



सत्यमेव जयते

GOVERNMENT OF MAHARASHTRA
AGRICULTURE DEPARTMENT

REPORT

OF

The Study Group on Forward Markets in Cotton

1966



Printed in India by the Manager, Government Press and Book Depot, Nagpur, and
Published by the Director, Government Printing and Stationery,
Maharashtra State, Bombay-4.
1967

[Price—Re. 1·20 or 1s 1d]



REPORT
OF
The Study Group on Forward Markets
IN
COTTON
1966

DEPARTMENT OF AGRICULTURE
MAHARASHTRA STATE, POONA-1

NAGPUR
GOVERNMENT PRESS
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.*

CONTENTS

	PAGE
Introduction	v
Chapters	
I Production and Marketing of Cotton	1
II Forward Markets in Cotton	3
III Types of Forward Contracts	5
IV Hedge contract and Standardisation	7
V Speculation	9
VI Prices and Price Determination	10
VII Analysis of replies to Questionnaires	13
VIII Summary and Recommendations	15
Acknowledgment●	18
 APPENDICES	
I Government Resolution—Appointment of study group, members and terms of references, etc.	21
I-A Government Resolution—Appointment of additional members	22
I-B Do. do.	22
I-C Do. do.	23
I-D Do. do.	23
II Questionnaires	24
III List of Institutions visited	31
IV Economic characters of improved varieties of cotton in Maharashtra State..	31
V Note on the study of price relationship	32
VI Cotton Price Schedule, 1965-66	35
VII Bibliography	36
VIII Graphs showing price trends in the up-country, spot and forward markets.	

INTRODUCTION

The State Cotton Committee, during the course of discussion on cotton price policy, at its fourth meeting held at Bombay on 2nd November 1963, observed that the difference between floor and ceiling prices was very wide and needed to be narrowed down. It was stated that this wide range was necessary for the smooth functioning of Forward Markets in Cotton. The committee was, however, not convinced as this unnecessarily gave greater scope to the speculators in these markets to manipulate cotton prices. It resulted in uncertainty in the prices in the up-country markets and consequently the growers of the raw cotton did not get fair price. The Committee, therefore, recommended to the Government to form a study group to examine this issue in detail. Maharashtra Government approached the Forward Market Commission and the East India Cotton Association to nominate their representatives to work on the study group; but they declined to do so on technical ground. The State Cotton Committee, at its fifth meeting, held on 1st June 1964 considered the views expressed by the above bodies and reiterated its earlier recommendation to form a study group. Accordingly, the Maharashtra Government appointed a Study Group (*vide* Government Resolution No. CTN-1963/22292, dated the 20th June 1964 in Appendix I) to examine the need of the Forward Markets in Cotton having due regard to conditions obtaining in Maharashtra State, consisting of the following members:

1. Dr. M. B. Ghatge, Director of Agriculture, Maharashtra State, Poona, *Chairman*.
2. Shri K. M. Patil, Vice-President, Zilla Parishad, Jalgaon.
3. Shri A. H. Mamdani, M.L.A., Yeotmal.
4. Shri Shankarrao Kolhe, Kopergaon, District Ahmednagar.
5. Shri N. M. Joglekar, Professor of Agricultural Economics, College of Agriculture, Nagpur.
6. Shri D. S. Ranga Rao, Statistician, Department of Agriculture, Maharashtra State, Poona.
7. Dr. T. Y. Patil, Agricultural Economist, Department of Agriculture, Maharashtra State, Poona, *Member-Secretary*.

On deputation of Shri D. S. Ranga Rao to F. A. O., Shri V. N. Panditrao, Deputy Statistician, Department of Agriculture, Maharashtra State, Poona, was appointed as a member (*vide* Government Resolution No. CTN/1964/1848-I-B, dated 8th December 1964, in the Appendix I-A). Subsequently the following persons were appointed as members:

1. Shri H. M. Patil, M.A., B.T., LL.B., Dhulia.
(*Vide* Government Resolution No. CTN/1963/22292-B, dated 24-8-1964, in Appendix I-B.)
2. Shri Raje J. R. Deshmukh, Raver.
(*Vide* Government Resolution No. CTN/1965/22292-B, dated 12th January 1965, in Appendix I-C.)
3. Shri A. R. Ambike, Cotton Extension Officer, Department of Agriculture, Maharashtra State, Poona.
(*Vide* Government Resolution No. CTN/1963/22292-B, dated 19-10-1964, in Appendix I-D.)

0.2 At the first meeting of the study group held in Bombay on 4th August 1965, the following line of approach was decided:

- (a) To collect requisite information and to ascertain the views of all the interests concerned by drawing suitable questionnaires.
- (b) To interview cotton growers, traders, co-operatives dealing in cotton, research workers in the field, East India Cotton Association, Ltd., Bombay, and the Forward Market Commission.
- (c) To visit important cotton markets both Regulated and Forward.

0.3 Suitable questionnaires were drafted (*vide* Appendix II) for collecting the required information from (1) Cotton growers, (2) Village merchants, (3) Wholesale merchants, (4) Commission Agents, (5) Co-operatives, (6) Millowners and (7) Institutions connected with Forward Markets in Cotton.

0.4 The Study Group visited the Cotton Markets at Jalgaon, Khamgaon, Akola, Amravati, Nanded, Aurangabad and Ahmednagar and ascertained the views of the growers, traders and co-operatives in regard to forward marketing in cotton. The Study Group also visited Shri Daxin Gujrat Sahakari Cotton Marketing Union Limited, Surat, and met the members of the West India Cotton Association, Ahmedabad and East India Cotton Association, Bombay. The Study Group also visited the cotton spot market at Sewri (Bombay) and ascertained the views of the Forward Market Commission and research workers in the line (*vide* Appendix III).

CHAPTER I

PRODUCTION AND MARKETING OF COTTON

1.1 Before describing the functions and the structure of Forward Markets, it would be necessary to review in brief, the importance of cotton in the agricultural economy of the country and the State.

In India's agricultural economy, cotton occupies a pre-eminent position among important cash crops with nearly 20 million acres or a little over one-third of the total area covered by cash (non-food) crops. The average annual production is to the tune of 5.5 million bales. The total value of raw cotton produced in India amounts to over Rs. 200 crores annually. It provides the essential raw material for the biggest industry of the country, viz., the cotton textile industry, both handloom and mill, producing cloth of the value of about Rs. 600 crores annually and meeting about 93 per cent of the cloth requirements of the country's population. Production, processing, marketing and transport of cotton sustain a large section of the farm population and provide employment to country's working population in the handloom and textile mill sectors.

1.2 In Maharashtra State, cotton is the most important commercial crop. It occupies 14 per cent of the cropped area in the State. It is grown in an area about 66 lakh acres with an annual average production of 13 lakh bales, contributing 33 per cent and 25 per cent of the country's area and production, respectively. The yield per acre is 70 lbs. of lint. It is low compared to the all India average yield per acre as the crop is mostly rainfed.

1.3 The latest figures of consumption of cotton by Indian textile industry show that about 6 million bales are annually consumed, of which 5.5 million bales or 90 per cent are of Indian cotton and rest are of the imported cotton. On account of greater concentration of textile industry particularly in Bombay and some other parts of the State, the consumption of cotton in the State is comparatively large and forms nearly 30 per cent of the country's total consumption. Annually 2 to 3 lakh bales of cotton mostly of short staple variety are exported to Japan and U.S.A. The country is, however, required to import annually 6 lakh bales of cotton stapling 1" and above. Nearly 90 per cent of the exports of the Indian cotton and 70 per cent of the imports of foreign cotton take place at Bombay Port.

1.4 During the three Five-Year Plan period, concerted efforts were made in Maharashtra to increase the yield per acre and the quality of the crop through organised research. The evolution of improved varieties of cotton is a major contribution of cotton research work in the State. Nine improved varieties of cotton have been evolved so far and released for cultivation with an increase in staple length from 0.78 to 1.03 inches and the ginning percentage from 35 to 40 in respect of Deshi cotton. The economic characters of these varieties are given in Appendix IV. The split up of State production according to staple length groups is given below:

Serial No.	Staple length group	Number of bales in lakh (Each of 392 lbs.)
1	Long staple (7/8" and above)	11.0
2	Medium staple (above 11/16" and below 7/8") ..	1.7
3	Short staple (11/16" and below)	0.3
	Total ..	13.0

1.5 The need for proper marketing and distribution of cotton is no less important than its production. The efforts are mainly concentrated on increasing production and on improving the quality of cotton while very little attention has been paid to its marketing. The growth of institutional development in the sphere of marketing of cotton, both in the State and in the country has been rather lopsided and unbalanced. At the apex, there is a well organised cotton exchange, *viz.*, The East India Cotton Association, Ltd., at Bombay, enjoying international recognition. At the base, lie the poorly developed country markets and unorganised cotton producers lacking the minimum facilities and services, required for smooth trading in cotton.

1.6 An understanding of cotton marketing and processes connected therewith involves knowledge of all the types of markets, *viz.*, farmers' local markets, secondary (regulated) markets, spot (terminal) markets and forward markets. The farmer disposes of his cotton either in the village itself or takes it to the adjoining secondary market. The purchaser in the village is either a petty local merchant or an itinerant trader. Cotton thus purchased is pooled and brought to the secondary market and sold to the big merchants through the *adattias* or co-operative societies which perform the function of *adattias*. Cotton is then converted into lint by the cotton merchants and sold in the terminal market, to the millowners or the stockists. Thus in its movement from farm to the terminal market, it gains certain utilities like place, time, form and possession and presupposes transfer of ownership of goods. This has a bearing on marketing costs.

1.7 The addition to cost due to the process of taking cotton to the ultimate purchaser, *i.e.*, the manufacturer has an integral relation to the price that the cultivator receives at the hands of the first purchaser. This is especially so, for commodities on world market like cotton, the price of which is fixed from above. The price for kapas is not determined by adding the cost of marketing to the cost of production as would seem natural, but it is determined from above based on demand and supply position in the country and varies within floor and ceiling prices and various other restrictions imposed by the Government. The farmer gets only the residual share left after deducting the charges of the intermediaries from the prices prevailing in the spot market. Consequently, the burden of the cost of distribution falls entirely on the cultivator. If by systematising the marketing processes the expenses could be reduced, a visible service to the agricultural community would be rendered. Apart from this direct saving by better economies in marketing, a greater adjustment of demand and supply is of vital interest to the farmer. If the total available supply can be so distributed as to never allow the supply to be in excess of the demand, the farmers would get what is called the 'Just' price, which may in many cases be a better price. Generally the average farmer is ill-informed as to the changing factors of demand and supply, especially when both of them are extraneous to him. The supreme importance of the element of time and space in modern business economics needs no emphasis and what is expected of organised marketing is that it should annihilate both time and space in such a way as to facilitate a maximum adjustment between demand and supply.

1.8 The inability of the farmer to devise the best means of marketing is easily explicable. He generally regards marketing as subsidiary to production and the circumstances of the average cultivator who is traditionally individualistic favours this attitude. His small size of holding, coupled with lack of adequate resources and ignorance of the commercial side of his business generates an attitude of resignation. The persistence in maintaining such an isolated independence in production and in marketing has operated to his distinct detriment. Too little significance is attached to quality and grading of product and thus the farmer is the victim of a marketing system, the emphasis in which is upon the profit of the extensive system of middlemen who are proverbially considered to be shrewd and are often suspected of unfair dealings by the ignorant farmers. A succinct statement depicts the situation in the words of Bernard M. Barucha, a distinguished financier and a close student of co-operative marketing. "The farmer, selling in unlimited competition with himself, has been buying at more or less controlled prices from industries which have organised their production and marketing."

1.9 Co-operative marketing is the agency born of this need of the farmer. Main purpose of such organisation is to develop machinery by means of which the farmer performs himself the function of middleman efficiently and economically.

Recently co-operatives have entered this business in the State who after pooling cotton of their members convert it into lint and sell to the traders or spinners. The volume of business done by the co-operatives at present is very small and forms only 10% of the total production of the State which indicates that there is still a vast scope for developing co-operative marketing of cotton.

If co-operatives could be organised to handle a sufficiently large proportion of the total production of cotton, it would exert a decided stabilizing influence upon price levels through orderly marketing. With the co-operatives taking sufficient hold, they would prove effective in the proper adjustment of production to demand.

CHAPTER II

FORWARD MARKETS IN COTTON

2.1 Cotton directly affects the fortunes of millions of the people in India and indirectly the entire Indian economy. There is no agricultural commodity in India for which forward markets are as extensively used as in the case of cotton. The strength or weakness of these markets is bound to be forcefully reflected in our present day economic system.

2.2 The various issues connected with futures cannot be viewed in true perspective unless historical review of forward market in cotton is made.

2.3 The organised forward markets have a long history. Future trading has developed as an institution in promoting the efficient working of free competitive economy. So long cotton was being marketed within a country, no necessity of forward market was felt. The need became more urgent especially after the rapid changes in the textile machinery and transport facilities. Industrial revolution of the West and the colonial economic policy of the rulers of the various countries brought cotton into the world market. With the expansion of communication facilities, it became possible for cotton traders in the United States to send to merchants in Liverpool samples of particular grades of cotton in advance. As the cotton of which samples were sent reached much later, the buyers and sellers entered into forward contracts on the basis of these samples. These forward contracts came to be known as "To arrive" contracts since they referred to a commodity which was still to arrive. Speculators soon got interested in "To arrive" contract and with their entry, the volume of trading increased. In the process of evolution, the contracts became impersonal and parties to the contract no longer insisted on the actual purchase and sale of the commodity.

2.4 Bombay, an important centre for cotton trade from the early 19th century, had no organised exchange until the end of the American Civil War. With the dislocation of the United States, supply during the time of Civil War, foreign demand for Indian cotton increased suddenly leading to higher prices and speculation. The need for regulating the trade was then felt. The Bombay Cotton Trade Association and the Bombay Cotton Exchange were established in 1875 and 1890 respectively and functioned side by side until 1915. There was no (i) basis contract, (ii) periodic settlement and (iii) clearing house. There was dislocation of cotton trade because of a huge corner in 1917. Government of India then set up a Cotton Contract Committee in 1918 to control cotton trading in Bombay. In 1919, the Committee was replaced by the Cotton Contracts Board, a body constituted under the Bombay Cotton Contracts Act I of 1919. The Government thereafter invited this body to form a Central Cotton Association which was formed under the style of the East India Cotton Association in 1922. The East India Cotton Association Ltd., with a statutory authority to control all cotton trade was established in 1922. The East India Cotton Association was authorised by the Bombay Cotton Contracts Act (1922) to regulate dealings in cotton in Bombay. The Association came to be regulated from 1954 by the Central Government with the application of the Forward Contracts (Regulations) Act, 1952. Under this Act, the Forward Markets Commission was established in 1953 to advise the Central Government in respect of recognition of associations, dealing in forward trading, to observe the working of forward markets under its purview, to suggest

improvements in their working and to regulate their activities when deemed necessary. The functions of the Commission are thus both advisory and executive. Instruments of the Forward Markets Commission for regulating forward trading include the system of collecting margins (or deposits) from members based on their net open position and the fixation of maximum and minimum prices of future contracts.

2.5 Subsequently, the Commission allowed opening of forward markets in cotton at Akola, Ujjain and Indore in May 1955, and at Ahmedabad in 1957. An association known as the Central India Cotton Association, Limited, was formed in 1956 with two rings, one for cotton at Indore and the other for cotton and cotton-seed at Ujjain. The Indore ring was closed subsequently. The Madhya Pradesh Commercial Exchange, Ltd., Akola, started forward trading in cotton from 10th February 1958 and in cotton-seed from 22nd September 1958. The West India Cotton Association, Ltd., Ahmedabad, started future trading in cotton from 21st February 1958. At present, forward trading in cotton is in vogue in Bombay, Ahmedabad and Bhatinda.

2.6 Cotton exchanges are in existence in United Kingdom, United States of America, Germany, France, Japan and Pakistan. The Cotton Brokers' Association at Liverpool in United Kingdom was established in 1841 and written rules and regulations governing the conduct of business were formulated in 1868. New York Board of Cotton Brokers was organised in 1868 and this body was succeeded by the formation of New York Cotton Exchange in 1870. Following the lead of New York, New Orleans Cotton Exchange was organised in 1871. Though the Chicago Board of Trade is one of the oldest modern commodity futures market of the world in grains, trading in cotton futures commenced recently in 1924. The first cotton futures market on the continent was the Bremen Cotton Exchange in Germany established in 1871. A second important organised market for dealing in cotton futures on the continent was the establishment at Havre in France in 1880 where trading in contract for future delivery in cotton commenced somewhere in 1882. Although dealings in cotton futures at Alexandria in United Arab Republic started in 1861, necessity of an association to set up regulations was not felt until 1883. The Association has, however, ceased to function since 1961-62. In Osaka in Japan, a futures exchange called "Sampin" was established in 1894 and trading was confined to cotton yarn only up to 1927 when trading in raw cotton was inaugurated. The Karachi Cotton Association in Pakistan came into existence in 1933.

2.7 From the brief survey of the organised produce markets of the world, it will be observed that cotton exchange is a recent development. This system was neither known or discovered nor availed of or planned in advance by any person. A cotton exchange is mainly the product of the needs of commercial evolution to protect the interest of the traders and manufacturers and has no place for the growers. The cotton exchange marketing system is thus the evolutionary product of trial and error and it has followed a course of development from disorganisation to organisation. There are, however, certain deficiencies and lacuna in the working of these organisations because of which serious apprehensions are felt about their utility.

2.8 Forward trading was the product of the laissez faire system and it was considered an important accompaniment to maintain stability in prices in the trading sphere and preventing wide fluctuations in prices in the cotton market. With the adoption of principle of planned economy for attaining the goal of socialist pattern of society, the marketing system that prevailed up to now has outlived its utility.

2.9 In the United Arab Republic, the speculative element in future exchanges reached its climax in 1958-62. It adversely affected not only the Alexandria market but the consumers and operators throughout the world. It was observed that the future exchanges failed in their function as a regulatory machinery. This situation forced the Government to suspend future dealings and to work out a uniform sale system.

In Yugoslavia, no forward market exists and regulation of prices is done at Government level in the interest of all concerned including growers.

CHAPTER III

TYPES OF FORWARD CONTRACTS

3.1 Forward market functions through three types of principal contracts, *viz.*, non-transferable specific delivery, transferable specific delivery and hedge or futures contract. The principal differences in these arise out of the conditions of delivery and the mode of settlement.

In non-transferable specific delivery contracts, delivery is a common feature. The goods have to be of specified quality and have to be delivered at specified price. This type of contract resembles the ready contract except that the delivery takes place after a longer period. The utility of the contract lies in the fact that the buyer is assured of continuous supply of exactly the type of goods required by him in future without being required to take delivery of the goods, store them and pay for them immediately. The settlement in this contract takes place through the payment of the actual value of the goods by the buyer to the seller. As this contract is ordinarily left unregulated because of its resemblance to ready contract it is used on a large scale through the recognised association for speculative pressure shifts by the adoption of doubtful expedients. This has therefore rendered the task of the Forward Market Commission difficult to enforce the Act as there is no provision of registration of all associations concerned with forward trading. The disadvantage of the contract is that it is difficult for the traders and the processors or manufacturers to contact the parties interested in selling or buying the goods.

3.2 In the case of transferable specific delivery contract, delivery takes place between the first seller and the last buyer and it has to conform to the same detailed specifications as in case of the non-transferable contract. It is also similar to the hedge contract in that it can be transferred from party to party and can be settled by the payment of differences. In the absence of any specific provision in the Forward Contracts Act restricting the transferability of the rights and liabilities under this contract, it has enabled the contract to be transferred any number of times and practically converted it into hedge contract. This results in the original seller becoming the purchaser and thus avoiding the responsibility of delivery. This brings into the field a large number of speculators not genuinely interested in promotion of trade but in making easy money by effecting short sales. Risk involved to the buyer is less because he can be certain of getting precisely the type of variety of commodity which he needs. The risk would, however, be correspondingly greater to the seller as in making the delivery of specific type he has to buy it even in the ready market. Transferable specific delivery contract thus occupies a position intermediate between the non-transferable specific delivery contract and the hedge contract. It has points of resemblance to both. It is, however, treated on par with futures contract under the Forward Contracts (Regulation) Act.

3.3 Hedge contract is so called because it enables the person dealing with actual commodity to hedge himself, *i.e.*, to ensure himself against adverse price fluctuations. Thus, the term hedging denotes activity in a future market by the dealers in spot market to protect themselves against price changes. Hedging may be defined as a purchase or sale for future delivery intended to offset and thereby protect a transaction in spot. The resorting to counterbalancing transactions in the market for the ready commodity on the one hand and in the hedge market on the other hand, the hedger seeks to safeguard his position. Hedge or futures contract does not visualise actual delivery at all except in residual sense and is entered into in terms of a basis quality. Less than 1% of the contracts in the market are completed by delivery of goods. It is believed that a futures contract is meant for gambling, pure and simple, because, delivery can be avoided. The purpose of hedge contract is that of insurance which renders it futile to be fulfilled by actual delivery and hence it is settled by offset or substitution. The hedge market constitutes nearest approximate to the theoretical competitive market on account of predetermination of all the features except the price and the quality of goods. The liquidity that is provided is, however, accompanied by two disadvantages, for instance, the buyers in the hedge market are not sure of getting specified type of goods and secondly, the sellers cannot get as high a price as they can get in ready market. The hedge contracts, in so far

as the intermediate buyers and sellers are concerned, are settled by the payment of differences between buyers and sellers.

It is often claimed that hedging brings liquidity in the market and reduces the cost in handling which indirectly helps the producers in getting higher price. It is admitted that for bringing about liquidity large number of speculators in addition to genuine traders are required. A hedge contract acts as a commodity in itself in that market. The transactions in this respect are finalised there and then. The question of saving by way of costs in handling cotton has, therefore, no relevance in this sphere. Thus the claim is far-fetched.

3.4 There are two other types of contracts which are related to hedge contract but have an independent character of their own, viz., "on call" contract and "option" contract.

3.5 On Call contract:

It is usually entered into by a mill with the trade for the supply of specific type and variety of cotton on a specified future date. Price of the contract is specified in terms of certain margins above or below the price of particular hedge contract ruling on the date that might be determined by the mill, provided, of course, it was before the maturity of hedge contract. In this contract the actual price at which contract is entered, is not fixed, but future margin at which the actual price will exceed or be lower than the ruling price of the hedge contract is fixed. The uncertain factor in this contract is the price of hedge contract, because the precise date for which this price is taken is to be determined by the buyer at his own choice. Such type of contract was popular in the Bombay Cotton trade but is now closed.

3.6 Option contracts (*Teji* and *Mandi*):

An option contract is a contract for the right to buy or for the right to sell the hedge contract at any time up to a certain specified future date at the choice of the buyer of the option and at a price agreed upon when the bargain is struck. An option contract can be of various types. It may be a contract for the right to buy in which case, it is called "Teji" or "call" option. It may be a contract for the right to sell in which case it may be called "Mandi" or "put" option. It may also be a contract for the right to both buy or sell in which case it is known as "Teji-Mandi" option. The option contract makes it possible for even a man of small means to get the thrill of gambling without having to face the risk of serious losses. Option are, therefore, extremely popular amongst the operators. They, however, widen the range of fluctuations in the price of the hedge contract beyond what is warranted by the supply and demand position and make trading more risky for genuine operators. It is for this reason that trading in operations is generally discouraged and frequently prohibited by 5 statute.

The most prominent instances of illegal futures trading carried out, at present, are option trading, misuse of non-transferable specific delivery contract for speculative purposes, kerb and Dabba trading.

3.7 'Kerb trading', i.e., trading either before or after official trading hours and outside the rings of the recognized association is done by its members. The principal evil following from such trading is that the rates prevailing are subject to violent fluctuations on account of the thinness of the trading. The fluctuations in the kerb rates have also adverse effect on the opening rates of the official trading in the forward market. Forward Market Commission has made the trading illegal by imposing penal provisions. The publication of kerb rates in news papers has been also made illegal.

3.8 Similarly, "Dabba" is very popular and favourite form of illegal trading. Dabba trading is conducted by persons who are not members of a recognised association and is a form of forward trading outside the ring of recognised association. It is generally done in small units to suit the convenience of the clients who have generally limited means and look upon this form of trading as the easy means of making money. Dabba trading has numerous harmful effects as it encourages unhealthy and unbridled speculation. These transactions are not subject to any legal regulations or controls imposed on recognized associations. The Commission has also found itself unable to take any legal action in a Court of Law for want of necessary co-operation from the trading community in giving necessary evidence. Thus this constitutes a serious threat to well organised trade.

CHAPTER IV

HEDGE CONTRACT AND STANDARDISATION

4.1 When delivery is not generally intended, hedge contracts are made without reference to any specific quality. The conditions regarding the unit of trading and the time of delivery are generalised by the rules of market. Contract is traded in terms of a basis quality believed to be representative of the commodity concerned and capable of influencing the prices of other varieties.

4.2 In the early days of the cotton future trading in India, there were three popular contracts, viz., (1) Broach, (2) Bengal and (3) Dholera. The buyer knew definitely at the time of purchase the specific grade he could have. It was, therefore, employed to dispose of or to require cotton. As time passed the system of classification and fixing of standard became more elaborate. The contracts were widened and in 1917-18 there were five hedge contracts. Subsequently, two more contracts were added thus bringing the total number of contracts to seven. In the absence of any clear conception of the theory of hedging, these contracts were wrongly regarded as hedge contracts and were not better than the usual delivery contracts. With the constitution of East India Cotton Association in 1922, the number of contracts was reduced from seven to five. Not feeling satisfied with the merger of seven to five, the Bombay Mill Owners' Association demanded further reduction in the number of hedge contracts. Accordingly in 1931, the number of contracts was reduced to three and this system was continued till 1942. On account of large difference in prices of Broach and Oomras contracts in 1942, the fear of squeeze in Oomras contract was felt and had serious repercussion on the market. A committee of the concerned interests was formed by the East India Cotton Association. The committee expressed that the existing contracts were not only obsolete but also unworkable during the war period and therefore suggested that only one hedge contract should be in force for the duration of war and sometime thereafter. This situation continued till 1956-57, when the Association was again divided on the issue as to whether to have one or two hedge contracts. As per majority view of the committee, two contracts were introduced in that year which, however, did not work satisfactorily in the season and the contracts had to be closed under the Cotton Control Order to prevent the rise of prices to unduly high level. The position was again reconsidered and the Board decided to revert to a single hedge contract with Moglai Jarilla as the basis in 1957-58. Reason for selecting Moglai Jarilla as basis was that more superior varieties of Jarilla grown in the different parts could fetch a premium when tendered against hedge contract. If the entire Jarilla had been made a basis these varieties of cotton would not have been entitled to any premium. Although Moglai Jarilla was found to be a workable contract, it appeared to be unsatisfactory from the point of hedging. Moglai Jarilla was one of the most inferior varieties. On account of large difference between price of basis variety and price of superior varieties tenderable against the contract, hedge contract price was unable to reflect the general level of cotton price. As Moglai Jarilla has practically gone out of cultivation, Vidarbha, M. P., Virnar is adopted as basis since 1965-66.

4.3 Besides the basis variety, 23 other standard descriptions are also tenderable against contract. Tendering differences are fixed by taking into the account the price at which the cotton is sold in spot, the price of cotton in up country market and ruling rates of succeeding deliveries. As the success of contract depends on proper fixation of tendering differences this question has assumed special significance. These differences are applicable to all descriptions of cotton tendered against hedge contract during succeeding delivery month and are to remain unaltered throughout such delivery period. The tendering differences are fixed by a special committee appointed by the Board of the East India Cotton Association on the basis of differences between the hedge contract rate and spot rate of the respective descriptions tenderable, on the day of fixation of differences, subject to certain reduction in case of premium and increase in case of the discount of such differences.

All the varieties including basis variety are tenderable up to two classes "on" and "up to good to fully good" for grade. In respect of staple, the basis variety is tenderable up to 2/32" 'on' and 1/32" 'off' while in respect of other tenderable varieties, the 'on' allowance varies from 2/32" to 4/32" and the 'off' allowances up to 1/32", except in case

of Cambodia (A), for which there is no tolerance. The months of delivery are March, May and August. The delivery period of contract is 1st to 25th of the delivery month. Apart from Bombay, tenders can be given at 71 other centres in the country.

4.4 One more question to be considered in connection with hedge contracts is in respect of its standards. Grading and standardization of cotton are by far the most essential for efficient marketing. The technique of classing cotton that combines both the grade and staple is the outcome of the need for standardization of different grades of cotton. Colour, lustre and brightness of fibre, cleanliness, quality of ginning, etc., determine the grade of cotton. Staple is the integrated expression of lint length and character of the fibre.

4.5 The number and types of standards used vary from country to country. In India, the East India Cotton Association, Bombay, for facilitating cotton trade, has laid down certain standards on the basis of which contracts are made. The whole time paid sworn surveyors of the Association prepare two sets of standards, viz., (1) the working standards and (2) the reference standards of various grades of cotton tenderable against different types of contracts. Each description of cotton is graded as 'good', 'good to fully good', 'fully good', 'fine', 'superfine' and 'extra superfine'. The surveyors prepare the standards for the various staples of the above descriptions by considering the mean staple and not that of the upper quartile length as is done in U.S.A. The estimation of staple length is done by hand stapling. There are sixteen staple standards commencing from 22/32" to 1.4/32". These standards are approved by the standards committee.

4.6 Generally the standards are prepared every year if suitable cotton is available. The standards prepared in India are not defined as in the case of standards in the U.S.A.

For preparing standards, bales of various descriptions of cotton lint are secured from the market which are often mixed at the time of baling by the traders and thus do not represent the exact nature of the crop grown. In recent years, the Agricultural Departments of various States have been making conscious effort to bring about purity in the crop grown. In Maharashtra State, seed multiplication and distribution schemes are in operation for a couple of decades. Almost all areas have been, therefore, covered by improved varieties of cotton. For maintaining purity of the crop, various cotton legislations like the Bombay Cotton Control Act, 1942, and the Cotton Transport Act, 1923, are enforced.

4.7 As far as the U. S. upland cottons are concerned, the United States Department of Agriculture (U.S.D.A.), in consultation with the Cotton Exchanges in various countries importing U.S. cotton, have through the years developed a set of grade standards. These standards are known as the "Universal Standards" and have been accepted by all trading organisations including the East India Cotton Association. Further, the United States Department of Agriculture have also prepared staple length standards for selected lengths to represent the graders' pull for these lengths.

4.8 As the grader normally discards cotton fibres at various stages while making the final pull for estimation of staple length, it is likely that the graders' pull may not be representative of all the fibres in the sample. To test this, a study was undertaken by United States Department of Agriculture, (*vide* Miscellaneous Publication 310) which showed that the graders' sample pull is actually different in the longest and the shortest fibres.

4.9 As has been pointed out earlier, graders' estimation of staple length would have certain errors attached to it being purely a hand and eye test. As the edges in a graders' pull are not uniform, some approximation is made by the grader for estimating the staple length. This approximation also varies from grader to grader and from country to country. Studies have been undertaken at the Technological Laboratory, Matunga, Bombay, to compare the graders' estimate of staple length with the results of machine tests for determining the fibre length. As a result of these studies, it is observed that the Indian graders' estimate of staple length based on consideration of mean length is lower in respect of varieties of staple length up to 0.9". In actual commercial practices, cotton whose staple length is under-estimated, fetches a price not commensurate with its real quality.

CHAPTER V

SPECULATION

5.1 Speculation in its broader sense of taking risks in the process of buying and selling for profit, has been in existence since long. It is carried out both in spot and forward markets and is termed unorganised and organised speculation, respectively. Speculation in the forward market is defined as the purchase or sale with the expectation of profiting by anticipated but conjectural fluctuations in price. Speculative operations resolve into two principal groups (1) Constructive and (2) Destructive. Operations based on intelligent appraisal of market conditions can be included in the first group while those based largely on a foundation of mob-psychology fall into the latter group.

5.2 Although it is a common belief that hedging is meant for reducing risk only, detailed empirical investigations have brought out that hedging is done not merely to reduce risk but for a number of reasons which include profit expectations by anticipatory movements in the "basis". The possibility of making a profit through these contracts brings into forward market the speculators who may have no real interest in purchasing or selling a commodity but may possess financial resources to back their judgment about the future course of prices. It is stated that the speculators perform useful service by complimenting the operation of traders and assisting in balancing the supply and demand in the market and moreover by protecting it, against certain jerks and jolts. However, there is a class of speculators with insufficient funds who often ignore the possibility of losses and indulge in excessive operations and thereby not only ruin themselves and the creditors but upset the entire market. Further, when these speculators buy or sell in the blind hope of making profit without making intelligent appraisal of marketing conditions, are not speculating but gambling. It is very difficult to draw a line of demarcation between legitimate speculation and gambling because it is difficult to state where speculation ends and gambling begins. A speculator assumes the risk while a gambler joins with others in creating a situation out of which risk develops.

5.3 In recent years, there has been considerable controversy about the role of speculation in the economic system. It centres around two important aspects. These are (1) whether speculators have ability to forecast prices and make profits on the average of these transactions and (2) whether profitable speculation necessarily implies a stabilising influence in the market with a reduction in the variance of price fluctuations. As regards the first issue that speculation is profitable, it has found support from those who believe in the existence of a risk premium. Experience in this regard also lends support to the above view. According to the traditional theory, profitable speculation implies a reduction in the amplitude of price fluctuations. It is not, however, possible to make an easy generalisation regarding profitable speculation, being also price stabilising. Economists agree that the question whether such speculation works in the direction of stabilisation of price or in the opposite direction depends on the timings of the speculative purchase and sale. This problem can, therefore, be resolved only on empirical ground and can never be settled 'a priori'.

5.4 It is claimed that forward market provides a continuous market which enables anyone to buy and sell even large quantities at very short notice. It is also claimed that such a continuous market benefits the producers and the traders without causing serious adverse movements of price. It is, however, found that most of the traders who enter the forward markets are only satisfying the urge of speculation and do more harm than good to the producers. The traders who are doing forward business in a particular commodity have, as soon as forward business was prohibited therein, changed to forward business in other commodity. Thus these traders are not genuine hedgers but speculators and they cannot be said to be doing useful service to the community. The study group during its tour has gained an impression that a large number of traders has fallen into the habit of living by speculation and the prohibition of forward markets in one commodity has only made them seek other commodities for the continuation of their this mode of living.

5.5 Trading in futures market takes the form of either first selling and later buying or first buying and later selling. Selling cotton without commodity on hand with the intention of buying it back later, at a lower price is short selling. Reverse is long buying. When a speculator on the knowledge that the prices are ruling high than what they ought to be, makes short sells, he increases the turnover in a futures market for his own advantage. In such short sales, however, there is no means of ascertaining whether the short seller possesses the commodity or not and whether the sale is meant for speculating or hedging purposes. In view of the large-scale transactions both in the direction of purchase and sale, it is estimated that the total volume of transactions in futures contract in a year is not less than 15 times the total volume of the crop. Short selling in forward market tends to depress the price of the producers. On occasions, the prices in the market are largely influenced by the action of the speculators who raise or lower the price artificially through concentrated speculative dealings. This manipulation of prices is effected by creating a false impression about the supply and demand conditions of the crop. Manipulation is also brought about by effecting a cover, i.e., by buying all the offerings of short sellers and encouraging them to go on selling until their sales exceed the quantity of deliverable cotton. Such corners or squeezes constitute a menace even to speculative markets and do not serve any useful economic functions. Thus, at times a single individual or a group of individuals supported by sufficient capital may disorganise the market.

CHAPTER VI

PRICES AND PRICE DETERMINATION

6.1 (a) Price plays an important role in market operations. In India, about 95 per cent of the Indian cotton crop is now consumed internally and exports and imports are controlled. As such, the Indian cotton prices at present, stand by themselves and are governed by the demand and supply position in the country, subject to the limitations of the floor and ceiling prices fixed and other restrictions imposed by the Government of India from time to time.

(b) Bombay is the premier cotton market and it is often said that the prices ruling in this market largely govern the prices prevailing in the up-country markets. However, it is seen that the prices in Bombay and up-country markets do not always move together and rise or fall in prices in Bombay market is not always correspondingly reflected in the prices in the up-country or secondary markets. Reasons observed for this deviation are that cotton from producing areas does not always move towards terminal markets and that there is an increasing tendency of direct purchases by mills in the secondary markets. Moreover, the prices quoted in the above market are for lint of particular grade and staple, while the prices in the secondary markets are for kapas of an unspecified grade or staple.

6.2 The forward market is stated to be providing reliable guide to the traders operating in terminal and up-country markets. This situation does not hold good in practice. The distinction between the spot and forward market lies mainly in the interval of time between entering into a contract for the sale and delivery of goods against the contracts. A spot market is one in which no time is lost at all or very little time is lost between the date on which the contract is entered into and the date on which the delivery of goods is effected. On the other hand, contract on futures market is entered into to ensure against the risk arising from fluctuations in spot prices and is not generally meant to be used as a channel of actually merchandising the commodity. It is availed of rather as an aid to the successful distribution of it, but not as a direct link in the distribution. It can, therefore, be stated that a forward market developed rather as an auxiliary institution connected with speculation in prices, financing of the trade and counter-balancing of the business risks.

6.3 Generally speaking, the spot and future prices of cotton at Bombay ought to move in close alignment with one another because of the facility to tender goods against future contract. But analysis of prices in spot and forward markets made by Shri L. S. Venkatraman shows that "in practice, hedging is generally less than perfectly effective

because the spot and futures prices rarely move by equal amounts to keep the basis invariant. The basis changes whenever the relative supply and demand conditions in the spot and futures market changes." Thus for example, if there is an expectation of a bumper crop a few months hence, the futures price is likely to decline relative to spot price; on the other hand, if there is a report of crop damage affecting immediate supplies, spot price is likely to increase in relation to futures prices.

6.4 According to the theoretical basis, forward prices ought to be higher than the spot prices because storage of goods meant for future delivery carries with it incidence of godown rent, interest on blocked capital and risk of deterioration. In practice, this phenomenon, however, does not happen due to various reasons of which the main reason is occasional imposition of ceiling within the ceiling by Forward Market Commission which results in the backwardation of prices. The absence of parallel behaviour of spot and futures prices is mainly caused by the presence of speculators in the forward market who are not genuine hedgers but are interested in making profits on small fluctuations in the prices.

6.5 In order to study whether the prices of kapas in the up-country markets are influenced by the prices of cotton (lint) ruling in the spot market at Bombay and also to gauge the impact of futures prices on the spot prices, the study group collected price data in these markets for a period of nine years. For this purpose, monthly average wholesale prices of kapas in the up-country markets of Amravati, Khamgaon, Akola, Jalgaon, Amalner, Nanded and Ahmednagar representative of the predominant varieties grown in those tracts were collected and were studied in relation to the spot prices of the corresponding varieties ruling at Bombay. Analysis of the data shows that the prices in the up-country markets during most of the period under study remained fluctuating and did not exhibit any particular relationship to the spot prices which largely were stationary throughout the period or fluctuated within narrow limits.

6.5 (a) Similar analysis of the price data of the basis variety of Moglai Jarilla in the forward market with the price of lint of different varieties transacted in Bombay spot market has brought out that the two prices as expected did not move in the same direction. Spot prices of most of the varieties ruled steady, while during the corresponding periods forward prices fluctuated but not violently. A detailed note on price analysis and graphs showing price trends are given in Appendix V and VIII, respectively. To encourage professional participation, price in the futures market must not only be sensitive and frequently changing but it must also move over a wide range. A study of the futures prices over a period of years has, however, shown that the fluctuation has been within narrow limits mainly because of the restrictions of floor and ceiling prices thereby reducing the economic utility of forward market.

6.6 It has frequently been said that the effect of future trading upon spot and up-country markets is to level and thus stabilise prices but this is difficult to prove statistically. It is also claimed of future trading that its price may be used as guide or forecast of probable prices several months ahead but here too conclusive data are lacking.

6.7 The price of cotton unlike that of other agricultural commodities is not determined exclusively by forces of free play of demand and supply but is subject to control. Control on prices and distribution of cotton came into existence since 1942-43 season. Under section 3 of the Essential Commodities Act, the Government of India have issued the cotton control order and took the requisite powers for fixing the floor and ceiling prices of cotton lint from year to year. The object of fixing floor and ceiling was that while the floors should ensure a remunerative price to cotton growers, ceilings should act as a deterrent to the rising trend of prices. Thus, the floors were intended to safeguard the growers and the ceilings to protect the consumers of cloth and the textile industry. Until 1964-65, Moglai Jarilla 25/32" (Fine) was adopted as a basic variety in the cotton price policy. It has now been replaced by Vidarbha M. P., Vinnar (Fine) 27/32" as the production of former variety has been progressively going down. The basic floor and ceiling prices for other varieties of Indian Cotton are fixed proportionately with 'ON' and 'OFF' allowances for

class and staple above and below the basic class and staple of each variety. The cotton price policy is usually announced by the Government of India before the commencement of the sowing season. The floors and ceilings as well as the ON and OFF allowances are subject to review every year. The cotton price policy contains detailed description of the varieties, conditions in respect of purchase of kapas by manufacturers, requisitioning of cotton, compulsory survey, etc. It is interesting to note that although the floor prices have been raised thrice in the last five years, the prices have never touched that level making them same unrealistic. The ceiling price has been revised twice. An extract of the cotton price policy announced for 1965-66 season in respect of varieties grown in Maharashtra State is reproduced in Appendix VII. It can be seen from the Appendix that range of difference between the floor and ceiling prices of different varieties is between Rs. 220 to Rs. 285. This difference is very high, but it is argued that the difference to this extent is necessary for the smooth operations of forward markets.

6.8 The fixation of floor and ceiling prices is reported to be mainly governed by the market considerations, demand by the textile industry and special characteristics of certain varieties of cotton. These are, however, fixed on *ad-hoc* basis as they are not related to cost of production, seasonal variation and need for providing fair standard of living to the cotton grower. They are also not in proper alignment with prices of the other agricultural commodities.

6.9 A study of wholesale price index of raw cotton over a period of years from 1954 to 1962 has shown that the index number of cotton in 1962 stood at 112.3, showing a rise of 7% over the corresponding index of 105 in 1954, while the rise in prices of most of the other commodities regulated under Forward Contract (Regulation) Act of 1952 was considerably higher during the same period. This is because of the fact that spot prices of other regulated commodities are free from statutory price control and are entirely governed by the operations of supply and demand.

6.10 The compulsory survey of cotton prescribed in the price policy has proved to be detrimental to the cotton grower. It delays the movement of cotton from the up-country markets to the points of delivery to the mills and leads to glutting. Owing to the uncertainty of the survey awards, tendency on the part of the trade is to be overcautious in making purchases from the growers. The results of the survey generally are not in keeping with the intrinsic merits of the varieties surveyed. Due to this, the growers are adversely affected as the tendency of the trade is to protect itself against any loss on this account by discounting it in the price paid for the purchases from the growers.

6.11 The floor and ceiling prices fixed by the Textile Commissioner in the cotton price policy are for full pressed bales of lint to be delivered at Bombay. These prices are of little use to the cotton grower firstly because they do not reach him and secondly it would be difficult for an average cotton grower even to figure out differential and convert the terminal market price into local parity price for kapas of different varieties and take a decision in regard to acceptance of the prices quoted for his produce.

6.12 In view of the drawbacks as stated above in the existing price policy and its determination, the study group during the course of its tour has gained the impression that a great discontent prevails amongst the cotton growers in the State. They have, therefore, strongly urged that the present floors and ceilings should be abolished and instead, one price should be fixed by the Government for kapas of each variety based on the considerations mentioned in para. 6.8. To ensure that the growers actually receive the price thus fixed, the study group considered it necessary that greater attention should be paid to the marketing of cotton and the grower should get a reasonable price which will encourage him in his production activity and improve his standard of living. The recent steps taken by the Government of Maharashtra to fix the prices of foodgrains and to make them effective through monopoly procurement is, to our mind, a good indicator as to how to proceed in this respect. The action of the Government has served as a good incentive to the producers of the foodgrains, to increase the production and this is being adopted by

the other States also. The study group is of the opinion that the cotton price be fixed at an appropriate level and a suitable machinery be created to make it effective. To achieve these objectives, the study group recommends that—

- (1) *the present floor and ceiling prices should be abolished and in place thereof, one price each for kapas and lint of each variety should be fixed, and*
- (2) *a statutory Cotton Board should be created with adequate powers to regulate production and distribution of cotton in the State so as to ensure fair-price to the growers and to meet domestic requirements of cotton of the mills, hand and power-looms at relatively good terms.*

CHAPTER VII

ANALYSIS OF QUESTIONNAIRES

7.1 As stated in para. 0.3, suitable questionnaires to elicit the opinions of the cotton growers, village merchants, wholesale merchants, commission agents and co-operative cotton sale-purchase societies were prepared and the information was collected with the help of staff of cotton development scheme. In addition, questionnaires were also addressed to mill-owners and cotton exchanges at Bombay, Ahmedabad and Ujjain to know their views in the matter.

7.2 The number of cotton growers, village merchants, etc., selected for the enquiry and those from whom information was received is given in the table below:

Serial No.	Category	Number selected	Number from whom replies received	Percentage of column (4) to column (3)
(1)	(2)	(3)	(4)	(5)
1.	Cotton growers	500	480	96
2.	Village merchants	150	124	83
3.	Wholesale merchants	150	123	83
4.	Commission agents	150	117	78
5.	Co-operative cotton sale and purchase societies ..	89	55	60
6.	Mill-owners	100	15	15

7.3 Out of 480 cotton growers contacted, most of them had no knowledge of the forward marketing in cotton. Only 29 of them have made certain suggestions which are summarised below :—

There should be one fixed uniform price for each variety of kapas taking into consideration its quality. It should be remunerative to the growers. Co-operative marketing of cotton should be developed. Till then, Government should purchase the entire cotton. Purchase and sale of cotton should be a State monopoly wherein State trading should be introduced with advantage to the State and consumers.

7.4 More than two-thirds of the village merchants contacted were aware of the trends of cotton prices in other markets and made use of this information in effecting sale and purchase of the produce. However, 20% of these merchants had general information about the functioning of the forward markets but none of them availed of hedging facilities.

7.5 Almost all the wholesale merchants based their judgments of purchase and sale of the produce in the secondary markets on the basis of price trends prevailing in the terminal and forward markets. Hedging was resorted to by nearly one-third of the merchants contacted and those who entered into hedge markets, majority of them opined that forward market was beneficial either to them or to the mill owners or to both. No specific suggestions regarding utility or otherwise of the forward markets were made by them.

7.6 Almost all the commission agents interviewed were in favour of the present marketing system. However, only 40% of the commission agents were aware of the forward markets and most of them stated that the prices in forward markets did not have any effect on the prices in the secondary market.

The following few useful suggestions were made by them regarding improvement of forward markets:—

- (i) It would be desirable if the varieties which are largely grown are chosen for operating the contract instead of one variety which is not a representative one.
- (ii) Reselling of cotton should be stopped.

7.7 Almost all the sale and purchase co-operative societies did not enter into the forward market and as such did not have any knowledge of forward marketing. They, therefore, did not offer any suggestions.

7.8 Out of 100 mill-owners, to whom questionnaires were sent by post, replies were received from 15 mill-owners and Managing Directors of the mills mostly situated in Bombay. None of them had availed of the facility of forward markets as according to them forward marketing was not advantageous to them, but was to the traders and wholesalers. The suggestions made by them for improving cotton marketing are as follows:—

- (1) Element of speculation must be abolished from forward marketing.
- (2) Forward market could be improved as a hedge market if the hedge contracts are properly framed and allowed to function without any interference.
- (3) Present practice of having only one contract inhabits the textile industry to enter the forward markets as they are not sure of getting the produce according to their requirements and hence contract should be broadbased.
- (4) They, however, expressed that it would be advantageous if the requirements of the mills is assured at a fixed price.

7.9 The views expressed above by the growers and other agencies interested in cotton trade were corroborated by the concerned interests interviewed, by the study group during the course of its tours.

7.10 Of the 3 cotton exchanges at Bombay, Ahmedabad and Ujjain to which questionnaires were sent to elicit their views on Forward Market, the replies were received from the exchanges at Bombay and Ujjain. Then Central India Association, Ujjain has categorically stated that forward markets are necessary for stabilising national economy and are indispensable for the countries desirous of augmenting their exports. The Association has further stressed that forward markets are the backbones of spot trade, and without such forward trading spot trade will be lopsided and too rickety to bear the burden of the developing economy. The Association is of definite view that the forward markets are beneficial to the farmers, merchants, manufacturers, exporters and to the consumers as well. The Association, at Ujjain has opined that forward and spot prices rarely move together because of the speculative elements existing in the futures market which are not interested in genuine hedging but in earning profit on small fluctuations in prices. According to it, the forward markets in cotton at places other than at Bombay are not so successful as rates at these places are fixed lower than those in Bombay. It is, therefore, necessary to remove this disparity and basic ceiling for all "basis" varieties should be identical. The East India Cotton Association has stated that under conditions of scarcity and statutory control on prices, a forward market is not as effective as it should be. Even then it should be continued as it served as a barometer to the trends in prices in general.

7.11 With regard to the views expressed by the two Associations in favour of continuation of the forward market, the study group would like to observe that amidst conditions of persistent shortage which are very likely to continue for years to come and when prices move only upwards, forward markets are unnecessary.

CHAPTER VIII

SUMMARY AND RECOMMENDATIONS

8.1 The Maharashtra State Cotton Committee, during the course of its discussion on cotton price policy, observed that the difference between floor and ceiling prices was very wide and needed to be narrowed down. The committee felt that this wide range unnecessarily gave greater scope to the speculators in forward market to manipulate prices which resulted in uncertainty in prices in the up-country markets and thereby affected cotton growers adversely. The committee, therefore, recommended to the State Government to form a study group to examine this issue in detail. In pursuance of this recommendation, the Maharashtra Government appointed a study group to examine the need of the forward markets in cotton having due regard to conditions obtaining in Maharashtra State (0.1).

8.2 In Maharashtra State, cotton is the most important commercial crop. It occupies 14 per cent of the cropped area in the State. It is grown in an area of about 66 lakh acres with an annual average production of 13 lakh bales contributing 33 per cent and 25 per cent of the country's area and production respectively. The average yield per acre is 70 lbs. of lint. It is low as compared to the all-India average as the crop is mostly rainfed. During the three Plan periods, concerted efforts have been made in the State to increase the yield per acre and to improve the quality of cotton through organised research. Nine improved varieties of cotton have been evolved so far and released for cultivation with an increase in staple length from 0.78 to 1.03 inches and ginning percentage from 35 to 40. Almost all the area under cotton in the State is covered by the improved varieties through planned seed multiplication and distribution programme aided by enforcement of cotton legislations. This has helped in maintaining purity of the crop (1.2, 1.4).

8.3 From the growers-point of view, the marketing of cotton is no less important than its production. It needs considerable improvement. The need is more so because the farmer is unorganised and is unaware of its implications, thus giving scope to unhealthy competition. The farmer gets merely a residual share left after deducting the charges of intermediaries and other expenses from the price prevailing in the spot market. There exist well-organised institutions of traders and manufacturers in central and terminal markets. The growth of institutional development in marketing of cotton is thus lopsided. Recently co-operatives have entered in this business which after pooling cotton of their members convert it into lint and sell it to the traders or spinners. The volume of the business done by co-operatives at present is very small and forms only 10 per cent of the production of the State (1.5, 1.6, 1.9).

8.4 The study group ascertained the views of the concerned interests on forward market in cotton through questionnaires, and interviews. Detailed study of the available literature was also made. Analysis of the price data in the up-country, spot and forward market was also carried out and the present policy of the Government of India in fixing prices of cotton was also reviewed (0.3, 0.4).

8.5 Forward market in cotton is mainly the product of the needs of commercial evolution to protect the interest of the traders and manufacturers and has no place for the growers (2.8).

8.6 Forward market functions through three types of principal contracts, viz., non-transferable specific delivery contract, transferable specific delivery contract and hedge or futures contract (3.1).

8.7 Non-transferable specific delivery contract is generally left unregulated. It is, therefore, used on a large scale, through the recognised association for speculative pressure shifts by the adoption of doubtful expedients. Under the guise of this contract, illegal trading, on a large scale, is practised through unrecognised associations and the Forward Market Commission has found it difficult to take appropriate action (3.1).

8.8 Absence of specific provisions restricting the transferability of rights and liabilities under the transferable specific delivery contract brings into field large number of speculators not genuinely interested in promotion of trade but in making easy money by effecting short sales (3.2).

8.9 Hedge or futures contract does not visualise actual delivery at all except in a residual sense. Less than 1 per cent of the contracts in the market are completed by delivery of goods. It is believed that a futures contract is meant for gambling, pure and simple, because delivery can be avoided (3.3).

8.10. On account of large difference between price of the basis variety viz., Moglai Jarilla and the price of superior varieties tenderable against the contract, hedge contract price was unable to reflect the general level of cotton price. This situation may continue even now after replacement of Moglai Jarilla by Vidarbha (M. P.), Virnar (4.2).

8.11 The cotton grower in the State and in the country is traditionally individualist and maintains an isolated independence in production and marketing of the commodities. Moreover, in view of the small size of his holding, he as an individual is unable to enter the hedge market (1.8).

8.11 (a) The claim often made of hedging that it brings liquidity in market resulting in the reduced cost of handling the produce and thereby benefiting the producer in getting a higher price as an indirect consequence of forward market is farfetched (3.3).

8.12 There are two other types of the contracts related to hedge contract, viz., "on call contract" and "option contract". Of these, the "option contract" (Teji and Mandi) makes it possible for a man of even small means to get the thrill of gambling without having to face the risk of serious losses. They widen the range of fluctuation in the price of the hedge contract beyond what is warranted by the supply and demand position and make trading more risky for genuine operators. "Option contract" has now been discontinued (3.6).

8.13 The most prominent instances of illegal forward trading carried out are "Kerb trading and Dabba trading". The principal evil following from "Kerb trading" is that the rates prevailing are subject to violent fluctuations which have an adverse effect on the opening rates of the official trading in the forward market. The "Dabba trading" has numerous harmful effects as it encourages unhealthy and unbridled speculation. These transactions are not subject to any legal regulations or controls imposed on recognised associations. The Forward Market Commission has also found it unable to take any legal action. Thus, it constitutes serious threat to well-organised trade (3.8).

8.14 Although speculation based on intelligent appraisal of market conditions can assist in balancing the supply and demand in the market, there is a class of speculators with insufficient funds who indulge in excessive operations and thereby not only ruin themselves but upset the entire market. Such speculators when they enter the market are not speculating but gambling (5.2).

8.15 Empirical studies have brought out that no easy generalisation can be made about the profitable speculation being also price stabilising (5.3).

8.16 It is claimed that forward markets provide a continuous market and thus benefit both the producers and the traders. The study group during the course of its tours has, however, found that most of the traders entering the forward market are not genuine hedgers but speculators in the habit of living by speculation (5.4).

8.17 Short selling without a commodity on hand is resorted to on a large scale which at times unduly depresses the prices. Moreover, through concentrated speculative dealings and through corners or squeezes manipulation in prices is effected. Such corners or squeezes constitute a menace even to speculative markets and do not serve any useful economic function (5.5).

8.18 Conclusive evidence is lacking to substantiate the claim that futures prices can be used as a reliable guide in forecasting the trend of prices several months in advance (6.6).

8.19 The views of the cotton growers, village merchants, wholesale merchants, commission agents and co-operative cotton sale-purchase societies were obtained through suitable questionnaires. Analysis of the replies received showed that practically none of the growers and the sale and purchase societies contacted had the knowledge of forward marketing in cotton. The response of the mill-owners to the questionnaires sent to them was not satisfactory. However, a study of the replies received brings out that none of the mill-owners had availed of the facility of the forward markets as according to them, forward markets were not beneficial to them but to the traders and wholesalers (7.8).

8.20 The study group during the course of its tours in the State visited a number of cotton markets and interrogated cotton growers and other interests in cotton trade. The views expressed by them were similar to the replies to the questionnaires (7.9).

8.21 The cotton exchanges have stated that the forward markets are essential for stabilising national economy and are indispensable for the country desirous of augmenting its exports (7.10).

8.22 Grading and standardisation of cotton are by far the most essential for efficient marketing and for helping the cotton producer to obtain price commensurate with the quality of produce marketed by him (4.4).

8.23 The standards are prepared by the East India Cotton Association from the bales secured from the market which are often mixed by the trader at the time of baling and, therefore, they do not represent the exact quality of the crop grown from the pure seed distributed by the Agricultural Departments and purity of which is maintained by the enforcement of the cotton legislations (4.6).

8.24 The Indian standard for evaluating staple length is stricter than the standard adopted in United States of America. It is based on the consideration of mean staple length and not that of the upper quartile length. Therefore, in actual commercial practice, staple length of cotton in India is underestimated and thus it fetches price not commensurate with its real quality (4.9).

8.25 The price of cotton (kapas) is generally fixed by the demand and supply position in the country and ranges within the floors and ceilings fixed for lint and other restrictions imposed by the Government of India from time to time. A farmer gets only a residual share left after deducting charges of intermediaries and other charges from the prices prevailing in the spot market in conformity with the cotton price policy. It may be stated that the floor and ceiling prices are for lint and not for kapas. They have been fixed on market considerations and not on the cost of production, seasonal variation and standard of living of cotton grower. They are also not in proper alignment with prices of other agricultural commodities. Further, it is observed that the floor prices are unrealistic as they have never touched that level owing to continuous short supply of cotton. The range of difference between the floors and ceilings of various varieties of cotton grown in the State which is between Rs. 220 to Rs. 285 is also very wide giving greater scope to speculators to manipulate prices. Further the procedure for implementing price policy by adoption of the compulsory survey scheme had added to the discontent of the cotton growers in the State (6.9).

The Study Group after careful consideration of these drawbacks recommends that the present floors and ceilings should be abolished and instead one reasonable price should be fixed by the Government both for lint and kapas of each variety with due regard to the cost of production of cotton, seasonal variation and standard of living of the cotton grower which will provide an incentive to him in his production activity.

8.26 Although it is claimed that the prices of kapas ruling in the up-country markets are largely influenced by the prices in the spot market in Bombay, the study of the comparative prices of kapas in several up-country markets of predominant varieties in those tracts with the corresponding prices of lint of the same varieties in the spot market at Bombay over a period of nine years has brought out that the rise or fall in prices in Bombay market is not always correspondingly reflected in the prices in the up-country market (6.1 and 6.5).

8.27 For hedging becoming perfectly effective, the spot and futures prices of cotton (lint) ought to move in close alignment with one another because of the facility to deliver goods against futures contracts. The analysis of movement of prices in spot and futures markets made by the Study Group and observations of the Central India Association, Ujjain, reveal that in practice, spot and futures prices rarely move by equal amounts (6.3 and 6.5).

8.28 Considering the deficiencies in the forward market and the lacunae in regulations of the forward market, with the adoption of the principle of planned economy for attaining the goal of socialistic pattern of society, the system of forward trading which was the best in *laissez-faire* system as its last word in promoting stability of price and facilitating marketing of agricultural produce specifically meant for meeting the needs of the business community has outlived its utility. Therefore, the Study Group is of the opinion that there is no need for Forward Marketing in cotton.

8.29 As already stated the farmer gets merely residual share left after deducting the charges of intermediaries and other expenses from prices prevailing in the spot market.

The farmer, being unorganised cannot retain the charges of the intermediaries to himself and also cannot exert a stabilising influence on price levels. A beginning has, however, been made by organising farmers into co-operatives for marketing their cotton in the State, but it has not assumed large proportion so as to influence prices in markets by adjusting supplies to demand and adopting measures leading to orderly marketing. The Study Group, therefore, recommends that co-operative marketing should be organised to handle entire production of cotton in the State as early as possible even on monopoly basis (1.9).

8.30 The Study Group considers it necessary that greater attention should be paid to the marketing of cotton and the growers should get a reasonable price which will encourage him in his production activity and improve his standard of living. To achieve this objective, the Study Group recommends the creation of a statutory Cotton Board with adequate powers to regulate production and distribution of cotton in the State so as to ensure fair price to the growers and meet domestic requirement of the mills, and power and hand-loomers at relatively good terms.

ACKNOWLEDGEMENT

We would like to take this opportunity to express our thanks to the representatives of the various institutions, farmers, traders, eminent men from the public, economists and experts who were consulted by holding meetings, interviews or through questionnaires and who offered their advice and views on the subject.

Acknowledgement is also due to the authors of the various books, periodicals and articles which were referred to. The Study Group has drawn on the same and for clarity maintained the original in respect of historical account, concepts and definitions connected with forward trading in cotton.

We would like to record our appreciation of the assistance that we received from the staff of the Agricultural Economist, Department of Agriculture, Maharashtra State, Poona, who worked extremely hard in assisting the Study Group.

M. B. GHATGE,
Chairman.

A. H. MAMDANI,	}	Members
K. M. PATIL,		
S. G. KOLHE,		
J. R. DESHMUKH,		
H. M. PATIL,		
N. M. JOGLEKAR,		
A. R. AMBIKE,		
V. N. PANDITRAO.		

T. Y. PATIL,
Member-Secretary.

APPENDICES

APPENDIX I

Study Group :

Forward Markets in Cotton.
Appointment of—to examine
the need of

GOVERNMENT OF MAHARASHTRA

AGRICULTURE AND FOOD DEPARTMENT

Resolution No. CTN-1963/22292-B

Sachivalaya Annexe, Bombay-32, 20th June 1964.

Resolution.—The question of forward trading in cotton came up for consideration in the 4th meeting of the State Cotton Committee held on the 2nd November 1963. It was represented that because of forward trading the interests of cotton growers were jeopardised. The consensus of opinion was strongly in favour of discontinuance of forward markets for cotton. The Committee finally decided to form a Study Group to examine the issue in fuller details. The Forward Markets Commissioner and the East India Cotton Association, however, declined to nominate their representatives to work on the Study Group. The State Cotton Committee at its 5th meeting held on the 1st June 1964 considered the views expressed by the Government of India, the Forward Markets Commission and the East India Cotton Association in regard to the constitution of the Study Group and came to the conclusion that a Study Group as already proposed in its meeting held on the 2nd November 1963, should be constituted. Government has accepted the recommendation of the Committee and is pleased to appoint a Study Group to examine the need of forward markets in cotton having due regard to conditions obtaining in the Maharashtra State, consisting of the following members:

Members:

- (1) Director of Agriculture—*Chairman.*
- (2) Shri K. M. Patil, Vice-President, Zilla Parishad, Jalgaon.
- (3) Shri A. H. Mamdani, M.L.A., Yeotmal
- (4) Shri Shankarrao Kolhe, B.Sc. (Hon.) (Agri.),
Kopargaon, district Ahmednagar.
- (5) Shri N. M. Joglekar, Professor of Economics, Nagpur.
- (6) Shri D. S. Ranga Rao, Statistician, Department of
Agriculture, Maharashtra State, Poona.
- (7) Dr. T. Y. Patil, Agricultural Economist—*Member-Secretary.*

2. The Study Group should examine the question in detail and submit its report to Government within a period of three months from the date of its appointment.

3. The Study Group should transact its business in such a manner and at such places as the Chairman of the Group may decide from time to time.

4. The expenditure on account of travelling allowance and daily allowance of official members should be debited to the respective budget heads from which their pay, allowance, etc., are drawn.

5. Travelling allowance and daily allowance of the non-official members should be paid at the rates admissible under scale I of the Rule I (1) of section I in Appendix XLII-A of the Bombay Civil Services Rules, Volume II, as amended from time to time. The expenditure on account of travelling allowance and daily allowance of non-official members should be debited to the head "31-Agriculture" and met from the grants placed at the disposal of the Director of Agriculture, during the current year.

6. This resolution issues with the concurrence of the Finance Department, vide its unofficial reference No. 38275/2624-I, dated the 19th December 1963.

By order and in the name of the
Governor of Maharashtra,
A. K. BHAGWAT,
Assistant Secretary to Government.

APPENDIX I-A

Shri V. N. Panditrao,
Deputy Statistician,
Appointment of—On Study Groups,
etc., vice Shri Ranga Rao.

GOVERNMENT OF MAHARASHTRA
AGRICULTURE, FOOD AND CO-OPERATION DEPARTMENT

Resolution No. CTN/1964/18481-I-B
Sachivalaya Annexe, Bombay-32, 8th December 1964.

Resolution.—Dr. D. S. Ranga Rao, Statistician, Department of Agriculture, Poona, has been deputed to North Rhodesia, under the F. A. O. assignment, vide Government Resolution, Agriculture, Food and Co-operation Department No. AGE-4464/27952-IV-E, dated the 27th November 1964. Government is, therefore, pleased to appoint until further orders, Shri V. N. Panditrao, Deputy Statistician, Department of Agriculture, Maharashtra State, Poona, in place of Shri D. S. Ranga Rao, on the following Committee :

(2) STUDY GROUP FORWARD MARKETS IN COTTON :

Appointed as per Government Resolution, Agriculture and Food Department No. CTN-1963/22292-B, dated the 20th June 1964.

By order and in the name of the
Governor of Maharashtra,
A. K. BHAGWAT,
Assistant Secretary to Government.

APPENDIX I-B

Study Group :
Forward Markets in Cotton
Appointment of—to examine
the need of.....

GOVERNMENT OF MAHARASHTRA
AGRICULTURE AND FOOD DEPARTMENT

Resolution No. CTN-1963/22292-B
Sachivalaya Annexe, Bombay, 24th August, 1964.

Read.—Government Resolution No. CTN-1963/22292-B, dated the 20th June 1964.

Resolution.—Government is pleased to appoint Shri H. M. Patil, M.A., B.T., LL.B., Dhulia, as a member of the Study Group to examine the need of forward markets in cotton.

By order and in the name of the
Governor of Maharashtra,
A. K. BHAGWAT,
Assistant Secretary to Government.

APPENDIX I-C

Study Group :

Forward Markets in Cotton,
Appointment of—to examine
the need of.....

GOVERNMENT OF MAHARASHTRA

AGRICULTURE, FOOD AND CO-OPERATION DEPARTMENT

Resolution No. CTN-1963/22292-B

Sachivalaya Annexe, Bombay-32, 19th October 1964.

Read.—Government Resolution No. CTN-1963/22292-B, dated the 20th June 1964, Government Resolution No. CTN-1963/22292-B, dated 20th August 1964, Demi-official letter No. 3269, dated the 25th August 1964, from the Secretary of the Study Group and Agricultural Economist, Poona.

Resolution.—Government is pleased to appoint Shri A. R. Ambike, Cotton Extension Officer, Poona, as a member of the Study Group to examine the need of forward markets in cotton.

2. Government is also pleased to sanction the extension of time-limit for submitting the report of Study Group up to 17th February 1965.

By order and in the name of the
Governor of Maharashtra,

S. V. TEMBE,

Assistant Secretary to the Government of Maharashtra,
Agriculture, Food and Co-operation Department.

APPENDIX I-D

Study Group :

Shri J. R. Deshmukh of
Raver : Appointment of on

GOVERNMENT OF MAHARASHTRA

AGRICULTURE, FOOD AND CO-OPERATION DEPARTMENT

Resolution No. CTN-1965/262-B

Sachivalaya Annexe, Bombay. 12th January 1965.

Read.—Government Resolution, Agriculture and Food Department, No. CTN-1963/22292-B, dated the 20th June 1964.

Resolution.—Government is pleased to appoint Shri J. R. Deshmukh, from Raver as a member of the Study Group to examine the need of forward markets in cotton, created in Government Resolution, Agriculture and Food Department, No. CTN-1963/22292-B, dated the 20th June 1964.

2. Shri J. R. Deshmukh, should be paid travelling allowance and daily allowance the rates admissible under scale I of the Rule I (1) of section I in Appendix XIII 'A' of the Bombay Civil Services Rules, Volume II as amended from time to time. The expenditure should be debited to the head "31-Agriculture" and met from the grants placed at the disposal of the Director of Agriculture during the current year.

3. This letter issues with the concurrence of the Finance Department, vide un-official reference No. 20251/38/XVIII, dated the 9th January 1965.

By order and in the name of the
Governor of Maharashtra.

(Sd.) x x x

Under Secretary to Government.

To

The Director of Agriculture,

APPENDIX II

कापूस पिकविणाऱ्या शेतकऱ्यांसाठी प्रश्नपत्रिका

- शेतकऱ्याचे नाव , तालुका , जिल्हा
- गाव , तालुका , जिल्हा
- मुलाखतीची तारीख
- (१) एकूण लागवडीलायक क्षेत्र: एकर गुठे
- (२) कपाशीखालील एकूण क्षेत्र
- (३) गेल्या पाच वर्षातील कपाशीखालील क्षेत्र वर्षे.....
- कपाशीखालील क्षेत्र (एकर)
- जिरायत बागायत
- (१)
- (२)
- (४) आपण कोणत्या जातीचा कापूस घेता? हीच जात आपण कां पसत करता?
- (५) आपण कपाशीची पेरणी केव्हा करता?
- (६) कपाशीच्या वेचण्या किती आणि केव्हा केल्या जातात?
- (७) दर वेचणीचे आणि दर एकरी अदमासे उत्पन्न किती येते? (किलोमध्ये)
- (८) कपास लागवडीसाठी दर एकरी अदमासे किती खर्च येतो?
- (९) कपाशीचे दर एकरी अदमासे किती उत्पन्न येते? (रुपये)
- (१०) दर एकरी निव्वळ नफा किती मिळतो?
- (११) आपण वेचणीनंतर कापूस साठवून ठेवता किवा ताबडतोब विकता? वेचणीनंतर किती दिवसांनी विकता?
- (१२) आपण मग कापूस एकदम विकता की प्रत्येक वेचणीनंतर वेगळा वेगळा विकता?
- (१३) बाहुकुकीचा खर्च किती येतो? (एकरी)
- (१४) आपण कापूस स्वतःच विकता की अडल्या मार्फत किंवा सहकारी विक्री सोसायटी मार्फत विकता?
- (१५) आपण सहकारी विक्री सोसायटीचे समासद आहात काय?
- (१६) आपल्या कापूस विक्रीमध्ये सौदा कशा प्रकारे केला जातो? किंमत कशी ठरविली जाते?
- (१७) आपण कापूस कोणत्या पद्धतीने विकता?
- (अ) गावातच
- (ब) गावानर्बाकचे बाजारात
- (क) नियंत्रित कापूस बाजारपेठेत (रेग्युलेटेड मार्केट)
- (१८) आपण कापूस कोणास विकता व कां?
- (१९) कापूस विक्रीचे वेळी आपण बाजारात हजर असता काय? आपल्या गावापासून-घरापासून बाजारपेठ किती दूर आहे?
- (२०) कापूस वाहतूक करताना कशा प्रकारे भरून नेता? प्रत्येक गुठ्या किती आकाराचा व किती वजनाचा असतो?
- (२१) कापसाच्या विक्रीचे वेळी कोणत्या प्रकारची वजन-मापे वापरली जातात?
- (२२) सध्या प्रचारात असलेली कापूस विक्रीची पद्धत चांगली आहे असे तुम्हास वाटते काय?
- (२३) तुम्हास कापूस कोठे नेऊन घावा लागतो?

- (२४) बाजारात तुमचा कापूस कोण विकत घेतो?
- (२५) आपणास कापसावर काही रक्कम अॅडव्हान्स मिळते काय?
- (२६) मिळत असल्यास, कोणाकडून? त्याच्या अटी काय असतात?
- आपण आपला कापूस केव्हा विकता?
- प्रत्येक वेळी किती विकता आणि केव्हा केव्हा?
- (२७) बाजारात कापूस विक्री करणेसाठी आपणास थांबावे/रद्दावे लागते काय?
- (२८) अडत्यामार्फत कापूस विकल्यास, किती कमिशन घेतले जाते?
- विक्रीचे पैसे केव्हा मिळतात?
- (२९) आपला कापूस विक्री करणेपूर्वी तुम्ही जवळपासचे इतर बाजारातील कपाशीच्या मावावद्दल माहिती मिळविता काय?
- ही माहिती कशा मिळविता?
- (३०) तुमचा कापूस खरेदी करताना संवसाधारणपणे दलालीशिवाय इतर कोणत्या बाबींवर तुमच्या विक्रीतून पैसे कापले जातात?
- (३१) वरील खर्चाच्या बाबींशिवाय इतर काही कपाती केल्या जातात काय? उदा. कचरा, हवा, काटासूट, घर्मदाय इ.
- (३२) गेल्या वर्षी मिळालेला बाजारमाव संवसाधारण स्वस्त किंवा फार चांगला होता काय? आपणास काय भाव मिळाला?
- (३३) आपण सरकी वेगळी करून कापूस कां विकत नाही?
- (३४) आपण गावातच कापूस विकला तर जवळच्या बाजारातील भाव व गावातील भाव यात किती फरक असतो?
- (३५) आपण आपला कापूस जवळच्या बाजारात/नियंत्रित बाजारेथेत नेण्याऐवजी गावातच कां विकता?
- (३६) कापसाचे वायदेबाजारासंबंधी आपणास काही माहिती आहे काय? होय/नाही, असल्यास, वायदेबाजारातील भावाचा आपल्या कापूस विक्रीचे भावावर काही परिणाम होतो काय?
- (३७) कापसाच्या वायदेबाजारात सुधारणा करण्याकरिता तुमच्या काही सूचना आहेत काय?

बरीलप्रमाणे माहिती मी स्वतः मिळविली आहे.

ठिकाण:

सहाय्यक कापूस विस्तार-विकास

अधिकारी,

शेतकी अधिकारी.

कापूस विक्री करणाऱ्या व कापसावर प्रक्रिया करणाऱ्या सकार्य संस्थासाठी प्रस्तावली

- (१) संस्थेचे नाव व ठिकाण
- (२) संस्थेचे कार्यक्षेत्र व शाखा
- (३) संस्था केव्हा स्थापन झाली?
- (४) संस्थेचे निरनिराळ्या प्रकारचे समासदांची संख्या किती आहे? (गेल्या वर्षीचे अहवालाची प्रत)
- (५) या संस्थेत कोणकोणत्या शेतीभागाची खरेदी-विक्री होते?
- (६) समासदांसाठी संस्था कोणकोणती कामे करते?
- (७) संस्थेच्या उत्पन्नाच्या महत्त्वाच्या बाबी कोणत्या?
- (८) कापूस खरेदी-विक्रीची मुरुवात संस्थेत केव्हापासून केली?
- (९) कपास व रूई दोन्ही खरेदी-विक्री आपण करता काय?
- (१०) आपल्या संस्थेकडे कपास जिन करणे व प्रेस करणे (गंठी बांधणे) या प्रक्रिया केल्या जातात काय?

- (११) जिन व प्रेसची सोय नसल्यास, आपण कापसाची विक्री कशी करता ?
- (१२) आपल्या सोसायटीमार्फत गेल्या पाच वर्षात कपाशीचा किती व्यवहार झाला ?

वर्ष	खरेदी		विक्री	
	कपास	रुई	कपास	रुई
.....				

- (१३) आपली संस्था स्थापन झाल्यापासून गेल्या पाच वर्षात आपल्या संस्थेने किती कापूस जिन व प्रेस केला ?

वर्ष	जिन व प्रेस केलेला कापूस
.....	

- (१४) आपली जिन व प्रेस करण्याची शक्ति अधिक असताना आपल्याकडे कमी कापूस जिन व प्रेस होण्याची कारणे काय ?
- (१५) आपली कापूस विक्री करण्याची पद्धत कोणती ?
- (१६) संस्थेचा कापूस कोण खरेदी करतात ?
- (१७) या भागातील संस्थेमार्फत विकल्या जाणाऱ्या व इतर मार्गांनी (व्यापारमार्फत इ.) विकल्या जाणाऱ्या कापसाचे प्रमाण काय आहे ? कारणे
- (१८) या संस्थेमुळे कपास पिकविणाऱ्या शेतकऱ्यांना कोणते फायदे झाले आहेत ?
- (१९) आपण फॉरवर्ड मार्केटमध्ये कापूस विक्री करता काय ?
- (२०) होकारार्थी अगर नकारार्थी उत्तर असल्यास, त्याची कारणे

व

फॉरवर्ड मार्केटमध्ये कापसाचे सौदे झाल्यामुळे कापूस तयार होताच बाजारात कापूस विक्रीचे व्यवहार सुरू झाल्यामुळे आपल्या प्रक्रिया करणाऱ्या संस्थाकडे शेतकरी कापूस प्रक्रिया करण्यासाठी आणीत नाही असे आपणास वाटते काय ?

- (२१) फॉरवर्ड मार्केटमुळे बाजारातील कापसाचे किमतीवर परिणाम होतो असे आपणास वाटते काय ? त्याची कारणे ?
- (२२) फॉरवर्ड मार्केट बंद केल्यास त्याचा आपल्या संस्थेवर इष्ट किंवा अनिष्ट परिणाम होईल असे आपणास वाटते काय ?

बरील माहिती मी प्रत्यक्ष मिळविली आहे.

ठिकाण :

दिनांक :

सही :

सहाय्यक कापूस विस्तार अधिकारी.

QUESTIONNAIRE FOR WHOLESALE MERCHANTS

Name :

Address :

1. How long are you carrying out this business ?
2. Total transactions during the last five years.
3. What proportion of cotton do you buy ?—
 - (a) Direct from the cultivators.
 - (b) Through other merchants.
 - (c) From Co-operative Sale Societies or ginning factories.
 - (d) From any other sources.
4. Do you send your agents to the villages to buy or purchase through broker ?
5. Do you gin the cotton you purchase or purchase ginned cotton ?
6. While purchasing how do you decide prices ?
7. What is the method of bargaining ?—
 - (a) Direct auction.
 - (b) On grades.

8. How long do you store cotton? In what manner and where?
9. Do you obtain advances on stored cotton? How much?
10. How do you utilize this amount?
11. What are the customary deductions made to cultivators while buying?
12. How do you transport cotton?
13. What are the costs on transportation?
14. Who bears these costs?
15. How do you finance yourself?
16. Do you obtain advances from banks?
17. If so, what kind of bank and on what terms?
18. What security is required by bankers?
19. Do you finance the cultivators? If so, what are the terms and conditions and the security for it?
20. How do you sell your cotton?
21. To whom do you sell?
22. How do you decide your selling prices?
23. What is the commission charged to your buyers?
24. What are the incidental charges on handling the produce and who pays them?
25. What are the customary deductions and charges are recovered by you while selling?
26. Do you make yourself acquainted with the trend of prices in different markets? If so, how?
27. Do you take into account these prices while purchasing or selling your stock?
28. Have you any idea of Forward Markets in Cotton? How do they affect your business, while purchasing or selling your stock?
29. Do you think that Forward Market prices affect the prices in the wholesale markets? How? What is the difference?
30. Do you consider prices in Forward Markets while making purchase or sales? How?
31. Do you get this information and from where and when?
32. To whom Forward Market is more beneficial in your opinion?
33. Do you think that it is beneficial to the cultivators? How?
34. What are your suggestions to improve Forward Marketing operations?

QUESTIONNAIRE FOR COMMISSION AGENTS

(Kachha/Pakka)

Name :

Address :

1. Name of the market :
2. Is it regulated or unregulated market?
3. What are the commodities you deal with?
4. How long are you carrying out business in cotton?
5. Please supply total transactions (quantity of cotton and in terms of money) during the last five years.
6. What proportion of cotton comes to you?—
 - (a) direct from the cultivator.
 - (b) through other merchants.
7. Do you purchase any cotton from other commission agents in the market?
8. What is method of bargaining?—
 - (a) direct auction.
 - (b) on grades.
 - (c) any other methods.
9. What are your customers of cotton in the market?
10. What are the customary deductions made to the cultivators by you?
11. Give itemwise rates of commission and other charges (copy of invoice)

12. How do you finance yourself? Give details as to the terms and conditions of your financiers ?
13. Do you finance the cultivators? If so, what are the terms and conditions and the security for it ?
14. Do you grade the produce before sale ?
15. How much time is taken to sell the farmers' produce in the market ?
16. Where weighments are taken? Do you remain present at that time ?
17. When actually the farmer is paid after his produce is sold ?
18. When do you get the payment of the produce from buyers ?
19. What are the incidental charges on handling the produce? Who pays them ?
20. Do you store the farmers' produce? If so, how long? How do you charge for the storage ?
21. Do you advance any loan against the stored cotton ?
22. Do you think that the present marketing procedures in this market are fair ?
23. What are your suggestions for improving the cotton marketing in the market ?
24. Are you acquainted with the trend of prices in different markets? If, so how ?
25. Do you consider, these prices while selling the cultivators' produce ?
26. What is the difference in the prices in your market and in the other important markets ?
27. Have you any idea of Forward Markets in Cotton? In your opinion, how do they affect your market ?
28. Do you think that Forward Market affects the prices in your market? How? What is the difference ?
29. Do you consider prices in Forward Markets while selling the cotton? How ?
30. Do you get this information and from where and when ?
31. To whom Forward Market is more beneficial in your opinion ?
32. Does the benefit of Forward Marketing is reflected in farmers' price? If so, how?
33. What are your suggestions to improve Forward Marketing operations ?

I have personally collected the above information.

Place :

Date :

Signature

Assistant Cotton Extension/Development Officer.

QUESTIONNAIRE FOR MILL-OWNERS

Name of the Mill :

Name of the Managing Director :

1. What is the annual total requirement of raw cotton for your mill, varietywise ?
2. When do you make your purchases of these quantities and where ?
3. Do you purchase Kapas or Lint cotton ?
4. What are the arrangements for purchases? i.e., through agents, brokers or wholesale dealers.
5. How do you decide purchase price for cotton ?
6. What relation exists between the price of Kapas and the Lint cotton ?
7. What is the commission or brokerage? And what are the other charges on these purchases ?
8. Do you purchase and stock pile the cotton or do you purchase it in future markets with a view to accept future delivery and thus meet your requirement ?
9. How and where do you store ?
10. To what extent do you insure your stock against what risks ?
11. What is your maximum storing capacity and how much stock do you normally carry? How do they vary from month to month ?
12. How do you pay for your purchases of raw cotton ?

13. Can you give some idea about price variation in cotton? i.e., when do prices tend to rise and when do decline? Can you give any reasons?
14. What proportion of your stocks are 'hedged'? In what market? Why? What are your main consideration in hedging?
15. How do you carry out purchases of cotton in Forward Market through broker, your agent, yourself direct?
16. Are you a member of any trade association in cotton through which you carry out these transactions?
17. Do you purchase your only requirements or you carry out further transaction with profit motive?
18. Do you study Forward Market price from time to time?
19. How do you fix up prices of cotton purchased, cloth or yarn and what is its relation to prices in the Forward Market?
20. Do not you think that purchase in local country market is cheaper?
21. What are the advantage of Forward Marketing in cotton to mill-owners?
22. To whom Forward Markets in cotton are beneficial in your opinion?
23. What are your suggestions to improve Forward Marketing in cotton?
24. How Forward Markets affect Textile industry?
25. If your raw cotton requirement at fixed prices is assured, do you think that purchases of cotton in Forward Market are necessary?

QUESTIONNAIRE FOR MERCHANTS ASSOCIATIONS AND FORWARD MARKETS

Name of the person giving the information :

His position :

Name of the Association :

1. Are you a member of the Association of traders dealing in agricultural commodities? If so, specify?
2. What is the constitution and byelaws, number and qualification of directors and member—Scope of (copy of rules and regulations)?
3. Please indicate number of members under each category as mill-owners, dealers, brokers, etc.
4. Is it a registered institution complying with statutory requirements? If so, in what way?
5. How does the association derive its revenue? Does it ever borrow or advance money against stocks? If so, on what terms?
6. Where does the association transact business? What are the normal hours of trading?
7. Does the association possess its own exchange or market premises? Give particulars. What commodities are dealt in?
8. What type of transactions take place, e.g., spot, futures, delivery and non-delivery contract, etc., and proportion of each?
9. What are the minimum units of sales and purchases and the delivery months for futures and periods future transactions for each of these contracts?
10. Give average daily transactions under each category of these contracts and specify months of maximum and minimum transactions.
11. To what extent does delivery of actual goods take place on 'futures' contracts?
12. Why actual delivery do not take place? How transactions are completed in such cases?
13. How are price differences adjusted between buyer and seller?
14. Is any deposit required from the participants? If so, how much?
15. To what extent are transactions entered into by or on behalf of outside persons who are not directly interested in the trade itself?
16. Is this a desirable feature or otherwise—reasons?
17. If undesirable, can you suggest any means of stopping participation by outsiders?

18. What forms of contracts are used by the members ?
19. Are these contracts registered by the Association ? If so, what arbitration arrangements exist ?
20. Is there a clearing house to facilitate the passing of documents, the settlement of contracts and the clearing or adjusting of price differences between the successive buyers and sellers concerned in a series of related transactions ?
21. How does the clearing operate ?
22. Is there a daily record of prices and where are these published or displayed ?
23. Are prices in other markets also displayed here ? What markets ?
24. Does association keep watch on divergence between spot and future prices and is there any mechanism to rectify such considerable divergences ?
25. How is this information received (telephone-telegram) and who supplies it ?
26. What statistics relating to the trade outside and inside the market does association maintain ?
27. What are the sources of these statistics ?
28. Do you think that there is fair dealing in the marketing ?
29. Do you think that Forward Marketing are good in stabilizing national economy ?
30. To whom do you think that the Forward Market is beneficial ?
31. Do you think that it is beneficial to the cotton growers also ? How ?
32. What are the effects on futures marketing of 'Floor and ceiling' prices fixed by Government ?
33. What are your suggestions for improving the Forward Marketing in cotton ?
34. What would be the effect of stopping Forward Marketing in cotton ?

QUESTIONNAIRE FOR ECONOMISTS

Name :

Address :

1. It has been argued that Forward Marketing in cotton helps to stabilise prices for the same.
Do you fully agree with this ?
Elucidate how ?
2. Government is now fixing 'Floor' and 'Ceiling' prices for cotton and these prices are revised from time to time in the light of the changing structure of the cost of cultivation of cotton and changing general economic conditions. Do you think that there is need to have Forward Marketing in cotton ?
3. Should the prices of cotton at the local market be determined in relation to prices in Forward Market or should prices in Forward Market be adjusted to prices in the local market ?
4. If you consider that the Forward Marketing in cotton is helping in the stabilization of cotton prices, then do you think that the prices in the Forward Market have reasonable bearing on the cotton prices in different local markets ? If so, how ?
5. Do you think that there is a definite relationship between the prices of cotton in the Forward Market and in the local country market ? How ?
6. Have you any comments on the 'Floor' or 'Ceiling' prices fixed by Government for different varieties of cotton ? Government have fixed these prices for 'Lint' cotton while the rates in the local markets are on Kapas.
7. In Forward Marketing if actual delivery of the contract sold or purchased is not effected, it forms a fictitious transaction which gives rise to mere speculation or gambling for getting rich quick. Do you think speculation or fictitious dealings in Forward Markets be stopped forthwith ?
8. To what extent there is a gambling in the Forward Marketing in cotton in your opinion ?
9. To whom the Forward Marketing is more beneficial at present in our country ? How ?

10. How Forward Marketing in cotton be improved so that the growers may be reasonably benefitted ?
11. What would be the effect of stopping the forward marketing in cotton ? And especially how it will affect the cotton growers ?
12. Can it be totally stopped by enactment ?
13. Under our conditions, what steps would you suggest to curb the malpractices or bad elements in the Forward Marketing in cotton so that cultivators may be benefitted ?

APPENDIX III

List of institutions and organisations visited by Study Group

Serial No.	Name of institution	Date of visit
(1)	(2)	(3)
1	Market Committee, Jalgaon	5-1-1965
2	Market Committee, Khamgaon	6-1-1965
3	Market Committee, Akola and Madhya Pradesh Commercial Exchange, Ltd., Akola.	7-1-1965
4	Market Committee, Amraoti	8-1-1965
5	Cotton Market, Surat and Daxin Gujarat Sahakari Cotton Marketing Union, Ltd., Surat.	11-2-1965
6	Gujarat State Co-operative Marketing Society, Ahmedabad and West India Cotton Association, Ltd., Ahmedabad.	12-2-1965
7	Cotton Market, Nanded	15-6-1965
8	Cotton Market, Aurangabad	16-6-1965
9	Cotton Market, Ahmednagar	17-6-1965
10	Cotton Market, Sewari and the East India Cotton Association, Bombay ..	18-8-1965
11	Forward Markets Commission, Bombay	19-8-1965

APPENDIX IV

Economic characters of improved varieties of cotton in Maharashtra State

Species of cotton	Name of variety	Yield of seed cotton in lbs. per acre	Ginning percentage	Fibre length in inches	Fibre weight per inch in 10-6 ozs.	Maturity Coefficient	Press by strength index	Spinning capacity warp counts	Tract for which recommended
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
G-Arboreum	Virnar ..	481	39	0.88	0.180	0.85	8.7	28 s	Khandesh, Vidarbha, 93 villages of Soyagaon Mahal of Aurangabad, district.
	Gaorani-22	375	37	0.88	0.175	0.82	8.7	33 s	Osmanabad, Bhir, Aurangabad and west part of Parbhani district, Nanded and eastern part of Vidarbha area.
	Gaorani-46	400	36	0.91	0.162	0.85	8.8	36 s	
G-Hirsutum	Buri-0394 ..	500	35	0.94	0.153	0.80	7.5	37 s	Irrigated cotton areas in the State.
	Buri-L-147 ..	500	36	1.02	0.143	0.80	8.0	42 s	
	170-Co ₂ (Deviraj) ..	1500	35	1.06	0.142	0.80	7.6	44 s	
G-Arboreum	Y-i ..	480	39	0.92	0.174	0.85	8.8	30 s	Khandesh tract.
	AK-235 ..	500	41	0.92	0.183	0.85	8.4	28 s	Vidarbha area.
	AK-277 ..	475	42	0.91	0.190	0.85	8.6	29 s	Vidarbha area.

APPENDIX V

Note on the study of price relationship of kapas in the selected up-country markets and that of lint in the spot market and forward market at Bombay.

In order to study whether the prices of kapas in the up-country markets are influenced by the prices of lint ruling in the spot market at Bombay, monthly average prices of kapas in a few selected regulated markets were collected. The spot prices of lint in Bombay market are available for a unit of 3 quintals. The up-country prices of kapas were also arrived at for the same unit in order to make the comparison meaningful. The markets chosen for the study were Amravati, Akola, Khamgaon, Jalgaon, Amalner, Nanded and Ahmednagar and the varieties for which price data were collected are Buri-American, Vidarbha-Virnar (197/3), Khandesh-Virnar, Gaorani-6 and Deviraj. The price data for the first 6 markets are mostly available for a period of 9 years from 1955-56 to 1963-64 while those for Ahmednagar market are available for only three years, viz., 1961-62 to 1963-64.

From a comparative study of the prices during the period under a study, the following are the broad findings :—

Amravati.—The price data of kapas of the variety Buri-American (0394) were available for a period of 7 years, i.e., from 1955-56 to 1961-62. The prices of kapas in 1955-56, 1956-57 and 1961-62 barring a few months, showed a rising trend while they declined in 1960-61. In 1958-59, the prices from December onwards were considerably higher over those in the months of October and November and fluctuated within very narrow limits during the subsequent period. In the remaining period, barring 1959-60, the prices ruled steady over a longer period, the extent of variation from month to month being negligible. The behaviour of spot prices was generally similar to that of kapas prices in 1957-58 and 1959-60. In 1956-57 spot price showed a rise of nearly Rs. 120 in the month of February and declined by Rs. 75 in the month of March. In the subsequent period, however, a steady rising trend was noticed. It was similar to that noticed in the up-country market. In 1960-61 and 1961-62 kapas prices declined and showed upward trend respectively. The spot prices, on the other hand, were either constant or exhibited a slight variation from month to month. In the remaining period, as the variety was not transacted, no spot rates were available.

Akola.—The prices of kapas of 197/3 variety in Akola market fluctuated and did not show any consistent trend in 7 out of 9 years. In the remaining 2 years, they showed a rising trend and the behaviour of spot prices was also similar in these years. In 1955-56 and 1957-58 no consistent relationship was noticed in the behaviour of prices of kapas and lint. In 1960-61, spot prices fluctuated within narrow limits while in 1962-63 they ruled constant at Rs. 623 during the period from September to December and at Rs. 724 from March to August, thus showing a considerable increase of Rs. 100 in the latter period over that in the earlier period. In the remaining 3 years, spot prices were constant practically throughout the period.

Khamgaon.—In Khamgaon market, increasing trend in prices of kapas of Vidarbha-Virnar was noticed. In the years 1955-56, 1958-59, 1959-60 and 1961-62 while the spot prices did not show any trend in 1955-56 and showed a rising trend similar to that of kapas prices in 1958-59, in the remaining 2 years, however, the spot prices remained steady throughout the period. In 1956-57, the kapas prices fluctuated from October to March and then showed a considerable increase and spot prices too were considerably higher during this period. In 1957-58 and 1960-61, kapas prices fluctuated while spot prices remained constant for a long time in 1960-61 with slight fluctuation and did not show any particular trend in 1957-58. In 1962-63, kapas prices went down from Rs. 391 in the month of October to Rs. 336 in the month of February and rose subsequently. The spot prices were fairly constant from September to January and again from April to August. However, the prices in the latter period were higher by Rs. 100 over those in the former period.

Jalgaon.—The price of kapas of Khandesh-Virnar variety at Jalgaon market did not show any trend in 6 out of 9 years. During this period, the spot prices were fairly stationary in 2 years, viz., 1959-60 and 1960-61 while in 1955-56 the spot prices, too, fluctuated

from month to month. In 1957-58 and 1958-59, the behaviour of spot prices was dissimilar to that of kapas prices in the up-country market. In 1962-63, the spot prices were constant from September to January and then showed a sudden rise of Rs. 75 in the month of February and rose further by Rs. 30 in the month of April and stood constant at that level in the subsequent period. In 1961-62 and 1963-64, kapas prices showed a declining trend while in 1956-57 a steep rise of Rs. 100 in the month of December and sudden fall of about Rs. 50 in the month of February was noticed; on the other hand, spot prices were constant in the first 2 years and did not exhibit any trend in 1956-57.

Amalner.—During the entire period under study, the prices of the variety Khandesh-Virnar did not show any trend and mostly fluctuated in the season. Minor seasonal variations were, however, noticed in certain years. In 1957-58, the price recorded in the month of November was more by nearly Rs. 30 to Rs. 40 than the price prevailing in most of the months in that year. The prices from December onwards, generally, showed a downward trend. Similarly, in 1958-59 a sharp reduction in price by Rs. 50 to Rs. 60 was noticed in the month of April, in comparison with the prices ruling in the immediately preceding months. Similarly, a sharp fall in price by Rs. 75 was noticed in the month of March 1964 and the price in the subsequent 2 months did not attain the pre-March level. The spot prices, on the other hand, remained constant in 1959-60, 1960-61, 1961-62 and 1963-64 and did not show any relationship to the kapas prices in 1955-56 and 1957-58. In 1957-58 and 1958-59, both the kapas and lint prices of the variety Khandesh-Virnar showed a similar relationship over a longer period. In 1962-63 the prices in the spot market from February onwards were higher by Rs. 75 to Rs. 100 than those in the preceding period.

Nanded.—In 3 years out of 9 years, a steady increasing trend throughout the period was noticed while in 1963-64, the prices showed a rising trend over a fairly long period. In the remaining 5 years, they did not exhibit any trend of rise or fall in the season. As spot prices of the variety Gaorani-6 were not available in the first 5 years, viz., 1955-56 to 1959-60, it is not possible to state the effect of these prices on the prices of kapas in the up-country market. In 2 years, viz., 1961-62 and 1963-64, the prices of lint of Gaorani-6 in the spot market were constant and fluctuated within a range not exceeding Rs. 30 in the period from November to February in 1960-61 and remained constant from March onwards. In 1962-63, the spot prices, barring the month of February, ranged from Rs. 769 to Rs. 779.

Ahmednagar.—The prices of Deviraj cotton were available only for 3 years, viz., 1961-62 to 1963-64. In 1961-62, wide fluctuations in the prices in Ahmednagar market were noticed while the spot prices were constant throughout the period. In 1962-63, a definite declining trend was seen in kapas prices and those ruling in the month of February were less by Rs. 200 in comparison with those in the month of October; spot prices, too, fluctuated; but did not show any particular trend. Spot prices in the month of February were less by more than Rs. 150 than those in the previous months. In 1963-64 also, the kapas prices fluctuated and price in the month of March was less by Rs. 150 to Rs. 200 than that recorded in any of the previous months. Spot prices, on the other hand, were constant.

Thus, from the analysis of the price behaviour of kapas in the up-country markets and those of lint of the same variety in the spot market, it is seen that the prices in the secondary markets during most of the period under study remained fluctuating and did not show any particular trend while the spot prices in number of years were constant throughout the period. During the period, when spot prices fluctuated, the rise or fall in the prices of lint in the Bombay market was not correspondingly reflected in the prices of kapas in the up-country markets in most of these years.

In order to gauge the impact of prices, in the forward market of the basis variety, viz., "Mogalai-Jarilla" on the prices of lint of different varieties under study in the spot market at Bombay, spot prices and the futures prices of different contracts of the basis variety were collected for a period of 9 years, viz., 1955-56 to 1963-64. Results based on the analysis of the data are discussed below.

In 1955-56, the spot prices of Buri-American and Gaorani-6 were not available. The prices of lint of Virnar variety in the Bombay market fluctuated from month to month while futures prices generally showed a rising trend. In 1956-57 the spot prices of both the varieties, viz., Buri-American and Virnar showed a rising trend while futures prices of March contract went down during the period from September to December and then rose upwards. The futures prices of May contract, however, showed a rising trend. It is not possible to indicate the effect of futures prices on spot prices of Gaorani-6 variety, as the same was not in market in that year. In 1957-58, the spot prices of Buri-American variety were available from April onwards and during the corresponding period the futures prices of August contract were, generally, in alignment with those of spot prices. In the case of Virnar variety, violent fluctuations were noticed in the prices of lint in the Bombay market while no such trend was discernible in respect of futures prices. As in the previous 2 years, spot prices of Gaorani variety were not available. In 1958-59, the spot prices of Buri-American and Gaorani varieties were not available and the trend of prices in respect of Virnar variety was generally in line with that of the futures prices of the basis variety. In 1959-60, the spot prices of all the 3 varieties, viz., Buri-American, Virnar and Gaorani-6 were constant throughout the period while futures prices exhibited a rising trend. In 1960-61, the spot prices of Buri-American and Virnar varieties showed marginal fluctuations while futures prices fluctuated too often although not violently. The spot prices of Gaorani-6 fluctuated from Rs. 680 in December to Rs. 650 in February and then remained constant during the subsequent period. In 1961-62 the spot prices were available for all the 4 varieties, viz., Buri-American, Virnar, Gaorani-6 and Deviraj and were constant throughout the season; on the other hand, the futures prices barring the month of January showed a rising trend. In 1962-63, the spot prices of Buri-American and Gaorani varieties fluctuated from month to month while those of Virnar variety during the period from April to August were higher by Rs. 100 over those from September to December but were fairly stationary during the two periods. The futures prices, however, fluctuated widely during the year. In 1963-64 the spot prices of all the varieties except Buri-American were fairly constant while futures prices of March contract showed a rising trend. The spot prices of Buri-American variety were, however, fairly stationary from February onwards.

Thus from the analysis of the data of comparative prices of lint in the spot and futures markets, it is seen that the two markets generally behaved independently and contrary to the normal assumption, they did not move for most of the period in the same direction in equal degree.

Graphs depicting the price movement in the up-country, spot and futures markets during the period under study are also enclosed in Appendix VII.

APPENDIX VI

Cotton Price Schedule—1965-66

(For varieties grown in Maharashtra State)

(Figures in brackets indicate the approximate price in rupees per candy of 784 lb.)

Description of cotton season 1965-66 (Robber ginned)	Basic staple length in inches	Basic minimum price per quintal (100 kg.)	Basic maximum price per quintal (100 kg.)	'OFF' and 'ON' allowance for class other than basic class in Rupees				'OFF' and 'ON' allowance for class other than basic class in Rupees. Extra superfine	'OFF' allowances for staple below basic staple in Rupees		'ON' allowances for staple above basic staple in Rupees			
				Good	Fully good	Fine	Super-fine		2/32"	1/32"	1/32"	2/32"	3/32"	4/32"
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Vidarbha M. P. Virnar ..	27 3/32"	247 (877)	312 (1109)	..	4 (14-22)	Basis	4 (14-22)	8 (28-45)	13 (46-23)	7 (24-98)	7 (24-98)	13 (46-23)	..	..
Mogalaj Jarilla ..	25 3/32"	233 (792)	287 (1022)	..	4 (14-22)		4 (14-22)	8 (28-45)	9 (32-00)	3 (10-67)	6 (21-34)	13 (46-23)	..	..
Khandesh-Virnar	28 3/32"	254 (902)	326 (1160)	..	4 (14-22)		4 (14-22)	8 (28-45)	13 (46-23)	7 (24-89)	7 (24-89)	18 (64-01)	..	..
Buri-American ..	29 3/32"	287 (1019)	348 (1239)	..	4 (14-22)		4 (14-22)	8 (28-45)	..	6 (21-34)	7 (24-89)	14 (49-78)	..	..
147 ..	30 3/32"	992 (1037)	366 (1303)	..	4 (14-22)		4 (14-22)	8 (28-45)	..	9 (32-00)	10 (35-50)	21 (74-67)	..	..
Gaorani 6 and 12	28 3/32"	263 (935)	337 (1197)	..	4 (14-22)		4 (14-22)	8 (28-45)	14 (49-79)	8 (28-45)	6 (21-34)	13 (46-23)	..	..
AK-235 and 277	28 3/32"	263 (935)	337 (1197)	..	4 (14-22)		4 (14-22)	8 (28-45)	14 (49-79)	8 (28-45)	6 (21-34)	13 (46-32)	..	..
Laxmi ..	29 3/32"	290 (1030)	364 (1294)	..	4 (14-22)		4 (14-22)	8 (28-45)	19 (67-57)	11 (39-12)	7 (24-89)	14 (49-69)	23 (81-70)	..
Cambodia 'A'	1-1/32"	356 (1265)	436 (1550)	..	4 (14-22)		4 (12-22)	8 (28-45)	..	..	19 (67-57)	47 (169-36)	..	..
Cambodia 'B' ..	1"	312 (1111)	389 (1385)	..	4 (14-22)		4 (14-22)	8 (28-45)	..	9 (32-00)	28 (99-57)	51 (180-00)	77 (279-00)	..
Cambodia 'C' ..	30 3/32"	295 (1048)	365 (1296)	..	4 (14-22)		4 (14-22)	8 (28-45)	15 (53-34)	8 (28-45)	9 (32-00)	19 (67-57)	29 (103-12)	..
Sea Island Andrews		478 (1700)	..	..	10 (35-50)		10 (35-50)	20 (71-00)	..	..	28 (99-97)	56 (199-14)	14 (288-71)	..

APPENDIX VII

Bibliography

I—List of Books

- | | | |
|------------------------------------|---|--|
| 1. Anwar, M. H. Farrag | Egypt's Cotton and Economy .. | International Fair for Egyptian Cotton, Cairo, April, 1958. |
| 2. Clerk, F. and Weld, L. D. H. .. | Marketing Agricultural Products .. | The Macmillan Company, New York. |
| 3. Dantwala, M. L. | Marketing of Raw Cotton in India .. | Longmans, Green and Company, Ltd., Bombay. |
| 4. Dholakia, H. L. | Futures trading and future markets in Cotton (with special reference to India). | New Book Company, Ltd., Bombay. |
| 5. Gadgil, D. R. | Planning and Economic Policy in India. | Asia Publishing House, Bombay. |
| 6. Gee, Wilson | The Social Economics of Agriculture | Macmillan Company, New York. |
| 7. Gold Gerald | Modern Commodity Futures Trading. | Commodity Research Bureau, Inc., New York. |
| 8. Johnson, D. Gale.. .. | Forward Prices for Agriculture .. | The University of Chicago Press, Chicago-Illinois. |
| 9. Johnson, D. Gale.. .. | Trade and Agriculture | John Wiley and Sons, New York. Chapman and Hall, Ltd., London. |
| 10. Madunarodna Politika | Agricultural Policy in Yugoslavia .. | Government of Yugoslav. |
| 11. Marx Karl | Capital | Saraswaty Library, Calcutta. |
| 12. Natu, W. R. | Regulation of Forward Markets .. | Asia Publishing House, Bombay. |
| 13. Patwardhan, V. S. | British Agricultural Marketing (A Study in Government Policy). | Asia Publishing House, Bombay. |
| 14. Pawaskar, M. G. | Utility of the Future Markets in Cotton. | .. |
| 15. Riddel | The Canadian Wheat Board .. | Government of Canada, Ottawa. |
| 16. Schultz, Theodore W. | Agriculture in an unstable economy.. | McGraw Hill Book Company, New York and London. |
| 17. Thomsen, Frederick Lundy | Agricultural Marketing | McGraw Hill Book Company, Inc. New York, London. |
| 18. Venkataramanan, L. S. | The Theory of Futures Trading .. | Asia Publishing House, Bombay. |
| 19. Waugh, Frederick V. | Readings on Agricultural Marketing | The Iowa State College Press, Ames Iowa. |
| 20. Zdenko Stambuk | Practice and Theory of Socialist Development in Yugoslavia. | Medunaroda Politika, Beograd. |

II—List of Publications

- | | | |
|--|---|--|
| 1. Department of Agriculture, Maharashtra State. | Agriculture Department in the Service of Farmers. | Department of Agriculture, Maharashtra State, Poona. |
| 2. Department of Agriculture, Maharashtra State. | Cotton in Maharashtra | Department of Agriculture, Maharashtra State, Poona. |
| 3. Department of Agriculture, Government of India. | Report of the Sub-Committee of the Policy Committee on Agriculture, Forestry and Fisheries. | The Manager of Publications, Delhi. |
| 4. East India Cotton Association, Ltd., Bombay. | Bye-laws of the East India Cotton Association, Limited, Bombay-196. | East India Cotton Association, Ltd., Bombay. |
| 5. East India Cotton Association, Ltd., Bombay. | Bombay Cotton Annual No. 40, 1958-59. | East India Cotton Association, Ltd., Bombay. |
| 6. East India Cotton Association Ltd., Bombay. | Bombay Cotton Annual No. 43, 1960-61. | East India Cotton Association, Ltd., Bombay. |
| 7. East India Cotton Association Ltd., Bombay. | Bombay Cotton Annual No. 43 .. | East India Cotton Association, Ltd., Bombay. |
| 8. East India Cotton Association Ltd., Bombay. | Bombay Cotton Annual No. 44, 1962-63 . | East India Cotton Association, Bombay. |
| 9. Forward Markets Commission, Government of India, Bombay. | Annual Report for the year 1963 .. | Forward Markets Commission, Government of India, Bombay. |
| 10. Forward Markets Commission, Government of India, Bombay. | Forward Markets Bulletin, Special Number, September, 1963. | Forward Markets Commission, Government of India, Bombay. |
| 11. Forward Markets Commission, Government of India, Bombay. | Forward Markets Bulletin, Vol. No. 5, July, 1964. | Forward Markets Commission, Government of India, Bombay. |
| 12. Forward Markets Commission, Government of India, Bombay. | Report on the Recognition of associations in respect of forward contracts in Cotton, 1955. | The Manager of Publications, Government of India, Delhi. |
| 13. Government of U. A. R. .. | Egyptian Cotton Bulletin (International edition). | Government of U. A. R. |
| 14. Government of Canada | Marketing Boards in Canada, February, 1960. | Department of Agriculture, Government of Canada, Ottawa. |
| 15. Indian Central Cotton Committee, Bombay. | General Report on Eight Investigations into Finance and Marketing of Cultivators' Cotton. | The Manager of Publications, Government of India, Delhi. |
| 16. Indian Central Cotton Committee, Bombay. | Report on the Marketing of Cotton in India. | Indian Central Cotton Committee, Bombay. |

- | | | |
|---|---|---|
| 17. Indian Society of Agriculture Economics, Bombay. | Problems of Farm Production Planning and Programming. | Vora and Company. |
| 18. Khadi Village Industries Commission, Bombay. | The Khadi Village Industries, Commission Act, 1956. | .. |
| 19. Khadi Village Industries Commission, Bombay. | Government of Maharashtra, Industries and Labour Department, Resolution No. CMP-4460/14133-IND-II, dated the 28th February, 1956. | .. |
| 20. Marketing Stabilisation Division, Department of Primary Industries, Canada. | Commonwealth Marketing Boards .. | Government of Canada, Ottawa. |
| 21. Margaret I Dunbaobir and W. E. Walkar. | Marketing Boards under Provincial Legislation, Canada, 1957. | Government of Canada, Ottawa. |
| 22. Ministry of Commerce, Government of India. | Statutory Control on Production and Prices of Cotton Textile, 1964. | Ministry of Commerce, Government of India, Delhi. |
| 23. Ministry of Labour and Employment, Government of India. | Report on the Study Group on Social Security. | The Manager of Publications, New Delhi. |
| 24. Ministry of Law, Government of India. | The Forward Contracts (Regulation) Act, 1952 (74 of 1952). | The Manager of Publications, New Delhi. |
| 25. Ministry of Food and Agriculture, Government of India. | Report on Cotton Marketing Committee. | The Manager of Publications New Delhi. |
| 26. Ministry of Food and Agriculture, Government of India. | Report on Foodgrains Enquiry Committee. | The Manager of Publications, New Delhi. |
| 27. Ministry of Trade and Commerce, Government of Canada. | Canada Year Book, 1962 | Ministry of Trade and Commerce, Government of Canada, Ottawa. |
| 28. Planning Commission, Government of India. | Third Five-Year Plan | The Manager of Publications, New Delhi. |
| 29. Government of Canada, Ottawa.. | The Development of Producer's Marketing Boards in Canadian Agriculture. | Government of Canada, Ottawa. |
| 30. State Trading Corporation of India. | Eight Years of State Trading (1956-57, 1963-64). | State Trading Corporation, Bombay |

INDEX

Serial No.	Contents of the Graph	Graph number
1	Prices of kapas in Amraoti market and those of lint in the spot and future market at Bombay in 1955-56, 1956-57, 1957-58, 1958-59, 1959-60, 1960-61, 1961-62, 1962-63 and 1963-64.	1 to 3
2	Prices of kapas in Akola market and those of lint in the spot future market at Bombay in 1955-56, 1956-57, 1957-58, 1958-59, 1959-60, 1960-61, 1961-62, 1962-63 and 1963-64.	4 to 6
3	Prices of kapas in Khamgaon market and those of lint in the spot and future market at Bombay, 1955-56, 1956-57, 1957-58, 1958-59, 1959-60, 1960-61, 1961-62 and 1963-64.	7 to 9
4	Prices of kapas in Jalgaon market and those of lint in the spot and future market at Bombay in 1955-56, 1956-57, 1957-58, 1958-59, 1959-60, 1960-61, 1961-62, 1962-63 and 1963-64.	10 to 12
5	Prices of kapas in Amalner market and those of lint in the spot and future market at Bombay in 1955-56, 1956-57, 1957-58, 1959, 1959-60, 1960-61, 1961-62, 1962-63 and 1963-64.	13 to 15
6	Prices of kapas in Nanded market and those of lint in the spot and future market at Bombay in 1955-56, 1956-57, 1958-58, 1958-59, 1959-60, 1960-61, 1961-62, 1962-63 and 1963-64.	16 to 18
7	Prices of kapas in Ahmednagar market and those of lint in the spot and future market at Bombay in 1961-62, 1962-63 and 1963-64.	19

MONTHLY WHOLESALE PRICES OF KAPAS AT AMRAVATI
MARKET AND THOSE OF LINT IN SPOT AND
FUTURES MARKETS AT BOMBAY

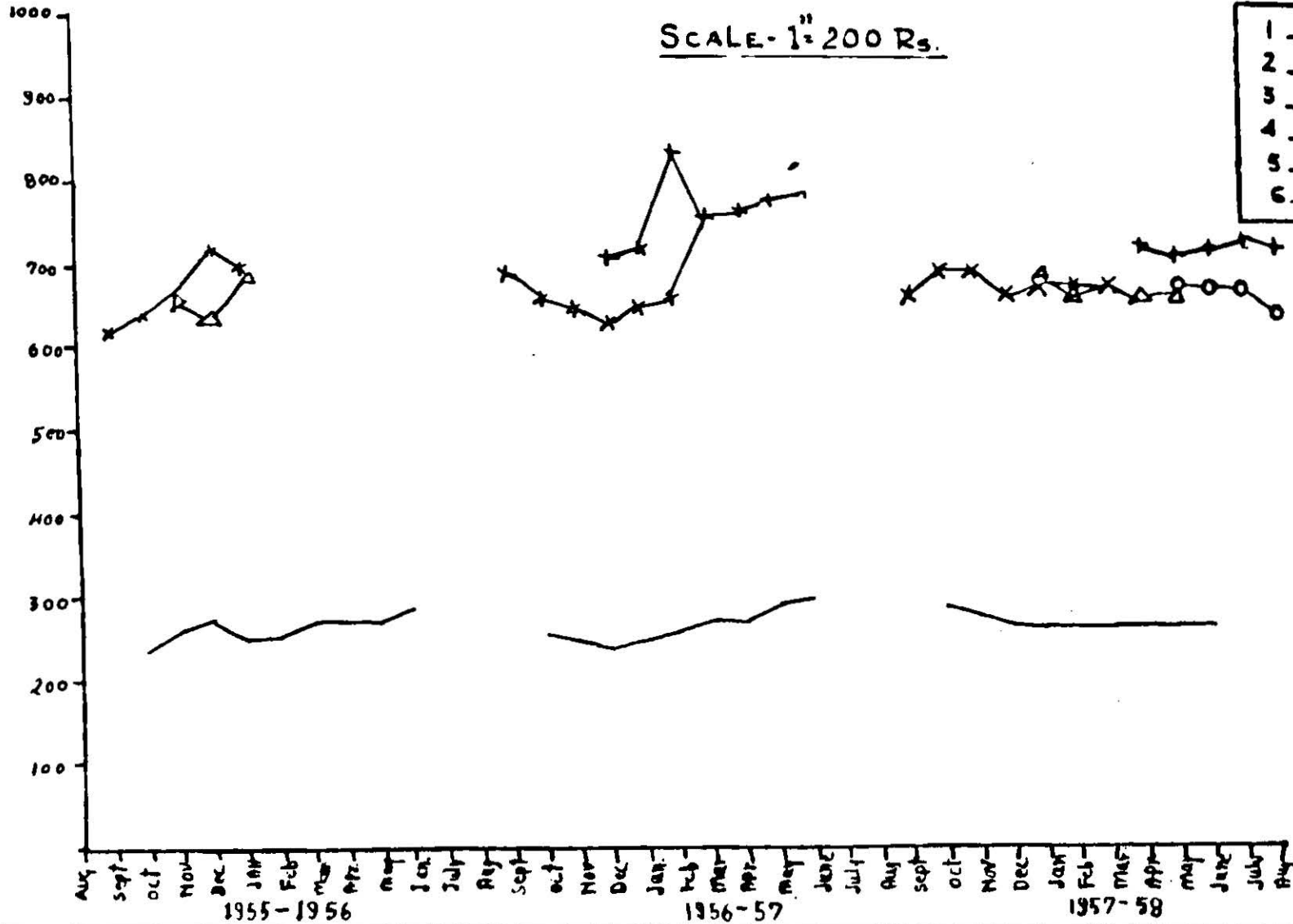
RUPEES PER
THREE QUINTALS

REFERENCES

SCALE - 1" = 200 Rs.

- | | | |
|---|---------|---|
| 1 | --- | Price of kapas in the Amri Market. |
| 2 | --->--- | Price of Lint in the spot Market |
| 3 | ---x--- | Price of Lint in the futures Market
[Feb and March contract] |
| 4 | ---△--- | " " [May contract] |
| 5 | ---o--- | " " [Aug. contract] |
| 6 | ---□--- | " " [April. contract] |

Variety - BUPI 0394
[AMERICA]



MONTHLY WHOLESALE PRICES OF KAPAS AT AMRAVATI

MARKET AND THOSE OF LINT IN THE SPOT AND

FUTURES MARKETS AT BOMBAY

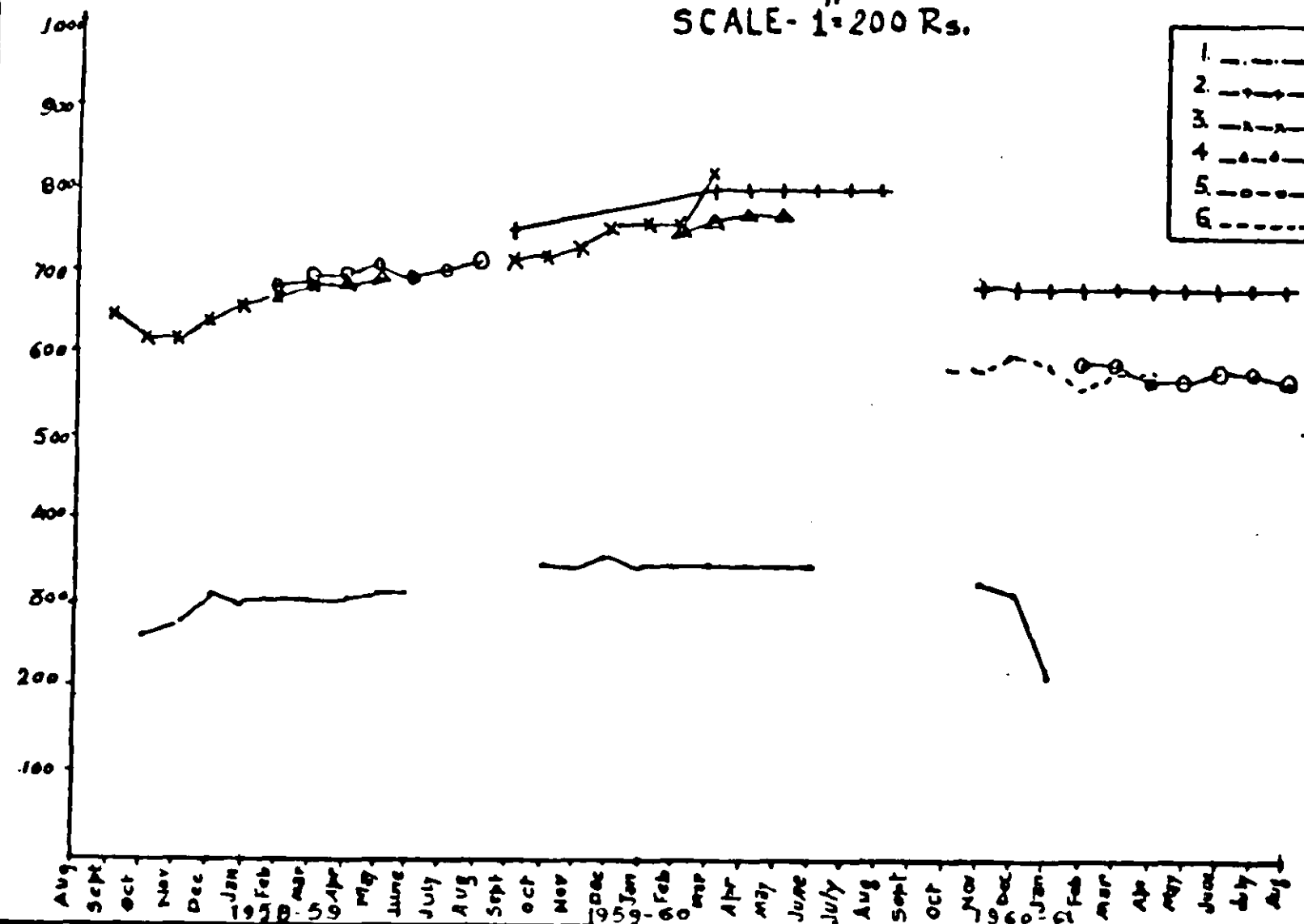
RUPEES PER
THREE QUINTALS

SCALE - 1" = 200 Rs.

REFERENCES

- | | |
|------------|--|
| 1. --- | Price of kapas in the Amravati Mkt. |
| 2. ---x--- | Price of Lint in the spot Market |
| 3. ---▲--- | Price of Lint in the futures Mkt.
[Feb. and March contract] |
| 4. ---●--- | --- " --- [May contract] |
| 5. ---○--- | --- " --- [Aug. contract] |
| 6. ---□--- | --- " --- [April contract] |

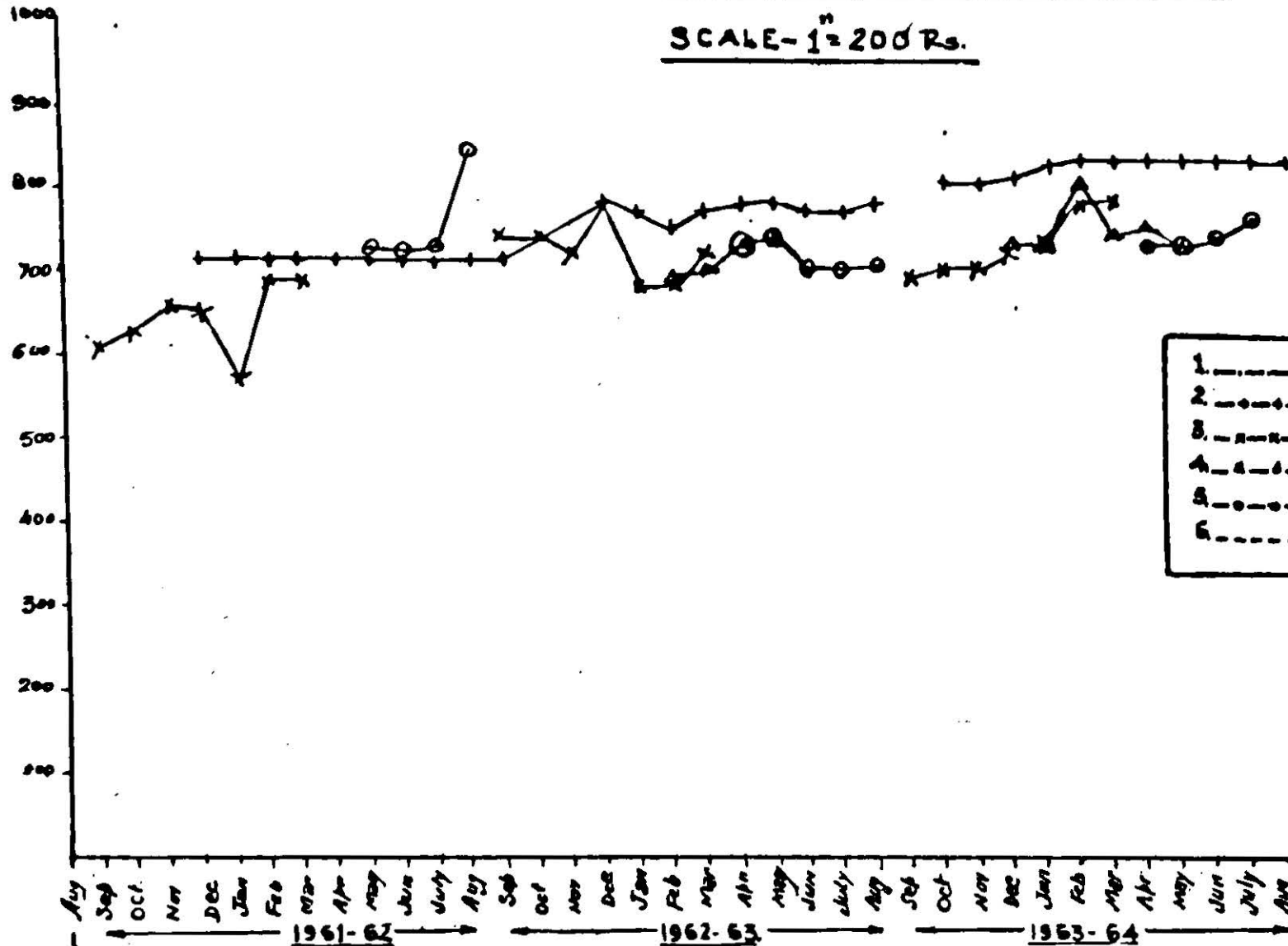
Variety - Buri 0394
[AMERICA]



MONTHLY WHOLESALE PRICES OF KAPAS AT AMRAVATI
MARKET AND THOSE OF LINT IN SPOT AND
FUTURES MARKETS AT BOMBAY

RUPEES PER
THREE QUINTALS

SCALE-1" = 200 Rs.



REFERENCES

- 1. ——— Price of kapas in the Amravati Market.
- 2. ——— Price of Lint in the spot Market
- 3. ——— Price of Lint in the futures Market [Feb. and March contract]
- 4. - - - - [May contract]
- 5. ——— [Aug. contract]
- 6. [April contract]

Variety- Buri 0394
[America]

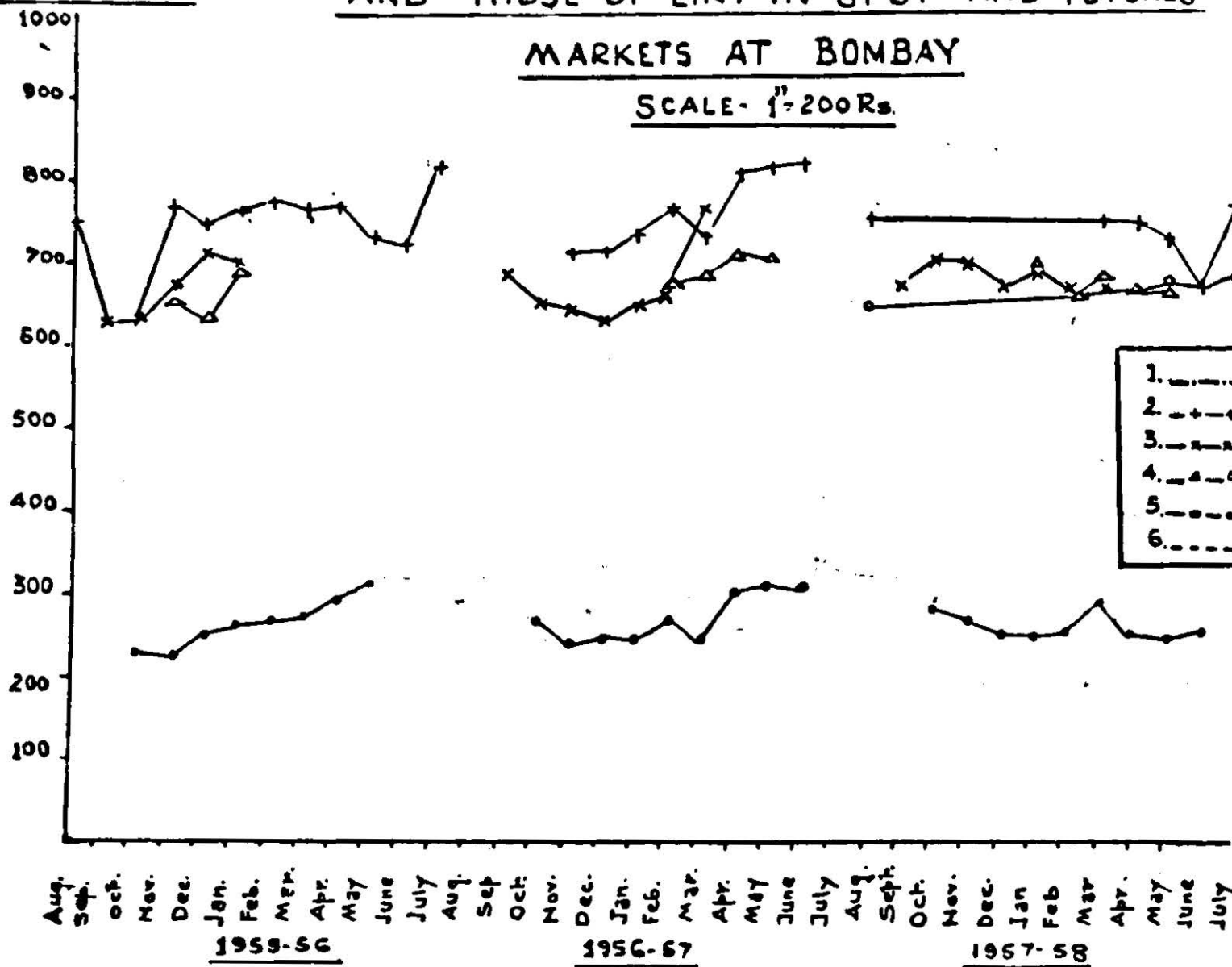
RUPEES PER
THREE QUINTALS

MONTHLY WHOLESALE PRICES OF KAPAS AT KHAMGAON MARKET

AND THOSE OF LINT IN SPOT AND FUTURES

MARKETS AT BOMBAY

SCALE - 1" = 200 Rs.



REFERENCES

- 1. Price of Kapas at Khamgaon Market.
- 2. +--+ Price of Lint in the spot Market.
- 3. -▲-▲ Price of Lint in the futures Market [Feb. and March contract]
- 4. -△-△ " " " [May contract]
- 5. -○-○ " " " [Aug. contract]
- 6. -□-□ " " " [April contract]

Variety - 197/3

MONTHLY WHOLESALE PRICES OF KAPAS AT KHAMGAON MARKET AND

THOSE OF LINT IN SPOT AND FUTURES MARKETS AT BOMBAY.

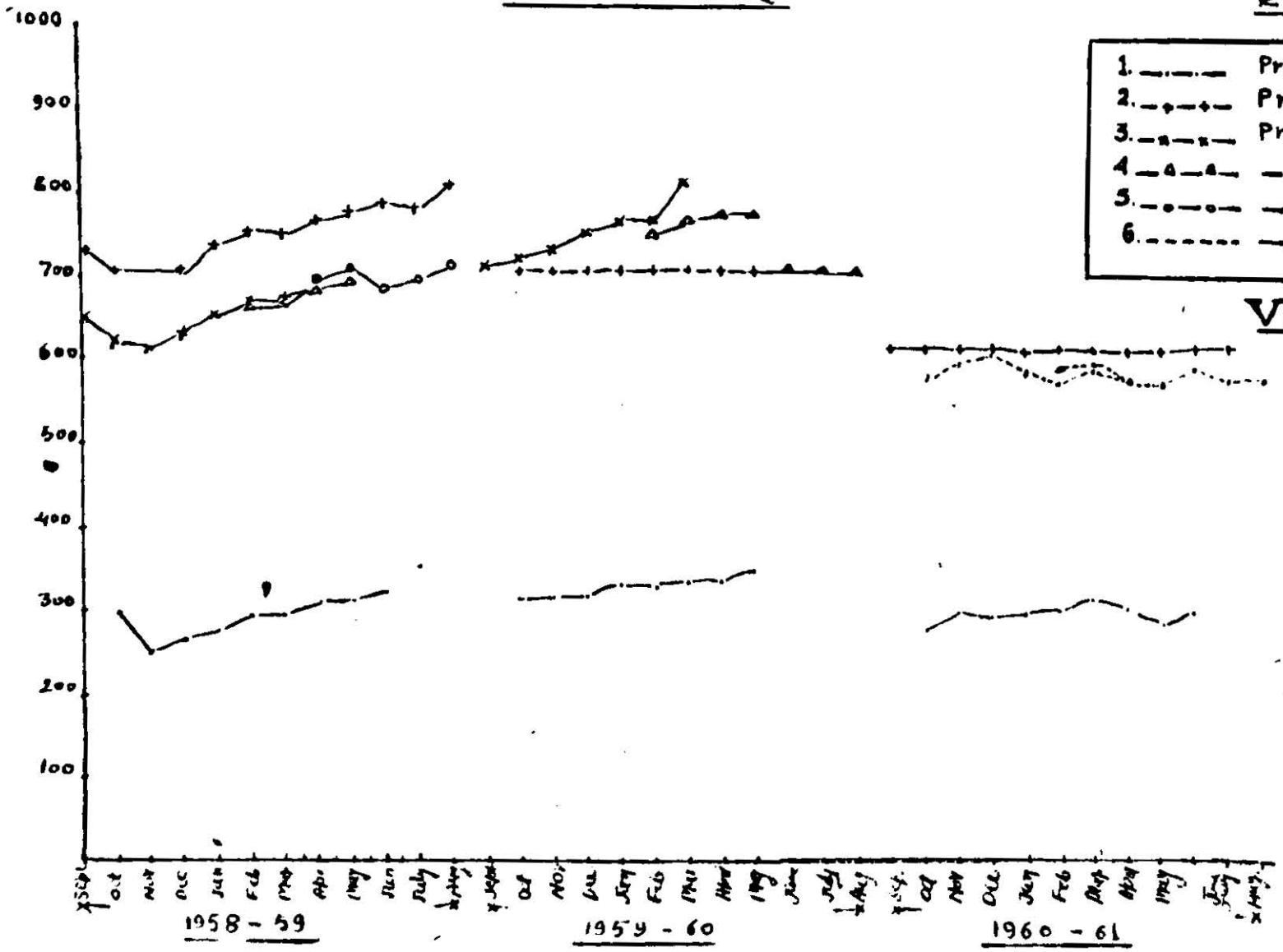
RUPEES PER
THREE QUINTALS.

SCALE - 1" = 200 Rs.

REFERENCES

- | | |
|----------|--|
| 1. ——— | Price of Kapas in the K/Goon Mkt. |
| 2. —♦—♦— | Price of Lint in the spot Market. |
| 3. —▲—▲— | Price of Lint in the futures Market.
[Feb and March contract] |
| 4. —△—△— | ————— [May contract.] |
| 5. —○—○— | ————— [Aug. contract.] |
| 6. —●—●— | ————— [Apr. contract.] |

Variety - 197/3

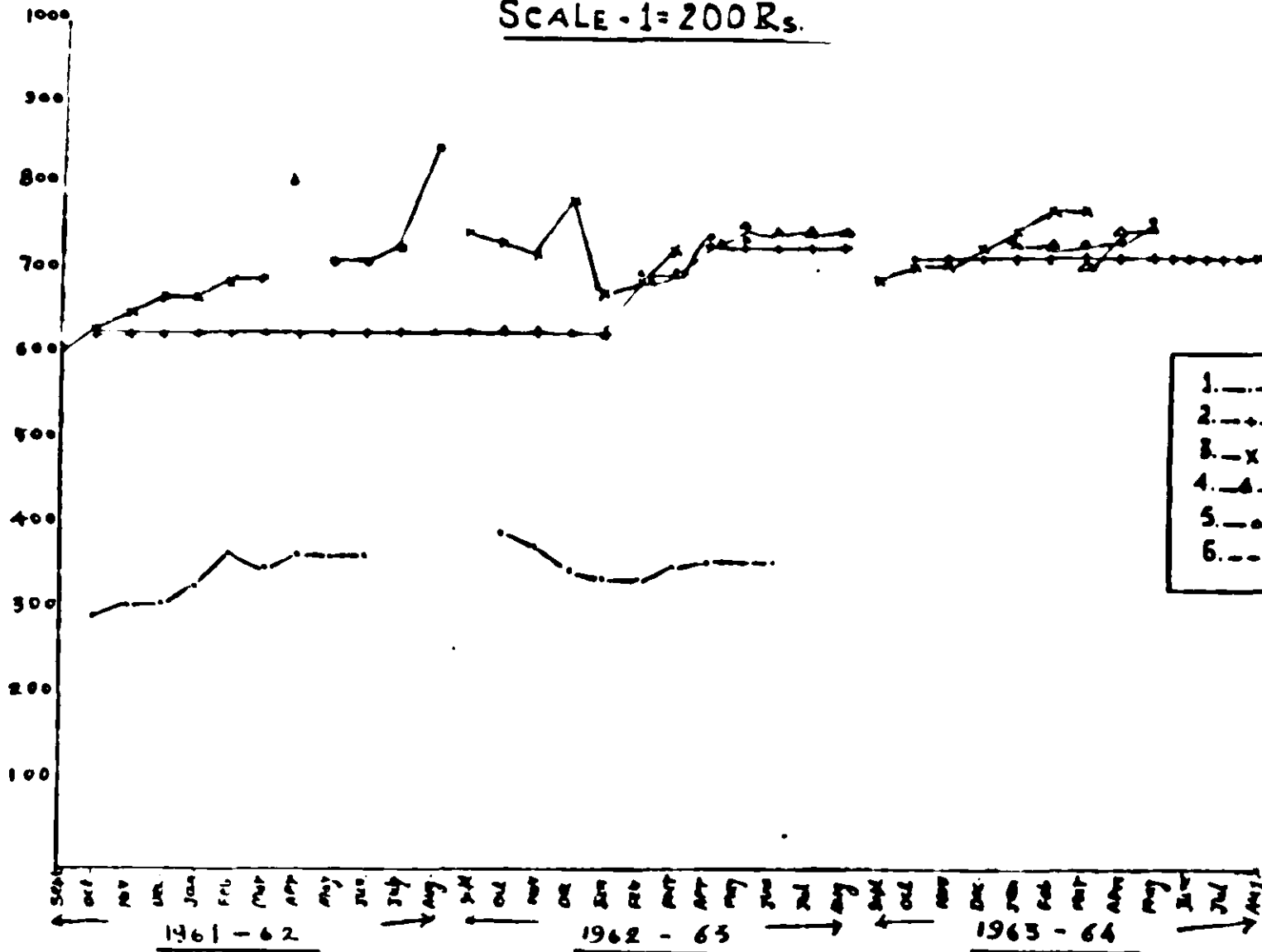


MONTHLY WHOLESALE PRICES OF KAPAS AT KHAMGAON MARKET AND

RUPEES PER
THREE QUINTALS.

THOSE OF LINT IN SPOT AND FUTURES MARKETS AT BOMBAY

SCALE - 1" = 200 Rs.



REFERENCES

- 1. ——— Price of kapas in the K/Gaon Mkt.
- 2. - - - - Price of lint in the spot Market.
- 3. -x-x- Price of lint in the futures Mkt. (Feb. and March contract)
- 4. -Δ-Δ- [May contract]
- 5. -○-○- [Aug. contract]
- 6. -□-□- [Apr. contract]

Variety - 197/3

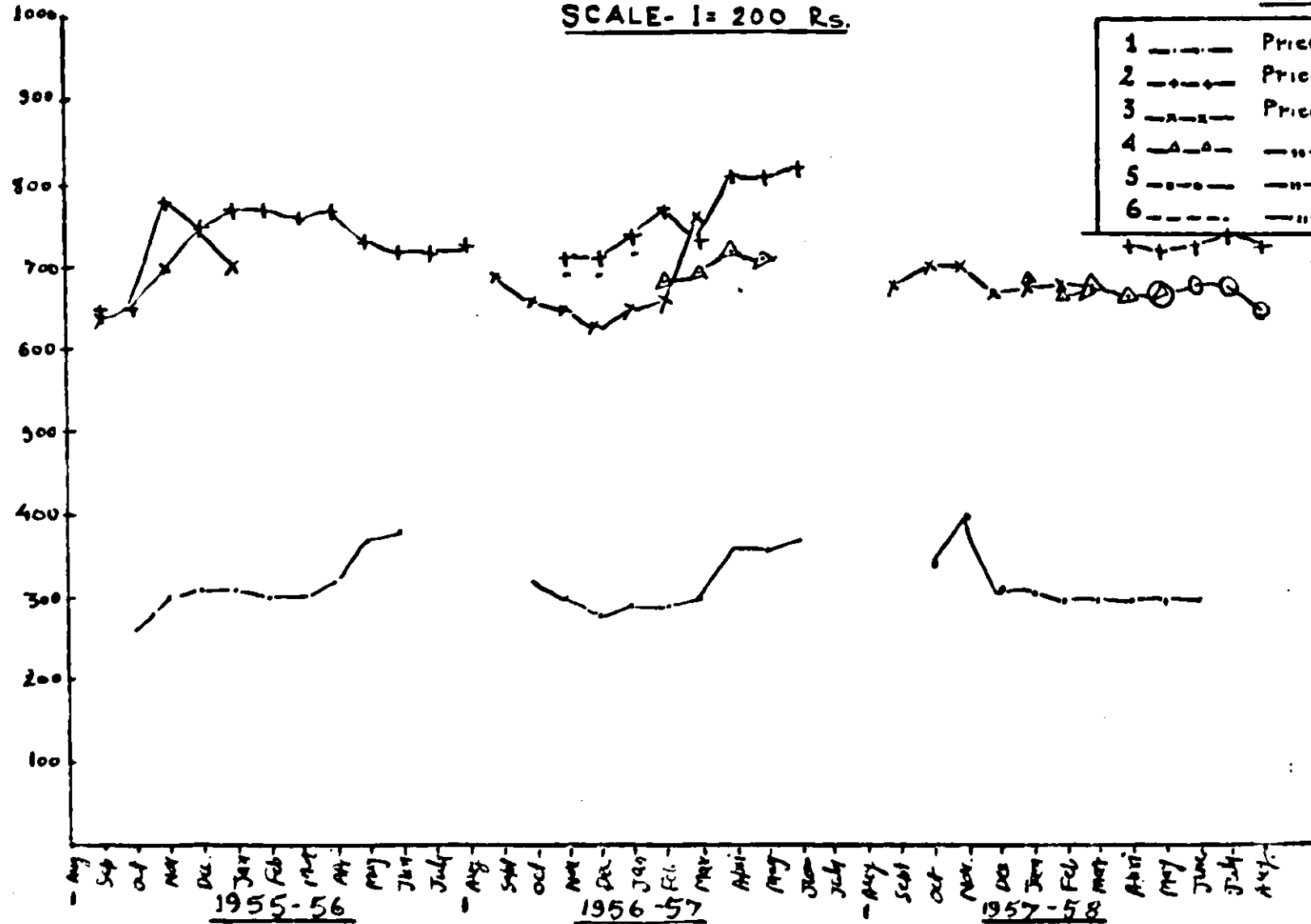
MONTHLY WHOLESALE PRICES OF KAPAS AT AKOLA MARKET AND
THOSE OF LINT IN SPOT AND FUTURES MARKETS AT BOMBAY

RUPEES PER
THREE QUINTALS

SCALE- 1" = 200 Rs.

REFERENCES

1	— · — · —	Price of Kapas in the Akola Market
2	— + — + —	Price of Lint in the spot Market
3	— x — x —	Price of Lint in the futures Market [Feb. and Mar. contract]
4	— Δ — Δ —	" " " " [May contract]
5	— ○ — ○ —	" " " " [Aug. contract]
6	— □ — □ —	" " " " [April contract]



MONTHLY WHOLESALE PRICES OF KAPAS AT AKOLA MARKET AND

THOSE OF LINT IN SPOT AND FUTURES MARKETS AT BOMBAY

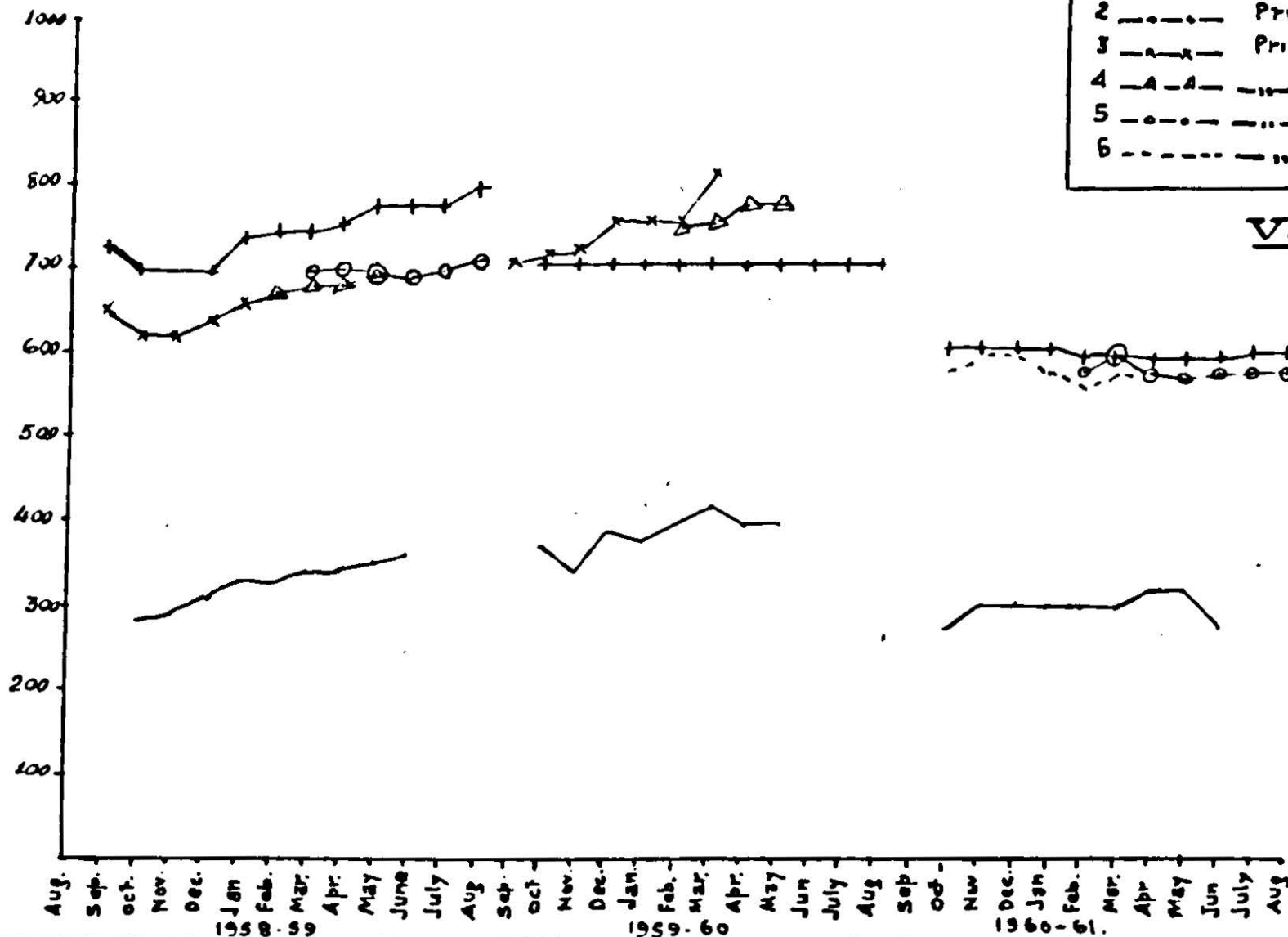
RUPEES PER
THREE QUINTALS

SCALE - 1" = 200 Rs.

REFERENCES

- | | | |
|---|-----------|--------------------------------------|
| 1 | — · — · — | Price of Kapas in the Akola Market |
| 2 | — · — · — | Price of Lint in the spot Market. |
| 3 | — x — x — | Price of Lint in the Futures Market. |
| 4 | — Δ — Δ — | [Feb. and Mar. contract] |
| 5 | — ○ — ○ — | [May contract] |
| 6 | — □ — □ — | [Aug. contract] |

Variety - 197/3



MONTHLY WHOLESALE PRICES OF KAPAS AT AKOLA MARKET AND THOSE OF LINT IN SPOT AND FUTURES MARKETS AT BOMBAY.

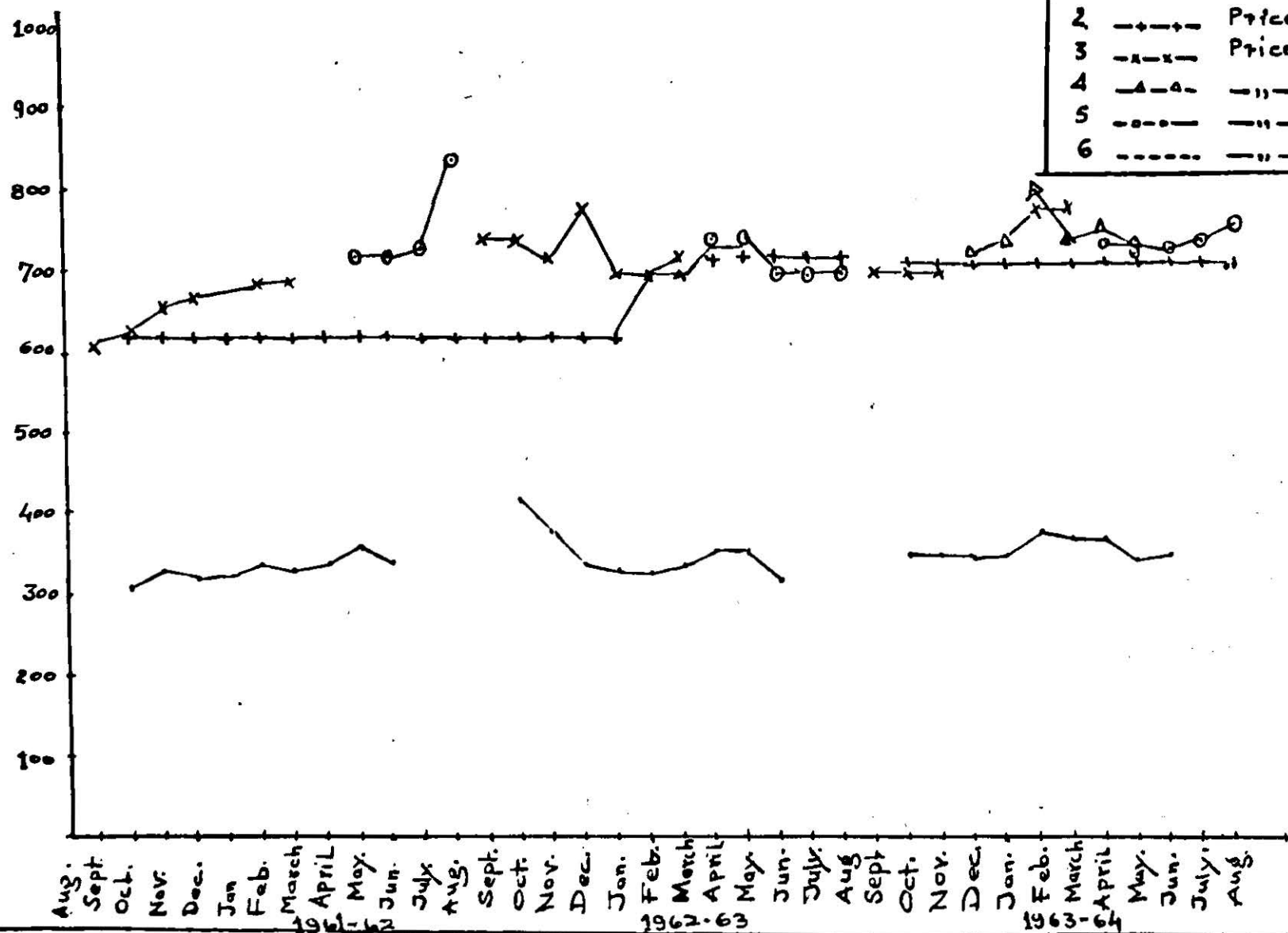
RUPEES PER
THREE QUINTALS

SCALE- 1" = 200 Rs.

REFERENCES

1	.....	Price of Kapas in the Akola Market.
2	-+--+	Price of Lint in the spot Market.
3	-x-x-	Price of Lint in the futures Market. [Feb. and Mar. contract]
4	-△-△-	" " " [May contract]
5	-○-○-	" " " [Aug. contract]
6	-●-●-	" " " [April contract]

VARIETY-197/3



RUPEES PER
THREE QUINTALS

MONTHLY WHOLESALE PRICES OF KAPAS AT AMALNER MARKET

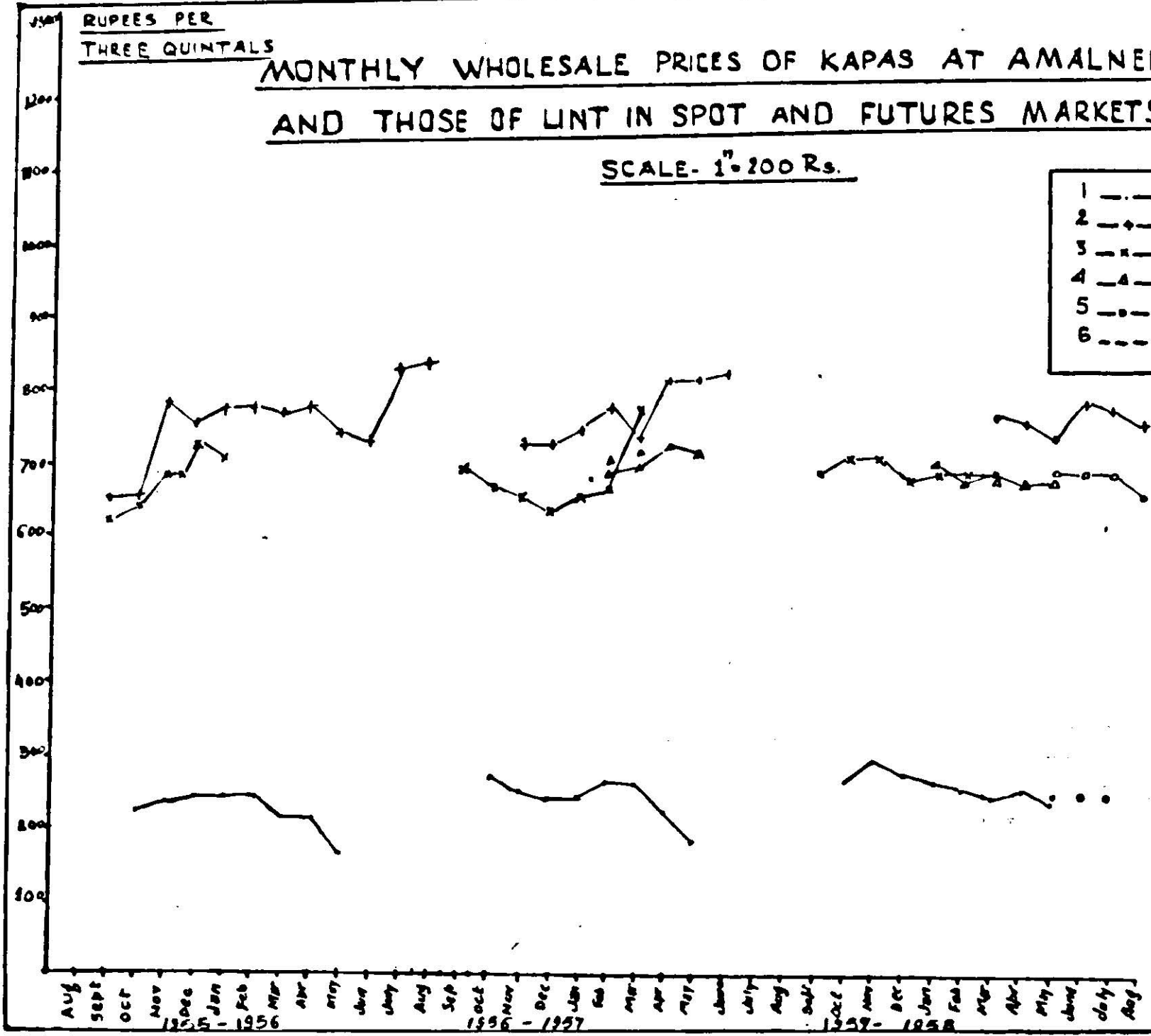
AND THOSE OF LINT IN SPOT AND FUTURES MARKETS AT BOMBAY.

SCALE - 1" = 200 Rs.

REFERENCES

- | | | |
|---|-------|-----------------------------------|
| 1 | ..... | Price of Kapas at A/ner Mkt. |
| 2 | -♦-♦- | Price of Lint in the spot Mkt. |
| 3 | -x-x- | Price of Lint in the futures Mkt. |
| 4 | -Δ-Δ- | [Feb and Mar. contract] |
| 5 | -○-○- | [May contract] |
| 6 | -□-□- | [Aug. contract] |
| 6 | -□-□- | [April. contract] |

VARIETY - 197/3



MONTHLY WHOLESALE PRICES OF KAPAS AT AMALNER MARKET AND THOSE OF LINT IN SPOT AND FUTURES MARKET AT BOMBAY.

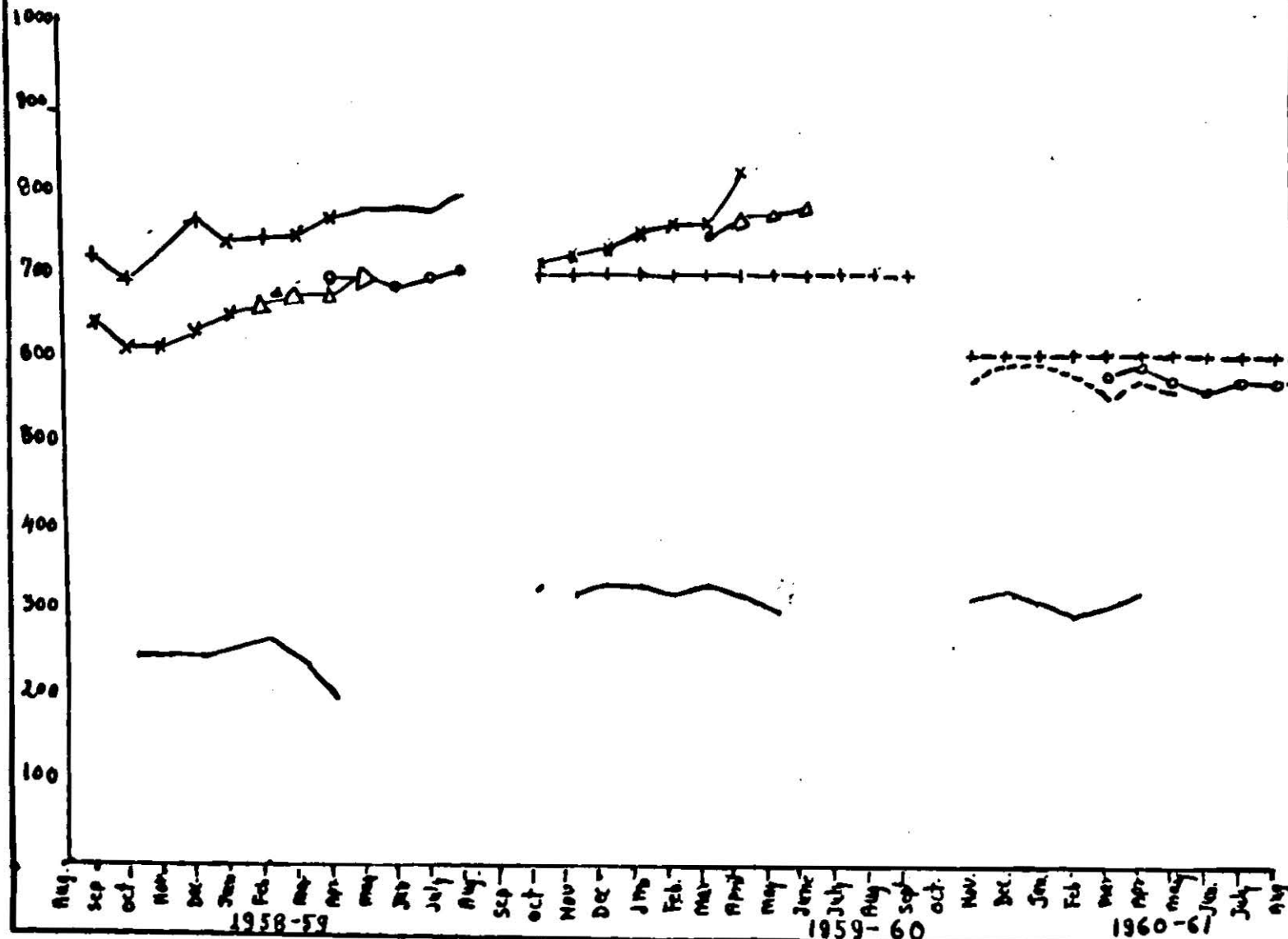
RUPEE PER
THREE QUINTALS

SCALE 1" = 200 Rs.

REFERENCES

- ① - - - - Price of Kapas in the Amalner market
- ② - - - - Price of lint in the spot market
- ③ - x - x - Price of lint in the future market (Feb & March contract)
- ④ - Δ - Δ - [May contract]
- ⑤ - o - o - [Aug contract]
- ⑥ - - - - [April contract]

VARIETY = 197/3



MONTHLY WHOLESALE PRICES OF KAPAS AT AMALNER MARKET AND THOSE OF LINT IN SPOT AND FUTURES MARKET AT BOMBAY.

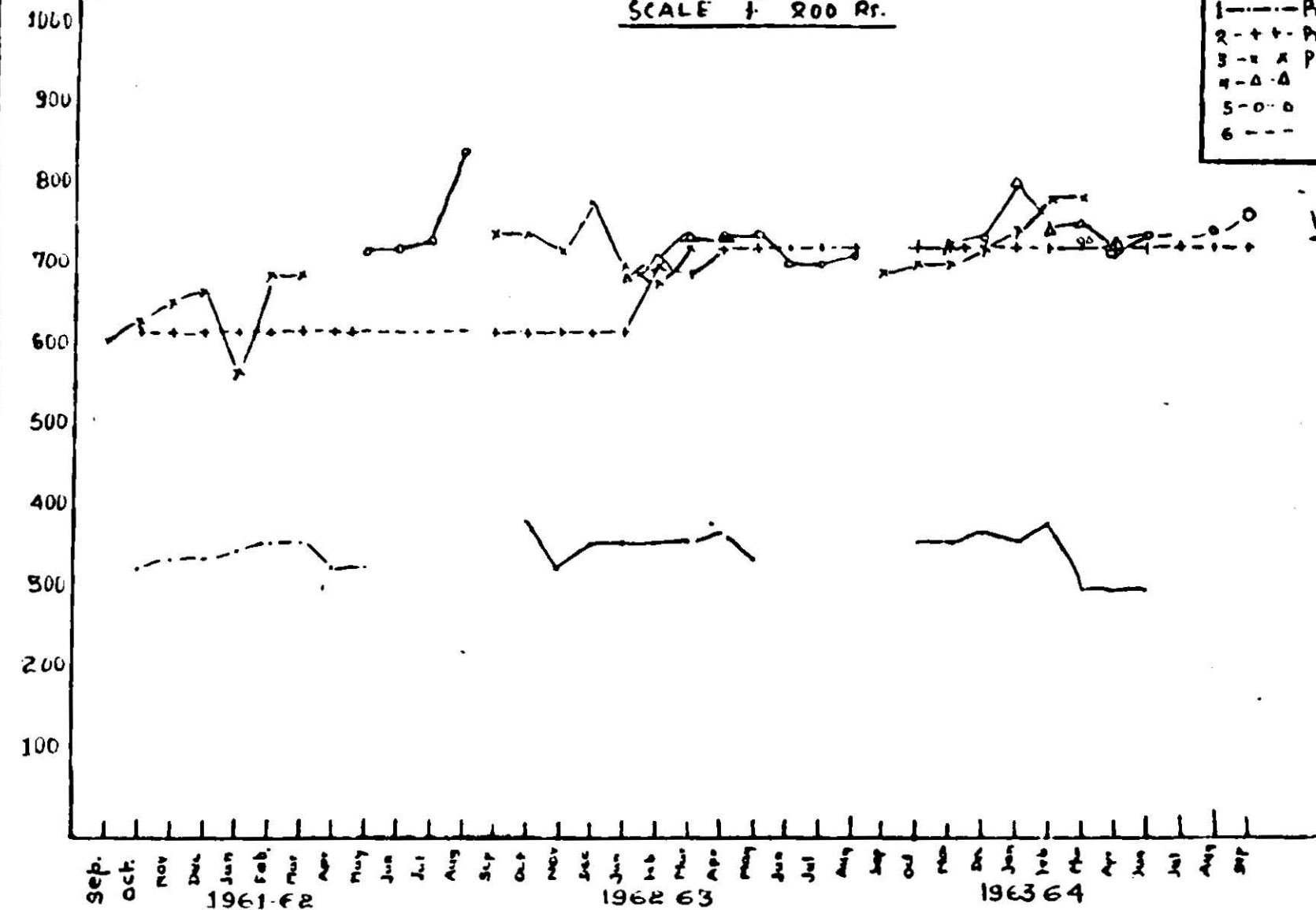
RUPEE PER THREE QUINTALS

SCALE 1" = 200 Rs.

REFERENCES

- | | | |
|---|-------|---|
| 1 | --- | Price of Kapas in the Amalner market |
| 2 | + + + | Price of lint in the spot market |
| 3 | x x x | Price of lint in the future market (Feb & March contract) |
| 4 | Δ Δ Δ | Price of lint in the future market (May contract) |
| 5 | o o o | Price of lint in the future market (Aug. contract) |
| 6 | — — — | Price of lint in the future market (April contract) |

VARIETY - 197/3



MONTHLY WHOLESALE PRICES OF KAPAS AT JALGAON MARKET AND THOSE OF LINT IN SPOT AND FUTURES MARKETS AT BOMBAY

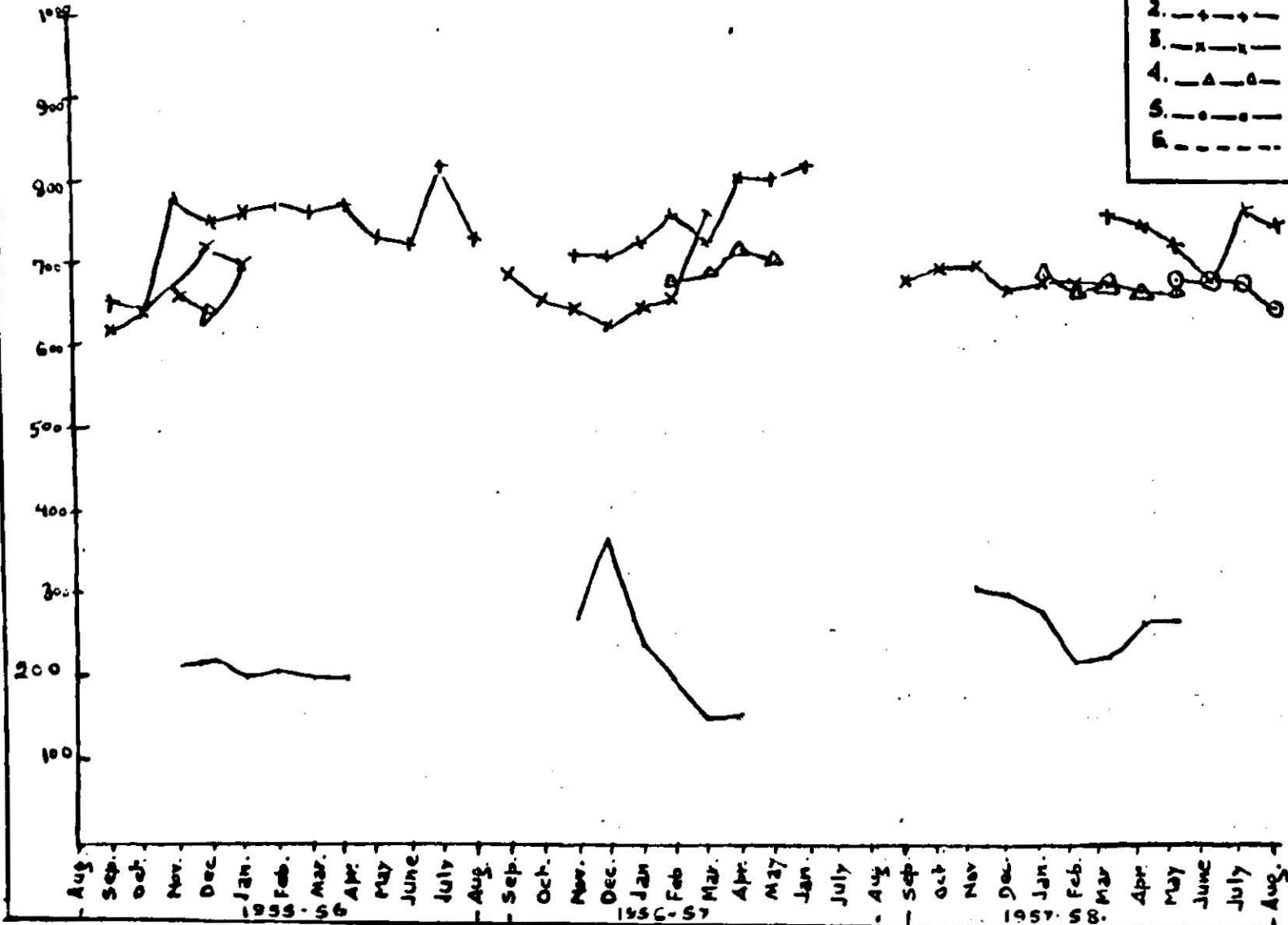
RUPEES PER
THREE QUINTALS

SCALE - 1" = 200 Rs

REFERENCES :

- | | |
|----------|--|
| 1. ———— | Price of Kapas in the Jalgaon Market. |
| 2. —+—+— | Price of Lint in the spot Market. |
| 3. —x—x— | Price of Lint in the futures Market.
[Feb. and Mar. contract] |
| 4. —Δ—Δ— | ————— [May contract] |
| 5. —○—○— | ————— [Aug. contract] |
| 6. ———— | ————— [April contract] |

Variety - 197/3



Rupees per
Three quintals

MONTHLY WHOLESALE PRICES OF KAPAS AT JALGAON

MARKET AND THOSE OF LINT IN THE SPOT

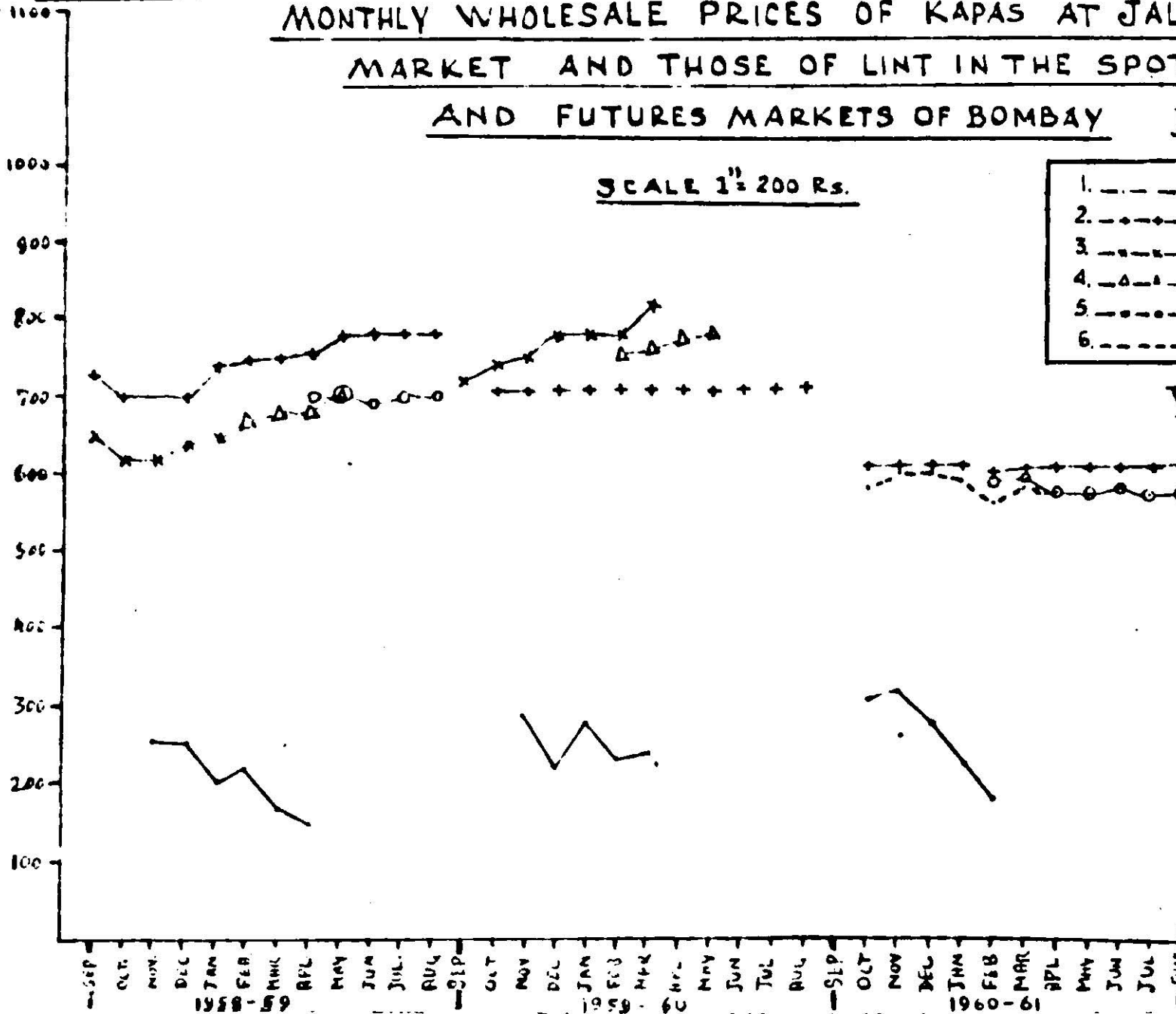
AND FUTURES MARKETS OF BOMBAY

REFERENCES

SCALE 1" = 200 Rs.

- 1. --- Price of kapas in the Jalgaon Market
- 2. --- Price of Lint in the spot Market
- 3. --- Price of Lint in the futures Market
- 4. --- [Feb. and March contract]
- 5. --- May CONTRACT
- 6. --- AVG. CONTRACT
- 6. --- APRIL CONTRACT

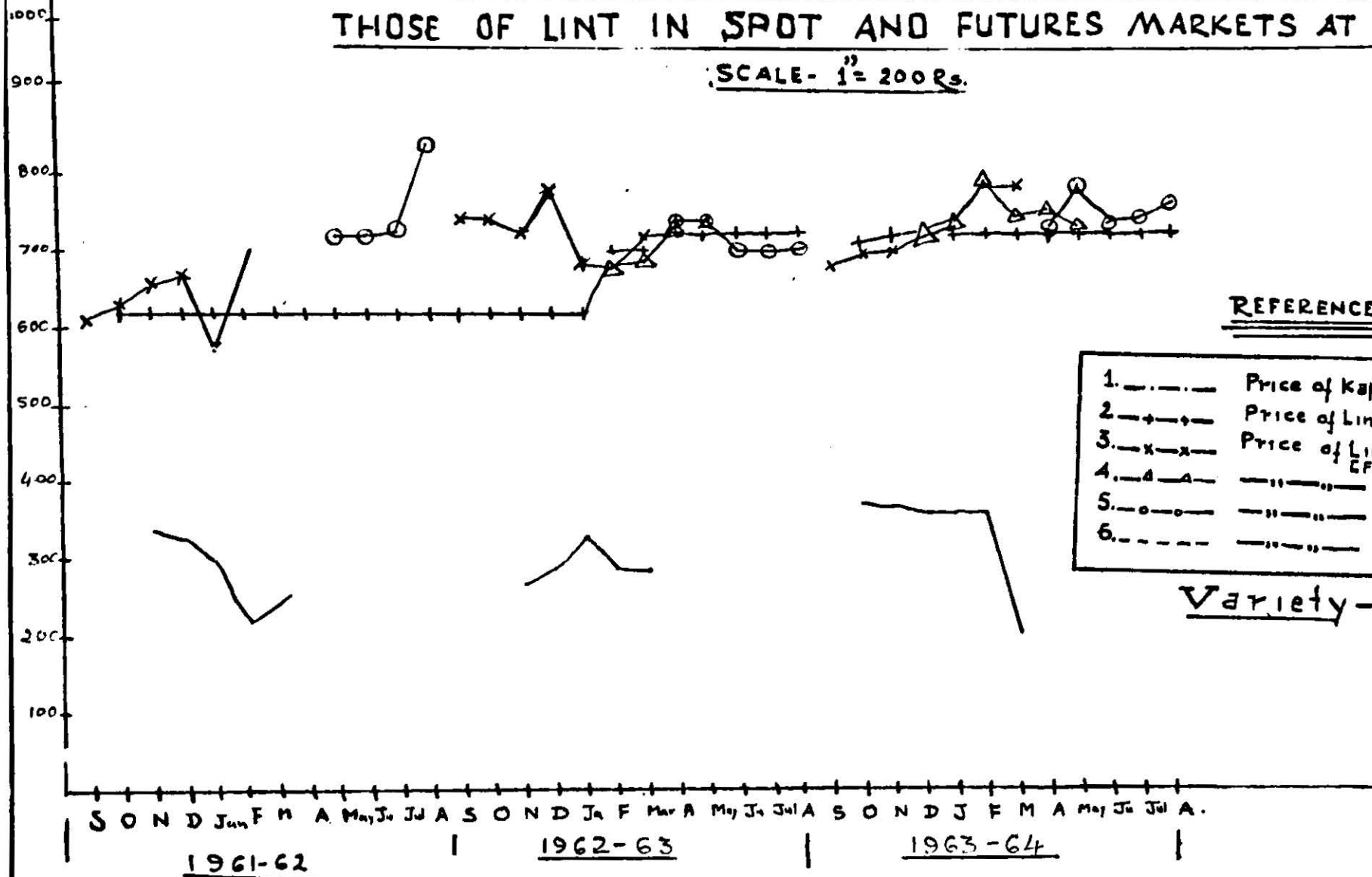
Variety - 197/3



RUPES PFR
THREE QUINTALS

MONTHLY WHOLESALE PRICES OF KAPAS AT JALGAON MARKET AND THOSE OF LINT IN SPOT AND FUTURES MARKETS AT BOMBAY

SCALE - 1" = 200 Rs.



REFERENCES

- 1. —•—•— Price of Kapas in the Jalgaon Market.
- 2. —+—+— Price of Lint in the spot Market.
- 3. —x—x— Price of Lint in the futures Market.
- 4. —Δ—Δ— " " [Feb. and Mar. contract]
- 5. —o—o— " " [Aug. contract]
- 6. — — — — " " [April. contract].

Variety - 197/3

MONTHLY WHOLESALE PRICES OF KAPAS AT NANDED MARKET AND
THOSE OF LINT IN SPOT AND FUTURES MARKETS AT BOMBAY.

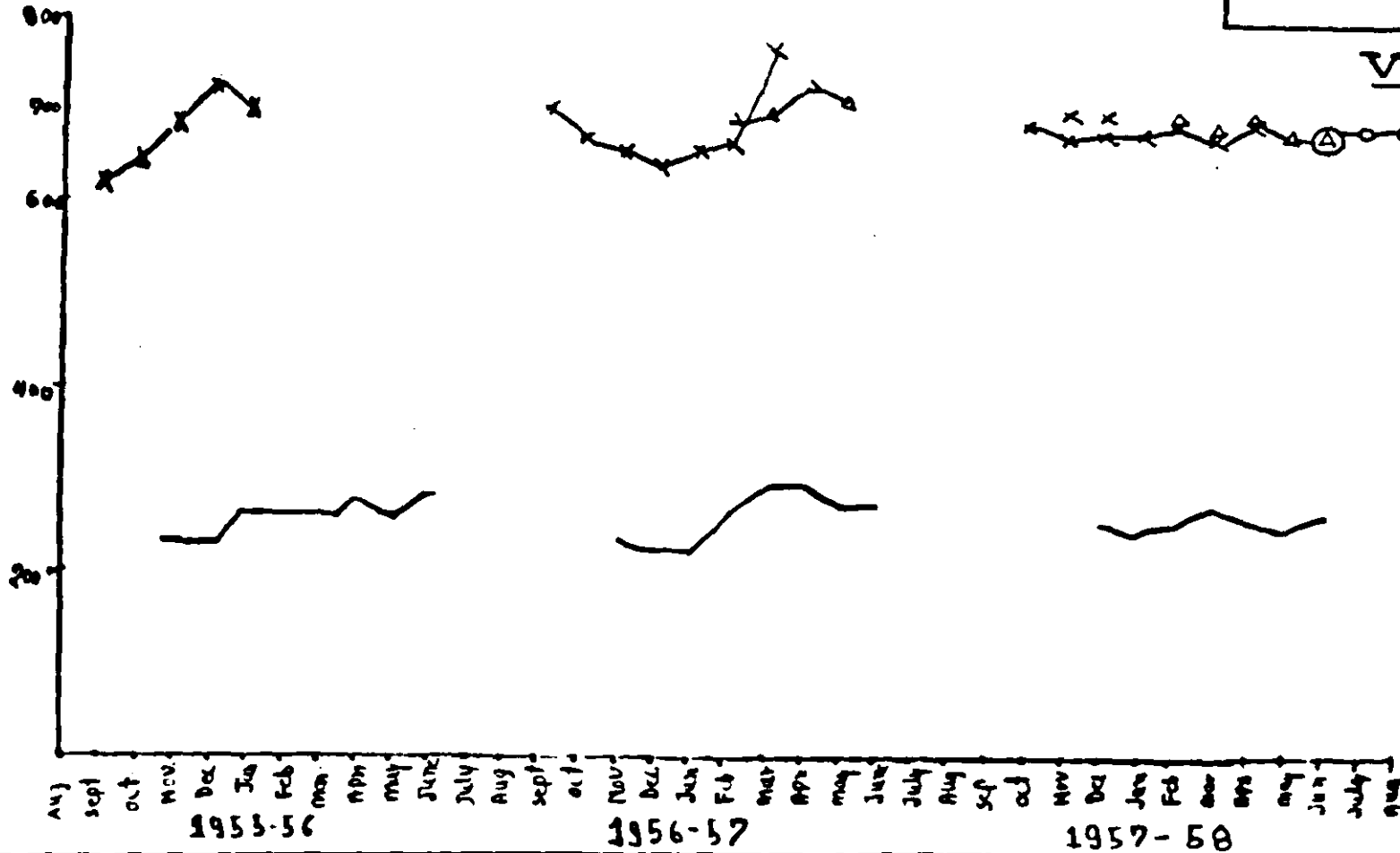
SCALE - 1" = 200Rs.

REFERENCES

- | | |
|------------|---|
| 1. | Price of Kapas in the Nanded Market. |
| 2. -o-o- | Price of Lint in the spot Market. |
| 3. -x-x- | Price of Lint in the futures Market
[Feb and Mar contract] |
| 4. -▲-▲- | " " " " [May contract] |
| 5. -o-o- | " " " " [Aug. contract] |
| 6. - - - - | " " " " [Apr. contract] |

RUPEES PER
THREE QUINTALS

VARIETY - G80ran1-6



MONTHLY WHOLESALE PRICES OF KAPAS AT NANDED MARKET AND THOSE OF LINT IN SPOT AND FUTURES MARKETS AT BOMBAY

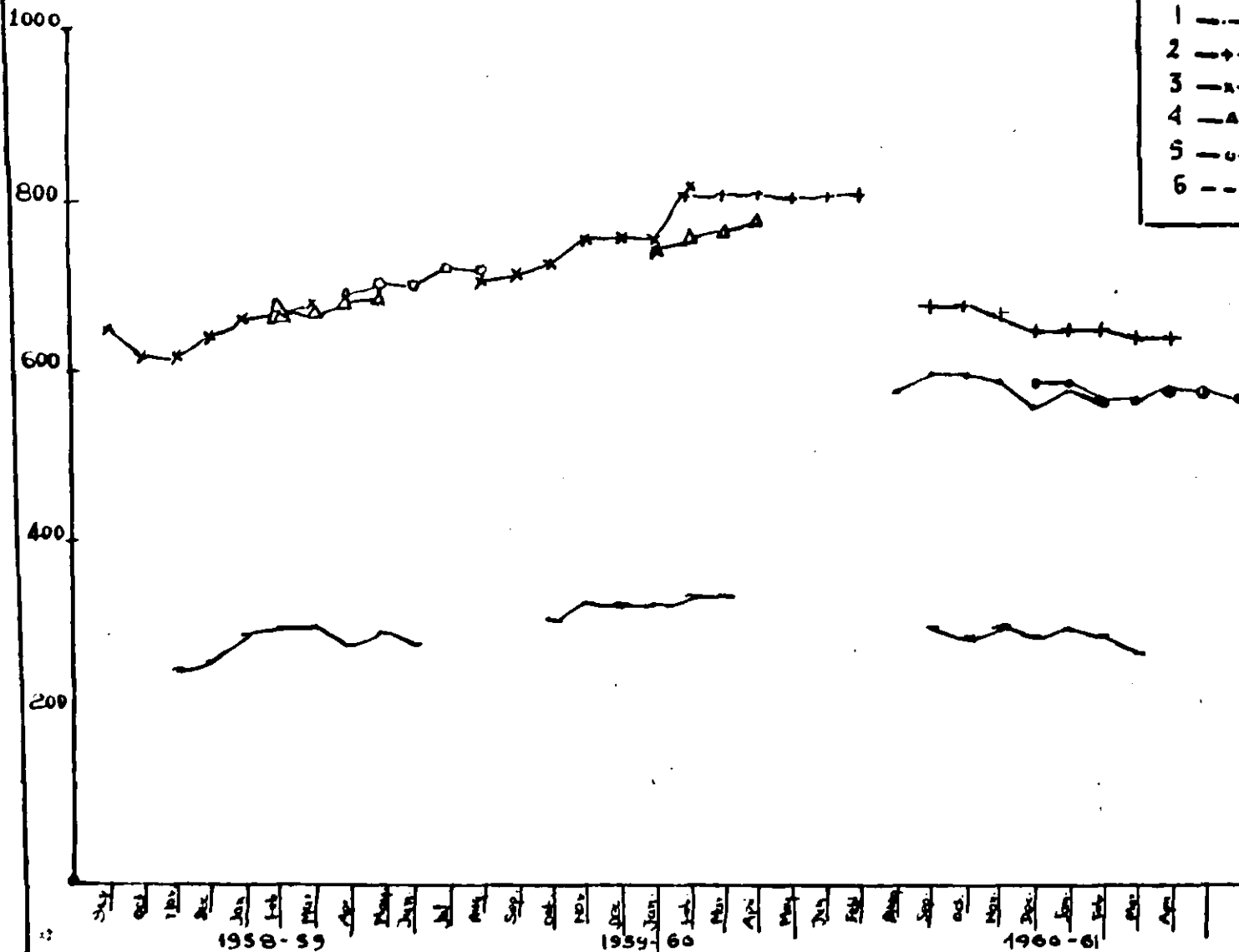
RUPEES PER
THREE QUINTALS

SCALE - 1" = 200 Rs.

REFERENCES

1	— — — —	Price of Kapas at Nanded Market
2	— + — +	Price of Lint in the spot Market
3	— x — x	Price of Lint in the futures Market (Feb. and Mar. contract)
4	— Δ — Δ	" " " " [May contract]
5	— ○ — ○	" " " " [Aug. contract]
6	— · — ·	" " " " [April contract]

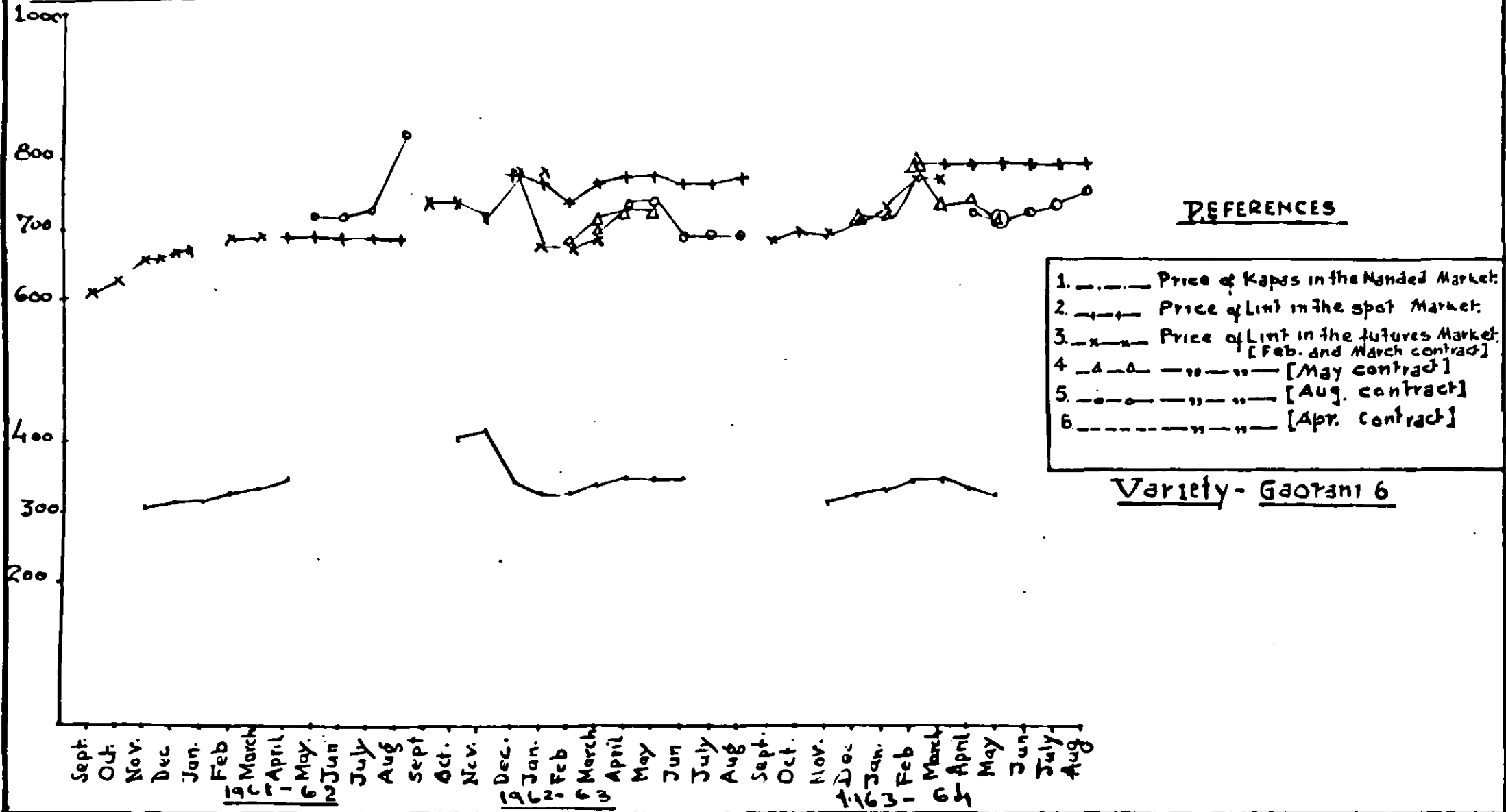
VARIETY - GADANI 6



MONTHLY WHOLESALE PRICES OF KAPAS AT NANDED MARKET AND OF LINT IN THE SPOT AND FUTURES MARKETS AT BOMBAY

RUPEES PER THREE QUINTALS

SCALE 1" = 200 Rs.



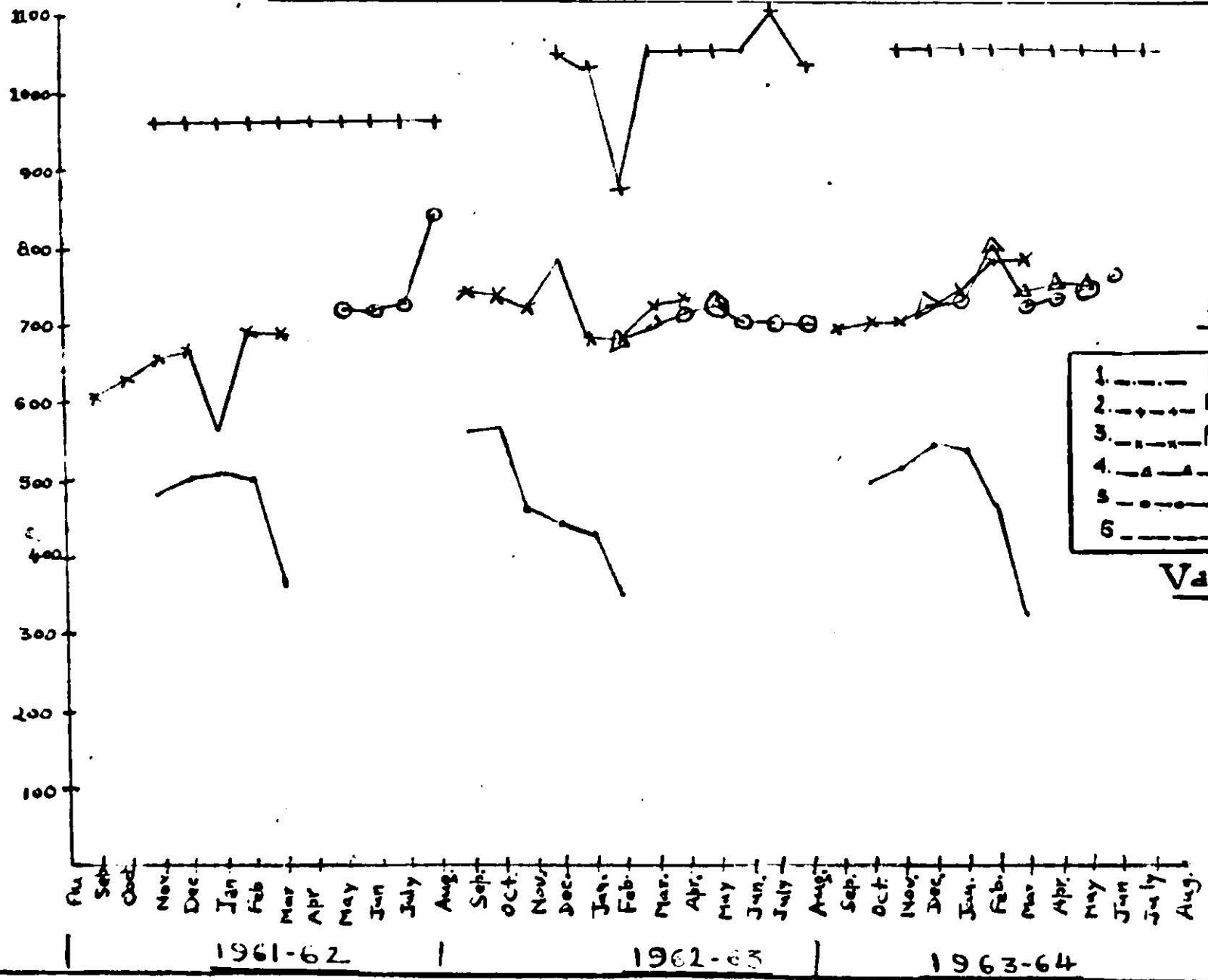
REFERENCES

- 1. Price of Kapas in the Nanded Market;
- 2. -+-+ Price of Lint in the spot Market;
- 3. -x-x- Price of Lint in the futures Market; [Feb. and March contract]
- 4. -Δ-Δ- " " [May contract]
- 5. -o-o- " " [Aug. contract]
- 6. - - - - " " [Apr. contract]

Variety - GAOTANI 6

RUPEES PER MONTHLY WHOLESALE PRICES OF KAPAS AT AHMADNAGAR MARKET AND
THREE QUINTALS THOSE OF LINT IN SPOT AND FUTURES MARKETS AT BOMBAY

SCALE - 1" = 200 Rs.



REFERENCES

- 1. Price of Kapas in the A/Nagar Market.
- 2. -x-x- Price of Lint in the spot Market.
- 3. -o-o- Price of Lint in the futures Market [Feb. and Mar. contract]
- 4. -x-x- " " [May contract]
- 5. -o-o- " " [Aug. contract]
- 6. -x-x- " " [Apr. contract]

Variety - 197/3

1961-62

1962-63

1963-64

*Maharashtra Government Publications
can be obtained from—*

THE DIRECTOR

Government Printing and Stationery
Publications Branch, Charni Road Gardens
Netaji Subhash Road - - - BOMBAY-

THE SUPERVISOR

Maharashtra Government Publications
Sales Branch, Majestic Hotel,
Ground Floor, Opp. Regal Cinema,
Museum - - - - - BOMBAY.
(Sale on Counter only)

THE MANAGER

Government Photozinco Press
and Book Depot - - - - POONA-1

THE MANAGER

Government Press and Book Depot
Civil Lines - - - - NAGPUR

THE ASSISTANT DIRECTOR

Govt. Stationery Stores and Book Depot
AURANGABAD

THE HIGH COMMISSIONER FOR INDIA

India House
Aldwych - - - - LONDON, W C
AND

THE RECOGNISED BOOK SELLERS
