
GOVERNMENT OF MAHARASHTRA
AGRICULTURE DEPARTMENT

# REPORT

OF

# The Study Group on Forward Markets in Cotton

1966

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DEPARTMENT OF AGRICULTURE
MAHARASHTRA STATE, POONA-1

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1966

Dr. M. B. Ghatge,
Chairman,
Study Group on Forward Markets in Cotton
and Director of Agriculture,
Maharashtra State,
Poona-1.

No. A/Econ/FMC-783
Dated the 28th February 1966.

To

The Secretary to Government of Maharashtra,
Agriculture and Co-operation Department,
Sachivalaya Annexe,
Bombay-32.

Sir,

I submit herewith the report of the Study Group on Forward Markets in Cotton, appointed under Government Resolution, Agriculture and Food Department, No. CTN-1963/22292-B, dated the 20th June 1964. The report is unanimous.

Yours faithfully,
M. B. GHATGE.

*Encls.* :
Two Copies.

# FOREWORD

Primary agricultural producers are now becoming highly susceptible to pricing policies both in the controlled and free markets. This is but natural. As agriculture comes to be recognised more and more as an industry, and not merely as a hackneyed way of life, adequate return for the agricultural produce will have to be consciously assured to the primary producers and the balance held even between him, the middlemen and the manufacturers and consumers of the products. It is alright for academicians to say that the law of supply and demand will take care of all the problems involved, but in actual practice we know that all these so-called laws can be manipulated and rigged.

2. This is particularly so with regard to highly speculative commodities like cotton and groundnut. And, therefore, to protect the traders and, perhaps indirectly, the producers, the machinery of the Forward Markets was thought of. But even this device of forward market controls or conventions does not seem to have gone far enough with regard to the regulating of primary markets of unginned cotton of various varieties. No wonder the representatives of agriculturists and co-operatives on various cotton advisory committees have constantly complained of inequities and irregularities and tight mercantile cartels in which co-operative gins and co-operative marketing societies have but made a minor dent. In fact, they say that it is a mixed type of lint and not the original cotton product which really is considered for the purposes of prices and even the lint varieties are so intermixed and that also so secretly as per peculiar formulae resorted to by the millowners and their purchasing agents, that the primary producers' interests are never likely to be protected in this scheme of things. Government departments feel desparate and lost in trying to evolve better varieties as most of the time the requirements of the textile manufacturers can never be fairly gauged or guessed and the prices offered for the best and most improved varieties are never proportionately adequate. Some of these institutional representatives have even suggested that the millowners' interests and the consumers' interests seem to be always predominant in the minds of those in charge of these matters rather than the interests of the primary producers of cotton. Even when such a fine variety as Andrews cotton was produced in the country and some foreign exchange could have been saved if it was further propagated, it was discarded to the limbo of held-over stocks as the millowners are said to have been interested for reasons best known to themselves in obtaining foreign varieties in preference to local production of Andrews Cotton. Some competition is now being thought of but the result has been that there is a great setback with regard to superior type of cotton production even in States like Maharashtra which are otherwise considered as advanced in this respect.

3. From this point of view the recommendations of the Study Group on Forward Markets in Cotton appointed by the State Government of Maharashtra will have considerable significance and should be studied with deep interest by all concerned.

A. U. SHAIKH,
*Secretary to Government of Maharashtra,*
*Agriculture & Co-operation Department.*

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