Mymensingh, Sarisabari and many other places.

Mr. Khaitan.—Would you kindly let me know how many years you have yourself been in the jute trade? A.—For thirty years.

Q.—You are a member of the firm of Soorajmull Nagarmull? A.—Yes.

Q.—Your firm owns a jute mill called Hanuman Jute Mills? A.—Yes.

Q.—You also buy jute in the mufassal and bring that jute to Calcutta? A.—Yes.

Q.—You also buy loose jute in the Calcutta markets? A.—Yes.

Q.—As a part of your business you sell loose jute also to the jute mills? A.—Yes.

Q.—You are also an exporter of hemp? A.—Yes.

*For the Association's written evidence *vide* page 395 *et seq.*

Q.—In fact you have a monopoly of the export of hemp in India?
A.—It was before but not now-a-days.

Q.—You are also trying to start two sugar mills in Bengal? A.—
Yes.

Q.—As regards jute trade, as you have already said, you are personally interested in all the different branches of the jute trade? A.—
Yes.

Q.—Therefore, you give your opinion in the general interest of trade, because you are interested in every branch of the trade, and whatever opinion you give, you give in the general interest of the trade because, if under the modern practice, you are losing in one direction, you are gaining in another? A.—Yes, because we are jute-sellers, balers, shippers and manufacturers.

Q.—So the opinion that you are expressing, may be taken to be detached from any personal interests, or in other words, your interest is not confined to a particular section of the trade, but to the trade in general? A.—Yes.

Q.—Would you kindly look at the answer that your association has given to Question No. 33. Turn to bottom of page 7 of your answer where you deal with a system of purchases of jute made by the Indian Jute Mills Association. You have said at page 8, about the middle, "In spite of the specification of these standards, etc." Would you kindly explain this a little as to how the sellers are forced to deliver jute of higher standard in fulfilment of a contract for a lower grade? A.—Because the buyers are inclined to buy jute under contracts for lower grade. Jute mills are the biggest buyers; therefore the sellers have to deliver jute of higher standard. The position is that if even 5 sellers deliver higher standard jute and then anybody delivers jute at the contract grade, then he is made to pay an allowance. Therefore everybody has to deliver jute of higher standard under a lower grade contract.

Q.—You have just now said that they have to give allowances. Is it then a fact that arbitrators should also decide on the basis of opinion that higher grade of jute has to be delivered under a contract for lower grade? A.—Several arbitrators hold the opinion that though the contract mentions a lower grade, a higher grade quality must be delivered. There are other arbitrators who are of opinion that if the jute of the quality mentioned in the contract is delivered, it fulfils the contract. Consequently, the arbitration held by the Bengal Chamber of Commerce, is not properly held.

Q.—Is it a fact that on account of the circumstances that you have just mentioned, there is grievance in the minds of the sellers of loose jute that they are not justly dealt with by the mills in the matter of standards and deliveries? A.—Yes.

Q.—Is it a fact that on account of this dissatisfaction, grievances have been conveyed to the Indian Jute Mills Association? A.—Yes.

Mr. Momin.—Is it because there is no proper organisation among the sellers? A.—Yes. There is organisation, but it is very weak. Recently the Bengal Jute Dealers Association has been set up, but it is very weak.

Q.—Why do they not combine and hold up such an organisation?
A.—There are a large number of loose jute sellers, about 200 to 300. Smaller traders do not combine. So far as jute mills are concerned,

they are managed by 17 or 18 heads, and there are about 200 to 300 sellers.

Q.—Balers are also buyers of loose jute? A.—Yes.

Q.—Do not the balers also take similar advantage from the sellers?

A.—Certainly they do.

Mr. Khaitan.—Some years ago, the Jute Mills Association fixed certain standards beginning with 1 and ending with rejections, 1's, 2's, 3's and 4's? A.—Yes.

A.—Yes.

Q.—That was in which year? A.—About 4 or 5 years ago.

Q.—Five years ago rejections were of a lower quality without any guarantee? A.—Yes.

Q.—To-day what is the highest quality? A.—To-day 4's is the highest quality, but only one or two per cent. transactions are done in 4's.

Q.—For practical purposes rejections R's, are the highest quality in this season? A.—Yes. Talking at this moment, LR's have become the highest quality, and as far as the mills are concerned, they buy LR's and XLR's.

Q.—What should you suggest to be done to remove this confusion? A.—There are two ways: One is that just as about 20 or 25 years ago there was a warp and weft guarantee fixed. When goods were delivered at the mills, the mills used to find out warp and weft percentages. The quality used to be decided on the results found. If smaller percentage was found than the guarantee, then the allowance was fixed. The arbitrators also proceeded on that idea. Now the practice of testing has disappeared. Therefore one solution would be that the contract should not mention the names of standards, such as R's, LR's or XLR's, but only mention the guaranteed percentage of hessian warp or sacking warp or hessian weft or sacking weft. The quality should be decided on actual test made on that basis.

Q.—Who will do the test? A.—Mills will do the test.

Q.—What would be the other solution? A.—The standard should be fixed for ever and it should not be changed from time to time as has been happening for the last 8 or 10 years. If it is done then the standards will be established, as, for example, firsts, lightings, etc. Such standards are established in the overseas markets.

Q.—Then you would not have any guarantee of warp and weft? A.—No. The solution is that there should not be any guaranteed per centage of warp and weft, but that you should have standards fixed for ever.

Mr. Burn.—Would you be prepared to grade jute into three classes: (1) tops, (2) middles and (3) bottoms? A.—Yes, that will do.

Q.—That will be like firsts, lightings and hearts for the overseas markets? A.—That is so.

Q.—Supposing this Committee recognises any of the solutions both of your solutions in the alternative, would you require any further precaution so that a similar confusion that had prevailed in the past [Babu Banesidhar Jalan.]

may not recur in the future? A.—There should be a term in the contract that an ascertainment of the quality should be on the basis of the deliveries in the two previous seasons as actually prevails in shipment contracts. Each year samples of deliveries from important districts should be preserved with some central authority so that arbitrators may be guided by them.

Q.—Would you say something about standard of loose jute as you suggest in answer to Question No. 31? A.—I agree that standards should not be fixed by legislation. I want to say one thing that the present condition does not really benefit the mills, but the cultivators and balers are very adversely hit.

Q.—Do the cultivators grade their jute? A.—In some places the cultivators grade their jute when they bring it to the market for sale.

Q.—When you say that you do not want standards fixed by legislation, what is it that you mean? Do you mean that the qualities of standards should not be mentioned in law but it should be fixed by trade, or do you mean that there should be no legislation to remove the confusion? A.—If the jute mills and the jute dealers arrive at an agreement for fixing standards, then legislation is unnecessary. Otherwise, I think, legislation should be made. Past experience tells me that there could be no such abiding agreement to put matters right, but as Mr. Burn is the President of the Jute Mills Association, if he tries he may succeed; the difficulty, in my opinion, is not unsurmountable.

Mr. Momin.—How would you fix the standards? A.—As I have said standards may be fixed in one of the two alternative ways: (1) to fix percentage of warp and weft; (2) to lay down standards and preserve the samples and the trade will, by inspection, get accustomed to and become familiar with the standards laid down.

Q.—In making the contract would you leave it to the party or would you have an organisation who will certify? (No answer.)

The Chairman.—What you think is the main cause of this change in standards? Even supposing these standards were laid down, how would it prevent people obtaining better standards? A.—It is impossible to prevent this, but if standards continue the same for ever, then no seller will deliver a higher quality jute unless he gets a special price for it.

Mr. Burn.—You fix standards, then what about the private marks? A.—There are no private marks in the *kutchai* bales, but there may be such marks. If a seller sets up a private mark and delivers good jute at a better price then you would have nothing to complain of. Private marks are not general. Out of 35 lakhs of bales exported, only 4 or 5 lakhs of bales having private marks are despatched.

Q.—Can it be prevented? If arrangements are made between buyers and sellers? A.—It is difficult to prevent this.

The Chairman.—Then you prefer, or rather, strongly advocate, that these standards or qualities, of which complaint is made, should be made a matter of arrangement between the sellers and the buyers? A.—Yes.

Q.—Supposing all the jute bought by mills are classified into four grades, 4's, R's, LR's XLR's, would you please state what will be the difference in percentage of the total quantity of the delivery to the mills of these four different grades? A.—So far as 4's are concerned, balers buy that quality and not the mills. So far as mills are concerned, they would buy 10 per cent. R's, about 40 per cent. LR's and about 50 per cent. XLR's. These percentages also approximately represent the percentages of the total jute arrivals from the mufassal with this change; namely, that the highest grade, 4's, represent about one per cent.

Q.—Having regard to the confusion that prevailed in the past, do you advise that a very suitable safeguard should be provided, if necessary by legislation, so that if proper quality of jute be delivered under a contract being entered into, the seller should have no trouble from the buyer either by allowances being awarded against him, or by the tender being rejected? A.—Certainly, if it be not done by mutual agreement, it should then be done by legislation.

Mr. *Khaitan*.—You mean to say that at first mutual agreement should be tried, if it does not succeed, then legislation should be passed? A.—Yes.

Q.—Supposing to-day I make the agreement, then if after the agreement it is in the operation, then you say that it succeeds? A.—By "succeed" I mean to say that an agreement once made should continue to remain in operation. I do not call merely the making of an agreement a success.

Dr. *Sinha*.—Your Association is a Jute Balers Association? That is, only of balers? A.—Yes, only of balers, but the balers are also doing the business of shippers.

Q.—When was this association started? A.—In the year 1909.

Q.—You understand the meaning of the word "hedging"? A.—Yes.

Q.—Do the balers effect hedge sales on the East India Jute Association? A.—Yes, mostly.

Q.—The loose jute dealers also do the business in a smaller proportion? A.—Yes.

Q.—The shippers do not do much hedging purchases at the East India Jute Association but the shippers sell? A.—Because the shippers consign unsold goods.

Q.—What are the chief *fatka* markets in Calcutta apart from the East India Jute Association? A.—There are one or two small markets. These are what are known as *gudree* and *katnee*.

Q.—*Gudree* deals in 25 bales and *katnee* in? A.—That I do not know.

Q.—Are the operations of the East India Jute Association detrimental to the jute trade? A.—The market is not detrimental to the interests of the balers. The cultivators also are not hurt, but it is the *general public*, who are hurt.

[*Babu Bansidhar Jalan.*]

Mr. Momin.—Is the effect of the *fatka* market to increase or reduce the rate of jute? *A.*—The effect of *fatka* market is to cause undue fluctuations. The effect of the *fatka* does not cause any harm to the cultivators, but it does some good. When the price rose to 40 per bale it was due to *fatka*. When the rates fall, at that time the *raiyats* also lose.

Q.—I put to you a straight question. Would you like the Committee to recommend the subject of the futures market? *A.*—After taking every section of the trade into consideration, I must say that for the *raiyats fatka* is not harmful, but for the general public it is harmful.

Q.—If some members of the Committee do not recommend the subject of the futures market, can you tell me how it is to be stopped? *A.*—It may be stopped by law.

Q.—Do you want to prevent by law the forward contracts? *A.*—No, it is very difficult to stop forward contracts by law, because futures market is in essence nothing but a market for transaction of forward contracts.

The Chairman.—Can you give me an idea of what percentage of contracts at the East India Jute Association are between the people who are not jute merchants and what percentage of contracts are there in which jute merchants are interested? *A.*—There are about 70 per cent. contracts between non-merchants and 30 per cent. between merchants.

Q.—How can you improve the *fatka* market? *A.*—By making an Association of some of the members of the Jute Association, jute shippers, jute balers and jute dealers and also some of the brokers. It would be better if the mills also come in.

Q.—How would that affect the Central Jute Mills transaction? *A.*—By the introduction of monthly payments instead of weekly payments. The Moodies Association should give substantial security of the value of about rupees one lakh.

Q.—Would you have same contracts? *A.*—There is still the same contract in vogue as at the East India Jute Association.

Oral evidence

Taken before the Touring Sub-Committee at

- (1) Narayanganj,
- (2) Dacca,
- (3) Mymensingh,
- (4) Sirajganj, and
- (5) Rangpur.

Members of the Sub-Committee:

- (1) The Chairman (Mr. R. S. Finlow, C.I.E.),
- (2) Khan Bahadur M. Azizul Huque, M.L.C.,
- (3) Dr. J. C. Sinha, and
- (4) Dr. N. C. Sen Gupta, M.L.C.

NARAYANGANJ—9TH APRIL, 1933. (FIRST DAY.)

General witnesses.

- (1) **Babu Gopal Krishna Guha, President, Kasimpur Union board,**
and
- (2) **Maulvi Afsaruddin Ahmed, President, Cognagar Union Board.**

At present, average price of jute at Narayanganj is Rs. 3 per maund, but the cultivator actually gets about 4 annas less. The average margin between village price and Narayanganj price is about 4 annas but goes up to 8 annas when the price rises as high as Rs. 6; and when the price was Rs. 25 per maund, the difference was Re. 1 to Re. 1-8.

The local weight is 84 *tolas* 10 *annas* per seer. In mufassal areas varieties of weights prevail, but that does not matter because it correspondingly varies with the prices paid to the cultivators.

In selling 1 maund of jute, the seller has to give in addition :—

- 1 seer as "extess",
- 1/8 seer as "sample",
- 1/5 seer as "kabari", and
- 1/5 seer as "bachhat".

"Bachhat" means rejection, and "kabari," residue not weighed.

The net profit of the middleman is about 4 annas or thereabout; and he adjusts his price in such a way that his part of profit does not decrease. The profit of the middleman does not include transit charges. There are certain other methods which are followed by the middleman, *viz.*, adding moisture and sand to jute; he also mixes up jute of various qualities and charges the highest price possible, to make a profit for himself. Ultimately it may affect the cultivators if the price is less.

Generally, there is only one middleman between the grower and the Narayanganj jute merchants.

There is another class of middlemen, *viz.*, the commission agents. They get jute from middlemen and sell on commission to jute balers. They do not usually buy jute from cultivators direct, but sometimes this is done.

The cultivators do not get any advance against their crop, but the middlemen often get advances from jute firms during buying season in order to go out for purchasing jute on commission. The commission agent receives his advance in July or August. Middlemen sometimes purchase jute from growers on credit and pay them later.

Cultivators do not suffer any loss due to the existence of these middlemen.

If a man cultivates a *bigha* of jute himself with the aid of additional labour, it will at least cost him about Rs. 20, but if he does not work himself and solely employs outside labourers, it will cost him about Rs. 25.

Last year the average outturn was about 4 maunds per *bigha*. During the past 5 years, the general average was $4\frac{1}{2}$ maunds to 5 maunds per *bigha*.

In calculating the cost of production as above, the current rate of wages was used.

Cultivators are suffering heavy loss by growing jute. There is no other alternative than growing jute as it is the only money crop.

Information regarding *fatka* market in Calcutta comes to Narayanganj regularly and for the last two years it has had a depressing effect on the market prices; because, even if the price falls by one rupee, they get nervous and sell off their stock for fear of a further fall. Correct information is not available now and they would prefer correct information. *Fatka* information is often mistrusted and has a depressing effect on prices.

Restriction of jute by legislation will not be taken amiss by the cultivators but, on the other hand, they would welcome it. They would take the entire culturable area of the village and divide it amongst themselves proportionately. If the cultivators do not obey, the law would intervene. Cultivators would voluntarily come within such a restriction scheme, but without legislation it would be impossible to restrict cultivation even though intimation be given to villagers showing the actual area they should cultivate. The villagers will not hear of it. Leaflets were issued last year asking to grow less jute; but whatever the restriction was, it was mostly due to the fact that cultivators had no money to engage labourers and no vitality to work themselves.

The average rate of labour in Narayanganj is 4 annas and in the mufassal 2 annas.

To the Chairman.—They would not hesitate to take such steps as are laid down by the law if cultivators do not obey the legislation. There will be no objection even if they be taken to court. There will be very few people who will disobey the law. Even if the price of jute rises high, they will not increase their acreage under jute unless it is allowed by law.

The cultivators are not getting even the cost price for the last 4 or 5 years. Before that they had some money. The result of high price has not put money in the cultivators' pockets, but has resulted in increased litigation, rise in land value, price of cattle and cattle food, marriage and other festival expenses, building expenses—mostly by purchase of corrugated iron, and so on. At the same time, in anticipation of the continuance of the same state of affairs debts to *mahajans* have increased. With the high price of jute the rate of interest also increased correspondingly.

To Dr. Sinha.—The area under sugarcane is increasing. If they can sell the cane in the market they may get good returns; but the price of *gur* has gone down, and they cannot gain much by selling *gur*. Generally, one cannot expect to grow sugarcane on more than 1/16 of the total acreage in this part of the district.

[At Narayanganj.]

Cultivator witnesses.

- (1) Afazaddin Ahmed of Hosseinpur,
- (2) Haji Yasin Munshi of Kashipur,
- (3) Munshi Abdul Majid of Bhuigar,
- (4) Munshi Amiruddin Mia of Cognagar, and
- (5) Haji Afiraddin Sardar of Kashipur.

Witness No. (1) is a member of Union Board. He has 50 *bighas* of land, of which he had 20 to 25 *bighas* under jute last year. He sowed Government seed.

No. (2) has 50 *bighas*, of which he had 10 to 12 *bighas* under jute last year. He sowed Government seed. He is also a member of Union Board.

No. (3) has 15 to 16 *bighas*, of which he had 3 *bighas* under jute last year. He is also a member of Union Board.

No. (4) has 50 to 52 *bighas*, of which he had 14 to 15 *bighas* under jute last year.

No. (5) has 30 *bighas*, of which he had 10 *bighas* under jute last year. They are all cultivators.

The cost of production of jute per *bigha*, excluding cultivator's own labour, is Rs. 7 to Rs. 7-8. And the cost of cultivation per *bigha* for those who do not cultivate themselves and engage hired labour is Rs. 10 to Rs. 12 including cost of seed.

All are of opinion that the average outturn is 3½ to 4 maunds per *bigha*. Last year they got about 3 maunds per *bigha*. During the last two years the height of the crop was 5 to 6 feet.

If they calculate their own labour, then the average cost of production will be between Rs. 4-8 and Rs. 5 per maund.

The quality of the fibre deteriorated in the past two or three years, which was due to flood water coming in earlier than before. They had about 7 to 8 feet of water on low fields. At the same time, if jute is grown on the same land year after year, the crops deteriorate. They generally grow jute on the same plot of land continually for two or three years and then substitute another crop in the fourth year. One of the reasons why, in spite of a bad price, the cultivators have been growing jute for the last few years, is that they have been in debt, and jute is the only revenue crop; there is also another reason, which is that the price of paddy is still lower.

Sugarcane in certain places fetches better price than jute, but this grows only on high land; so they grow jute on low land.

It is quite possible that when there will be a restriction by legislation, the villagers will be suspicious, but when they understand that it is for their interest only, they will reconcile themselves and accept the legislation.

"If asked our opinion, we would say that there is no other alternative than to legislate restriction of jute cultivation."

To the Chairman.—They will grow paddy on land not utilized for jute cultivation.

Cost of production for paddy is less than that for jute—about Rs. 6 to Rs. 7 per *bigha*. Paddy is selling at the rate of Re. 1-10 per maund. The margin of profit between jute and paddy is very slight. They grow jute only because they expect better price. This year there will be a smaller jute crop owing to lateness of rain.

To Dr. Sinha.—The difference between Narayanganj price and the village price is, on an average, 4 to 8 annas in the present market. The difference between Calcutta price and village price is Re. 1-8 to Rs. 2 in the present market. The people do not generally know Calcutta prices in villages. They do not get any correct information. At present the price is Rs. 3 to Rs. 3-8 in Narayanganj and Rs. 2-12 to Rs. 3 in villages.

In a maund of jute we have to give 2 to 2½ seers more.

Generally we are paid for jute in cash.

In a maund of jute, *beparis* have to give 4 seers extra to European firms, and 4½ seers to Indian firms.

Cultivators never mix water with their jute—the *bepari* may do it as he has to give 4 seers extra; also some part goes to his pocket as profit. It also sometimes happens that the middleman mixes inferior quality fibre with good quality.

If cultivators get accurate information from the Calcutta market, it would be advantageous to them.

At present the buyers have a monopoly at Narayanganj, and as such, if the cultivators want to hold on for better prices, the general tendency of the buyers would be to refuse to buy at the higher price. Most buyers purchase at uniform rates, and sellers have either to accept the price offered by the buyers or not to sell at all. If it is possible for the Calcutta firms to offer a higher price of, say, 8 annas more per maund, the firms at Narayanganj would ask their commission agents or *beparis* to pay 4 annas more to the cultivators; but even then the *beparis* or commission agents would keep a certain share, and the result probably would be that the cultivators would get only 2 annas out of the rise in price.

Dealer witness.

**Babu Beni Prasad, Local Manager of Messrs. Jagannath Jugal Kishore,
Jute Merchants, Calcutta.**

I purchase jute on behalf of the above company in Narayanganj. We supply jute to the mills and balers. We purchase loose jute. We have our own *beparis* and advance them money generally in July. We generally take undertakings from *beparis*, before giving them advance, to the effect that they will only do business with us. We tell them that we will take jute from them at Narayanganj market rates, and they are free to purchase at any lower rate they choose, from which they have to make their profits.

There is no commission system.

The "advance" system is the practice here and it not only ensures good business but the *beparis* also are not likely to work with other firms.

[At Narayanganj.]

There is no limit, but in the present market we advance up to Rs. 200 to Rs. 300 to one *bepari* at a time. Formerly we advanced Rs. 1,000 to Rs. 2,000 to a single *bepari*.

Beparis purchase a certain amount of jute on credit, but the bulk in cash.

In Narayanganj alone there are about 2,000 *beparis* working throughout the year. In season time there may be as many as 10,000. They may go up to Assam for purchase of jute.

Ordinarily, during the monsoons, there must be at least 6 per cent. of water in jute, but we generally get about 8 per cent. of water.

Formerly the practice in Narayanganj was to get 110 maunds in place of 100 maunds. The 10 per cent. weightage still goes on, but sellers are free to stick to 80 *tola* rate, of course on lower price. The market price is determined by 10 per cent. weightage. The extent of water in jute depends on market conditions.

Fatka information received in Narayanganj everyday causes loss to the public and has a depressing effect on the prices, partly because 95 per cent. of the people in Narayanganj do not understand *fatka* transactions. One Jatindra Mitra pays Rs. 40 for getting *fatka* information. It may be profitable to a few who know the real *fatka* information, but to the general public and even to the market it is a source of loss.

In my opinion the fall in price of jute is due to there being a bigger crop. Cultivators ought to grow less jute.

Fatka information is on price of *pucca* bales, not on loose jute. Yet, when the telegraphic information comes, people think that it concerns loose jute and carry on transactions accordingly.

It is quite true that cultivators do not get correspondingly increased prices when prices in Calcutta rise, and that is where the real business lies. If the Calcutta price rises by one rupee, we raise the price at Narayanganj by, say, 12 annas; the cultivator probably gets a little less.

The mills change standards. It is not competition amongst the balers that changes the standard; it is the mills themselves, who have got a monopoly and change the standards in the midst of the season.

"I am not able to sell jute to the mills because every mill has got guaranteed brokers, and they will only purchase through guaranteed brokers."

Broker and faria witnesses.

- (1) Munshi Abdur Rahaman, Jute Broker, Narayanganj,
- (2) Munshi Abdul Hamid, Jute Broker, Narayanganj,
- (3) Haji Dilbar, *Faria*, Kashipur, and
- (4) Munshorali Miah, *Faria*, Deobhog.

If a company or a firm has to purchase jute, it will have to send for the brokers and give them money in advance. The brokers will,

on their behalf, engage *beparis* and will also give them advance. The *beparis* will go to villages and purchase jute from the growers. The brokers will get a brokerage of 6 to 9 pies per maund in the present market. Formerly, they used to get a brokerage of one anna per maund. The *beparis* will be told at what rate jute is sold in Narayanganj market, and they will profit by purchasing at a lower rate.

The difference between Narayanganj market and Calcutta market is Re. 1-4 or so. If the Calcutta price rises by one rupee, the tendency to raise the price at Narayanganj will be only by 8 to 10 annas; and then, as people become aware of this, the tendency would be to level up the price. On the other hand, when the Narayanganj price rises by 8 annas, the *beparis* raise it by 2 annas. Generally speaking, therefore, the rise in jute prices steadily goes up from the lowest point, even though the Calcutta price gets a sudden rise.

Beparis purchase jute at the rate of 84-10 *sicca* weight. They actually get $2\frac{1}{4}$ seers per maund extra from the villagers; but they have to give to the firms $1\frac{3}{4}$ seers extra, *viz.*—

Excess—1 seer per maund.

Sample—13 seers per 100 maunds.

Bachhat—20 seers per 100 maunds.

Kabari—12 seers per 100 maunds.

In addition, they have to pay a share of the cost on the barber, washerman, weighman, sorter, and so on. And in addition, some times the weights that are used by these firms have more weight than they should, due to added lead. The scales also are not perfect. There are about 30 firms in Narayanganj, and almost in every firm this sort of weighment is practised. They feel the greatest difficulty about weight. They require uniform weight everywhere.

NARAYANGANJ—10th APRIL, 1933. (SECOND DAY.)

Baler witnesses.

- (1) Mr. J. Ordish of Messrs. M. David & Co., and
- (2) Mr. H. M. Shircore of Messrs. M. Sarkies and Sons.

Mr. Ordish.—As regards "excess", it is no concession from the *bepari* to the baler. Formerly, it was the custom for 103 maunds to be delivered when 100 maunds was ordered, just as in England 13 loaves were delivered when a dozen was ordered, giving rise to the term "a Baker's dozen."

Now-a-days, however, in making his calculations regarding price charged to the baler, the *bepari* takes account of the 3 extra maunds of

jute and, instead of charging us, for example, Rs. 5 a maund, he would charge Rs. 5-1 or Rs. 5-2 so as to compensate himself for the extra 3 maunds of fibre delivered.

Thus, the "excess" is no real concession, and the baler pays for all the fibre received.

"Sample", "*kabari*" and "*bachhat*" are definite concessions on the part of the *bepari* to the baler. Their smallness is significant.

Mr. Shircore agreed when the above was read over to him.

In regard to the difference in price between Narayanganj and Calcutta, this might be Re. 1 or Re. 1-4. The witnesses agreed to what was said by other witnesses in regard to this the previous day, and added that for a first class European firm with large overhead expenses the difference might be Re. 1 to Re. 1-4, and for a Marwari baler, the difference will probably not exceed 14 annas to a rupee. Of this charge, the freight from Narayanganj to Calcutta accounts for 8 annas, so that all other items, such as handling, sorting, baling, and establishment charges *plus* interest and depreciation, have to be found out of the balance.

The difference between the price paid to the cultivator and the price at Narayanganj is now about 4 annas.

The Narayanganj baler buys at 84 *tolas* 10 *annas* weight from the *bepari*, and he has nothing to do with the weights the *bepari* may use in purchasing from the cultivator or from the *faria*. The *bepari* buys from the *faria* and the *faria* from the cultivator either with his own money or on commission from the *bepari*.

The statement that all firms use false weights and inaccurate scales is untrue in regard to any firm of repute. Moreover, the allegation is beside the point because the *bepari* bringing in jute knows exactly how much he has and its value including his transit and overhead charges. It is, therefore, impossible for the *bepari* to be deceived in regard to the weight of the jute he brings in.

Mr. Ordish thinks no bonafide merchant would be affected by the introduction of a standard weight.

In their books no extra weight is shown as the extra weight has been paid for.

If standardization of weight is legislated, it will be necessary to legislate against adulteration.

The absence of standard weight does not affect the traders but it certainly does the growers. There is no doubt that the grower is to a certain extent victimized by the absence of standard weight. (Mr. Shircore does not agree).

Mr. Shircore.—There is a good deal of competition in villages to purchase cultivator's jute, and the result is that if there is a rise in the market at Narayanganj by a rupee, there is almost the same rise in the village. This has been specially so for the last 2 or 3 years.

The cultivator does not adulterate his jute.

Both Mr. Shircore and Mr. Ordish think the statement made the previous day that there are 10,000 *beparis* in Narayanganj, is an over-estimate. Mr. Ordish thinks there are about 2,000 and Mr. Shircore, about 1,000.

About 75 per cent. of the average big firms buy jute from *beparis* financed by them. A certain firm actually purchased about 10 lakhs maunds of jute in the year and of this roughly about 2 lakhs was purchased in local markets from *beparis*; and of this 2 lakhs, 75 per cent. was secured by financing *beparis*. Eight lakhs was purchased in out-stations. The rest was purchased in small stations through brokers, who might or might not be *beparis*. There is practically no appreciable purchase from the cultivators direct—either in outlying stations or in Narayanganj.

Marwari firms probably buy at the same or at a higher rate than the European firms.

As a matter of fact, if the Calcutta price rises by 8 annas, there is a corresponding rise in the Narayanganj market so far as the European firms are concerned. There were occasions when they had even to purchase at higher rates than in Calcutta. This has been the case generally for the last 2 years, and a good number of European firms are finding it difficult to carry on business after meeting their expenses. This has been mainly due to the operations in the *fatka* market. Most of the jute supplied to mills in Calcutta is loose, and the Marwari dealer actually does business to the extent of one-third; with the rest, two-thirds, he goes to the *fatka* market, which has no relation to the ready market condition. Suppose he purchases 10,000 *pucca* bales at Rs. 20 per bale in the Futures market and the market rises up to Rs. 22 per bale. He makes a profit of Rs. 20,000, and with that money he is in a position to under-sell all his jute on the genuine trade, thereby depressing the genuine market in Calcutta. This, as a matter of course, inevitably depresses the markets in mufassal. As a matter of fact the most striking effect of the operations in the Futures market is now visible in the export trade. It is possible that in certain cases the cultivators may be benefited to some extent by a rise in the *fatka* market, but that is not commensurate at all with the total loss involved so far as depression in the actual market is concerned.

One of the main reasons why there are changes of standard in loose jute is competition between dealers. One of the reasons why standards are changed is to benefit the mills. We are in favour of standardization in loose jute. Only about 10 years ago we were supplying fine jute—2 lb. fine yarn—from western districts (from southern Dacca up to Mymensingh). About 5 years ago we received complaints regarding coarseness of the fibre, and for the last 4 years we had to discard the marks altogether and establish lower grades.

(Mr. Shircore is of opinion that this is probably due to introduction of Government seeds in these areas.)

Mr. Ordish thinks that the deterioration is probably due to low price of jute.

Mr. Ordish says an accurate forecast is always very helpful to the trade, but not an inaccurate one. The average private forecast conducted by the firms during the last 10 years, excluding the present year, was about 60 per cent. accurate, and the Government forecast about 50 per cent. In present circumstances he would rather prefer a Forecasts Committee appointed by Government including representatives of the trade.

[At Narayanganj.]

DACCA—10TH APRIL, 1933.

Grower witnesses.

- (1) **Maulvi Aftabuddin Ahmed, President, Hazratpur Union Board,**
- (2) **Haji Mukshadali, President, Khilgaon Union Board, and**
- (3) **Babu Madhusudan Das of Damrai Union Board.**

The system of jute sale in Dacca is that the growers sell it to the *farias*, *farias* to *beparis* and *beparis* deliver the jute to firms most of which are stationed in Dacca. It is very difficult for us to know ordinarily the rate which is prevalent in *arats* at Dacca; but all that we know of is that the difference generally is about 12 annas to a rupee per maund. It covers an area within 30 miles or so. This 12 annas to 1 rupee includes transit charges from the villages. The transit charges are generally between 2 annas and 2 annas 6 pies and the rest goes as profit. We are told that an additional expense of 2 to 3 annas is also incurred by *beparis*, e.g., to pay weighmen and others. At present the rate in village is Rs. 2-10 and at Dacca it is Rs. 3-8.

The seer weight varies from 82 to 85 *tolas*.

One of the reasons why the cultivators cannot bring their jute direct to the firms here is that unless they can get help from some *beparis* they cannot sell it to the firms direct. They cannot get proper weight in case they come without the *beparis*. And the villager cannot come to Dacca over and over again for sale of his jute if it can be shown that it is a loss to him.

Cultivators never adulterate jute. There is no *dadan* system to growers. Most of the jute is either purchased cash by the *bepari* or partly on credit—mostly purchased for cash. In our view the main reason why there has been a fall in jute price is the large increase in jute cultivation. We are all of opinion that Government should, by legislation, not only restrict the production but also compel the cultivators not to grow more jute than the requisite demand. With the help of Circle Officers, as also the Police, the Union Boards should be required to distribute the requisite village quota. The Subdivisional Officer and the Circle Officer should settle the respective quota of different Union Boards.

In estimating the jute forecast, we generally ask the cultivators for information and we ourselves verify it. At the same time we verify the statement of one cultivator by asking another.

It will be the duty of the Union Board members and *chaukidars* to inspect as to whether the requisite quota is followed by individual cultivator or not. There will be no objection if any cultivator is prosecuted for transgression of the above quota. If there be a complaint, we will not leave it to the *chaukidar*. It will be the duty of the members of the Union Board to inspect as to whether the requisite quota is followed or not. We think that there will be no chance of victimization or fraud. It might be laid down that the matter may not be left to the Union Board officers, but it may be open to the Police and the executive to carry on the inspection.

Some of the members are of opinion that this duty should be left to the Police, but the power of inspection should be confined to the Circle Officers and Union Boards.

We do not visualize that it will be necessary for the Circle Officer to inspect all the cases, but only suitable ones with a view to keep watch over the activities of the Union Boards in this respect.

It is no use cultivating more jute because the cultivator does not get proper price of it; on the other hand, if he cultivates paddy, he has something to live on for maintenance and, in comparison with the cost of production, we apparently gain by paddy. All of us have cultivation:—

Maulvi Aftabuddin Ahmed has got 300 *bighas*.

Hazi Mukshadali has got 30 to 32 *bighas*.

Babu Madhusudan Das has got 80 *bighas*.

The cost of cultivation of jute by hired labour at the present rate of wages amounts to Rs. 30 to Rs. 35 per acre.

Formerly one of them had 100 *bighas* under jute, but now only 20 *bighas*. Even though it does not give them profit, they think they can get some ready money at once if they cultivate jute.

At the same time, we are often-deceived by the market conditions. Before the sowing season every year, for the last five or six years, the price of jute rises, and we anticipate that similar price will continue, which will give us some profit; but unfortunately in the season that price always goes down and we have been practically victimized.

This year is an exceptional year for jute cultivation. People could not cultivate their land for jute owing to want of rain. There has been very little sowing of jute this year up till now.

In successive years we voluntarily asked the cultivators to grow less jute. They agreed to accede to our request; but what actually happens is this: Cultivators go back to their villages, they seem to think that there will be a less crop in the year because most of them will sow less jute; and in anticipation of a much bigger profit, they begin to grow jute; and the result is that there is a bigger crop and a lower price.

One acre of land produces 10 to 12 maunds of jute. Formerly there were better yields of jute because we could pay for manures, but now it is impossible to afford manuring.

An acre of paddy land produces 15 to 16 maunds of paddy. This year paddy was selling at Re. 1 to Re. 1.4 per maund and the cost never exceeds Rs. 12 or Rs. 13 per acre.

The Chairman.—These are very low estimates.

Witnesses.—We are speaking of all low-lying tracts. We do not keep any account of expenditure.

Last year one of the witnesses got 76 maunds of jute out of 20 *bighas*.

What we are anxiously wanting is that we should be permitted to sell jute direct to the firms without the help of the *beparis*. We are practically compelled to sell to all these firms at Dacca through the *beparis*. So many difficulties are put in our way if we venture to come
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and sell our jute direct to the firms that we feel it better to sell to the *beparis* even though we know that the market conditions are high in Calcutta. We are to sell it to the *beparis* at their rate because we have absolutely no other place where we can sell, and the firms will not take directly from us.

It is possible that we may get better prices if there are licensed godowns organized by Government where we may be able to put our jute. Any organized market would be better than the present system.

If we bring jute direct to the firms, we are first to make up the loss of weight, secondly, to pay a portion to the weighman, the *durwan*, the Babus, and a portion as *kabari*. The total of this is never less than 10 seers per maund. If the growers bring their jute directly to the firms they never get any opportunity of seeing the weight; and often additional weights are placed which, if protested, would result in bitterness for the man who brings in jute.

It will be an immense gain to the people at large if there is compulsory standard weight in all the firms.

Cultivator witnesses.

- | | |
|---|-------------------------------|
| (1) Md. Tamizuddin Sarkar of Dhalpur, | } police-station
Khilgaon, |
| (2) Md. Isafali Sarkar of Muradpur, and | |
| (3) Md. Haiderali Bepari of Manda. | |

No. (1) has 50 *bighas* of land, of which he had two *bighas* under jute last year.

No. (2) has 14 *bighas* of land, of which he had about 2 *bighas* under jute last year.

No. (3) has about 100 *bighas*, of which he had 7 or 8 *bighas* under jute last year.

No. (1) obtained 6 or 7 maunds, No. (2), 7 maunds, and No. (3), 20 maunds of jute.

To cultivate 2 *bighas* of jute it cost Md. Tamizuddin Rs. 20 to Rs. 22. Md. Haiderali's expenditure for jute was about Rs. 60 to Rs. 70 on 7 or 8 *bighas*.

We are small growers. The firms at Dacca would not accept such small quantities of jute from us and that is why we are compelled to sell jute through *beparis* in villages.

The best outturn in the district is 4 maunds per *bigha*.

It is impossible for us to say the difference of price between Dacca and the village. Last year we obtained a price of Rs. 3 to Rs. 3-8 per maund in villages in the season.

Our main crops are paddy and jute, but in some land we grow pulses (*rabi*). We have low lands. All our villages are within 3 miles from Dacca town.

We do not know the actual market rate. It would be better if we knew the state of market through Government.

To Dr. Sinha.—Paddy grows at the rate of 3 or 4 maunds per *bigha*, and the cost is only Rs. 3 or Rs. 4 per *bigha*. We have all *aman* land.

We are now growing jute on about 1/5 of the land we used to grow 5 years ago. This year there has been no sowing owing to want of rain.

We think that the Farm seeds are better than local seeds.

We do not know that there has been any propaganda for sowing less jute. We have grown less because the price is low.

One of the witnesses says that an aeroplane distributed leaflets last year asking to grow less jute.

We have to give 2½ seers extra to the *bepari* for every maund of jute at 80 *tolas*, which is called *dhalta*.

We will agree to regulation or restriction of jute if Government gives a village quota and Union Boards distribute it respectively. If there is any unfair distribution we will certainly approach the Circle Officer to rectify it. First of all it may be seen whether the cultivator grows less jute voluntarily. If he fails, then there should be legislation.

Formerly we obtained better yields of jute because we could manure the land, and now we cannot afford the manuring expenses owing to less price being obtained for jute. We formerly used chemicals as also cowdung.

Bepari witnesses.

- (1) Md. Moslem Sardar of Manda, and
- (2) Haji Basiruddin of Jatrabari.

Farias purchase jute from villagers direct and sell it to us and we sell to the firms. We might occasionally go to the villages, but generally the *farias* go. *Farias* also can go to the firms directly. The villagers cannot go to the firms direct because they get underweight and have to give extra, which they have not to do in case they sell it to the *farias*. *Farias* take 2½ seers extra per maund from villagers; we take extra 2½ seers from the *farias*, but we have to supply an extra of about 3 seers to the firms. The difference of ½ seer is covered by the difference in price.

The growers never adulterate their jute, but the *farias* may do it.

Ordinarily, if a *faria* purchases jute from village at Rs. 3, he sells it at about Rs. 3-4 to the *beparis*, and we sell it to the firms keeping a profit of 2, 3 or 4 annas per maund, the margin may even be *nil* in some cases.

The firms take jute at 88 *tolas* per seer.

In 100 maunds we have to give in addition 6½ maunds extra to the firms.

We are all prepared to follow the standard weight if the firms follow—the price will be corresponding.

Last year one of us supplied 5,000 to 7,000 maunds of jute and took *dadan* of only about Rs. 400 from the firm. *Farias* also take correspondingly small amounts of advance. Some of them take, some do not.

Price in the market here is always determined by the firms purchasing jute. They are all united firms and all united in one price. We

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are not allowed to know the Calcutta price, but asked to purchase and sell at prices fixed by the firms.

The witnesses also grew jute and one of them had 16 *bighas* under jute last year, and he calculated that his production was at $3\frac{1}{2}$ maunds per *bigha*. The other had received only $2\frac{1}{2}$ to 3 maunds of jute per *bigha*. The cost of production of jute is—

				Rs.	A.
Rent (per <i>bigha</i>)	..	..	..	1	0
Seed	..	..	..	1	0
Raking and ploughing	..	..	..	5	0
First weeding	..	..	..	1	14
Second weeding	..	..	..	1	8
Thinning out	..	..	..	1	2
Cutting	..	..	..	1	8
Steeping, washing, etc.	..	..	..	1	8
Total (per <i>bigha</i>)	..	..	..	14	8

They have all low land. Most of the land in their part is low.

We cultivate jute simply in expectation of a better price. Year after year we only hope that better price will come up. We might get some paddy out of our land, had it not been full of water-hyacinth. The maximum yield of paddy land is 3 to 4 maunds per *bigha*.

We have no objection if there be legislation to restrict the jute crop so long as it gives us better price.

There will be hardly any room for corruption as we expect that in such a case everybody will get a reteable distribution.

We do not mind if we can get the same price in 10 maunds instead of in 20 maunds. Jute is the only revenue crop and that enables us to meet all our expenses. If the water-hyacinth can be removed from our land then the land not required for jute cultivation can be used for paddy.

Faria witness.

Jalfuker Bepari of Maniknagar.

The cultivators do not come to the firms direct because if they do they have to give so much extra that they find it better to sell it to the *farias*.

I have to pay extra $3\frac{3}{4}$ seers per maund. Last year I supplied jute to firms at Rs. 4 to Rs. 4-4, whereas I purchased in villages at Rs. 3-8 to Rs. 3-12.

The growers do not adulterate jute. The *beparis* may adulterate for more profit.

Last season I got *dadan* of Rs. 500, but supplied 5,000 to 6,000 maunds of jute. I have also my own jute cultivation. Last year I had 15 *bighas* under jute and obtained 30 maunds. All the lands are not equally fertile. Some got flooded. On the whole I obtained 30 maunds of jute. Cost of production per *bigha* is Rs. 10 to Rs. 11 unless one devotes his own labour. If the cultivator works himself, it will

save expenditure correspondingly, in which case the cost may be at least Rs. 5 to Rs. 6 per *bigha*.

I go up to a distance of 25 to 30 miles for purchase of jute. When I prepare the rate for the firms, I calculate my profit at 6 to 8 annas per maund and then add the cost of transit and supply accordingly.

All the firms have uniform rate and we have no other alternative than to accept their rate.

Dealer witnesses.

(1) **Babu Khagendra Lal Basak, Commission Agent, Dacca.**

I get a commission of 2 annas 6 pies per maund from the firms. The firms specify the rate at which jute is to be purchased and I purchase it at a price keeping my own profit. The village cultivator has to sell it at the rate we fix. The cultivators have at present no strength to hold up jute and they have to sell at the price dictated by the firms.

There are different customs of extras to be given to the firms. In some place it is 2½ seers, and in another, 4 seers per maund. I take one maund extra in 100 maunds from the cultivator, but I so manipulate the price that I do not suffer any loss in giving 103 maunds to the firm. When I purchase jute from the cultivator, I take it at either 82 or 84 *sicca* and get in addition the extra one maund.

(2) **Babu Bhupati Mohan Ghosh, Jute-dealer, Faridabad.**

Cultivators generally hold jute when the price goes up and rush up for selling when the price begins to come down. Generally speaking, though speculation may be good to the people, the result of the *fatka* operations for the last two years has been bad for the trade. *Fatka* brings in undue fluctuations in price to suit the convenience of dealers, but ultimately it does not. *Fatka* dealers purchase at a high rate in the market and sell at a cheaper rate in foreign markets because they are protected by the *fatka*.

Ordinarily, the cost of transit from mufassal stations to Calcutta is about 12 to 14 annas per maund including handling, baling and other charges—

	As. P.
Freight	8 0
Local baling, etc.	1 6
Local establishment	1 0
Godown rent	1 0
Calcutta brokerage	1 0
Hessian ticket	1 0
Transit insurance	0 6
Fire insurance	0 6
Short weight and claim	1 0
	15 6

Off-season freight rate is 5 to 6 per cent. less.

This year the average price is 1 rupee less than last year. It is better to sell on hessian warp guarantee.

[At Dacca.]

We are in favour of legislation for guarantee. That will improve the trade. The present mills are full of stock and there is competition amongst balers.

We feel difficulty in that none of us know the world demand. The *fatka* speculation may be stopped.

MYMENSINGH—11TH APRIL, 1933. (FIRST DAY.)

Bepari witnesses.

- (1) Md. Abul Hossain Talukdar, of Mojohardi, police-station Fulpur,
- (2) Md. Jabarali Sarkar of Sutiakhali, and
- (3) Md. Abed Ali Bepari of Badekalpa, both of police-station Kotwali.

Ordinarily, we do not take any advance from the firms. We sell our jute to Mymensingh firms after purchasing from *farias*. *Farias* purchase from growers. The rates at which jute is to be purchased from *farias* are decided by the firms; and within that limit, after retaining our profits, we are free to purchase at such price as we choose. We also, in our turn, decide at which rate we should take jute from *farias*. We all purchase from *farias*, not from growers. Neither the growers bring their jute to *beparis*—they sell it to the *farias*.

At present, in Mymensingh firms, the sale generally takes place on L. R. and X. L. R. There are better types of jute than L. R.'s, but we do not get any price on it. We have to sell either on L. R. or X. L. R. At present the firms will take L. R. at Rs. 4 and X. L. R. at Rs. 3-8 per maund. We retain a profit of 8 annas per maund and purchase jute accordingly from *farias*. In addition to the transit expenses, the *farias* retain a profit of 1 to 2 annas per maund.

In a certain quantity of jute supplied we approximately guess how much of it is L. R. and how much X. L. R. and determine the price accordingly.

In 100 maunds of jute supplied to the firms we have to give an excess of $12\frac{1}{2}$ maunds. Supposing the price of jute paid is at Rs. 3 on delivery in the firm, we get Rs. 300 for actual delivery of $112\frac{1}{2}$ maunds. We do not get any extra for the $12\frac{1}{2}$ maunds. Throughout Mymensingh this is the prevalent practice. The details of the $12\frac{1}{2}$ maunds are as follow:—

		Mds.	Srs.
Extra weight at 1 seer per maund	.. ..	2	20
" Excess "	.. ..	3	20
Difference between 80 and 84 <i>tolas</i>	.. ..	5	25
<i>Kabari</i>	.. ..	0	10
Coolies	.. ..	0	10
Defect in scales	.. ..	0	15
Total	.. ..	12	20

In addition, we are always to give an excess. We do not get any advantage of rise in market prices, but either by taking excess or for defect in weight, or in some other form, the advantage is always on the side of the firms and deprive us of the extra price.

We do not get any commission from the firms.

In cases of temporary rise, we do not get any benefit. Suppose we are asked to supply 300 maunds of jute at Rs. 3 per maund within a week from a given date and, in the meantime, the market falls. It is theoretically correct that we are paid at Rs. 3 per maund, as contracted, but somehow or other, through tactics like overweighment, etc., the result is that we receive payment at the falling rate. But, if the market rise, we have to supply at the rate contracted. We will never get any advantage.

We purchase jute at 84 *tolas* 10 *annas*. So, virtually in place of 100 maunds we get 105 maunds 25 seers at 80 *tolas* per seer. At the same time, in order that we may not have to incur loss for giving extra weights to firms, we adjust the price accordingly.

Farias purchase at 84 *tolas* 10 *annas*. As a matter of usual practice the *faria* receives extra 1½ seers to 2½ seers per maund.

We can always recognise the nature of jute. It is true that there are some *farias* who adulterate jute. We can always detect it and pay accordingly. The growers never adulterate.

We have our own cultivation of jute. The prevalent standard measurement of land is "*pura*", which is almost equivalent to an acre.

One of the witnesses (Md. Abed Ali) has 20 to 22 *puras* of land, of which last year he had about 2½ *puras* under jute. Formerly he used to grow jute on 5 to 7 *puras*. There is no rain this year, so there has been practically no sowing of jute up till now.

Had there been timely rain, we would have grown more jute this year than last year; but, as there has been no rain there will be less sowing.

Last year he (Md. Abed Ali) had got 22 maunds of jute out of 2½ *puras*. In normal years they never get more than 30 maunds out of this 2½ *puras*. The height of their jute is approximately 7 to 9 feet. Last year was on the whole a bad year. He got Rs. 66 as price of jute, but that just covered his expenses, or probably, he was in deficit of Rs. 2 to Rs. 4. They have to meet the liabilities of their debts, rent, purchase of clothes, etc., for which they require money and, in addition, they require jute sticks for fuel. So they grow jute.

Md. Jabarali Sarkar obtained 30 maunds of jute last year out of 3 *puras*. His expenses were about Rs. 100 and he got Rs. 90. His jute was 5 to 6 cubits long. Ordinarily, out of 3 *puras*, we may get 33 maunds in a good year and 30 maunds average—sometimes a little less also.

We have no objection if production of jute is restricted by legislation. It is very difficult for us to say what remedy we might have in case of extortion and victimization.

Faria witnesses.

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|---|---|-------------------------|
| <ul style="list-style-type: none"> (1) Jahar Bepari of Chatrapur, (2) Anamat Bepari of Kayotkhali, and (3) Rangu Munshi of Krishtapur. | } | Police-station Kotwali. |
|---|---|-------------------------|

Our prices are decided by the *beparis* to whom we sell our jute, and, after retaining a profit, we purchase accordingly from the growers.

[At Mymensingh.]

We keep a margin of about 8 annas between the prices of *beparis* and the price paid to the cultivators. We supply jute to firms but through *beparis*. For every 1 maund of jute we have to supply 5 seers extra. We generally get an extra of 2 to 2½ seers from the cultivators. We adjust the price in such a way that the extra weights which we give to the *beparis* are compensated by the price. We would cordially welcome legislation standardizing 80 *sicca* weight.

Jahar Bepari obtained 30 maunds of jute last year out of 2½ to 3 *puras* under jute. In a year of good crop we can get 12 to 14 maunds per acre. General height of the crop was 5 to 6 feet. We keep no account and it is very difficult to say the exact expenditure, but it seems we had to incur an expenditure of about Rs. 40 per acre.

Cultivator witnesses.

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|--|---|-------------------------|
| <p>(1) Nizabat Maulvi of Daribhabakhali,
 (2) Md. Faizuddin of Chatrapur, and
 (3) Pachu Moral of Digherkanda.</p> | } | Police-station Kotwali. |
|--|---|-------------------------|

Last year Nizabat Maulvi had 5 *puras* under jute and got about 60 maunds. The height of his crop was 9 to 10½ feet.

Roughly speaking, to grow jute on one acre of land, we have to spend about Rs. 26. (All the witnesses are of the same opinion). Including rent, seeds, cultivator's own labour, feeding expenses of cattle, ploughings, and all the expenses the total cost at the present rate of labour is Rs. 5 per maund. This does not include anything towards purchase of land.

We cannot sell jute directly to the firms for either we have to give extra or we will have to suffer for not knowing the market rate, and various other factors come in which make it, in the long run, unprofitable for us to sell direct to the firms. It is not possible for all the villagers to pool our jute for purpose of sale; and everybody does not prepare jute at the same time—sometimes one requires to sell off his jute immediately, sometimes one wishes to sell his crop later. We do not know the market rate; and whatever price is paid to us we are led to believe that that will be the maximum market price. In these circumstances we cannot afford to hold on.

We have to pay an extra weight of 2½ to 5 seers per maund. The prevalent weight, of course, is 84 *tolas* 10 *annas*. It would be a great boon to the cultivators if Government fix a standard weight by law; and it would be better to have it at 80 *tolas*. It will be a great boon also to the people if Government restrict jute cultivation by legislation and empower Union Boards with it. We expect that when the people will exercise their franchise in Union Board election, they will see that they must return the best men as their own interest is involved; and we expect that this consciousness is bound to come within 5 years. It will not do if there is a mere order from the Collector, there must be a specific law by Government. When people accept all punishment under law, we do not see why they should object to the enforcement of such a law.

There is a combination of the *beparis*, and there is no competition by virtue of that combination amongst them. This is being rigorously

followed now-a-days than formerly. It also happens that these *beparis* engage thieves to steal jute from the cultivators. Actually no theft takes place but attempts are made, which make the cultivator sell his jute as quickly as possible.

It would be preferable to have a Government organized jute market.

MYMENSINGH—12TH APRIL, 1933. (SECOND DAY.)

Baler witness.

Mr. Bruce Smith (Messrs. R. Sim & Co.).

As far as Messrs. R. Sim & Co. are concerned, there is only one *bepari* and no *faria*. The *bepari* is an independent merchant, not financed by them. In the early part of the season he purchases jute from *hats*, for plenty of jute comes into *hats* then, and, later, in November-December, he goes into the villages to buy jute from cultivators direct.

As regards the price: The difference between price paid by the *bepari* to cultivators and the firm to the *bepari* at the present season is about 6 annas. *Beparis* bear transit charges. The price of jute is controlled by the price of hessians which themselves are controlled by the consuming markets abroad. At present the supply is so great that there is competition amongst sellers to sell jute.

Messrs. R. Sim & Co. buy at 80 *sicca* weight. They have a standard maund which is adjusted every year and the scale checked every morning.

The cost, including handling jute received from the seller, sorting and baling, and freight to Calcutta, is about Re. 1 per maund.

There are three standards—Rejection, L. R. and X. L. R. Competition amongst sellers causes changes in standards. (The witness is not ready to express any opinion as to whether there should be a Committee including representatives of the trade, on the lines of the Central Cotton Committee).

Mr. Smith thinks that there need not be any real disadvantage to the trade by bidding lower price for constant assortment rather than changing the assortment of any particular grade.

The action of the *fatka* market is to bring about undue fluctuations in Mymensingh market, which ultimately reacts to the detriment of the price which the cultivator gets.

In times of depression the mills dictate the price. It is a question of supply and demand. Mills will always buy at a reasonable price if there is a demand for hessian.

Everybody will welcome standard weights at 80 *tolas*.

Eleven maunds 35 seers is extra which the dealer or seller has to give to a firm on selling 100 mds.

*Dealer witnesses.***(1) Mr. Casper of Messrs. M. Sarkies & Co. (James Finlay & Co.).**

We deal with *beparis* only. They get jute sometimes from brokers, who get it from the *raiyats*; sometimes they get jute from *farias*, who take it from the *raiyats* in *hats*. There is no hard and fast rule. In a difficult market it is possible that the *raiyat* may come direct to the *beparis*; but if prices tend to rise, he is inclined to hold till he gets better prices, in which case he is likely to deal in small quantities through *farias*.

The difference between actual price paid to the cultivator and the price paid to the *beparis* varies according to distance. The average transport charges are 3 annas to 4 annas per maund. *Beparis* work on their own. Profit and loss is theirs.

In the last 8 years jute is assorted by the balers and the *bepari* is paid on assortment, instead of, as in the past, purchase being on an overhead basis. There are so many qualities now-a-days—cultivators do not take much care owing to low prices.

The left bank of the Brahmaputra is mainly a jute growing tract. The construction of the Assam-Bengal Railway bridge has impeded the flow by bottling up the river by placing two spans less than the original estimate; and the result to-day is that there have been high floods in recent years causing deterioration in quality of the jute. This has also affected the height of the crop and in most cases caused tendency to mid-bark. The result is that the cultivator, by this alone, is losing a price of 8 annas to one rupee per maund; and we in the trade are getting frequent complaints about the quality of the fibre. This year we had hardly any 4's—not more than 4 or 5 per cent. 50 L. R.'s and 50 X. L. R.'s. Formerly we could have easily got 15 per cent. 4's.

We buy at 80 *sicca* weight. But, with the knowledge of the *bepari*, in that same scale, an extra weight of 2 per cent. or 2½ per cent. over the weight is taken. Half per cent. goes off for assortment and 1½ per cent. for short weight in bales. All excesses are paid for.

There is no objection to standard weights being introduced.

What used to be 4's, is now paid for as Rejection. As a matter of fact, when we supply to mills in Calcutta, they will not pay us at 4's over the weight is taken. Half per cent. goes off for assortment, 1½ per cent. that they cannot afford to pay for 4's and, therefore, buy the 4's at the next below rate. Marks have come down. Deterioration in jute has nothing to do with the standards.

I am of opinion that the standards should remain constant as they were in previous years.

I do not think that the change in standards has anything to do with the rush of sellers to sell because the mills are in such a strong position that they always dictate.

The difference is 2 annas between European standard and Indian standard.

I do not think that there can be any competition in selling as it is available anywhere. The quantity of jute which goes to Cossipur and Hatkhola in Calcutta is sent by *farias* and *beparis*, but there it is purchased by the baler for the purpose of making *pucca* bales for being exported abroad. But what the mills purchase is practically wholly

from mufassal from dealers like us; and there is no change of quality amongst European firms. The standard is about the same all round the European firms. The Indian standard is paid at a rate 2 annas less than European standard because the quality of this standard is slightly inferior to the European standard. In these circumstances there is no justification for the mills changing the standard so long as we supply the proper stuff. Practically the entire supply of mills is from mufassal districts.

Fatka market has ruined the trade. The Marwari is the greatest speculator of jute in Bengal. He raises the *fatka* market at will in Calcutta—there is no actual money transaction, everything on paper. When the *fatka* rises the Marwari buys on paper and sells when the market rises. The Marwari here is the first to buy jute as soon as he receives information of the market rising by 8 annas. The mills will not do that; they will wait three or four days and buy at 2 annas or 3 annas less per maund when the market falls in Calcutta. This may benefit the cultivator for that little while when the *fatka* market is rising, but this does not benefit him when the market falls. So this rise and fall is detrimental to everybody in the mufassal. Mills are the only body which can afford to sit and hold on and they profit by getting jute cheap. *Fatka* market is ruining the real jute market. Mills gain owing to fluctuations in the markets. I must make it clear—it is not that the mills desire that the *fatka* market should go on, on the other hand, they desire that the *fatka* market be stopped because sometimes they are forced to buy when *fatka* market rises, and the fact stands that the mills are getting the advantage of the fluctuation. Owing to results of these *fatka* operations the Marwaris have practically succeeded in wiping out the Bengali traders and those who are existing are moribund indeed.

- (2) **Babu Jitendra Chandra Bose of Messrs. Ralli Bros.,**
- (3) **Babu Charu Chandra Guha of Messrs. Guha & Co., and**
- (4) **Babu Sudhir Chandra Roy of Messrs. Roy, Sen & Co.**

Witness No. 3.—The difference in price paid by the firms to *beparis* and by *beparis* to cultivators is quite insignificant. *Beparis* do not profit in any case at the present rate of market prices.

It requires about 30 seers of jute for making 100 yards of hessian.

The mills always change the standard to suit their purposes. We do not actually lose unless we make a former contract. For the change of standard on an average we lose about 4 annas per maund. I sold in the season guaranteed 40 per cent. warp and no guarantee for XLR. Later on I got a private letter from Calcutta that if I strictly follow this, i.e., 40 per cent. warp and no guarantee for XLR, which was the former contract, I will lose my future business. Then we had to keep up what they call standard of the season, which is much higher than the contract, and thereby I lost at least 4 annas to 6 annas a maund. In spite of our forward contract and guarantee we had to supply higher standards; and there is no alternative unless there is legislation fixing different standards. One effect of legislation in fixing standard marks will be that it will be possible for sellers to organize themselves on the basis of these marks and they will be able to openly defend these marks. Even last year all the merchants tried to protest against this change

[At Mymensingh.]

in standard and what we immediately require is definite legislation on standards. The mills themselves have nothing to grumble unless they have an ulterior motive.

We, in our turn, would only welcome if there is one standard weight to be followed everywhere and no extra payment.

We all agree that Government should immediately take steps to publish the estimated world demand and stocks in mills.

Babu Charu Chandra Guha is not in favour of legislation restricting production.

One of the general complaints of the Indian jute traders is the short weight that the *kutch*a balers receive from the mills. We have actually no hand in that. We supplied the jute in a very careful condition and we have never been able to find out as to why different mills in the same season will charge different short weights. When we protest we are referred to licensed measurers, but the seller is absolutely not allowed to see the weighment—whereas the buyer has the right, in whose godown the jute lies! There is no arbitration against short weight and we suffer in the long run having no other alternative. Both the buyer and the seller should be present at the time of re-weighment in case of dispute.

Babu Charu Chandra Guha thought that the *fatka* business should go on. In my opinion it gives a correct information of the market. Sometimes there is undue fluctuation, but it does more good than harm. Sometimes it keeps up the market. If the world demand and the daily market rates are published in villages then the *fatka* operation is not necessary.

General-witnesses.

(1) Rai Sasadhar Chosh Bahadur.

It is impossible to control the jute area. The Rai Bahadur is not satisfied that the Union Board will be a suitable agency to control. On the whole it would be unfair to control the cultivation by legislation. What is necessary is organization amongst the cultivators.

Thirty seers of jute is necessary to produce hessian worth Rs. 8-8, and yet the cultivators would probably be paid at Rs. 2-12 to Rs. 3.

The Rai Bahadur thinks a combination of the people on co-operative basis may benefit the cultivators.

He thinks that most of the people do not rely on the jute forecast. The firms have their own forecast, and the Government forecast is always suspicious. They think that the forecast is in the interest of the mills and balers. If that is not the case, then it would be preferable to have a forecast. The method by which the figures are obtained cannot be reliable.

An information on the line as to how much jute will be required next year, *i.e.*, probable market demand, would be very useful. It would take some time for the cultivator to appreciate the information, but when he understands that it does give him sound advice, he would certainly rely on it.

The Rai Bahadur is of opinion that organized markets on the lines of the Berar Regulated Cotton Markets would be very useful; but the

organization must be under the control of a responsible authority. He is of opinion that co-operative jute sale societies may be revived; and every member should be made responsible for profit and loss.

The lowest price of jute should be fixed by legislation. Standard weight will no doubt benefit the grower. If the sellers are not prosecuted for not following the standard weight, but the purchasers are, then standard weight will be of benefit to the grower, but he is not sure of the administrative point of view.

There is enough scope for sugarcane cultivation in this district.

He thinks it will do if the minimum price of jute is fixed at Rs. 4 per maund.

He is of opinion that, as an alternative to the suggestion which he has made above, the only other feasible scheme would be for Government to fix a minimum price of jute with the publication of the forecast.

What is wanted is co-operation between growers, financiers and merchants.

Government propaganda for restriction of jute cultivation has not done much good to anybody in this district.

(2) **Khan Bahadur Maulvi Sharfuddin Ahmad, Chairman, District Board, Mymensingh.**

The witness informed the Sub-Committee that the control of production by legislation will meet with opposition and it will be unpopular in this district. The difficulties about administration will also be great. He has no practical experience of the outturn of jute.

Cultivators cannot go further than the village *bazar*; at the same time they cannot bring their jute to Mymensingh or Sarisabari as their houses are at a distant place.

It is not true to say that they do not want to sell it at one time. They can only sell it at one time if they get sufficient price. They sell by small quantities only to meet urgent demand.

There would be difficulties about regulating organized jute markets because of their number and, as he has already stated, the cultivator cannot bring his jute to the market from a great distance.

Jute restriction propaganda should be carried on through Union Boards and *zemindars*. Last year the restriction propaganda was to some extent effective. If the propaganda comes only through landlords, it will be subject to suspicion. It would take some time for the cultivators to appreciate the propaganda. It may not be effective within the first two or three years, but in course of time it will.

The Circle Officers cannot be depended on, and the Presidents of Union Boards are still less to be depended on.

There will be difficulties about legislation so far as Mymensingh district is concerned. In regard to Union Boards and complaints that might be made, the number would probably be considerable and add to the already heavy number of complaints in the district.

[At Mymensingh.]

As regards the forecast—of course it is useful, but at present the figures are not correct because they are not properly supplied. The source of information ought to be improved. Generally we find that Union Board Presidents and *chaukidars* are asked to supply figures; these people sit down in their houses and cannot give exact figures. An accurate forecast is always desirable. In case the District Boards are asked to supply the figures, they would have to rely on Union Boards.

[The Chairman (Mr. Finlow), explained how the Director of Agriculture makes personal enquiries as regards forecasts.]

A forecast can only help the grower if he is aware of the world demand.

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- (3) **Md. Abdulali Sarkar, President, Akua Union Board,**
 - (4) **Professor Aswini Kumar Lahiri, President, Usthi Union Board,**
 - (5) **Babu Sushil Kumar Bose, Vice-President, Jamalpur Union Board,**
 - (6) **Babu Sudhendu Chandra Majumdar, Secretary, Union Board Association, Kishoreganj, and**
 - (7) **Babu Subodh Lal Banerjee, Circle Officer, Sadar.**

Some of the witnesses have jute cultivation of their own. The yield of jute is 15 to 20 maunds per acre and the cost of production, at the present rate of labour, Rs. 45 to Rs. 60. We have to manure all the land which gives a yield of 15 to 20 maunds per acre. If we cannot afford to apply manure it will not yield more than 10 maunds per acre. Our general manure is cowdung and ashes.

We all like restriction of jute production by legislation, standard of weight, also standards in qualities, and a standard minimum price.

The mill owners are generally in the habit of increasing the price of jute when the sowing season begins. This takes place every year, and the effect is that cultivators grow more jute in the hope of getting a higher price next season; and, as a result, the restriction propaganda fails.

The jute forecast merely gives everybody an idea of the supply of jute, but nothing is known about the world demand; and the result is that the forecast is of no effect on the cultivator.

The Circle Officer urges for officers from the Agriculture Department, *e.g.*, jute forecast clerks, to be appointed for forecast calculations.

The difference of price paid by the firms to *beparis* and that paid by *beparis* to cultivators is about 8 annas.

Jute is even now more profitable than paddy, giving a profit of about 8 annas per maund. Legislation will not create any oppression.

SIRAJGANJ—13TH APRIL, 1933.

European merchant witnesses.

- (1) Mr. D. Marr of Messrs. M. David & Co.,
- (2) One representative of Messrs. Ralli Bros., and
- (3) One representative of Messrs. Sinclair Murray & Co.

If it is near enough, the cultivator sells his jute himself to the firms. Otherwise, he sells through *farias* and *beparis*. A *faria* is a small *bepari*. Normally there are two intermediaries between the cultivator and the firm. The cultivator sells his jute in *hats*. Where there is no *hat* the *farias* go round the villages for purchase. At the present market (before Christmas) about 8 annas was the difference between the price here and that paid to cultivators at a distance of about 10 miles or so—transit charges excluded. At this time of the year a little more owing to difficult transport. If the cultivator could bring in his jute and sell it direct to the firms it might save him about 4 annas a maund.

Regarding establishment of organized markets, they would prefer it as it would stop adulteration.

The seer weighs 84 *tolas* 10 *annas* in Sirajganj. The weight varies in localities—at some places it is 60 *sicca*, at others, 84 *tolas* 10 *annas*. But they adjust price accordingly. It is not true that weights used in godowns are not accurate. They have their scales and weights tested.

There are three standards—R., L.R. and X.L.R.

Regarding changes in standards, it would be better to have a standard on guarantee.

The *fatka* market affects the trade to a large extent. It determines the *bazar* here (Sirajganj).

(Representative of Ralli Bros.)—All the sellers follow *fatka* price and they (cultivators and *beparis*) are sometimes better informed than the merchants. *Beparis* get telegrams communicating *fatka* prices at 4 o'clock each day.

The publication of *fatka* itself is believed by large section, which affects the trade. From the point of view of the grower, sometimes *fatka* affects the grower, sometimes not—it is a gamble.

It is correct that the Calcutta mills gradually change the standard in the midst of the season, though it is not very rapid; and some kind of jute, which was formerly R., would be L. R. in the midst of the season. We do not think this change affects the trade because it is done every year and people are prepared for it. It starts by competition amongst sellers, then it is taken up by mills. As regards the nature of the standard, it is the voice of the mills that is predominant—that is the same in any trade.

Deshi seed is mainly used—70 per cent. *capsularis* and 30 per cent. *olitorius*.

In Sirajganj there is no extra collection in the shape of actual jute, but for all requirements, e.g., *britti*, etc., an amount of 12 annas is

charged for every 100 maunds. This is what takes place in European godowns, they never go to *bazars* and they do not know the practices prevalent there.

They would prefer a fixed weight.

The middlemen may adulterate jute.

Organized markets with licensed warehouses at every *hat* would be preferable from trade point of view, on condition that the market is well run and the officials are trustworthy.

It would be very useful to have a Government publication of estimated world demand along with the jute forecast.

For publication of forecasts as well as the world demand, it would certainly be better if there be collaboration between all interests.

Regarding forecasts, they would prefer to go by their own forecasts. Of the two Government forecasts, the area forecast is more important and the final forecast might be abolished. Of course it would be a good thing if it could be guaranteed fairly accurate. Both forecasts are best if accurate.

Voluntary propaganda is always preferable in case restriction is desired. Two of them are of opinion that the restriction propaganda has done no good, while the third is of opinion that it has done some good.

Mr. Marr—Propaganda by Jute Growers Association has been effective.

They all agree that in the interests of all the production should be restricted, but they are not in favour of legislation. Intensive propaganda is all that is necessary.

Q.—Do you remember if the market goes up during sowing time?

They agreed to let the Sub-Committee know after seeing their records. Sometimes they purchase through commission agents. They all deal in *kutchha* bales.

General witnesses.

(1) **Maulvi A. M. Abdul Hamid, Chairman, District Board, Pabna.**

Jute cultivation should be restricted by legislation. It should be regulated under the *Ganja* system.

Unless there is adequate supervision there is serious danger of abuse and victimization. There must be one central organization for stocks, sale and everything. This should be financed by co-operative societies. This requires very careful handling. It may, in reasonable time, be possible for cultivators to form co-operative societies for dealing with jute.

The witness could not give definite answer as to whether that would be cheaper or better than private enterprise.

Forecasts benefit the traders and should benefit growers also.

If the cultivator goes to a firm direct, every obstacle is put in his way.

He does not think that there is any scope for unemployed *bhadraloks* in middlemen's jobs at present.

Standard weight is desirable. There should be legislation about weights. Also village organization is desirable.

Mr. Huque—In spite of the fact that there is likelihood of abuse, do you still like restriction by legislation? *A.*—Yes, certainly an experiment may be started.

- (2) **Rai Bahadur Pramatha Nath Choudhury, President, Union Board, Natun Bharanga,**
- (3) **Babu Sailaja Kumar Sanyal, President, Union Board, Salap,**
- (4) **Maulvi Khaliluddin Ahmed, President, Union Board, Kawakhola, and**
- (5) **Babu Suresh Chandra Das Gupta, President, Union Board, Khokshabari.**

It is not possible in the present system for the cultivator as well as the *faria* to know the market price. It is only the *bepari* who knows the quotation at Sirajganj. He purchases keeping his own profit. In the long run the margin between the Sirajganj price and the village price, after deducting transit charges, is roughly Re. 1-8 to Rs. 2 per maund.

Maulvi Khaliluddin Ahmed is of opinion that the difference is only 4 annas to 8 annas.

Babu Sailaja Kumar Sanyal says he is the correspondent of the Associated Press and he has the opportunity of knowing the details of village rates and the actual Sirajganj rates.

Average production is from 15 to 20 maunds per acre—20 maunds if the production is best. The average cost of production is Rs. 4 to Rs. 5 per maund at present rate of labour. At present jute is selling at Rs. 3 to Rs. 4 per maund. In certain areas (Salap and Natun Bharanga) it is selling at Rs. 2-4 to Rs. 2-8. There the jute also is inferior to Sirajganj quality. In spite of this low price cultivators are still growing jute particularly because they do not calculate their own labour cost and also they want some ready money. There is another reason, and that is that they expect better price every year.

The average cost of cultivation of paddy is Rs. 2-8 to Rs. 3 per *bigha* and the yield is 5 to 7 maunds per *bigha*. At present the price of paddy is Re. 1 to Re. 1-4 per maund. But some time back in the season, paddy sold at 8 annas per maund. One of the main reasons why paddy is not sown is that there is no market for paddy as there is a market for jute. Paddy is grown only for home consumption. Nor does this district grow better types of paddy which is imported from Dinajpur and Assam.

There is no way of restricting cultivation by voluntary means. The only alternative is legislation.

Maulvi Khaliluddin Ahmed was not in favour of legislation.

[At Sirajganj.]

Babu Sailaja Kumar Sanyal says Government should fix a price for jute and Government should buy jute as in case of cotton in America. The price must be raised by restriction.

Rai Bahadur P. N. Choudhury—There is no other means except legislation, but at the same time it would be difficult to exercise legislation.

Babu Suresh Ch. Das Gupta—Information on world demand should be supplied.

All were of opinion that there should be standard weight.

Propaganda did little or no good.

Grower and cultivator witnesses.

- (1) **Dr. A. M. Basiruddin, Growers' representative,**
- (2) **Rajab Ali Molla, Growers' representative,**
- (3) **Syed Ali Shaikh, Cultivator,**
- (4) **Pagoo Shaikh, Cultivator,**
- (5) **Jalal Uddin Sarkar, Cultivator, and**
- (6) **Azim Uddin Sarkar, Cultivator.**

Syed Ali has got 40 *bighas* of land. He got about 40 maunds of jute out of 10 *bighas* last year. Sold at Rs. 4 per maund. Cost of production, Rs. 7 to Rs. 8 per *bigha*.

Pagoo Shaikh has got 24 *bighas*. He had 6 *bighas* under jute. The cultivation of 2 *bighas* was damaged and ultimately got jute from only 4 *bighas*. Obtained 16 to 17 maunds of jute. Sold at Rs. 4 per maund. Cost of production, Rs. 6 to Rs. 7 per maund.

Jalal Uddin Sarkar has got 7 *bighas* of land. He had 4 *bighas* under jute last year. Obtained 4 maunds of jute per *bigha*. Did not sell his jute at all in expectation of better price. His cost of production was Rs. 6 to Rs. 6-4 per maund.

They do not keep any correct account, and the above is a mere guess.

Azim Uddin Sarkar had 8 *bighas* under jute. The cultivation of 2 *bighas* was destroyed. Obtained 24 maunds of jute out of 6 *bighas*. Sold at Rs. 4 per maund. Cost of production, Rs. 24 to Rs. 25 per *bigha*.

To pay off our debts and rents there is no other alternative except through jute.

We cannot get paddy if there is a drought or a flood.

We get some jute even in case of damage. So we have to grow jute. Neither the soil can bear paddy cultivation year after year.

When *farias* purchase from us they take an extra $\frac{1}{2}$ seer or $\frac{3}{4}$ seer per maund; but if the weighment is by stone weights, no excess is given as the stone itself is an excess weight.

We are all in favour of standard weights.

We grow paddy and jute by rotation.

Dr. Basiruddin and Maulvi Rajab Ali Molla are of opinion that at the present market at least Rs. 5 per maund is necessary to cover the

cost of production. Cooly wage is 2 annas a day *plus* food. Twelve labourers are required for ploughing one *bigha* of jute land and about 30 labourers for weeding.

They do not want restriction of jute by legislation.

Broker witnesses.

- (1) **Babu Ratan Chand Sajer,**
- (2) **Babu Jathman Anchalia, and**
- (3) **Babu Nikunja Behari Saha.**

They are all brokers and *aratdars*.

The first two witnesses get brokerage at 8 annas per Rs. 100. The third gets 2 annas per maund.

Formerly it was the practice of giving *dhalta* of $\frac{1}{2}$ seer per maund, but now-a-days this has ceased.

In the present market the *beparis* keep a margin, after excluding transit charges, of about 2 annas to 4 annas per maund. *Beparis* and *Jarias* are practically the same.

Fatka has bad effect on the market. It merely raises price for no reason. It is purely a verbal transaction; and it brings about fluctuations very rapidly and this affects our market. On seeing the *fatka* price we are led to believe that the market prices are likely to rise and we make our purchases and find that the *fatka* price has gone down. Legislation is required to stop *fatka*. We think it is quite possible to stop it by legislation. There should be no transaction merely on verbal words. If it is converted into real Futures market, in which the man purchasing will have to take actual delivery of the jute, then these defects will go. It would be possible to find out on check as to whether there has been actual delivery or not, by at least checking the figures of imports and exports. Ultimately the *fatka* affects the growers.

By *fatka* operations it is only they who gain money, neither we nor the cultivators. It brings about undue fluctuations, so it does not benefit the *raiyat*.

The mills change standards in the midst of the season for their own advantage. What is R. this year is converted into L.R. next year and then they bring it into a common standard. We have no other alternative than to accept these standards. At the same time, simply because we are Indian firms we get lower price than the European firms on the same quality supplied. We have to accept the terms of the mills. It would be better for the trade and for all concerned if standard marks were fixed by law.

Of course it would be advantageous to the middle dealers if different weights are followed but in the long run it does not affect us.

In fixing markets the mills dictate the price. When the *pucca* bale rises the market immediately rises, so it is not the mills only who dictate price.

At the same time, one of the great difficulties which the jute business is suffering from in Sirajganj is high freight charges on jute, as also increased freight charges in season, in comparison with other goods such

[At Sirajganj.]

as paddy. The freight for a *kutch* bale, *i.e.*, 3½ maunds, is Re. 1-12-6 in season and Re. 1-4-8 off season, whereas the freight for a maund of paddy is only 3 annas 6 pies. This freight is ultimately given at the cost of the growers.

Faria and bepari witnesses.

- (1) **Md. Esharat Khan, Faria,**
- (2) **Md. Moqbul Hussain Bhuiya, Faria,**
- (3) **Saukatulla Haji, Bepari,**
- (4) **Md. Samiruddin Talukdar, Bepari, and**
- (5) **Md. Chulam Hussain Mia, Bepari.**

We *farias* purchase jute direct from the cultivators. All of us are both *farias* and *beparis*. We supply jute to *arats* as well as to firms. When the price of jute is Rs. 3-8 in firms, we have to purchase at about Rs. 3-2. Sometimes we pay less and sometimes we pay more. The transit charge is 2 annas to 3 annas per maund.

Prices are determined by the firms. If the firms fix the price at Rs. 3-8, we do not actually get Rs. 3-8 and at least about 12 annas is deducted by the *aratdar* from our prices. This is prevalent in reference to those dealers who take *dadan* from *aratdars*, and as such, even though in some places they might avoid these extra payments, they cannot go to firms direct. Most of the *farias* have become indebted to the *aratdars* owing to fall in price and owing to price not being known to them. On the whole, if the Calcutta market is daily known from authenticated sources, say, through Government, then it would be advantageous to everybody. At present nothing is known to us. The greatest complaint on our part is that we are never informed of the actual market rates. If there is big accumulation of jute in the *arats*, we are told—rightly or wrongly we do not know—that the market has fallen. If we are aware of the actual market condition, they would not be able to mislead us.

We would like fixation of standard weight.

We have to give *dhalta* of $\frac{1}{4}$ seer per maund to Marwari firms and $\frac{1}{2}$ seer to European firms. We want correct weight.

Chairman, Local Board, and Local Secretary, Jute Growers Association, Sirajganj.

The restriction propaganda was not successful as the area was bigger than anticipated. Nothing but legislation can improve the situation. I would suggest a Jute Board to purchase the crop. The Board might be financed by jute taxes. I am in favour of standardization of weights.

RANGPUR—14TH APRIL, 1933.

General witness.**Rai Bahadur S. C. Chatterjee, Chairman, District Board, Rangpur.**

The jute crop ought to be restricted by legislation. There would be difficulties in the beginning. It would be possible to utilize Union Boards in this respect. The administration of Union Boards is improving day by day. There ought to be a considerable amount of supervision in Union Boards and also there is need of a supervising agency. There might be objection to restriction till the cultivators realize its value. Propaganda is not so useful unless by legislation. The witness instanced the effect of Congress propaganda being successful for one year in Rangpur district. That year the sowing was less and the price was higher. But the next year there was a larger crop.

The work of the middlemen is more to the interest of themselves than to the jute growers. The Marwaris and middlemen advance money to the jute growers even before they grow jute. The witness thinks that middlemen (*farias* and *beparis*) in Rangpur district are mostly Marwaris. They generally advance money on what is called *shatta*. This system is widespread. As a general rule money is advanced to the cultivator often before the crop is sown and as a result the cultivator has to sell his crop, at a sacrificed rate, to the man who advanced money.

If the price is Rs. 4 per maund in Rangpur the cultivator cannot get more than Rs. 2. This is because of their terms according to the *shatta*. The witness thinks that there would be a difference of about Re. 1 between Calcutta price and that which the *kutchha* baler in Rangpur pays to the *beparis*.

Different weights are used in different parts of the district. Generally, seer weights at 60 *tolas* and 90 *tolas* are prevalent. But prices are adjusted accordingly.

The witness has no views on *fatka*.

To Mr. Huque.—I have experience of the Rangpur district for the last 40 years, and I have been connected with the District Board for the last 38 years, and during this long period I have had opportunities to see agricultural condition of the district. Thirty-eight years ago jute was the main crop of the district. Jute and rice were the main crops of the district. So far as the total area is concerned, it is increasing year by year, as regards jute. At least 25 per cent. has increased in the last 20 years. In a year of depression I think paddy is more profitable; and, in spite of this, I think they are cultivating jute only in expectation of a better market. Price of paddy is Re. 1 to Re. 1-8 per maund.

Price of tobacco went down in recent years and for that reason tobacco cultivation has become less.

If jute area is reduced by 50 per cent. and replaced by tobacco and sugarcane, it would certainly improve the condition of the people.

I do not think there would be objection to restriction by legislation.

Union Boards have been in existence for the last 5 or 6 years. In some cases there is abuse of the Union Boards, but as a whole they are

working satisfactorily. It will be feasible to put restriction scheme into operation through Union Boards provided there is statutory power behind. If it is a people's organization I do not think there would be opposition.

Beparis take extra weight. Everybody tries to take "excess" as much as he can, it is impossible to say how much. The system of advance is wide. The cultivation of tobacco is likely to extend if there is a factory for cheroot making.

It may be feasible to work it out if there is a Jute Board on the top and a Jute Bank financing Jute Societies, and if there are organized markets in every village. On the whole, what is required is some statutory organization to give a shape, and there would be no dearth of public men to work out such a scheme. There will be numbers of men to do such kind of honorary public work.

To Dr. Sinha.—Regarding regulation of jute production through Union Boards, I do not apprehend any abuse; there may be slight, but not widespread. If they act tactfully I do not think there would be trouble. The supervising agency will be Circle Officers and Agricultural Officers. The present staff will not be enough to do the supervision. It must be increased at least at the first instance.

One standard weight is desirable everywhere.

To the Chairman.—I have no experience of other countries where attempts to regulate crops are made.

Jute sowings have gone up much beyond last year's sowing.

Dealer witnesses.

- (1) **Representative of Messrs. Ashkaran Nathmal,**
- (2) " **Messrs. Nimchand Motichand, and**
- (3) **Babu N. N. Chanda.**

We are all firms purchasing jute locally. We prepare loose bales and forward to Calcutta; 4's, 3's, Rejections and T. R.'s—these are our four assortments. T. R. is equivalent to X.L.R. At present business is carried on in L.R. and X.L.R. only.

We know that standards are changed in the midst of the season. This is due not to competition amongst us, but because the mills demand it. When we begin in the season we probably get business in R. and L.R., but in the midst of the season there is X.L.R. We are at the mercy of the mills, hence we have to accept these standards. When we have got to deal with mills we assort jute on the guarantee of warp and weft. When we do business with balers we assort it at 3's, 4's, R's, etc. Mills try to get better assortment in falling markets. Of course in rising market sometimes low assortments are accepted. It is not due to competition amongst us, but due to rise and fall in the market, and the mills attempt always to get better assortment in a falling market. It would be better in the present state of affairs if the standards were not changed.

There is one middleman between us and the grower, who is called *bepari* or *faria*. There is also another system of purchase, which is

done through brokers, who get only a commission for the supply of jute from cultivators. The major part of the business is, however, done through *farias* or *beparis*.

The present Rangpur market is at Rs. 3-4 to Re. 3-8 per maund.

The *faria* ordinarily keeps a profit of 3 annas to 4 annas per maund after meeting transit charge, which is 2 annas to 4 annas per maund. But what he does is to add a certain amount of moisture. This year there is a combination amongst the dealers not to purchase wet jute; and the system of wetting jute is stopped.

Beparis and *farias* are local men; there are also Marwari middlemen.

It is generally the case that mills raise price about the sowing time, we think, to encourage sowings amongst cultivators. Sometimes the price rises even by Re. 1 to Rs. 2 per maund. This increase generally takes place about *Falgun* and *Chaitra* and sometimes in *Baisakh*.

It would be better if one standard weight is followed everywhere. We generally take 6 or 7 seers per maund on 80 *sicca* calculation. We use 93 *sicca* weight. *Beparis* also purchase at the same weight. To counteract the adulteration by the *beparis* we also have to resort to the system of taking a little extra weight. But if the jute is absolutely dry then we do not use extra weight. The Calcutta firms also generally take extra weight of 5 seers per bale of 3½ maunds (*kutcha* bale). We also in our turn sometimes water jute.

Some 15 years ago there was no system of advancing money to the *beparis* by the firms in the district. It was introduced lately (say 10 years ago): For the last three years, owing to this crisis, the system of *dadon* has been stopped and now the *beparis* are in debt to the firms. In some cases advances are also given to cultivators by the *beparis* about sowing time, and this advance is on the *shatta* system, on the understanding that the jute is to be given to the *beparis* concerned at some contracted rate. This practice is dying out. About the harvest time *farias* and *beparis* give small advances to get jute. But there is no contracted rate.

Fatka has injured the business. It causes undue fluctuations and affects rates. It also affects the cultivators. *Fatka* rate is higher than actual market rate because it is mere speculation and there is no reality of transaction and people always try to raise the market. The net result is that one set of people in Calcutta always tries to raise the price and another set to lower the price according to their own requirements. This unsteadies price and we cannot take long views and find it extremely risky to enter into future contracts. Suppose there is a man in the market who has purchased a lakh of bales in *fatka*. He knows that if the price falls he will have to lose and as such he tries every day by further speculation to keep up the price and to raise it even higher. We are all of opinion that *fatka* must be stopped. This speculation is not only injurious to the general market, it also injures a large number of people who do this operation themselves.

We send our jute from Rangpur by train. The railway freight is Rs. 2-6-3 per *kutcha* bale of 3½ maunds, or 12 annas a maund, ex-railway godown at Cossipore and Chitpore. It is the rate throughout the year. The railway freight for paddy is 6 annas to 8 annas per maund. In the interest of jute there ought to be a lower slack-season rate which was formerly the case.

The mills do not accept any broker other than European brokers.

[At Rangpur.]

It requires about Rs. 5 to produce a maund of jute. The present production exceeds the world demand. Unless and until this cultivation is restricted to 50 per cent. of the present acreage there is no chance of improvement. The only way is to restrict the cultivation. The surplus land may be utilized for cultivation of sugarcane, tobacco, fodder, pulses, etc. The restriction must be enforced by law.

Grower, cultivator and faria witnesses.

- (1) **Maulvi Abdul Mannan, President, Satgara Union Board, Kotwali,**
- (2) **Dr. Choham Cauch, Burirhat, Kotwali, Grower,**
- (3) **Gamir Dalal, Burirhat, Kotwali, Cultivator,**
- (4) **Md. Serajuddin, Paikan, Satgara Union Board, Kotwali,**
- (5) **Md. Sabanulla, Cultivator,**
- (6) **Joir Muhammad, Faria, and**
- (7) **Chandra Mohan, Faria.**

Generally, the outturn of jute is 6 maunds per *bigha*. Cost of production Rs. 25 to Rs. 30 per *bigha*. The average yield of paddy is 5 maunds per *bigha*, cost of production, about Rs. 5 per *bigha*. We have grown less jute this year than last year. We grow jute because we can get ready money at one time. Unless there is restriction by legislation there is no other way of restricting the cultivation of jute. We will have no objection to restriction by legislation. The only way to restrict is to utilize Union Board agency, and there is no likelihood of victimization or undue advantage to anybody. We would like standard weight and measurement. The market conditions in Calcutta are not known to the villagers. It would be greatly advantageous to the people if market conditions are known to the villagers.

The margin between the *arat* price and the village price is about Re. 1 per maund including transit charges.

Joir Muhammad.—Formerly, when the market price of jute was about Rs. 10 per maund, we could have made a profit of at least one rupee per maund, and that was because we adulterated jute. But now-a-days it is very difficult to keep any margin for profit. We are incurring loss.

Cultivators.—We find it better to deal with the *farias* as we do not get any fair treatment in *arats*. It is quite possible to form a jute growers' organization and pool the jute together for purpose of selling in Calcutta, provided we, cultivators, are assured that our stuff is safe. So it will be necessary to have Government societies, for such operations. We can organize ourselves for a common market.

Dealer witnesses from Dinajpur.

- (1) **Babu Hajari Lal Agarwala, and**
- (2) **Babu Dipchand Dhariwal.**

We purchase jute from *beparis* as well as from *farias*. The *farias* and *beparis* generally keep a net profit of about 4 annas per maund

after meeting transit charges. There is only one middleman between ourselves and the cultivators.

In our part the seer weight is at 120 *sicca*. There is no extra taken from the cultivators by the *farias* or *beparis*. It will not be any loss to us if uniform weight is introduced. The cultivator does not lose because we calculate the price at 120 *sicca* weight.

Somehow, owing to competition, the Calcutta market rate is known to *beparis* and *farias*. The *ratyats* can always understand as to whether the condition of the market is high or low; but he does not know the actual market rate.

Fatka is very bad for business. As a matter of fact *fatka* rate wholly disposes the market here. The ready market does not change owing to rise or fall in the *fatka* market. As a result of rise in *fatka*, people guess that the market must rise and that creates a feeling in the country that the market must rise even though it has no connection with it. There may be a temporary rise in the price of jute, and it benefits the cultivator only to that extent.

Grower and cultivator witnesses from Dinajpur.

- (1) **Babu Aswini Kumar Ghosh, Union Board President,**
- (2) **Maulvi Naimuddin Ahmed, Union Board President,**
- (3) **Aminul Islam, Cultivator, and**
- (4) **Md. Fazar Ali Ahmed, Cultivator.**

Witness No. (3) has got 70 *bighas* of land, of which he had 7 *bighas* under jute last year. The outturn was 23 maunds of jute. Generally, 5 maunds is the average outturn per *bigha*. Last year he had a bad crop and obtained 23 maunds out of 7 *bighas*. It cost him about Rs. 15 per *bigha*.

He has 40 *bighas* of low land. Jute also grows on *aman* land. He grows jute on the same land year after year. He has to manure the land. He has 2 ploughs and 4 bullocks.

No. (4) has 60 *bighas* of land, of which he had 6 *bighas* under jute last year. He obtained 20 to 22 maunds of jute. The average outturn is 4 to 5 maunds per *bigha* if it is a good crop. The remainder of his land is utilized for paddy (transplanted) cultivation. The cost of production of jute is Rs. 13 or Rs. 14 per *bigha*.

If there is restriction of jute cultivation by legislation it will open bribery amongst officials.

They grow jute only in anticipation of better prices.

Formerly, No. (3) had obtained 40 to 50 maunds of jute out of 10 to 12 *bighas* of land. If it is really calculated, we get more profit
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in paddy than in jute, but we overlook it. We have to grow jute because we would like to have ready money at one time. Paddy sells at Re. 1-2-6 per maund at 80 *tolas*. In other places, at 100 *tola* seer, it is Re. 1-4 per maund. The outturn of paddy is 5 or 6 maunds per *bigha*, the cost Rs. 7 or Rs. 8.

Union Board Presidents.—If the price of jute rises at least to double the present price, then restriction by legislation may be feasible. It may be possible for the Union Boards to make proportionate distribution amongst individual cultivators if there is a restriction. We do not think that the Union Boards will unfairly distribute. Maulvi Naimuddin Ahmed is of opinion that the Union Boards may unfairly distribute amongst cultivators.

All of them are of opinion that uniform weight will be advantageous to the cultivators.

Maulvi Naimuddin Ahmed.—For the last three years we have been carrying on jute restriction propaganda, as a result of which the area has been reduced to some extent. Those who have obeyed us and actually restricted their crop are coming to us and demanding compensation as they have been outdone by others not restricting. The cultivators must be told, therefore, along with the propaganda, as to what substitute crops profitable to them can be grown.

The witness has cultivation of about 90 to 100 *bighas* and has got 10 ploughs in *khas* cultivation and, in his opinion, there is no crop for the time being which can give them real profit. He has tried sugarcane, both from Government cuttings and from country cuttings, and he has found that it gives slightly more profit than jute. But sugarcane, on the other hand, requires continuous labour throughout the year; and suitable sugarcane land is not much in the Dinajpur district. "If we look to the labour involved in sugarcane cultivation, in comparison with jute, and calculate its value, then we find that sugarcane is less profitable." Price of *gur* is at Re. 1 per maund at present.

If the *raiyyat* can be assured of a remunerative price for jute, he may listen to propaganda and restrict his area accordingly.

General witnesses from Dinajpur.

- (1) **Maulvi Fazli Haque Sarkar, Union Board President, and**
 (2) **„ Emaratulla Sarkar, „**

We are in favour of restriction of jute production, and legislation is the only way to put this into effect. We can utilize our lands, not used for jute, for sugarcane, mustard, paddy, tobacco and other crops. That will be more profitable.

In our part jute yield is 4 to 5 maunds per *bigha*, and the cost of production, Rs. 25 to Rs. 30. One *bigha* of land yields 8 to 9 maunds of paddy. It will ultimately lead to no oppression because people in general will understand their own interest.

We welcome standard weights.

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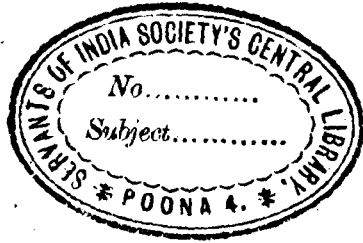
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