



**Government of Maharashtra**

**REPORT**

**OF**

**THE COMMITTEE**

**ON**

**MONOPOLY COTTON**

**ACQUISITION SCHEME**

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**REPORT OF THE COMMITTEE ON MONOPOLY COTTON  
PROCUREMENT SCHEME  
AUGUST 1976**

## ACKNOWLEDGEMENTS

The Chairman of the Committee is grateful to his Colleagues who spared their valuable time, and energy for the work of the Committee and for the valuable suggestions made by them and specially to Shri N. Raghunathan, I.A.S., Secretary (Co-operative Marketing), who brought to bear on the deliberations his deep understanding of the subject and helped to prepare the draft Report for the consideration of the Committee.

The Committee expresses its gratefulness to the numerous Cotton growers, representatives of the various institutions, members of the State Legislature and the Parliament, and the experts from the Agricultural Universities, Officers of the Agricultural and Co-operation Department of the State Government and others who responding to the invitation of the Committee, gave evidence and enlightened the Committee on the various problems, connected with the Scheme.

Special thanks are due to Chairman and the members of the Board of Directors of the Marketing Federation, the Chairman and the members of the State Cotton Control Advisory Board, who spared their valuable time, and the Honourable Ministers of the State Government who amongst their pressing engagements and multifarious duties obliged the Committee with their views. Thanks are also due to State Government and Chairman and Board of Directors of the Maharashtra State Cooperative Bank for providing the necessary accommodation for the Committee's meetings.

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# REPORT OF THE COMMITTEE ON MONOPOLY COTTON PROCUREMENT SCHEME

## CHAPTER 1

### INTRODUCTION

1.1. Maharashtra is one of the principal cotton growing States in the country. The total area under cotton is estimated at 27 lakh hectares, which is nearly 15 per cent of the total area under cultivation in the State and correspond to nearly 30 per cent of the total area under cotton in the country. The normal level of annual production of cotton in the State is currently estimated at 14 lakh bales, representing 20 per cent of the normal crop of the country, although in recent times wide fluctuation in production due to vagaries of nature has been witnessed. The State attained a record level of production 17·60 lakh bales in the 1974-75 season, which also showed spurt in the production of Long Staple Cotton in the State, indicating thereby the changing production pattern. Nearly 9 lakh cultivators and their families are involved in the process of cotton production in the State and for them cotton is the primary cash crop and therefore, the principal source of sustenance. The estimated total sale value of the cotton and cotton seed produced annually in the State would be around Rs. 250 crores. In short the importance of cotton in the States' economy and to the life of lakhs of cultivators in the State cannot be over-emphasised.

#### **National ideology and the Cotton Monopoly Scheme**

1.2. As early as 1955, the national leadership had set out the establishment of a socialistic pattern of society and economy in the country as the goal. From time to time the elimination of disparities in the economic life in the country, and the amelioration of the economic condition of the agrarian section of the society, have been pronounced as policy objectives. Again the removal of unhealthy and speculative practices in the supply of commodities essential to the life of the community (of which cotton is one) was also declared as an important step to be taken. In this whole process the public sector and the co-operatives have been perceived as principal instruments of transformation. It is in the background of this national ideology that the Government of Maharashtra conceived of the State Monopoly Cotton Procurement Scheme, and enacted the Maharashtra Raw Cotton (Procurement, Processing and Marketing) Act, in 1971. The scheme was actually put into operation with effect from the 1972-73 season. The scheme has now been in operation for the last 4 cotton seasons and during this short period has seen many ups and downs including a temporary suspension during 1973-74, and has been the subject of active debate both within the State as well as outside. What is, however, important is that despite the difficulties which they had to face

especially in respect of the 74-75 season, the cotton growers in the State have accepted the Scheme as being in their interest, and the Committee was repeatedly assured in this regard by the growers and their representatives when in the course of evidence before it, they said that the Scheme must be continued despite all constraints. The Committee, therefore, has no hesitation in reiterating that the Scheme has come to stay so far as the cotton grower is concerned.

#### **Procedure adopted by the Committee**

1.3. The Government Resolution, Agriculture and Co-operation Department, No. KPS. 1376/22805-10C, dated 29th May, 1976, constituted the present Committee (*vide* Annexure I). The Committee held its first sitting at Bombay on 2nd June, 1976 and set out the procedure which the Committee would adopt in the course of its enquiry and deliberations. At this meeting it was decided that in addition to being supplied with the necessary background material by the State Government and the Maharashtra State Co-operative Marketing Federation, which has been implementing the Scheme as the Chief Agent of the State Government, the Committee should also function as a fact-finding committee by taking evidence of cotton growers and other interested persons and institutions who have a stake in the Scheme or have valuable contribution to make towards improving its implementation. Accordingly, the Committee held public sittings at Amravati, Akola, Jalgaon, Nanded, Nagpur and Pune and in the process covered a cross section of the opinions in the entire State. As the Legislature was in session during the period the Committee was functioning, the members of the Legislature were invited at Bombay to tender evidence and make suggestions before the Committee (*vide* Annexure II). Similarly invitation was extended to the members of the Parliament also during the Committees' sitting at Nagpur. In addition the Committee also heard experts from the Agricultural Universities in the State, and other special invitees. Detailed and meaningful discussions were also held with the Members of the Board of Directors of the Maharashtra State Co-operative Marketing Federation Ltd. and the Cotton Control Advisory Board. A list of persons who appeared before the Committee and the institutions which submitted written memoranda are at Annexure III and IV respectively. Apart from hearing public evidence, the Committee also took the opportunity to visit the institutions and agencies involved in the Scheme, to get a first hand knowledge of the Scheme at the operational level. In this process, the Committee visited Agricultural Produce Market Committees, Taluka Kharedi Vikri Sanghs, Ginning and Pressing Factories and the District Central Co-operative Banks. The Committee also felt that first hand information should be obtained of the cotton pooling system in Gujarat which has been in operation for more than two decades in that State, as that scheme also, is based on the principle of cooperation. Accordingly the Committee visited Ahmedabad, Baroda and Surat and held discussions with the Gujarat State Cotton Marketing Federation and the Cotton Growers Co-operative Marketing Unions (*vide* Annexure V).

1.4. The Committee held in all 12 sittings (Summary *vide* Annexure VI). The recommendations in this report reflect the consensus of the members on the various issues involved arrived at after considerable deliberations, despite the short time at its disposal.



## CHAPTER 2

### PROCUREMENT AND PROCESSING

2.1. The first stage of operation of the Cotton Scheme is the actual procurement of raw cotton from the cotton growing cultivators. Section 20 of the Maharashtra State Raw Cotton (Procurement, Processing and Marketing) Act, 1971 provides that every grower of cotton shall, after the picking operations are over, sell all kapas produced by him and which he wishes to dispose of, to the State Government, by tendering at the Collection Centre. Further in terms of section 43 of the Act, the State Government has appointed the Maharashtra State Co-operative Marketing Federation as its Chief Agent for operating the scheme.

2.2. The Federation has organised a number of collection centres in the cotton growing area of the State. At the beginning of every cotton season, the Federation prepares an operational plan determining the collection centres and certain number of villages are attached to every centre. Specific days in the week are prescribed when the cotton growers from the attached villages could tender cotton at the prescribed collection centre. Normally every cultivator is enabled to tender cotton twice a month. In accordance with the guidelines given by the State Government, the collection centres are so located that as far as possible cotton cultivators are not required to travel more than 30 km. for tendering cotton.

2.3. The total number of such centres in the 1975-76 season was 378 consisting of 326 facility centres and 50 non-facility centres. The distinction between facility and non-facility centres is that the facility centres are located at Ginneries while at the non-facility centres no processing facilities are available and, therefore, cotton collected at such centres has necessarily to be transported to facility centres.

2.4. At the collection centre, each cotton cultivator is identified with the help of a " Green Card ", which is issued to him by the Primary Cooperative Credit Society of the village, before the beginning of the season irrespective of the fact whether he is a borrower or a non-borrower. This Card contains relevant details pertaining to the cotton grower, the area under various varieties of cotton grown by him and the extent of deductions of cooperative dues to be effected from him, and the value of cotton tendered. On arrival at the collection centre, the cotton is graded and weighed and necessary documentation is done. At some places weighment is done over weigh bridges but mostly it is done by scales manually by Maparis, who are licensed by the Agricultural Produce Market Committee. The grading is done by the Graders of the Federation. The documentation is done jointly by the Federation and the Taluka or the Block Kharedi Vikri Sangh, who work as sub agents of the Federation.

2.5. In the evidence tendered before the Committee, a number of points pertaining to the process of collection were made. Although the Green Cards

contain details of the area under each variety of cotton grown by the cultivator, in a number of instances it has been observed that the actual quantity tendered is far in excess of and disproportionate to the probable production on his holding. Since this is not checked at the village level, kapas belonging to the smaller cultivators and kapas received as wages by Agricultural Labourers, is purchased at distress rates and tendered by traders and bigger cultivators, in detriment to the interests of the weaker section of the cotton growers. In some cases borrowers of the cooperative societies, with a view to avoiding recovery of dues from the price payable for the cotton tendered, tender cotton on the cards of non-borrowers. Again some Green Card holders especially in the border areas do not tender cotton having taken it out of State and where it is done in collusion, such violation of the law go undetected. It was, therefore, suggested that arrangements should be made to collect cotton at the village level, and further some method should be devised to detect and follow up for suitable action cases of disproportionate tender.

#### **Separate Green Card**

2.6. It was brought to the notice of the Committee that the Maharashtra State Cooperative Bank has recently devised a new system of issue of a Pass Book to the cultivators. The Committee examined the Pass Book but having regard to the operational requirements of the Cotton Monopoly Scheme, is of the view that a separate Green Card as currently in use is necessary and should be continued with some modification. However, in order to minimise the malpractices observed at the time of tendering cotton, the Committee suggest the following :

#### **Mode and supervision of issue of Green Card**

(1) It should continue to be the responsibility of the District Deputy Registrar of Cooperative Societies to coordinate and supervise the issue of Green Card in the District well in advance of the season and ensure that all relevant entries are made.

(2) Green Card is an important document and its issue should be subject to adequate control.

(3) Every Card issued to a cotton cultivator should be serially numbered in appropriate code and accounted for.

(4) The Card should be filled and authenticated by the Secretary of the Primary Credit Society. However, the Inspector of the District Central Cooperative Bank who countersigns the entry in relation to the amount recoverable as cooperative dues, should also inspect the other entries in the Green Card, including that of non-borrowers. In regard to the area under cotton cultivation he should particularly test-check such entries with references to the local Revenue records.

(5) Inspecting officers of the Revenue Department, and the touring officers of the Cooperation Department, should be directed to check the entries in the Green Cards during their tours of the villages just as the Revenue officers check the village Form No. VII-XII.

#### **Follow up of the Green Card and action thereon**

2.7. The Committee is of the view that adequate and effective detection and follow up of disproportionate tender is necessary. This should be possible on

an inspection of the running accounts maintained by the Sub-agent Societies. The Federation should devise suitable mechanism for this purpose. The Government may also consider whether it would not be desirable to launch prosecutions in the event of suspected disproportionate tender with the burden of proof resting on the defendant. Excess tender should be liable to confiscation and if any amounts have already been paid, such sums should be recoverable as arrears of Land Revenue.

#### **Village Level Cotton Collection**

2.8. In regard to the suggestion that cotton should be collected at the village level, the Committee noted that under Notification No. KPS 1272/17557/C-6, dated the 8th December 1972 issued by the State Government provision has been made for such collection by them at the village level. However the experience in the last four seasons has been that no such collections were in fact made. Further the Committee was informed of a judicial decision insisting on grading of such cotton even if collected at the Village Level. The Committee considers village level collection neither practicable nor necessary on account of various difficulties such as grading, storage and transport.

#### **System of payment of wages in the form of cotton**

2.9. The Committee also noted that the tendency on the part of the cultivators to pay wages in the form of cotton prevalent in certain areas of the State is already on the wane. Indeed the Committee recommends that steps should be taken to discourage this, as this tends to encourage thefts of cotton from the cultivators' fields.

#### **Operational Plan to continue**

2.10. In regard to the determination of cotton collection-centres, the attachment of villages, and the prescription of dates to the villagers for tendering of kapas, the Committee feels that the present basis of the operational plan and the distance norm prescribed are proper.

#### **Opening of N. F. Centre Conditional**

2.11. It was however brought to the notice of the Committee that operationally the non-facility centres tend to be uneconomical in view of the cost of transporting cotton from such centres and the invisible losses in such transport, the incidence of which is passed on to the cultivators by deduction in the payments. The Committee appreciates that non-facility centres may have to be operated for the convenience of the cotton growers. But their operation should be such as to provide an incentive to develop the centre as a growth point by establishment of processing facilities. The Committee, therefore, considers that the opening and continuation of a non-facility centre should be conditional on such viable facilities being developed within a reasonable period of time. The Committee, therefore, recommends that the existing non-facility centres and future demands as may arise, should be examined with regard to the following criteria :

- (1) An existing non-facility centre should be continued only if the average arrival of kapas of the past three seasons is near about 20,000 quintals. In the case of border areas, however, the quantitative limit should be half *viz.* 10,000 quintals.

(2) Such non-facility centre should be continued for a period of two years, within which period the local leadership should take adequate steps to establish at least ginning facilities. If such facility is not established within the stipulated period, the non-facility centre should be closed. However, the Cooperation Department should actively assist the promotion of these units. For this purpose the Master Plan already prepared by the Department should be suitably modified in the light of the norms proposed by the Committee.

(3) *Cost of transport by cotton growers.*—So long as non-facility centres are in operation, the incidence of cost of transport will have to be continued to be born by the growers as at present.

2.12. It was advocated before the Committee that there has been a tendency on the part of some cultivators to cross the border and take the cotton out of the State. The Committee has dealt with this problem elsewhere but at this point, would like to suggest that it would help if collection centres in border tehsils are opened 15 days ahead of the other centres.

#### **Weighment and installation of weigh bridges**

2.13. At present weighment is done by Scales as well as on Weigh Bridges where such instruments are installed. It was expressed that the scale weighment sometimes results in incorrect weighment, and is also used as a lever for corrupt practice. Therefore, a plea for the installation of weigh bridges was made before the Committee. The Committee considers it desirable and in the interest of the Scheme and of the cultivators, to progressively instal weigh bridges at the collection centres, i.e. Ginning factories. To begin with, a programme should be drawn by the Government to cover the more important and heavy arrival centres in the State where weighment is done by scales. Test checks of heaps by reweighment should be undertaken by the Federation and tallied with the weights recorded in the Heap Register. Such Test checks should apply to raw cotton as well as cotton seed.

#### **Grading**

2.14. An important aspect of the scheme, which was the subject of repeated and animated discussion both during public evidence as well as the discussions with special invitees, was in regard to the system of grading. The evidence given by many indicated that the malpractices attendant on the system of grading and the behaviour of the graders have been a source of irritation to the growers and a cause of detraction of the merits of the scheme so much so that the present system requires a revision; whatever alternative may be devised should be such that the element of discretion given to the grader is reduced or even eliminated. It was also suggested that the number of grades be reduced to only two. Alternatively, grades may be prescribed with reference to certain periods during the season, the assumption being that cotton tendered earlier belonging to earlier picking would be of better quality than cotton coming in later.

2.15. The committee appreciates that the suggestion made are interesting and novel. However before validity of these alternative suggestions can be evaluated it is necessary to briefly consider the history of grading in the last 4 seasons. In the first year i.e. 1972-73, 5 grades were prescribed. In 1973-74, 5 grades were maintained but with a different nomenclature. In 1974-75

(when the Scheme was reintroduced after suspension in January 1974), the number of grades was reduced to 3. In 1975-76, the number of grades was increased to 4.

2.16. It is important to note in this connection that in the very first year of operation, the Marketing Federation was able to establish a reputation about the quality of cotton supplied so far as the consumers were concerned. However, in 1974-75, when the grades were reduced to 3, there was a reaction that the quality of cotton, especially of the FAQ grade had suffered. Since the qualitative aspect of cotton is a key factor in marketing, Fair grade was reintroduced in 1975-76. It is acknowledged by the consumers of the 1975-76 cotton, that the quality has once again been restored.

### **Grading of Cotton is essential**

2.17. The Committee is of the view that Grading at the time of tender of cotton cannot be avoided or eliminated. In the Gujrat pooling system also the Committee found that the Cotton is graded at the time of tender. What is really necessary is (i) an infusion of confidence in the grower that his cotton has been graded in a fair manner and (ii) to curb the malafide activities of the grader by sufficient control and inspection mechanism.

2.18. It is in this background that the Committee has considered the alternative suggestions mentioned earlier. Reduction in grades would either affect the Commercial viability of the Scheme or would act to the detriment of these growers who take pains to tender superior cotton, and thereby would tend to lower the qualitative level of cotton. Prescription of grades with reference to dates though attractive is also not practicable as the quality of cotton and the duration of the season would very much depend on the weather, especially in Maharashtra wherein 97 per cent of the cotton is rainfed. This could involve a constant demand for shifting in the dates from different areas. Again there can be no guarantee that cotton from one field would be as good as from another during the same time span. Also the expert opinion on the subject was in favour of the four grades being maintained. The Committee, however, considers that the irritation to the cultivator can be substantially reduced if the differential between FAQ and Fair is shrunk. Then it would not be worthwhile to the cultivator to seek a higher grade by any means fair or foul nor would any temptation that may be offered by the Grader, would be as attractive as now.

2.19. Having regard to all these considerations the Committee makes the following suggestions :

(1) *Different grades of cotton suggestion.*—There should be 4 grades viz. Super, FAQ, Fair and X. However, these grades be redefined numerically as Grades 1, 2, 3 and 4 respectively. Grade 2 should be considered as the basic grade.

(2) *Price differential in grades.*—The Guaranteed Price differential between Super and FAQ is proper but the differential between FAQ and Fair is rather too wide. This differential should be substantially reduced. The price of 'X' may be continued to be maintained at 50 per cent of FAQ.

(3) *Display of sample boxes.*—In order that a tenderer can make an evaluation of his cotton and to assist in the settlement of disputes, it is recommended that a 'Sample Box' of the basic grade of all varieties of cotton tendered at the centre should be displayed prominently. The other grades would in comparison be higher or lower.

(4) *Effective Control over grading.*—An effective control mechanism on the working of the Graders needs to be established. For this purpose, the Marketing Federation should appoint sufficient number of senior and independent touring inspecting graders in each zone. Samples should be drawn from every heap of cotton, from time to time as may be presented and sealed and registered with all details. These should be presented to the inspecting graders for inspection who will assess the gradation and record their finding in the Register. In case of consistent faulty grading they shall report to higher authorities for punitive action. These inspecting graders should also make heap inspections and should be given weekly targets of inspections. In this context it is considered advisable to continue a grader/graders at a particular centre for the duration of the season, so that he/they can be properly assessed at the end of the season unless of course he has to be shifted for other valid reasons.

(5) *Responsibility of the Cotton Tenderer.*—The Committee feels that in a Scheme of this type, it is necessary to arouse the full consciousness of the growers also to bring clean cotton. Adequate publicity should be given that such cleaning would be in the interest of the tenderers as such cotton would merit better grade. This would also minimise the need on the part of the procurement agency to clean the cotton.

### **Change in the present Constitution of the Wandha Committee**

2.20. An important submission made was with regard to 'Wandha' Committee. These Committee have been established under the aegis of Agricultural Produce Market Committees in terms of the Maharashtra Agricultural Produce Marketing (Regulation) Act, 1963 and settle disputes that arise in the course of grading, between the cultivators and the grader. A point repeatedly made was, that there is enormous delay in the settlement of disputes. While this was the story of the Grower, it was complained on behalf of the Federation, that the Committees generally decide in favour of the cultivators. The Committee considers that the settlement of disputes should be quick, impartial and final at the centre level. To achieve this objective the Committee recommends the following measures:

(1) Disputes arising in the course of tender should as far as possible be settled on the same day.

(2) For settlement of disputes, specific hours should be prescribed preferably in the afternoon.

(3) Disputes should be arbitrated by a Committee consisting of—

(i) A Grader of the Federation if available,\* at the centre/station, other than the grader whose grading has given rise to the dispute,

- (ii) A representative of the Ginning Factory, if available,
- (iii) A representative of the Sub-agent Society,
- (iv) A local representative of the Agriculture Produce Market Committee or its grader,
- (v) Any two cultivators as may happen to be present at the said collection centre, and who are Green Card-holders.

Attendance of 3 will form a quorum.

The decision of this Committee should be recorded and shall be final. If necessary, suitable amendment in the relevant Act may be made.

(4) The present system of charging Rs. 10 per dispute should be continued, but in the event of the dispute being settled in favour of the tenderer, the amount should be refunded at once.

2.21. A question that was raised before the Committee was with regard to the working hours of the collection centres. It was complained that the staff do not adhere to the timings and the lunch hour also provided an occasion for undesirable activities. The Committee feels that the working hours of the centres should be from 10-00 a.m. to 3-00 p.m. without break, disputes being settled between 3-00 p.m. and 4-00 p.m. Admission of carts should be regulated suitably. The Federation should appoint sufficient number of Graders to ensure quick and maximum grading within the given hours.

#### **Extra Space for Gin Press Units**

2.22. The Committee was constrained to note that at a number of collection centres which are located in Gin compounds, the area available is limited thereby hampering procurement operations. The Committee is of the view that at least in so far as the Co-operative Institutions are concerned, wherever such paucity of space is felt, Government should help to acquire extra space adjacent to the Gin compound. The Committee recommends that if adjacent Government land is available such land be given to the Gin Society at nominal rent ; and where the adjacent land is private, Government may initiate steps to speedily acquire the same to increase the Gin compound. If necessary a pattern of financial assistance of this purpose may also be considered.

#### **Responsibility of Ginning Units**

2.23. The Committee noted that the Federation in its agreement with the Processing sub-agents has prescribed a number of conditions especially in regard to construction of Platforms, provision of adequate water facilities, fencing around the compound, lighting and minimum godown facilities etc. The Committee, therefore, recommends that in the interests of the Scheme, it should be the duty of all concerned to ensure that the conditions of the agreement are fulfilled. Such of the processing agents who do not fulfil the conditions may not be held eligible for work in future.

#### **Processing**

2.24. The processing consists of two parts *viz.*, (1) Ginning and (2) Pressing. During the 1975-76 season the Federation has engaged 400 ginning factories of which 105 are in the co-operative sector and the rest in the private sector.

The relation between the processing unit and the Federation is governed by a contract and charges are paid for ginning on basis of per quintal of lint ginned while pressing charges are paid on per bale basis. While allotting the work of ginning in accordance with the policy of promoting co-operatives, the operational plan generally ensures that adequate kapas for 100 days ginning in 2 shifts during the season is available to the Co-operative Ginning Factories, and the balance is distributed between the private Ginning Factories in proportion to the installed ginning capacity. Operationally however the Federation has also to examine that the accumulated backlog for processing in any unit does not exceed 15 days capacity at any point of time. The rates for ginning and pressing for the entire State are fixed by a Committee headed by the Director of Marketing.

### **Organic involvement of Ginning Pressing Units in the scheme**

2.25. It was represented before the Committee that there should be a greater organic involvement of the Gin management and a greater control exercised over ginning as quality ginning is the key to efficient cotton operation. Further a check on the quantitative outturn should also be kept.

2.26. The Committee is generally in favour of these suggestions. It is, therefore, recommended that there should be greater involvement of the Gin management, including by way of supervision to ensure proper qualitative and quantitative output. The Federation on its part should exercise adequate and judicious control over the ginning operations so as to ensure the optimal qualitative and quantitative return from every heap of raw cotton ginned. The performance of every ginning should be evaluated fortnightly and results studied as a part of management control. The Committee however feels that it is not necessary to have a Ginning Supervisor for every 15 gins as at present but it would be sufficient if only one Supervisor is appointed by the Federation for each factory per shift.

### **Preference to Co-operative units**

2.27. In regard to the allotment of raw cotton to the ginning factories, the Committee endorses the present policy of preferential allocation to co-operative ginning factories. The Committee was however informed that for a variety of reasons including accumulation of other bottlenecks in the process of ginning, raw cotton has to be shifted and allotted to some other gin so as to get the ginning completed by the due date. In doing so the Federation has followed a practice of seeking a rebate and allotting the work to such Ginning and Pressing factory (in the case of lint) as would offer a suitable rebate to the Federation in the cost of transport of the raw material. While noting that the system of rebate may look apparently attractive from the commercial point of view, the Committee feels that it could be a source of malpractice. The Committee is of the opinion that Ginning and Pressing factories that offer such a rebate must be compensating elsewhere or alternately can afford the rebate only if unit cost of operation beyond a certain quantity tapers down.



### **Rebate system to be discouraged**

2.28. The Committee suggests that in this background the co-operative units should not suffer in relation to private factories and the matter should be decided by the Regional Cotton Committee in consultation with the concerned Zonal Manager.

### **Ginning and Pressing Rates—fixation of**

2.29. The Committee also recommends that the present system of fixing the Ginning and Pressing rates by a committee headed by the Director of Marketing should continue.

### **Master Plan for Ginning and Pressing Units to be revised**

2.30. The Committee considered at length the development of ginning and pressing infrastructure in the State. In this connection a Master Plan prepared by Government for expanding the ginning and pressing facilities and the Government's policy of encouraging further development in the co-operative sector were placed before the Committee. Elsewhere a reference has been made to certain norms in relation to the non-facility centres and their further continuance. And in that context, the Committee has recommended that the Master Plan should be revised taking these norms into account. The Committee is also of the view that the establishment new units, further expansion or re-location of the existing units should be entirely in the co-operative sector. The proposals for re-location should be worked out taking into account the balance between procurement and processing capacity at a station. Any viable excess processing capacity found in areas of such concentration should be shifted to other areas, where such facilities are required. For this purpose and in order to assist the co-operative societies, it is suggested that a more liberal pattern of share capital contribution may be evolved to make such re-location and expansion practicable. The main impediment is in raising share capital from the members and considering the experience gained in the last 3/4 years, the Committee would urge that a new share capital pattern in the ratio of 1 : 2 may be considered by Government. The Marketing Federation also should actively assist in the organisation of these societies and setting up of these facilities.

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## CHAPTER 3

### SALES

#### Cotton Seed

3.1. The Marketing Federation as the Chief Agent to the Government is also responsible for the sale of Cotton Seed and Full Pressed Bales. At present the cotton seed is sold by the Zonal Managers at the zonal headquarters in weekly auctions at which the local Director is also generally present. The Head Office of the Marketing Federation at Bombay communicates the upset prices so that at the auction due regard is had to the prevailing market situation and best prices could be obtained at the auction. Samples of seed are obtained by the zonal offices from the Processing Centres and the cotton seed is auctioned on the basis of the samples.

#### Seed Sale by auction in small quantities

3.2. The Committee considered the efficacy of the system adopted by the Federation for the sale of cotton seed in the light of the experience gained in both types of seasons i.e. season of comparative short supply (1975-76). The Committee is of the view that the present system of auctioning cotton seed at the zonal offices is working satisfactorily and should be continued. However, in order to encourage a keener competition amongst the buyers which would help secure the maximum price, it is desirable to auction cotton seed in smaller quantities so that small buyers, who find it difficult now, can also take part in the auctions. The Committee would, therefore, advocate the adoption of auctioning by units meaning that each heap of cotton seed should be divided into units of a specified smaller quantity so that smaller buyers can also bid in competition with bigger buyers. There may however be no limits to the number of units that a buyer may bid for.

#### Promotion of Oil Crushing Industry

3.3. In the disposal of cotton seed it was particularly experienced in the 1974-75 season, when the supply was abundant that there were certain centres at which participation and bidding at the auctions were very poor and as a result of which the sales did not take place quickly and cotton seed accumulated. These centres are generally interior centres and this difficulty was more prominently felt in Marathwada, and a few centres in Vidarbha. The Committee feels that one of the principal reasons for poor offtake of cotton seed from such centres is the absence or inadequacy of oil crushing units in the local areas. Therefore, as a long term measure and as a part of intergrated use of agricultural products, the Committee would recommend promotion of oil crushing industry in these specific areas for setting up of oil seed crushing complex in the co-operative fold, the Government may consider a new share capital pattern in the ratio of 1 : 2. Till such time these industries develop in the local area, the Federation will have to follow a practical approach as already being followed in disposing the cotton seed from these centres.

### **Seed for Cattle Feed**

3.4. A submission was made before the Committee about making available cotton seed for cattle feed. It was represented that the cultivators had to buy cotton seed from traders at a much higher price than what the traders had themselves paid the Marketing Federation. It was, therefore, desired that some arrangement should be made for supply of cotton seed to the cultivators at reasonable prices. In this connection it was pointed out to the Committee that presently the Sale Purchase Societies can buy any quantity of cotton seed at the rates of last auction for resale to agriculturists as cattle feed. The experience however is that the Sale Purchase Societies have not been particularly active in rendering this service. The Committee would, therefore, suggest that since the societies are already enabled to take part in this activity, it is now for them to come forward to ensure availability of cotton seed to their constituent cultivators. The Committee does not think that any different arrangement is necessary or feasible.

### **Sale of Bales**

3.5. The sale of Full Pressed Bales constitutes perhaps the most important part of the entire Cotton Monopoly Scheme. At present sales are effected on a centralised basis at Bombay and the sale prices are generally fixed by the Marketing Federation in consultation with Government. The prices are also made known in the Cotton Market and elsewhere through a Price Sheet. The position of sales is also reviewed from time to time both by the Federation and the Government.

3.6. The sales organisation at the headquarters of the Federation is staffed by an Executive Director and 2 Joint Directors one of whom looks after the sale of cotton seed also, and other supporting staff. The Federation has Sales Officers at Ahmedabad and Coimbatore to cater to the clientele in these parts of the country. The Marketing Federation has been able to develop an all-India clientele for its Cotton.

3.7. One of the principal submissions made before the Committee was that cotton growers for whose benefit the scheme is being run, have no idea of or voice in the matter of sales of Fully Pressed Bales on which the final price so much depends. The growers do not get to have any idea of the Sale prices till the final prices are declared. It was, therefore, advocated that sales should be organised at District or Zonal levels with only an outlet at Bombay, so that the growers can either actually participate or at least have a feeling of participation in the sale of F. P. Bales.

### **Centralised Price Policy**

3.8. While appreciating the spirit of the demand voiced by the Growers, the Committee apprehends that Sale of Cotton is an extremely delicate and complicated matter which does not admit of a procedure of decisions by a large group or Committee. Decisions have to be taken in the light of changing situation in the cotton market and prices have to be adjusted suitably from time to time. Especially in the light of the experience in 1974-75, it cannot be over-emphasised that the Marketing Federation is not a seller of a product whose quality does not deteriorate with the passage of time, but essentially it

has to market a huge agricultural crop within a specified period of time. In this context, therefore, the only strategy can be to market cotton at on-going prices regularly. The decision about prices and quantities to sell must necessarily be that of a small group of experts who should be entrusted with full powers and which can meet at least once a day and take effective decisions. Such decisions have to be taken Centrally for the whole scheme, so as to have a proper and co-ordinated sales policy including the terms of contract and sales consistent with the magnitude of sales involved, the market trend and the financial needs of the Scheme. In this context, therefore, the Committee does not consider autonomous sales decisions at the District or the Zonal level desirable.

3.9. The Committee has however considered whether any aspect of the marketing of bales could be decentralised.

Consistent with the organisational pattern suggested elsewhere, the Committee feels there could be a certain amount of decentralisation in the matter of sales of FP Bales subject to the over-all centralised policy control, mentioned above. This should be feasible especially in the context of telex facilities available with the Federation.

#### Sales Committee and Data collection

3.10. The Committee makes the following suggestions in this connection :—

(1) There should be a sales policy committee at the Headquarter consisting of the Chairman, High Power Cotton Committee, the MD (Cotton), Executive Director (Sales) and the Financial Adviser and a representative from Government.

(2) The Committee should collect, collate and analyse daily market data from all over the country of cotton as well as cotton seed and after due consideration of the price trend and other related issues advise each Regional unit by Telex the minimum prices at which the various varieties and grades of cotton of that region and seed should be sold. The group should keep a record of the prices advised and their basis. The prices should be flashed in the Bombay, Ahmedabad and Coimbatore Markets. Such prices should be effective unless changed.

(3) *Sales procedure.*—On basis of the prices fixed and advised, sales should take place at Regional headquarters, Bombay, Ahmedabad and Coimbatore and contracts entered into. Complete information about the sales effected should be available at the unit headquarters as well as centrally at Bombay at the end of the day. Contracts should be made out immediately and sent to parties as well the Zonal/Unit Headquarters.

(4) It shall be the responsibility of the Regional headquarters to pursue the contracts and take all the necessary follow up action.

(5) *Market Report.*—In order that there should be complete understanding between Bombay and the regional units, the expert group at Bombay should circulate twice a week by telex a report on the domestic cotton situation and the outlook so that the regional units and their cotton Committees are fully abreast of the developments in the cotton trade.

(6) *Sales to NTC.*—The Marketing Federation has been able to forge a close relation with the National Textile Corporation group of mills which control 105 units in the country and as such constitute one of the biggest buyers in the country. Since it is necessary to evolve a co-ordinated policy with regard to sales to NTC groups of mills, it is suggested that the expert group at Bombay should act as the co-ordinating and negotiating group for sales to the NTC group of mills. Similarly, the Marketing Federation has made a break through in the export of long staple cotton and the expert group at Bombay should handle international contracts and will be responsible for export of cotton in the event of such exports.

#### *Export of Long Staple Cotton*

(7) *Progress of Sales.*—In order to ensure an effective control over the progress of sales, the regional units transmit daily such information as may be asked for by the Head-quarters at Bombay. The Managing Director of the Federation should submit a bi-weekly report to Government on sales of full pressed bales and cotton seed.

(8) *Sales news.*—Finally in order to ensure a sense of confidence in the cultivators about the sale policy of the Federation, a weekly press release by the regional Cotton committees with regard to the quantities sold and the rates at which the sales have been effected could be issued.

3.11. There are one or two aspects of sales of Full Pressed Bales to which the Committee would like to draw attention.

#### *Preliminaries to Sales*

(1) *Laboratory Tests.*—At present sales are by description and not by specifications. This naturally involves a process of selection by the buyers. The Committee is conscious of that sale by specification of so many varieties would not be possible in the absence of standardisation of quality and production. However in order that the qualitative differences within the same grade are taken full advantage of, and station preferences that prevail are encashed it is suggested that the Federation could consider evaluation of lots of full Pressed Bales especially in the Super and FAQ Grades and this should be evident on the lots. This could be done by specially appointed Senior and experienced classors and further checked by Laboratory tests. At present the Federation is using the Laboratories of certain institutions and mills. But it would be more advantageous if Federations' own Laboratories are set up at each Regional Head-quarters, and the services of facilities already available are also made use of so that a larger number of samples could be scientifically analysed. This the Committee believes would (1) act as a final check on the quality of grading at the time of tender, (2) enable a scientific classification of cotton and (3) in course of time help eliminate the process of selection by buyers.

(2) *Inventory control.*—assumes considerable importance, and perfect coordination in this regard is all the more necessary when sales are being authorised at more than one point. The Federation should perfect the present system of inventory control so that complete information is simultaneously available at all relevant points.

(3) *Direct sales to Mills.*—In the course of public evidence, it was urged that sales, by Federation should be directly to consumer mills. In this regard the Committee found that in the cotton world there is a well established net work of Muccaddams, House Brokers and Commission Agents and even the leading Textile Mills prefer to engage their services for various reasons. The Committee noted that the sales to the N.T.C. group is being effected directly. Since there are advantages in direct sales, the Committee suggests that the Federation should have the objective of direct sales to Mills as far as possible.

3.12. Before concluding this part, the Committee would like to emphasize that cotton sales is a highly delicate subject. Beyond making broad suggestions no hard and fast rules can be laid down as policies and decisions will necessarily have to be moulded and taken in the light of given circumstances. Faith and trust are the keystones of successful business and this must prevail at all levels.

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## CHAPTER 4

### ORGANIZATIONAL SET UP

4.1. The present organisational arrangements of the Marketing Federation, and the capabilities of this body to handle the scheme was a subject of keen discussion before the Committee. It was argued that the scheme is for the benefit of the cultivators, and that Government is only a trustee, and as such, the cultivators continued to have an abiding interest in all matters relating to the scheme. It was bemoaned that inspite of this, the cultivators had little say in the management of the scheme. In this context, it was also pointed out that the Marketing Federation does not represent the interests of the growers directly and therefore, a better alternative would be to have a separate Cotton Corporation or an organisation representing the interest of the growers to handle the scheme. The Marketing Federation is dealing in addition to cotton, with foodgrains, Fertilisers, Machinery etc., and therefore, it is unwieldy to be able to devote sufficient attention to the cotton scheme. On the other hand, certain witnesses suggested that within the federation, the cotton and non-cotton wing be bifurcated and the headquarters of the cotton wing be shifted to cotton area so as to fulfil the desire of the growers for a sense of participation and better management control and that there is a preponderance of official dom.

4.2. The Committee appreciates the desire on the part of the growers for a closer participation in the administration of the scheme. However, as already pointed out elsewhere, cotton operations are complicated, delicate and sensitive and do not admit of large group decisions. At the operative level decisions have to be taken by experts and the role of the non-official management must be basically overall policy control and broad policy decisions. What is, therefore, to be aimed is a harmonious balance between these two aspects of management and Administration.

#### **Maharashtra State Cooperative Marketing Federation Limited as Principal Agent**

4.3. The Committee has carefully considered the demand for an alternative institution or organisation to handle the scheme. But the Committee does not consider it desirable to have a separate body for a number of reasons. Firstly, the Committee does not subscribe to the view that the Federation does not represent the interests of the cultivators. Secondly, the federation has been handling the scheme for the last four seasons and developed expertise which will have to be built up all over again if a new Central organisation is set up. Thirdly, the Committee does not favour a parallel organisation in the Cooperative fold to deal only with cotton and in any case setting up such a body from grass root level will be a long process. Fourthly, the Committee does not favour the idea of a Corporation as it would mean a departure from the Cooperative fold.

4.4. In the opinion of the Committee, the deficiencies in the organisational system are not because of any lack of interest on the part of the federation or because it is dealing with a number of other items besides cotton. These are partly due to extraordinary events and constraints within the narrow confines of which the scheme has had to operate in the last four seasons, and partly due to the centralised system of management and control.

#### Decentralization

4.5. The Committee believes that the real draw back in the present organisational set up is the centralised administration of a vast statewide operation of procurement and processing and of all-India sales which by its very nature does not admit of easy communication, supervision, control and administration. Even if another organisation is substituted in the place of the Marketing Federation, its performance can be no better unless the centralised pattern of organisation/control is modified. The Committee considers that a considerable area of functions now performed by the Head Office can be decentralised without any detriment to the scheme, and this will secure a better management control of the scheme.

#### Creation of Regional Units

4.6. The Committee has also examined the pattern of cotton production in the State in this connection. Having regard to this, the Committee finds that the State can be categorised into four convenient regional administrative units which in cotton terminology would mean one each for the C.P., Berar, Marathwada districts and one for Khandesh and Western Maharashtra districts.

4.7. In this background and view of the matter, the Committee advocates a policy of decentralisation within the overall framework of the Marketing Federation. The following suggestions are made:—

#### *Division of work*

(1) At the Headquarters, the Marketing Federation should be divided into two clear cut divisions viz, Cotton and non-cotton,

(2) Each of these Divisions should be headed by a Managing director appointed with the approval of Government and such other officers and staff. The Managing Directors will be *ex-officio* members of the Board of Directors of the Federation.

(3) The Committee also wishes to make it clear that there should be a complete bifurcation between the staff belonging to cotton and non-cotton sides. The Committee however envisages that there may be issues requiring and involving common policy decisions for the Federation as a whole. These matters may be dealt with by a proper system of Co-ordination.

#### *High Power Cotton Committee*

(4) The matters relating to cotton should be dealt with by a High Power Cotton Committee carved out of the Board of Directors as at present. This Committee should be vested with the full powers of the Board and shall take all policy decisions, lay down guide-lines, coordinate and follow up the implementation of the scheme. This body will be responsible to Government for the implementation of the scheme.



(5) The composition of the High Power Cotton Committee should be as follows:—

- (i) Chairman of the Marketing Federation .. (Chairman)
- (ii) The Chairman and Vice Chairman of the Regional Cotton Committees(8) (Members)
- (iii) A representative of State Government .. (Member)
- (iv) Chairman of the Maharashtra State Co-operative Bank or his representative. (Member)
- (v) Managing Director (Cotton) of the Federation. (Member)
- (vi) Director of Marketing .. .. (Member)

#### *Formation of Regional Units*

(6) In order to achieve decentralisation, four regional units should be formed; one for CP districts, one for Bearar districts, one for Marathwada and one for Khandesh and cotton growing districts of Western Maharashtra. The headquarters of the regional units shall be respectively (1) Nagpur, (2) Akola, (3) Aurangabad and (4) Bombay.

(7) Each of the regional units shall be managed by a Cotton Committee consisting of the following—

(i) Local directors of the Marketing Federation.

(ii) 3 more persons from the operational area of the regional unit to represent the interests of Cotton cultivators, and Agricultural Produce Market Committees. These three members will be nominated by the Government in the first instance. Thereafter they should be elected in a manner to be prescribed by the Government.

(iii) Regional Manager of the unit. The regional Cotton Committee shall be free to invite the officers of the Cooperation Department as also the Managers of District Central Cooperative Banks.

(8) (i) In the Nagpur Regional Committee, the local directors of the federation from Nagpur, Wardha and Yeotmal will be members.

(ii) In the Akola Regional Committee, the local directors from Akola, Amravati and Buldhana will be the members.

(iii) In the Aurangabad Regional Committee, the local directors from Aurangabad, Nanded and Parbhani will be the members.

(iv) In the Khandesh/Western Maharashtra, the Regional Committee the local directors from Jalgaon and Dhulia districts and 2 more to be nominated by the Chairman of the Federation to represent Phaltan and Ahmednagar Cotton Zones. The local directors referred to above, shall be directors elected to the federation by Sale Purchase Unions.

(9) The Chairman and Vice-Chairman of a Regional Committee will be from amongst the local Directors of the Federation to be elected by rotation.

(10) At the official level each regional unit will be headed by a Regional Manager, and his managerial team shall at least consists of the following:—

1. Manager (Procurement, Processing and Warehousing).
2. Manager (Sales).
3. Manager (Finance) Accounts.

The Regional Manager will look after Administration and establishment matters.

(11) The regional units should have such subordinate staff as may be necessary.

### **Regional Cotton Committees**

4.8. (i) The Regional Cotton Committee will generally function within the overall policy control guidelines and supervision of the High Power Cotton Committee. Any directives given by the High Power Cotton Committee shall be binding on the Regional Cotton Committee.

(ii) The Regional Cotton Committees will be responsible for all matters concerning procurement and processing in their region, sales of cotton seed and bales (as already envisaged elsewhere) and all matters relating to accounts of the region; except declaration of final prices. The Regional Cotton Committees should be delegated with powers that are exercised by the High Power Cotton Committee to the appropriate extent.

(iii) The Regional Cotton Committee shall be responsible for all publicity regarding the operation of the Scheme within that region, and may set up adequate machinery for this purpose.

### **Appointment of Regional Staff**

4.9. The Committee suggests that in the interest of the scheme, the State Government should spare senior and experienced officers especially *senior time scale* officers of the IAS for appointment as Regional Managers for the next 5 years, by when the Marketing Federation should develop its own cadre of officers to handle the scheme. The Committee considers that an advantage in this proposition would be that there would be some IAS Officers in the State who can be trained in matters relating to cotton and thus provide a source of recruitment to the post of Managing Director (Cotton) of the Marketing Federation.

4.10. The Committee does not consider it necessary to change the existing organisational set up at the zonal and sub-zonal levels. The Committee endorses the existing zonal and sub-zonal pattern.

4.11. The Committee is of the opinion that with the regionalisation of the administrative set up, the requirement of staff at the headquarters can be reduced and staff from the headquarters should be transferred to function in the regional offices. Details in this regard should be worked out by the High Power Cotton Committee.

### **Round the year employment of seasonal staff**

4.12. A point that was made before the Committee was that as a result of seasonal recruitment of certain categories of operatives like graders, Gin Press Supervisors, Watchmen etc., such employees do not have devotion and loyalty either to the organisation or to the Scheme, which are necessary to make the scheme a success. It was, therefore, suggested that employment with the Federation should be on a round the year basis than seasonal. The Committee feels that while undoubtedly it would be desirable to have employees on a round the year basis from the point of view of loyalty and devotion to the organisation and the Scheme, the question has also to be viewed from the point of financial involvement. The Committee feels that cotton operation is by its very nature a seasonal operation, and therefore, whether a particular category of operatives should be continued on a round-the-year basis would very much depend on the utility of the operatives after the season is over.

### **Vigilance Organisation**

4.13. The Committee feels the present Vigilance Organisation is inadequate to meet the demands of the Scheme. The Committee however, hopes that the vigilance and detection of cases would improve in the new Regional set up. The Regional Cotton Committee should be responsible for this. The High Power Cotton Committee should decide about having Vigilance Cell if warranted by the work load.

### **Statistical Cells**

4.14. In a business involving a turn-over of the magnitude of the Scheme, it is necessary to have a fullfledged statistical division. The Committee was informed that various statistics and information are collected by the Federation for the purpose of conducting the business. But the Committee feels that they should be more systematic. For this purpose the Committee recommends that the Federation should organise Statistical Cells staffed adequately and by competent people both at the Headquarters level as well as at the regional levels.

The Committee considers that the present C. M. I. unit under Government performs watch dog role and it should continue to perform its role.

### **Accounting Procedure**

4.15. The Committee also recommends that the Federation should examine the present accounting procedure and the various forms prescribed and in use for the operation of the scheme at different levels and evolve a more simplified procedure with regards to forms etc.

4.16. The Committee was informed that the Government created a post of Special Commissioner (Cotton), in view of the exceptional circumstances prevailing in October 1975. The Committee feels that there is considerable amount of work relating to the scheme which is to be dealt with at Secretariat Level and a high level post is also necessary for proper liaison with the Federation, the Reserve Bank of India, Government of India, Cotton Corporations of India etc. In view of the importance of the scheme and the close involvement and the high stake of the State Government, the Committee recommends that continuance of the post is essential.

## CHAPTER 5

### FINANCIAL RESOURCES AND MODE OF PAYMENT

5.1. The smooth and successful operation of the cotton scheme depends to a large extent on the availability of adequate finance. In the first year of operation i.e. 1972-73, the Reserve Bank of India sanctioned an accommodation of Rs. 85 crores, through the MSC Bank and other Nationalised Banks which was enhanced to Rs. 100 crores for 1973-74 with a larger share of the Nationalised Banks. The actual utilisation by way of peak drawing during 1972-73, was Rs. 73 crores and in 1973-74 only Rs. 16 crores, as the scheme was suspended in January 1974. During 1974-75 however, the Reserve Bank of India reduced the scale of financial accommodation to Rs. 40 crores of which, availability of Rs. 20 crores was linked to the recovery of cooperative dues. For 1975-76, the same credit limit was maintained except that the linking with cooperative dues was not insisted upon in respect of the Rs. 20 crores, provided by the Reserve Bank of India as marketing refinance.

5.2. The Act originally contemplated payment of 80 per cent of the Guaranteed Price to the growers at the time of tender. However, owing to the shrinkage of the credit availability for the 1974-75 season, the Act was modified to provide for the payment of this 80 per cent advance price in two instalments. Accordingly both in 1974-75 and 1975-76, the initial payment at the time of tendering cotton was restricted to 30 per cent of the Guaranteed Price.

5.3. In the case of borrowers, 50 per cent of the Guaranteed Price was, in course of time, directly transferred and adjusted towards cooperative dues; in the case of non-borrowers, 50 per cent of the Guaranteed Price was kept as deposit at 10 per cent rate of interest.

5.4. The Committee was also informed that in order to operate the Scheme and to clear the arrears of payments of the 1974-75 season, the State Government with the assistance of the Central Government provided the Scheme in all Rs. 73 crores from time to time, during the financial years 1974-75 and 1975-76. The liquidation of the liabilities of the Scheme was in no small measure due to the timely aid from the State and the Central Government.

#### **80 Per cent payment on tender**

5.5. A repeated representation before the Committee was that the initial instalment of 30 per cent is inadequate and the growers had to suffer privation, more so on account of the delayed payments of the 1974-75 season. It was therefore suggested that the State Government should ensure payment of 80 per cent on tender of cotton as originally contemplated under the Scheme and for this purpose, should make all out efforts to make funds available including by making a provision in the State Budget of the required amounts. On the part of the cultivators they would be prepared to share a part of the burden with a view to assisting the Scheme in the process of capital formation so that ultimately the Scheme may become self-sufficient so far as finances are concerned.

5.6. The Committee considered the question of finance, the instalments and modalities of payment to the Growers in considerable detail. Certain alternative cash-flows and feasibilities were also studied by the Committee. But the Committee found that a judgement is dependant upon so many variables and imponderables that it would be difficult to suggest any particular model for implementation.

#### **Resources from Cooperative Banking system**

5.7. The Committee has been informed that having regard to the current trend in this level of deposits, it would be possible for the Maharashtra State Cooperative Bank to provide larger funds than before, to finance the Scheme, if so permitted by the Reserve Bank of India. In this connection, the Committee wishes to point out that with the prescription that every cotton grower has to have an account with the District Central Cooperative Bank, the level of deposits with the Cooperative Banking System has swelled considerably and compared to the base year of 1971-72. (i.e. immediately preceding the introduction of the Scheme) the level of deposits has more than doubled at Rs. 216 crores and the number of accounts multiplied manifold. This is largely due to the Scheme and therefore the Committee feels that the Scheme has every right to draw fully upon the funds of the Cooperative Banking System.

5.8. The Committee has elsewhere recommended that the Federation should follow the strategy of marketing at on-going prices. Indeed this is what has been done in regard to the 1974-75 and 1975-76 crops. Therefore the performance of the last ten months, should be sufficient to allay the fears, if any, that a full level institutional/commercial financing may lead to a hoarding of the essential commodity. The Committee feels that there are other instrument that can be used to ensure sales and the consequent cashflow into the scheme, at appropriate levels, but to deny the basic finance to the scheme is to do the greatest injustice to the grower.

5.9. The Committee is however in full sympathy with the demand of the growers for the payment of 80 per cent on tender of cotton, as cotton is the principal cash crop of these growers and constitutes the basic source for subsistence. The Committee would therefore urge the Government to continue its efforts at the highest levels to secure adequate finances for the scheme to be able to pay 80 per cent of the Guaranteed price on tender of cotton.

#### **20 per cent payment immediately after closure of cotton season ✓**

5.10. In respect of the balance of 20 per cent payment, the Committee recommends that the original provision in Section 25(2) of the Act to effect payment immediately after the end of the season be restored and the payment of 20 per cent be made not later than 31st July. As the season in Western Maharashtra especially Phaltan and Nagar Zones, begins earlier, and therefore the cotton is tendered earlier than elsewhere the 20 per cent payment, in respect of kapas procured in these zones should be effected by 31st May, every year. The Committee further suggests that the practice followed in the last two seasons of effecting 20 per cent payment in kind should be discontinued and payments made in cash only.

5.11. The Committee deeply appreciates, the sentiments expressed on behalf of the growers to contribute their mite, if it would help the financial stability of the scheme. The Committee considers that in principle there should be no objection to the growers and institutions who are benefited by the scheme, participating to strengthen the financial base of the Scheme. Indeed currently, because of the Guarantee Prices having been equated with APC prices, the share of the contribution to the price Fluctuation Fund from the surplus would in absolute terms be larger than, when the Guaranteed Prices are higher than Support Prices. The Committee therefore does not consider it opportune, to make further inroads into the net earnings of the grower. This would only have a deleterious effect on the scheme and the cultivation of cotton in the State.

#### *Utilisation of Price Fluctuation Fund*

##### **Accumulation in Price Fluctuation Fund**

5.12. The Committee has also considered the role of the Price Fluctuation Fund in the Scheme. The Committee appreciates that this is a kind of an insurance fund built over in times of surplus, to meet the liabilities in times of deficit. The Committee however apprehends that if, as the present Price Fluctuation Fund rules provide, "the fund is to be used only for the payment of the difference between the Guaranteed Price and Final Price (where it is less than the Guaranteed Price) to the persons tendering kapas at the collection centres" the utility of the fund gets extremely restricted, and the resources of the fund would not be available for other bonafide purposes connected with the Scheme. The Committee feels that particularly at a time of financial stringencies, the resources of the fund should be available for investment in the Scheme, of course with adequate safeguards, so that the principle of insurance inherent in the creation of fund is not defeated. Therefore, the Committee suggests that the sums out of the fund may be advanced to the Marketing Federation for use in the Scheme at an appropriate rate of interest but the Marketing Federation should be enjoined to return to the Fund, in fixed instalments the borrowing with interest, by a specified time limit, so that the fund stands fully recouped with interest, well before the end of the cotton season, and in case of loss in business during the year, the fund is available for its main purpose.

5.13. The Committee is also of the view that owing to the present pricing policy it may not be necessary to maintain the Price Fluctuation Fund at the level of 30 per cent of the average total sales of cotton during three preceding seasons as provided for in sub-section 32 of the Act. It would be sufficient if a Price Fluctuation Fund of Rs. 40 crores is built up and maintained constantly. The present formula may be continued till this level is reached, and thereafter the fund recouped from the Scheme in the subsequent season to the extent of debits if any, arising from trading losses, in the previous season.

##### **Mode of Payment**

5.14. Suggestions were received by the Committee regarding the modalities of payment also. At present all payments are effected through the District Central Cooperative Banks by direct credit to the accounts of the growers maintained

by such banks or their branches. The amounts payable to the growers are communicated to the banks by the sub-agent Societies through transfer advices covered by Hundies. It was pointed out to the Committee that this process involves delay, varying upon the efficiency of the local Sub-agents and the local D.C.C. Banks. A plea was therefore made for a system whereby quick payments could be made to the growers.

#### *Ensuring Quick Payment*

5.15. The Committee was informed that the present system is a gradual and calculated improvement on the procedures adopted in the initial stages of the Scheme. The Committee also feels that to abandon the present system would be a retrograde step. The Committee would however, urge that the Marketing Federation, the M. S. C. Bank and the D. C. C. Banks should evolve a procedure whereby the delays could be curtailed effectively at all levels. In this context the Committee would also urge the D. C. C. Banks to examine the existing staff strength to deal with the accounts relating to the Monopoly Cotton Procurement Scheme and also if necessary to open separate counters, prescribe different working hours, to suit the convenience of the cotton growers and with a view to servicing them better.

5.16. The Committee also recommends that Hundis should be prepared on the same day and presented to the Banks on the very next day. The Bank in its turn should take immediate action and ensure that the amount is credited to the account of the cultivator within the next three dys.

#### *Recovery of Cooperative and other dues*

5.17. One of the important aspects of Cotton Monopoly Scheme in linkage of the recovery of cooperative dues with the marketing of cotton. In the first year of operation, the rate of deduction was fixed at 40 per cent of the Guaranteed Price. This was subsequently increased to 60 per cent in 1973-74. Soon after it was reduced to 50 per cent where it currently stands. However, in addition to recovery of cooperative dues, the Government, also permitted the recovery of dues of Government, Zilla Parishads and Commercial Banks which had given loans to growers. While the Committee appreciates that the loans taken by the growers should be recovered, the Committee is of the view that the total recovery from cotton payment should not exceed 50 per cent of the Guaranteed Price.

The Committee would like to point out that one of the criticisms against the Scheme is that the Scheme has been used as a vehicle for all kinds of recoveries. In view of this, the Committee recommends that recoveries from cotton payments should be restricted to crop loans by Cooperatives and Commercial Banks within the ceiling prescribed. In the case of recovery of long term dues of Land Development Bank the recovery should be limited to only one instalment, irrespective of the number of instalments overdue.

#### *Determination of Final Prices*

5.18. At present the Final Prices are determined on the basis of sale proceeds varietywise/gradewise. In the first two seasons the Final Prices were determined procurement stationwise. An analysis of Final Prices paid in 1972-73

and 1973-74 indicate and that this method of determining the final Price has resulted in distortions both in term of grades and stations. Instances have occurred where the Final prices of FAQ are more than that of the Super and Final Prices of Fair are more than that of the FAQ. Again certain stations which command a premium in trade circles obtained a lower Final Price than certain other stations which normally do not command such a premium. The Committee was informed that these distortions are due to the price trend prevailing at different points of time. Since sales are carried on throughout the year the price distortions are bound to reflect in the Final Prices. The Committee also observed that this phenomenon is also a reason behind the demand of the growers that sales of F. P. Bales should be effected at the District or Zonal levels.

5.19. The Committee feels that these disparities both in terms of grade and stations should be removed. The Committee therefore recommends that while working out the Final Prices of the various grades of the same variety, the surplus over the Guaranteed Price, gradewise should be pooled together and thereafter averaged by the number of grades and the average amount added on to the Guaranteed Price of a particular grade. However while doing so " X " grade should not be considered. The final price of " X " grade should be calculated as at present.

5.20. The Committee was informed that Government had already taken a decision to declare Final Price regionwise for all varieties except H-4 whose prices were to be declared on State basis. The Committee would however like to suggest that consistent with the principles of regionalisation, it would be more appropriate that all the Final Prices are declared regionwise. The Government may consider this for implementation even with reference to the 1975-76 season.

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## CHAPTER 6

### OTHER MATTERS

6.1. There are certain aspects of the Scheme which do not fall into any particular compartment but are important enough to merit consideration. In this chapter it is proposed to deal with such aspects of the Scheme.

#### **Co-operative Spinning Mills' requirement of cotton**

6.2. The Government of Maharashtra has taken a lead in establishing co-operative growers' as well weavers' spinning mills in the State. Some units are mixed with membership of both growers and weavers. The Committee was informed that 20 such Cooperative Spinning Mills are in production and 8 more are in various stages of completion and likely to go in production in the near future. The total licensed spindleage of the 20 units is 5.50 lakhs. While the installed spindleage is 4 lakhs. The total annual consumption of these Co-operative Spinning Mills in the form of FP Bales is in the neighbourhood of one lakh bales. It is estimated that when the mills under erection go into production, there will be an additional consumption of another lakh of bales or so. In the evidence tendered before the Committee, the representative of the Cooperative Spinning Mills, referred to few difficulties which the Mills experienced under the monopoly scheme especially in the purchase of cotton bales. It was also suggested that consistent with the principle underlying the setting up of growers Cooperative Spinning Mills, such mills should be allowed to procure, process and utilise the cotton grown by its members, and this should be fitted into the monopoly scheme. The Committee has given serious consideration to the representation. The Committee, is however, of the view that there should be an organisational and operational uniformity in the Scheme and, therefore, to permit growers' mills to pool their members' cotton would not be desirable. The operation of such a pooling even within the framework of the scheme is fraught with difficulties unless there is a perfect balance between the quantity, variety and grade of kapas produced by the grower on the one hand and required by the mills on the other having regard to its Count groups. The Committee therefore, does not recommend any departure in the present scheme *vis-a-vis* the Cooperative Spinning Mills.

#### **B Type Societies**

6.3. The Committee was informed that there are two types of sub-agents viz. A type and B type. There are presently 13 B type Societies which are vested with greater responsibilities from the procurement to the pressing stage except grading. The Committee feels that this is a progressive experiment and more B type Societies should be encouraged as this would give a greater sense of participation and responsibility at the grass root level.

The question regarding entrusting of work of sub-agent societies in such areas where Taluka Kharedi Vikri Sanghs are defunct or do not come upto expectation was also discussed. In this respect the Committee suggests that the following priorities should be followed :

- (1) Where there are district marketing cooperative societies, these may be given the work ;
- (2) If such associations are not available the work may be entrusted to the cooperative ginning and pressing factories.
- (3) Where such a factory is not available the work may be taken up by the Federation itself.

#### **Commission payable to Chief Agent**

6.4. At present, commission of the Chief Agent is fixed at  $2\frac{1}{4}$  per cent of the sale value of cotton seed and bales. The Committee feels that in the years when the scheme makes a loss and draws upon the Price Fluctuation Fund, there can be no justification to the payment of a higher amount of commission than the actual expenditure incurred by the Federation. The Committee recommends that in such years, the commission should be restricted to the actual expenditure plus a nominal amount as may be determined by the Government.

#### **Commission payable to sub-agents**

6.5. The Committee found that there was a demand from the sale purchase unions for a higher quantum of commission. It was also pointed out that these institutions are doing a considerable amount of work in connection with the recovery of cooperative dues which otherwise would have fallen on the District Central Cooperative Banks. Therefore, they should be adequately remunerated for this.

In this context the Committee recommends, that the Commission to the sub-agent sales purchase societies should be based on a system quantitative operational slabs instead of the present per quintal of raw cotton procured formula. This would ensure the minimum viability of the smaller institutions, having a small turnover, while taking advantage of the principle of economy of scale in respect of institutions having a larger turnover of business.

The Committee also recommends that the District Central Co-operative Banks should pass on a part of the Hundi Commission to the sub-agent societies for their role in recoveries. The Apex Bank should work out a suitable schedule in this regard for implementation.

#### **Inter Institutional Relationship**

6.6. In a Scheme of this magnitude perfect co-ordination and harmonious relations are absolutely essential between the various agencies involved. The Committee considers that the area of friction between the chief agent and the sub-agent societies should be reduced to the minimum and, therefore, suggests that the Federation should set up a standing Committee consisting of representatives of the Federation and that of participating sub-agent and other Institutions to consider and co-ordinate the various issues involved.

### **Warehousing**

6.7. Considering the volume of raw cotton procured in the various seasons, the storage of cotton seed, reserved for sowing, and F.P. bales assumes considerable importance. At present, the Federation is engaging storage facilities available with processing sub-agents free of cost upto a prescribed period as provided in the contract. Additional storage capacity has, however, to be acquired from other sources on payment of hiring charges. The Committee considers that it would be desirable to work out a scheme whereby the processing sub-agents in the Co-operative fold and the marketing Federation are encouraged to build additional storage capacity for use in connection with the scheme. It may also be examined whether advantage could be taken of any National Co-operative Development Corporation scheme for financing such warehousing. The Committee also recommends that State Government should consider sympathetically allotment of Government land for construction of such godowns.

### **Border crossing**

6.8. As mentioned earlier in terms of the section 20 of the Act, all cotton growers are enjoined to tender cotton at a collection centre organised by the Federation. In this connection the Committee noted that in the last four seasons there have been instances of raw cotton being taken out of the State and sold across the borders. The Committee noted that such instances are progressive declining and also that the State Government had taken special steps in this behalf. But what worries the Committee is the alleged transport of raw Cotton outside the State in collusion with the authorities at the border who are specially posted to check such illegal transport. The Committee suggests that whenever instances of collusion by border personnel are found, exemplary action should be taken quickly against such personnel. The Committee also feels that the follow up action mentioned in connection with Green Cards to check the quantum of tender will also result in detection of cases wherein no tender has taken place and such cases should be followed up and enquired into, so that it would prove a deterrent to those who seek to take the cotton out of the State.

### **Fire Fighting**

6.9. The scale and magnitude of the operation of the Scheme have already been referred to. Cotton is a highly combustible and inflammable substance. In this context the Committee noted that Scheme has been a victim of large number of fires every season. During the 1975-76 season, the Federation had taken extra preventive measures in this regard including regulation of admission into collection centres, stricter observance of "No Smoking" signs in the periphery of the Collection Centres, deposit of inflammable materials like match box etc., from persons visiting the centres etc. The Committee considers that these are steps in the right direction and, therefore, the Committee recommends even more stringent enforcement of these regulations.

An aspect which the Committee would like to highlight is with regard to the actual Fire Fighting arrangements. The Committee considers that mere recoupment of loss by insurance does not end the matter but that incidents

of fire must be looked at, in the context of loss to National Property. In this view if the matter, the Committee noted that there is need to augment the available fire fighting mechanism in the districts and also improve the basic conveniences for effective fire fighting at the Collection and processing Centres. Therefore, the Committee recommends that the Federation should go in for its own fire fighting equipment at least at each Zonal headquarters to being with, and which for maintenance may be given to the Police or the Civil Defence as may be suitable and which will be available totally for the Scheme in the event of any emergency connected with the Scheme.

The Committee was informed that a rebate on insurance is available if the Insurance Company is satisfied with the fire fighting arrangements and provisions of water etc. In order that the processing sub-agents are enthused to provide the basic amenities for fighting the fires to the extent as may qualify for the rebate, where such amenities do not exist, a suitable part of the insurance rebate may be passed on to the sub-agent. The balance amount of the rebate should be funded separately to provide for purchase and maintenance of the fire fighting equipment by the Federation. In fact, the provision of adequate fire fighting arrangement is so important that where the sub-agent institutions are not amenable, such arrangements be made in a phased programme by the Federation, and the cost recovered from the processing bills payable.

### **Training of Personnel**

6.10. The operation of the Cotton Monopoly Scheme is so wide and touches the cotton growers at so many points that wholesome behaviour, conduct, efficiency and integrity of the operating personnel is of utmost importance. The processes conducted with the scheme are complicated and demand adequate technical and other expertise. In regard to grading, the Committee notes that the Federation has launched a training programme of agricultural graduates recruited as Graders under the aegis of Agricultural Universities in the State and the Dhananjay Rao Gadgil College of Co-operation at Nagpur. The Committee recommends that not only that this particular training programme should be speeded up but also that the area of training be expanded to cover other operatives as well. The training programme should also seek to bring about attitudinal changes in the personnel working in the scheme. Preservice as well as in service training programme should also be considered.

### **System of Rewards**

6.11. References have already been made to the high level of integrity demanded of one and all connected with the Scheme. While certain checks and control measures have been suggested, the Committee feels that a system of rewards if instituted would go a long way to detect and punish the undesirable elements and enhance the level of integrity of the operations. It is proposed that cash rewards be given to persons preventing any loss to the scheme in any operation or breach of the provisions of the Act gives information which leads to such prevention. Such rewards should be handsome and any person whether he is a grower or an employee of the Sub-Agent or Federation or the

State Government or of any other institution having dealings with the Marketing Federation should be eligible for the reward. While working out the scheme adequate care will have to be taken to curb frivolous and vexatious complaints and informants.

### **Guaranteed Prices**

6.12. The Committee is conscious of the fact that the subject of the Guaranteed prices is not within its purview. Even so, considering the views expressed by a number of growers in the public evidence, the Committee feels that this report would not be complete unless it conveys the views of the Growers on this subject to the Government.

It was represented that the concept of Guaranteed prices envisaged by the scheme, is more meaningful than the concept of a mere support price, which enjoins purchase from the Growers only in the event of the prices going below a certain prescribed level. It was feared that if the Guaranteed prices are equated with the support price for ever, the element of assured incentive to the growers to grow cotton would be negated and in the long term, prove detrimental to the cotton economy of the State. Even in respect of the fixation of support prices it was pointed out that presently it based on the cost of cultivation of Punjab 320 F Variety which is an irrigated cotton. Considering that 97 per cent of Cotton in the State is rainfed and further the low productivity, the cost of cultivation of Punjab 320 F which is taken as the basis for fixing the support price of that variety does not adequately reflect the cost of cultivation in the State. Therefore, while the Guaranteed Prices are related to the support prices atleast these should be such as to fully reflect the cost of cultivation plus a reasonable return with reference to the costs in the State.

The Committee is in agreement with these submissions and hopes that the concept of Guaranteed Prices as originally envisages will not be abandoned by the State Government.

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## CHAPTER 7

### SEED FOR SOWING PURPOSES

7.1. The Committee discussed the issue of cotton seed for sowing purposes and the general view expressed was as follows :—

Cotton in Maharashtra State is grown over an area of about 27 lakh hectares. The total seed requirement for this area would work out to 3.25 lakh quintals. On the basis of present average yield per hectare the required quantity of cotton seed for sowing, the produce from 2.5 lakh hectares will have to be procured. The foundation seed that can be supplied by the Agricultural Universities, being only sufficient for growing cotton over an area of a few hundred hectares only, it has been accepted by all Scientists and Extension Workers that multiplication of cotton seed should be done in 3 to 4 stages.

#### Seed Multiplication in Compact areas

7.2. The Agricultural Universities will annually supply seed which would be sown in selected villages only, where seed of other varieties is not sown. So that the roging can be done in compact areas, and similarly the whole of the kapas can go to one centre and can be kept in one heap only.

The seed from this produce which will be sufficient for sowing in 10,000 hectares would be also sown in compact villages in the same manner. This will again be multiplied in like manner to given seed for 10 lakh hectares. But seed sufficient for sowing only 3 lakh hectares will be sown in compact areas as mentioned previously and thus the entire requirement of seed will be met in this manner.

The sowing of seeds in compact areas, will help proper roging, maintenance of purity and easy procurement.

#### Separate ginning of Seed Kapas

7.3. The villages should be in compact block so that one ginning centre can be reserved for collection of seed kapas only, so as to remove the possibility of mixing of various varieties. Considering the fact that cotton will have to be procured for seed for almost 2 lakh hectares, it should not be difficult to reserve certain ginning centres exclusively for kapas reserved for seed. It will be desirable to give a premium of at least Rs. 15 per quintal to the producers of such seed, so as to compensate them for the extra labour, that they will have to put in and also to allow for the loss in yields due to roging etc.

#### Trend of Staple Cotton Production

7.4. Against the above background and views the role of the Monopoly Cotton Procurement Scheme in segregation, treating and distribution of seed for sowing purposes assumes importance. During the recent years the long

staple varieties like H-4, MCU-5, Varalaxmi and Suvin have been more and more favoured by the cultivators and their production has gone up considerably. Particularly, the production of H-4 has gone up from 50,000 bales in 1972-73 to more than 4 lakh bales 1974-75. In 1975-76 because of the overall lower level of cotton production it came down to 2.35 lakh bales. As remedium-staple varieties, L-147 and Buri 1007 have been established and stabilized in the rainfed areas while Laxmi and Nimkar varieties have stabilized in the irrigated tracts.

### **Distribution of Seed under the Scheme**

7.5. After the introduction of the scheme in 1972-73, the ginning of Cotton came under the purview of the Federation. The Agriculture Department was associated with the work of segregation at the various collection centres. The work of treating the seed was entrusted to the Taluka Kharedi Vikri Sanghs in the first two years. In 1974-75 only such societies who asked for work of retreating of seed were given the same while at other places it was undertaken by the Federation. However, in 1975-76, the work at all centres was carried out by the Federation.

### **Suggestions**

7.6. Several suggestions were made by the representatives of the cotton cultivators to the Committee in regard to the present system as also about the price differential between commercial seed and the seed for sowing purposes. These related mainly to the ginning of kapas for segregating seed early in the season rather than in April, strict watch on such elements who sold the seed for sowing purposes as commercial seed at higher prices and reduction in the price differential. The cotton experts of the 3 Agricultural Universities also made valuable suggestions in this matter when they met the Committee at Nagpur. They supported the idea of sowing of seed in compact areas referred to above and also suggested that till such time as the Maharashtra Seeds Corporation does not take up the work of seed multiplication (as it is only recently being established), the Agriculture Department should be entrusted with this work as such agency will not be able to deliver the goods. In their view, the Agriculture Department Officers who have got the necessary expertise will be able to take up this work better than the Federation.

### **Recommendations**

7.7. Taking all these suggestions into consideration, the Committee makes the following recommendations :

- (i) Till such time as the Maharashtra Seeds Corporation is in a position to take up the whole responsibility, the seed multiplication programme may be directly implemented through the Agriculture Department.
- (ii) If subsidy is available from the Central Government for improved seed distribution, the benefit of the same may be passed on to the cultivators.
- (iii) The segregation of seed for sowing purposes may be undertaken under the supervision of the Agriculture Department beginning from

December and not from April. It may be done at the collection centres on any one day in the week.

(iv) The premium of Rs. 10 to 15 per quintal on select and supervised seed may be continued.

(v) The Agricultural Department staff should take prompt action for carrying out germination tests on the seeds segregated so that it can be certified and made available for distribution as early as possible.

(vi) Only that much seed as is absolutely necessary for sowing the estimated areas should be segregated so as to avoid the misuse of such seed for commercial purposes and avoiding losses.

(vii) The distribution of improved seed may be done through Taluka Kharedi Vikri Sanghs who may be given commission for this work.

(viii) Only Agricultural Universities, the Agriculture Research Station/seed farms and stage 'A' registered seed growers may be allowed to have their kapas ginned separately and through gins earmarked for this work.

(ix) To encourage agriculturists to lift seed early they are given an allowance of Rs. 9 for April, Rs. 6 for May and Rs. 3 for June. This incentive is not sufficiently encouraging and needs to be increased suitably. Also the orders regarding grant of such incentive should be issued well in advance of the season.

(x) The differential in prices of seed for sowing purposes and commercial seed may be reduced to the extent possible to check malpractices and hoarding of such seed by unscrupulous elements.

(xi) There should be greater coordination between the Federation staff and the Agriculture Department staff and private institutions in the matter of segregation, processing and distribution of seed for sowing purposes.

(xii) The cost of treated seed for sowing purposes may not be adjusted against 20 per cent dues of the cotton tenderers.

(xiii) Steps should be taken to see that the work of the Maharashtra Seeds Corporation starts early.

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## CHAPTER 8

### COTTON MONOPOLY SCHEME AND INTEGRATED RURAL DEVELOPMENT

The main objectives of the Cotton Monopoly Scheme, can be briefly summarised as under:—

(a) To ensure fair and remunerative prices of cotton to the growers in the State;

(b) To effect additional transfers of income to the cotton growers by eliminating middlemen and securing in full the advantage of terminal prices;

(c) To bring about a stability in the income of the growers and thereby bring about stability and growth in the overall production of cotton in the State;

(d) To supply scientifically graded quality cotton to the consumer mills.

(e) To strengthen the institutional framework of cooperatives by involving the cooperative institutions fully in the process of procurement, processing and marketing of cotton and to establish an effective linkage between marketing and recovery of cooperative dues;

(f) To revitalise the rural economy by establishing a close connection between the various processes connected with cotton, viz. ginning and pressing, oil seed crushing, spinning and weaving so that all the workers and growers can share equally the advantages of larger incomes.

It will thus be seen that the Scheme is not merely one of trading in Cotton but a socio-economic lever to bring about integrated transformation in the rural economy. The Cooperative Sugar Factories have been instrumental in bringing about an integrated Agro-Industrial development in the Sugarcane tract, in Western Maharashtra. Similarly, Cooperative industries based on cotton such as Ginning and Pressing Factories, Spinning Mills, Weaving Mills, Handloom, Powerloom Units, cotton seed crushing factories and other ancillary industries like decorticated oilcake, soap making etc. can be instrumental in bringing about an Agro-Industrial revolution in the cotton growing regions. The Cotton Monopoly Scheme can and should therefore be seen in this wider perspective rather than from the narrow angle of a trading activity for the benefit of the cotton grower.

8.3. As is well-known, the Cooperative way is widely accepted for bringing about the Socialistic pattern of society in a democratic manner. So also rural industrialization is the best answer to the problems of excessive urbanisation, which bring about its own problems. In the Vidarbha, Marathwada and Khandesh regions, cotton is the major cash crop and industries based on this crop and its byproducts can help to bring about the industrial growth of the rural area in these regions with intermediate technology.

### **Monopoly Scheme and Cotton Development**

8.4. The Monopoly Cotton Scheme has also the objective of increasing the productivity of cotton in the State as well as improving the quality. The State has already earned a name for itself in the international market by exporting 2.05 lakh bales of Long Staple Cotton of 1974-75 and earning valuable foreign exchange of Rs. 32 crores. Efforts should be made to ensure that this name and export potential is maintained by producing more Long Staple Cotton in the State. The Committee understands that there are a large number of schemes of cotton development in operation in the State, some of which financed by the World Bank. There is a need to coordinate all these schemes and to integrate them with the Cotton Monopoly Scheme. It is learnt that the State has set a target of increasing cotton production by one hundred per cent in the Fifth Five Year Plan particularly by growing Long Staple Cotton in the newly irrigated areas such as the Jayakwadi Project. In this connection, the Committee would recommend taking up of pilot projects for Cotton in the newly irrigated areas on the lines of projects for other crops. It is hoped that the Monopoly Cotton Scheme will be able to bring about the rapid and successful implementation of the cotton development projects in the cotton growing regions of the State.

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## CHAPTER 9

### CONCLUSION

In the short period available to it, the Committee has tried to locate and identify the various shortcomings in the Scheme and to suggest certain remedial measures. There is no doubt that the operations are widespread, complicated and delicate. The Committee wishes to point out that in respect of areas of the operations about which no specific recommendations have been made, the Committee has thought it fit not to suggest any changes as there appeared no need. Indeed the Marketing Federation has been operating the Scheme in the last four seasons with a number of constraints and in extraordinary circumstances and procedural charges have also been effected. Even so improvement is a continuous process and no amount of improvement is enough in a people oriented Scheme.

The Scheme has come to be accepted by the growers, and if well coordinated, determined and sincere efforts are made by all the participating interests to minimise the deficiencies, and run the Scheme with proper balance between its socio-economic objectives and its commercial viability, the Scheme is bound to prove yet another base for economic prosperity in the State.

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## CHAPTER 10

### SUMMARY OF RECOMMENDATIONS

#### Chapter II—Procurement and Processing

1. The Committee recommends continuance of the existing Green Card with modifications, separately for Monopoly Cotton Scheme (2-6).

2. (i) The Green Card should be issued to the cotton grower both borrower and non-borrower members of the primary credit cooperative societies. The responsibility of issuing this Card duly filled in, rests with the group Secretary of the village level society. The Bank Inspector will verify the entries.

(ii) The office of the District Deputy Registrar, Cooperative Societies should coordinate and supervise the issue of Green Card.

(iii) Issue of Green Card should be adequately controlled and accounted for.

(iv) The Green Card be further subjected to verification by the inspecting officers of the Cooperation and Revenue Departments.

3. The Federation should devise suitable mechanism to detect disproportionate tendering of kapas and whether it is tendered or not tendered (2-7).

4. The present system of payment of wages in form of cotton observed in some pockets be discouraged and wide publicity to this effect be undertaken by the scheme (2-9).

5. The present procedure adopted by the Marketing Federation in respect of the operational plan for the procurement of cotton by attaching villages and the cultivators to the collection centres needs no change (para 2-10.)

6. Opening and continuation of the non-facility centres should be conditional on viable facilities being developed within a period of 2 years viz. potential of a minimum 20,000 quintals. Kapas collection for all non facility centres other than on the border areas of the State and 10,000 qtls. in case of border areas. (2-11/1).

7. The Cooperation Department should actively assist the promotion of processing units at all non-facility centres (Para 2.11/2).

8. The present procedure of recovery of transport charges from cotton tenderers who tender cotton at Non-facility centres need not be changed (Para 2.11/3).

9. Collection centres in the border areas of the State should be opened 15 days ahead of other centres (Para 2.12).

10. All the collection centres be equipped with the erection of weigh bridges. The Government and Federation should work out a scheme for financing the cost of erection of weigh bridges and should start in the first instance at important and heavy arrival centres (Para 2.13)

11. Grading of kapas at procurement stage is most essential and should be continued (Para 2.18).

12. There should be in all four grades super, FAQ, FAIR and X and these be renamed as 1, 2, 3 and 4 (Para 2.19).

13. The existing guaranteed price differential between super and FAQ grades be maintained including that of X grade at 50 per cent of FAQ. However, price differential between FAQ and Fair be substantially reduced (Para 2.19/1).

14. In order to minimise disputes with regard to grant of grades the sample boxes of FAQ grades be displayed at each collection centre (Para. 2/19/3).

15. For effective control mechanism of grading the Federation should appoint senior and sufficient number of touring inspecting graders for each zone (Para. 2.19/4).

16. The scheme should take up extensive publicity to educate the cotton tenderers in respect of their responsibility at the time of their tendering of kapas. (Para. 2.19/5).

17. The present constitution of the Wandha Committee formed under the Agriculture Produce Market Committees Act and Rules needs reconstitution.

Disputes regarding grading should be arbitrated by a Committee consisting of Growers and the representatives of Ginning factory, sub agents societies, Agricultural Produce Market Committee and any 2 cultivators holding green card. Suitable amendment in the relevant Act may be made (2.21).

18. In order to provide sufficient space at the Collection Centres, Government should help acquire extra space adjacent to ginning compound (2.22).

19. It should be the duty of all concerned to ensure that the conditions of the agreement between the Federation and the processing sub agents are fulfilled. Such of the processing agents who do not fulfill the condition, may not be held eligible for working in future (2.23).

20. There should be greater involvement of the management including by way of supervision to ensure proper qualitative and quantitative output. It will be sufficient if only one ginning supervisor is appointed for each shift for each factory instead of one for every 15 gins as at present (2.26).

21. The question of seeking rebate from the ginning and pressing factories should be decided by the Regional Committees in consultation with the concerned Zonal Manager (2.28).

22. The present system of fixing ginning and pressing rates should be continued (2.29).

23. The Master Plan for ginning and pressing units should be revised. The establishment of new units or further expansion or re-location of processing facilities should be entirely in the Cooperative Sector (2.30).

### Chapter III—Sales

1. The present system of auctioning cotton seed at Zonal offices should be continued but the auction should be held in small quantities so that the small buyers can also take part in the auction (3.2).

2. Oil crushing Industries should be promoted in the Cooperative Sector in the interior areas where there is absence or inadequacy of oil crushing units (3.3).

3. Cotton seed for cattle feed, should be distributed by Ginning and Pressing Societies to their constituent cultivators and that different arrangement is not necessary (3.4).

4. (i) The Sales Policy Committee should be set up at the Head Office consisting of Chairman of the High Power Committee and top officials of the Marketing Federation and the representatives of Government who should advise the Regional Units on the matters of sale of cotton bales and seed.

(ii) The Regional Units should pursue the sale contracts on the basis of advice given by the sales policy Committee at the Head Office (3.10).

(iii) The Sales Policy Committee at Bombay should act as a coordinating and negotiating group for sales to the NTC group of mills and also handle the International Contract for export of cotton.

(iv) The Managing Director of the Federation should submit bi-weekly report to Government on sale of bales and cotton seed.

(v) The Regional Cotton Committees should issue weekly press release about the sale of cotton bales and seed (3.10).

5. (i) For scientific classification of cotton for effecting better sales, the Federation should set up Laboratories at regional headquarters.

(ii) The Federation should have perfect coordination in the present system of inventory control so that complete information is simultaneously available on all the relevant points.

(iii) The Federation should have the objective of direct sales to mills as far as possible (3.11).

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#### Chapter IV—Organizational set up

1. To secure a better management control of the scheme four regional administrative units one each for CP, Berar, Marathwada and one for Khandesh and Western Maharashtra district should be set up (4.6).

2. (i) At the headquarters of the Marketing Federation the separation of cotton and non-cotton divisions should be made and each should be headed by a Managing Director who should be ex-officio member of the Board of Directors of the Federation.

(ii) There should be a High Power Committee for cotton, comprising Chairman of the Marketing Federation, Chairmen Vice Chairmen of the regional Cotton Committees, representative of the State Government, Chairman of the Maharashtra State Cooperative Bank, Managing Director (Cotton) and Director of Marketing. Each Regional Unit should be managed by a Cotton Committee consisting of local Directors of the Federation and 3 more persons who represent the interest of the cotton growers, and the Regional Manager.

(iii) Each Regional Unit should have Manager for procurement and processing, Manager (Sales) and Manager (Finance), besides Regional Manager (4.7).

3. Any directive given by the High Power Committee shall be binding on the regional Cotton Committee which would be responsible for all matters consisting procurement, processing, sales and accounts and for all publicity regarding the operation of the scheme (4.8).

4. The State Government should spare senior experienced officers specially IAS Officers for appointment as Regional Officers for next 5 years (4.9).

5. Existing zonal set up that is at the zonal sub zonal levels need not be changed. High Power Committee should decide about having vigilance cells if warranted by workload (4.3).

6. The Federation should organise the statistical cell, at the Regional levels and present Cotton Marketing Intelligence unit should continue to perform its present role (4.14).

7. Existing forms for accounting purpose and the accounting procedure should be simplified (4.15).

8. The post of Secretary (Cooperative Marketing) and Special Commissioner Cotton should be continued on long term basis. (4.16).

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#### Chapter V—Financial Resources and Mode of Payment

1. The Scheme has every right to draw fully upon the funds of the Cooperative Banking System the accumulation of which is in no small degree due to the Scheme (5.7).

2. The Government should ensure the payment of 80 per cent of the guaranteed price to cotton cultivators immediately on tender of Cotton (5.9).

3. The Government should also ensure balance 20 per cent payment immediately at the end of the Cotton season and positively before 31st July in all parts of the State except Western Maharashtra in which case this payment should be made before 31st May every year (5.10).

4. There should be ceiling on the accumulation of Price Fluctuation fund with a limit of Rs. 40 Crores. The price fluctuation fund should be utilised for the trading activity of the Scheme (5.12).

5. All the machinery connected with payment to the Cultivators should be so geared up to effect payment to the Cultivators within 5 days of the tender of Cotton. Authority responsible for delay in this respect should be dealt with severely (5.15).

6. Recovery of Cooperative dues (Crop loans) be restricted to 50 per cent of the guaranteed price. In case of long term dues of Land Development Bank only one instalment should be recovered (5.17).

7. While fixing final price varietywise, surplus over the guaranteed price available on all grades except X grade of a particular variety should be averaged per Qtl. and should be added to each guaranteed price to arrive at final price for each grade (5.18).

## Chapter VI—Other matters

(1) Demand of Cooperative Spinning Mills to Procure, Process and Utilise Kapas grown by their Members is not recommended in the present set up of the Scheme (6.2).

(2) More and more ' B ' type Societies should be encouraged to shoulder responsibilities from Procurement to Processing (6.3)

(3) The Commission payable to the Chief Agent needs no change except during the year of loss, it should be restricted to actual expenditure plus a nominal amount (6.4).

(4) The Commission to Sub-Agents should be based on quantitative operational Slab. District Central Cooperative Banks should pass on a part of Hundi Commission to the Sub-Agents for recovery work (6.5).

(5) A Scheme should be worked out to encourage the Sub-Agents and Federation to build additional Storage facility. The State Government may consider allotment of Government land for this purpose (6.7).

(6) Exemplary action should be taken against the Personnel involved in smuggling of Cotton. Follow up action on green cards should also be taken up (6.8).

(7) The Federation should go in for their own fire fighting equipments at Zonal Head Quarters to begin with and also compel the Processing Agents to provide adequate fire fighting arrangements at the centres.

(8) The present training programme for Agricultural Graduates should be speeded up and scope enlarged to cover other operatives also (6.10).

(9) System of rewards to the informants should be instituted to defect and punish the undesirable element (6.11).

(10) The original concept of fixing Guaranteed Prices on the basis of cost of cultivation should be adhered to. (6.12).

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## Chapter VII—Seed for Sowing Purposes

(1) Seed multiplication Programme may be directly implemented through Agriculture Department till Maharashtra Seed Corporation takes up the responsibility.

(2) The segregation of Seed for Sowing Purpose may be undertaken under the Supervision of Agriculture Department with effect from December.

(3) Only required quantity of Seed should be segregated for Sowing purposes for avoiding misuse.

(4) The Kapas of Agricultural Universities/Research Stations, Seed Farms and Registered Seed Growers only should be ginned through the gins earmarked for this work.

(5) Incentive in the form of Rebate in rates should be given to the cotton growers to lift the seed.

(6) The differential in the price of seed for Sowing purpose and Commercial seed may be reduced to the extent possible.

(7) The cost of treated seed for Sowing purpose should not be adjusted against 20 per cent dues. (7.7).



## ANNEXURE I

*Establishment of a Committee for Cotton Monopoly Procurement Scheme.*

GOVERNMENT OF MAHARASHTRA  
 AGRICULTURE AND CO-OPERATION DEPARTMENT  
 Resolution No. KPS. 1376/22805-147-10-C  
 Sachivalaya Annexe, Bombay-400 032, dated 19th May 1976.

**RESOLUTION.**—The Cotton Monopoly Scheme has now been in operation for nearly 4 years. During this period, the scheme has faced a number of problems. In the context of the experience gained so far, Government has decided that a Committee should be appointed to identify the infrastructural, operational, procedural and other short-comings in the actual working of the scheme and to suggest remedial measures to overcome the same.

2. The Committee shall consist of the following members and shall be constituted with immediate effect :—

- (1) Dr. W. R. Korpe, Chairman, Akola, District Central Cooperative Bank, Akola,
- (2) Shri Narayanrao Kale, Arvi, District Wardha,
- (3) Shri Babasaheb Kedar, Ex-President, Zilla Parishad, Nagpur,
- (4) Shri Deoraj Rothra, Amraoti,
- (5) Shri Deorao Patil, M.P., Darva, Yeotmal,
- (6) Shri R. D. Bhonde, M.L.A., Buldhana,
- (7) Shri Sahebrao Deshmukh, Nanded,
- (8) Shri Sheshrao Deshmukh, M.L.A., Parbhani,
- (9) Shri Balasaheb Pawar, M.L.A., Aurangabad,
- (10) Shri Dattatraya Pandurang Jadhav, Chairman, Agricultural Produce Marketing Committee, Indapur, District Pune,
- (11) Shri Sharadrao Patil, Sabhapati, Panchayati Samiti, Udgir, District Osmanabad,
- (12) Shri Bhaskarrao Patil, Parola, District Jalgaon,
- (13) Shri Vijaykumar Naval Patil, Dhulia,
- (14) Chairman, Maharashtra State Cooperative Marketing Federation Limited, Bombay,
- (15) Chairman, Maharashtra State Cooperative Bank,
- (16) Secretary (Cooperative Marketing), Agriculture and Cooperation Department,
- (17) Managing Director, Maharashtra State Cooperative Marketing Federation Limited, Bombay,
- (18) Director of Marketing,
- (19) Joint Director of Agriculture (Cotton),
- (20) Deputy Secretary (Cooperation), Agriculture and Cooperation Department.

3. Government is pleased to appoint Dr. W. R. Korpe as the Chairman of the Committee, Deputy Secretary (Cooperation) will be the member-convenor. The Committee shall submit its report to Government by 31st July 1976.

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

(Sd.) D. M. KAKADE,  
 Deputy Secretary to Government.

## ANNEXURE I-A

*Committee on Cotton Monopoly Procurement Scheme.*  
Extension of period of the—

GOVERNMENT OF MAHARASHTRA  
AGRICULTURE AND COOPERATION DEPARTMENT  
Resolution No. KPS. 1376/22805-147-10-C  
Sachivalaya Annexe, Bombay-400 032, dated 7th August 1976.

*Read—*

Government Resolution No. KPS. 1376/22805-147-10-C, dated the 19th May 1976

Government Resolution No. KPS. 1376/22805-147/10-C, dated the 20th July 1976.

**RESOLUTION.**—Government has appointed a Committee under Government Resolution No. KPS. 1376/22805/10-C, dated the 19th May 1976 to identify the shortcomings in the actual working of the Cotton Monopoly Procurement Scheme and to suggest remedial measures. The Committee was expected to submit its Report by 31st July 1976. Since the Committee has requested for some more time for finalisation of its Report, Government is pleased to extend upto 15th August 1976, the period for submission of the Committee's Report to Government.

2. This Resolution issues with the concurrence of the Finance Department *vide* its unofficial reference No. 1433/C/SER-5, dated the 7th August 1976.

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

(Sd.) D. M. KAKADE,  
Deputy Secretary to Government.

## ANNEXURE II

The following Members of Legislative Assembly and Members of Legislative Council were present at the meetings on 8th and 9th July 1976 at Bombay:—

- (1) Shri J. S. Goenka, Akola.
- (2) Shri M. G. Mahulkar, Amravati.
- (3) Shri S. D. Gedam.
- (4) Shri R. J. Gharphalkar.
- (5) Shri K. N. Zade.
- (6) Shri A. L. Waghmare.
- (7) Shri Narsingh Rao Gharphalkar.
- (8) Shri Dhairyashilrao Wagh.
- (9) Shri Vasant Karlekar, Wardha.
- (10) Shri Sulemankhan Pathan.
- (11) Shri Jatiram Chaitramji.
- (12) Shri Pralhad B. Choudhary, Dhulia.
- (13) Shri K. R. Patil.
- (14) Shri J. R. Chavan (Buldhana).
- (15) Shri Iqbal.
- (16) Smt. Aiyasha Iqbal.
- (17) Shri Madhavrao G. Patil, M.L.C., Amalner.
- (18) Shri Dajiba P. Patil, M.L.C.
- (19) Shri Surupsing Naik (Nawapur), M.L.A.
- (20) Shri Madhukar Patil, M.L.A.
- (21) Shri P. S. Sabane, M.L.A., Degloor.
- (22) Shri N. D. Patil, M.L.C., Islampur.
- (23) Shri G.A. Deshmukh, M.L.A., Sangola.
- (24) Shri V. B. Jagtap, M.L.C., Kenjal.
- (25) Shri C.A. Deshmukh, M.L.A., Akluj.
- (26) Shri S. E. Hashain, M.L.A., Ratnagiri.

## ANNEXURE III

Names of representatives of various institutions who tendered public evidence before the Committee during its visits to Amraoti, Akola, Jalgaon, Nanded, Pune and Nagpur.

Place of Meeting 1	Date 2	Name of Speakers 3
Amraoti	.. 17th June 1976.	<ol style="list-style-type: none"> <li>1. Shri Bhayasaheb Dhepe.</li> <li>2. Shri Ramdas Patil.</li> <li>3. Shri Muthal, President, Sale Purchase Union, Katol.</li> <li>4. Shri Bhimrao Deshmukh, Representative Cooperative Ginning and Pressing Factory, Saoner.</li> <li>5. Shri Ambedkar, President, Agricultural Produce Market Committee, Amraoti.</li> <li>6. Shri N. S. Deshmukh, Agricultural Produce Market Committee, Chandur Bazar.</li> <li>7. Shri Ganorkar, President, Taluka Sale Purchase Society, Daryapur.</li> <li>8. Shri B. P. Pawade, Manager, Taluka Sale Purchase Society, Arvi.</li> <li>9. Shri Bhandekar, Secretary Cooperative Ginning and Pressing Factory, Nagpur.</li> <li>10. Shri Hanumantrao Wankhede, Achalpur.</li> <li>11. Shri Sudamrao Deshmukh, Nagpur.</li> <li>12. Representative Sale Purchase Union, Dhamangaon.</li> <li>13. Shri Chandak, Ginning and Pressing Factory, Katol.</li> <li>14. Shri Sahebrao Patil, Morshi.</li> <li>15. Shri Chandrashekhar Samak, Umred Taluka Cooperative Sale Purchase Society, Umred.</li> <li>16. Shri Nagendra Sahaya.</li> <li>17. Shri Bhausaheb Wagh.</li> <li>18. Shri Bhargav, Taluka Sale Purchase Society, Arvi.</li> <li>19. Shri Manikrao Tatake, District Central Cooperative Bank, Amraoti.</li> <li>20. Shri Narendra Gandhi.</li> <li>21. Dr. Palekar</li> <li>22. Shri Purushottam Bhole, Farmer.</li> </ol>
Akola	.. 18th June 1976.	<ol style="list-style-type: none"> <li>1. Shri D. M. Patil, Local Director, The Maharashtra State Cooperative Marketing Federation Limited.</li> <li>2. Shri Madhukarrao Bhuibhar.</li> <li>3. Shri Waghmare, Representative, Sale Purchase Society, Akola.</li> <li>4. Shri Bapusaheb Deshmukh, Swatantraya Sainik, Buldhana.</li> <li>5. Shri Kunte, President, Sale Purchase Union, Malegaon.</li> <li>6. Shri Deshpande, Representative Ginning and Pressing Factory, Akot.</li> <li>7. Shri Shankar Jumarkar, Farmer Sale Purchase Society, Ghatanji.</li> <li>8. Shri Kadu, Sale Purchase Society, Telhara.</li> </ol>

Place of Meeting 1	Date 2	Name of Speakers 3
Akola—Contd.		9. Representative, Ginning and Pressing Factory, Balapur. 10. President, Jalgaon Jamod Taluka Sale Purchase Union. 11. Shri Pralhad Narayan Rajbhoj, President Taluka Sale Purchase Society, Nandura. 12. Shri Shaligram Patil, Farmer, Akola. 13. Shri Bhai Sakhale, Akola. 14. Shri Kharate, Vice-President, Agricultural Produce Market Committee, Wani. 15. Shri Tarasingh Rathod, President, Cotton Market Committee, Karanja. 16. Shri Balasaheb Bhui-Khedkar, Land Development Bank, Yeotmal. 17. Shri Dinkar Bhambare, Nagpur. 18. Shri Ramchandra Jadhav, Karanja. 19. Dr. Bhelkar, K. R. President, Maharashtra Cotton Producer's Union. 20. Dr. Durugkar, Nagpur. 21. Dr. Bokare, Cotton Producer's Union, Akola.
Jalgaon	.. 23th June 1976.	1. Shri Popatalal Kisanlal Shaha, Director, Agricultural Procude Market Committee, Parola. 2. Shri Ramdas Damodhar Patil, Member, Cooperative Society, Jamner. 3. Shri Sitaram Totaram Sonavane, President, Agricultural Produce Market Committee, Jalgaon. 4. Shri Choudhari, Mumbrabad. 5. Shri Shamrao Koutik Patil, Agricultural Produce Market Committee, Pachora. 6. Shri Mokalal Premdas, Agricultural Produce Market Committee, Jamner. 7. Shri Bandu Patil, Jalgaon. 8. Shri Pundalik Tarane, Kanvade. 9. Shri Dattatraya Patil, Agricultural Produce Market Committee, Dhulia. 10. Shri Ananda Narkhede. 11. Shri Patil, Chairman, Cooperative Sale Purchase Union, Dhulia. 12. Shri Belase, Agricultural Procude Market Committee, Sakhari. 13. Shri Shriram G. Patil, Taloda. 14. Shri V. B. Deshmukh, Amalner. 15. Shri Sahebrao Patil, Chopada. 16. Shri Pitambar Chodhari. 17. Shri Dayaram Garbad Chodhari, Mumbarabad.
Nanded	.. 4th July 1976.	1. Shri Nandlal Rathi, Jintur Taluka Sale Purchase Society, Jintur. 2. Shri Nilkanthrao Mangnale, Taluka Cooperative Sale & Purchase Society, Kandhar. 3. Shri Virendra Govindrao Shinde, Taluka Sale and Purchase Society, Hadgaon.

Place of Meeting 1	Date 2	Name of Speakers 3
Nanded— <i>contd.</i>		<ol style="list-style-type: none"> <li>4. Shri Chechani, Taluka Cooperative Sale and Purchase Society, Jalna.</li> <li>5. Shri Marutrao Pandurang Bhosale, Deputy Speaker, Taluka Sale and Purchase Society, Gangakhed.</li> <li>6. Shri Vaijanath Aakhath, Taluka Cooperative Sale Purchase Society, Partur.</li> <li>7. Bajirao Wankhede, Taluka Cooperative Sale Purchase Society, Sillod.</li> <li>8. Shri Vyahad, President, Agro Committee, Zilla Parishad, Parbhani.</li> <li>9. Representative, Agricultural Produce Market Committee, Jalana.</li> <li>10. Shri Bhimrao Patil, Taluka Cooperative Sale Purchase Society, Aurangabad.</li> <li>11. Shri Wamanrao Deshmukh, Agricultural Produce Market Committee, Parali-Vaijanath.</li> <li>12. Shri Dagadu Patil, Agricultural Produce Market Committee, Sailu.</li> <li>13. Sale Purchase Society, Ashti.</li> <li>14. Shri A. B. Patil, Majalgaon.</li> <li>15. Shri Marutirao Patil, President Cooperative Spinning Mills, Nanded.</li> <li>16. Shri Marutirao Chouhan, Speaker, Panchayat Samiti, Kinwat.</li> <li>17. Shri Rangnath Patil, President, Sale Purchase Society, Bhokardan.</li> <li>18. Shri Namdevrao, Speaker, Market Committee, Kinwat.</li> <li>19. Shri Umbrekar, Vice-speaker, Agricultural Produce Market Committee, Nanded.</li> <li>20. Shri Narayanrao, President, Sale Purchase Society, Kinwat.</li> <li>21. Shri K. M. Deshmukh, Nanded District Shetkari Sangh, Nanded.</li> <li>22. Shri Bhujangrao Kinarkar, Bhokardan.</li> <li>23. Shri Babu Rajendra Kalambwar, Kalamb BK.</li> <li>24. Shri Virendra Shinde, Sale Purchase Society/Kisan Sabha, Hadgaon.</li> <li>25. Shri Keshavrao Chavan, Kalamnuri.</li> <li>26. Shri K. L. Patil, Nanded District Shetkari Sangh, Nanded.</li> <li>27. Representative, Dilcep Ginning Factory.</li> <li>28. Dr. Patil, Superintending Agricultural Officer.</li> </ol>
Pune	13th July 1976.	<ol style="list-style-type: none"> <li>1. Shri Abasaheb Kulkarni.</li> <li>2. Shri Gulabrao Dhavan, Baramati.</li> <li>3. Shri Namdev Jadhav, Chairman, Agricultural Produce Market Committee, Phaltan.</li> <li>4. Shri Deshmukh, M. L. A., Akluj.</li> <li>5. Shri Sampatrao Mane, Cooperative Spinning Mills Federation.</li> </ol>

15. Agricu.  
16. District  
17. Shri  
18.

Place of Meeting 1	Date 2	Name of Speakers 3
Pune— <i>contd.</i>		6. Shri Gangadhar Kuchan, Managing Director, Sahakari Soot Girni, Solapur. 7. Shri Prabhakar Mahajan, M.L.A., Bhusaval. 8. Shri Shamrao Patil, Kolhapur. 9. Shri Vijay Boravake, Vice President, Agricultural Produce Market Committee, Phaltan.
Nagpur	.. 17/18th July 1976.	1. Shri S. V. <i>alias</i> Babasaheb Dhamankar, M. P. 2. Representative of Agricultural Universities, Akola, Rahuri, Parbhani. 3. Shri R. Ganorkar, Daryapur. 4. Shri B. P. Pawade, Arvi. 5. Shri K. R. Pande, Divisional Joint Registrar, Cooperative Society. 6. Shri Jivallalaji Chandak, Kotol. 7. Dr. Chokhare, General Secretary, All India Cotton Growers Federation. 8. Shri Virendra Deshmukh. 9. Shri R. G. Ingole, Panchayat Samiti, Digras. 10. Shri Baba Raut, Krushak Yuwak, Sangli, Nagpur. 11. President, Bhimrao Ginning Pressing Factory. 12. Shri Sukhadevrao, Katol Market Committee. 13. Shri Ramrao Gawande. 14. Shri Gatalod, Katol. 15. Shri D. G. Patil, Udgir. 16. Shri Y. D. Deshpande, Principal, Cooperative College, Nagpur. 17. Shri Vijay Jawandhia, Wardha. 18. Advocate Kalbande, Kondhal.
Bombay	.. 30th July 1976	1. Shri Vijaya Raghavan, Secretary Millowners' Association, Bombay.

## ANNEXURE IV

*List of institutions or individuals who presented written Memoranda to the Committee in response to its appeal.* Purchase

## AMRAVATI

1. Arvi Tahasil Sahakari Shetkari Kharedi Vikri Sangh, Arvi, District Wardha.
2. District Central Cooperative Bank, Amravati.
3. Agricultural Produce Market Committee, Amravati.
4. Amravati Sahakari Kharedi Vikri Sangh, Amravati.
5. Cotton Growers Association and District Farmers' Congress, Nagpur.
6. The General representation by Amravati District Kharedi Vikri Sangh and Processing Institutions.
7. Shri R. D. Kale, District Deputy Registrar, Nagpur.
8. Maharashtra Cotton Seed Crushers Association, Amravati.
9. Hinghanghat Taluka Cotton Sangh.
10. Ginning, Processing Factory Owners' Association, Amravati.

11. All India Cotton Growers' Association and Maharashtra Krishak Yuvak Sangh, Saoner Karyalaya, Khaparkheda.
12. Krishak Mitra Mandal, Nagpur.
13. Katol Taluka Shetkari Mandal, Katol.
14. Kisan Sabha, Amravati.
15. Maharashtra State Cotton Growers' Sangh, Amravati.
16. Shri V. S. Hingankar, K. V. S., Akot, District Akola.
17. Nagpur Cooperative Ginning and Processing Society Ltd., Nagpur.
18. Shri Manohar Gandhi, Kisan Jagruti, Warud Cooperative Krishi Vikas, Warud, District Amravati.
19. Shri Gunwant Marutirao More, Post Ira, Taluka Achalpur, District Amravati.
20. Shri Y. T. Raut, Vice-Chairman, Agricultural Produce Market Committee, Chandur Bazar, District Amravati.
21. Shri A. K. Moghe, Vijay Colony, Amravati.
22. Shri D. V. Chavan, Farmer Grinder, Umarched, Taluka Pusad, District Yeotmal.
23. Shri Annasaheb Deshmukh, Chairman, Cooperative Ginning and Processing Factory, Dhamangaon.
24. Shri Vallabh Rathi, Shiral, District Amravati.
25. Shri Ambedkar, Chairman, Agricultural Produce Market Committee, Amravati.

#### AKOLA

1. Shri R. D. Bhonde, M. L. A., Buldhana.
2. Shri I. N. Dhatrak, Shetkari Sangh, Ghantaji.
3. Shri A. A. Tarker, Agricultural Produce Market Committee, Patur.
4. Shri L. U. Deshmukh, Shegaon.
5. Cotton Growers' Association, Domkal, Taluka Chitli, District Buldhana.
6. Shri M. M. Budhe, Kirti Bhandar, Akot.
7. The Trustee Rahjeshwar Samasthan, Akola.
8. Shri S. S. Sone, Karanj (Lad).
9. Shri D. N. Patil, Local Director, Maharashtra State Cooperative Marketing Federation, Akola.
10. Maharashtra Cotton Growers' Association, Akola.
11. Akola Taluka Kharedi Vikri Sangh, Akola.
12. Malkhapur Tehashil Growers' Agricultural Cooperative Ltd.
13. Pinjar Agro Industries Cooperative Processing Institutions, Pinjar.
14. Manora Vikas Khand, Kharedi Vikri Sangh Ltd., Manora.
15. Agriculture Produce Market Committee, Akola.
16. District Central Bank, Akola.
17. Shri P. Dagdoji, Agricultural Market Committee, Mangarulpur.
18. Telhara, Shetkari Sahakari Kharedi Vikri Sangh.
19. R. K. Dhagle, Ghantaji.
20. Professor S. L. Chunarkar, Shetkari Sangh, Ghantaji.
21. Agricultural Produce Market Committee, Multajapur.
22. Chairman, Agro Cooperative Processing Institution, Jalgaon-Jamod, District Buldhana.
23. Chairman, Akot Taluka, Sahakari Kharedi Vikri Sangh, Akot.
24. L. S. Deshmukh, Freedom Fighter, Delhi.
25. Zonal Office, Maharashtra State Cooperative Marketing Federation, Ltd., Akola.
26. Shri L. P. Balla, Chairman, Agricultural Produce Market Committee, Darva.
27. Dr. K. R. Belkar, Post Kamleshwar, District Nagpur.
28. Smt. Vimladevi Goenka, Akola.
29. Freedom Fighter, Umbadi, Bazar.
30. Cotton Scheme Staff Union, Khamgaon.
31. Chairman, Agricultural Graduate Graders' Association, Khamgaon.
32. Dr. N. M. Shah, L. R. T. College of Commerce, Akola.
33. Shri Hiralal Sarda, Cotton Market, Akola.

## JALGAON

1. Shri Y. N. Patil, Nashirabhad, District Jalgaon.
2. Chairman, Yaval Taluka Sahakari Kharedi Vikri and Ginning, Pressing Society Ltd. Yaval, Jalgaon.
3. Agricultural Produce Market Committee, Jamner.
4. Shri D. G. Chaudhari, Mumrabad, District Jalgaon.
5. Chairman, Jalgaon Taluka Shetkari Sahakari Kharedi Vikri Sangh Ltd., Jalgaon.
6. General Manager, Amalner Taluka Shetkari Sahakari Kharedi Vikri Sangh, Amalner.
7. Agricultural Produce Market Committee, Shripur.
8. Shri R. S. Patil.
9. Shri S. B. Athawale, Shirgaon, District Ratnagiri.
10. Chairman, Dhule Kharedi Vikri Sangh and Processing Institution.
11. Shri S. N. Agrawal, General Merchant, Shirpur, District Dhule.
12. Shri R. D. Patil, Jambner.
13. Shri D. G. Chaudhari, Mumrabad, District Jalgaon.
14. Chairman, Jalgaon Taluka Cotton Growers' Institution, Jalgaon.
15. Chairman, Agricultural Produce Market Committee, Dhule.

## NANDED

1. Kandhar Taluka Kharedi Vikri Sangh, Kandhar.
2. Agricultural Produce Market Committee, Nanded.
3. Nanded Utpadak Sahakari, Spinning Mills Ltd., Nanded.
4. Taluka, Sahakari Kharedi Vikri Sangh, Udgir.
5. Hadgaon Taluka Sahakari Sangh.
6. Jintur Taluka Kharedi Vikri Sangh.
7. Dr. N. M. Shah, Executive Member, Maharashtra Cotton Growers' Association, Akola.
8. Nanded Taluka Kharedi Vikri Sangh, Nanded.
9. Nanded Zilla Shetkari Sangh, Nanded.
10. Dilip Ginning and Pressing Factory, Ingoli.
11. R. K. Dabadkar, Dabad, Nanded.
12. Nanded Cotton Growers' Spinning Mills.
13. Manager, Taluka Sahakari Kharedi Vikri Sangh, Ltd., Parbhani.
14. Pannaal Chandak, Chairman, Agricultural Market Produce Committee, Manvat.
15. Manager, Parbhani Taluka Ginning and Pressing Cooperative Sangh.
16. Prahalladpur Ginning and Pressing Factory, Partur.
17. Agricultural Produce Market Committee, Jintur.
18. Agricultural Produce Market Committee, Gangakhed.
19. Agricultural Produce Market Committee, Parbhani.
20. Agricultural Produce Market Committee, Kinwat.
21. Agricultural Produce Market Committee, Kiagaon.
22. Yeotmal District Krishak Sabha, Yeotmal.
23. Agricultural Produce Market Committee, Nanded.
24. Shri Sitaram N. Agrawal, Shirpur, District Dhule.
25. District Hybrid and Improved Seed Producers' Kharedi Vikri Sangh, Jalgaon.
26. Shri M. S. Anvikar.

## POONA

1. Shri K. B. Uturkar, Italkaranji.
2. The Phaltan Taluka Sahakari Kharedi Vikri Sangh, Ltd., Phaltan, District Satara.
3. The Phaltan Cotton Sale Ginning and Processing Society Ltd., Phaltan.
4. Kopergaon Taluka Cotton Ginning and Processing Society.
5. Agricultural Produce Market Committee, Baramati, District Poona.
6. Shri Jitoba Cooperative Ginning Society Phaltan.
7. Agricultural Produce Market Committee, Kopergaon.
8. Shri Y. A. Deshmukh, Akluj, District Solapur.
9. Kolhapur District Weaving Cooperative Spinning Mills.
10. Agricultural Produce Market Committee, Phaltan.



11. Gadhinglaon Shetkari Sahakari Sangh.
12. Nira Channal Society Kharedi Vikri Sangh, Baramati.
13. Grama Phaheyat, Taluka Dhond, District Poona.
14. Agricultural Produce Market Committee, Shirpur District Poona.
15. Yeshwant Cooperative Spinning Mills, Bhor, District Poona.
16. Agricultural Produce Market Committee, Indapur.
17. Shetakari Sahakari Kharedi Vikri Sangh, Indapur.
18. Miraj Taluka Cotton Spinning Mills, District Sangli.
19. Member Secretary, Satara Zilla Sahakari Board.
20. Chairman, Shevgaon, Cooperative Ginning Pressing Society Limited, Ahmednagar.

#### NAGPUR

1. Member Secretary, Wardha District Cooperative Board Ltd.
2. Shri D. G. Deshmukh, Wardha.
3. Shri Y. D. Deshpande, Cooperative Training College, Nagpur.

#### ANNEXURE V

##### A brief note on the visit of the Committee to important cotton centres in Gujarat

In Gujarat State nearly one-third of the cotton production is handled by the Co-operative Societies who, market the produce after pooling the same. This is being done for more than two decades. The Committee felt that the study of cotton pooling and marketing in important centres of Gujarat State would widen the understanding of the problems involved in the Scheme and hence visited the following institutions:—

1. Cotton Marketing Federation, Gujarat State, Ahmedabad.
2. Gujarat State Co-operative Marketing Federation, Ahmedabad.
3. National Textile Corporation, Gujarat Unit, Ahmedabad.
4. Ahmedabad Cotton Dealers and Brokers Association, Ahmedabad.
5. Anand Co-operative Ginning and Pressing and Oil Extracting Society, Anand.
6. Central Gujarat Co-operative Marketing Union, Ltd., Miyagam, Karjan.
7. Cotton Dealers' Association, Baroda.
8. South Gujarat Co-operative Marketing Union Ltd., Surat.

During the exchange of views with the above institutions, it was revealed that the Cotton Sales Society in South Gujarat State first felt the need to organize a union in 1926 in an attempt to get out of the clutches of the private cotton dealers. In course of time similar unions were organized viz., at Broach and at Ahmedabad. After the experience in marketing of cotton during 1974-75 and the selling pressure of individual societies, the competing unions formed a separate Cotton Marketing Federation only last year so that they can jointly pull their weight in the cotton market more effectively.

These societies pay 65 per cent of the average market price as advance to their member cultivators who bring *kapas* for sale. A fixed proportion of co-operative dues is also recovered from this advance. The *kapas* is initially graded into three grades as notified by the Director of Agriculture depending upon the period of the season. This is further graded into 3 sub-grades depending upon the quality which is judged by small samples. The price differential is of the order of Rs. 20 to Rs. 25 per quintal in each consecutive grade excepting X grade. There are local committees to thrash out the grading disputes if any, on the spot.

It is generally felt by these Societies that the recovery of the dues is not very effective through their cotton pooling system, obviously because there is no compulsion on the members to sell the *kapas* through the societies. In this context the recovery aspect of Cotton Monopoly Scheme in Maharashtra appeared to have impressed them very much. The produce marketed through these societies is only about 30 to 35 per cent of the total production. And there is no improvement in this percentage, for the last so many years.

The produce marketed through these societies is only about 30 to 35 per cent of the total production. And there is no improvement in this percentage for the last so many years.

The discussions with National Textile Corporation in Gujarat, also showed that the grading of cotton under the Maharashtra Monopoly Scheme has been very well received.

## ANNEXURE VI

**Brief Summary of the business transacted at the various meetings of the Committee***1st Meeting held on 2nd June 1976 at Bombay*

In his welcome speech, the Chairman Dr. W. R. Korpé welcomed the Minister for Cooperation and the members of the Committee. He explained the object of Government in appointing the Committee, and requested all members to cooperate in the working of the Committee. The Minister (Cooperation) Shri S. B. Patil in his inaugural speech took a review of the working of the Scheme during the last four years and requested members of the Committee to make suggestions for improvement in the working of the scheme. The Committee decided that a background paper giving detail of the working of the Cotton Monopoly scheme be circulated to all members and that it should undertake on the spot tours of the important cotton growing areas and hold discussions with the various interests and fixed the dates of the visits to Amravati, Akola and Jalgaon.

*2nd Meeting on 10th June 1976 at Bombay*

In this meeting, a pamphlet containing the working of the scheme was supplied to the members and the Federation was requested to supply additional information on the points raised in the meeting.

*3rd Meeting held on 16th June 1976 at Amravati*

The Chairman directed that the additional information regarding commission paid to the Kharedi Vikri Sangh, cess received by Agricultural Produce Market Committees, work done by Vigilance Section, Anti Corruption Bureau and figures regarding amount lying in suspense account in District Central Cooperative Banks etc. may be supplied in the next meeting. It was also decided that the prominent persons connected with Cotton Monopoly Scheme may be invited for discussions at Bombay.

*4th Meeting at Jalgaon on 24th June 1976*

The Secretary (Cooperative Marketing) suggested that suggestions may be invited from the employees of the Federation and scrutiny of the existing forms may be made with a view to reduce them.

*5th Meeting at Nanded on 4th July 1976 and 5th July 1976*

The additional information asked by the members in the previous meetings was supplied. It was decided that a meeting with M.L.As. from Vidarbha Region may be held at Bombay on 8th July 1976 and with M.L.As. from other regions on 9th July 1976. It was also decided to work out a programme to visit Cotton Centres in Gujarat State.

*6th Meeting held at Bombay on 8th July 1976*

It was decided to invite certain persons for discussion at Nagpur. It was also decided to hold discussions on the suggestions made in the meetings held earlier with the Cotton growers, etc.

*7th Meeting held at Nagpur on 17th, 18th and 19th July 1976*

Suggestions received at Amravati, Akola, Jalgaon, Nanded and Pune were considered and circulated among the members. It was also decided to discuss the working of the Marketing Federation with its Board of Directors on 29th July 1976 at Bombay.

*8th Meeting held at Bombay on 25th July 1976*

Suggestions received were further discussed and final programme to visit the Cotton Centre in Gujarat State was communicated to the members. It was decided to request Government to extend the tenure of the Committee upto 15th August 1976.

*9th Meeting held at Bombay on 30th, 31st July 1976*

The tentative decisions on various suggestions were taken and it was decided to prepare the draft report on the basis.

*10th Meeting at Bombay on 9th and 10th August 1976.*

The draft was circulated to the Members and it was approved with certain modifications for being presented to Government.

*11th Meeting at Bombay on 12th August 1976*

The draft report with modification was finalised.

*12th Meeting at Bombay on 13th August 1976*

The final report was signed.