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Cotton Plant (American).

**A SURVEY**  
OF  
**The Marketing of Cotton in the Punjab**

BY

**LILA KRISHAN SEHGAL, M. A.**  
*Research Scholar in Economics, University of the Punjab.*

**WITH FOREWORD**

BY

**REV. DR. E. D. LUCAS, M. A., PH. D., D. D.**

**LAHORE**  
**THE MINERVA BOOK SHOP**  
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## FOREWORD.

Mr. Sehgal has given us a remarkably coherent and lucid survey of the marketing of cotton in the Punjab. It is a timely and important subject to deal with. Cotton is the outstanding cash crop of the Punjab peasant and the returns he receives from it have considerable effects upon his general standard of living. This survey covers the field of cotton marketing from the production of the cotton plant in the field to the problem of co-operative marketing at the end of the process.

Mr. Sehgal's analysis of the various steps deals with the problems involved in each, and all of his suggestions show a grasp of the subject and common sense in dealing with it which are unusual in so young a scholar. I can commend this survey to anyone interested in this subject without hesitation. The survey speaks for itself.

*May 11, 1958.*

E. D. LUCAS.

## **PREFACE.**

This little book was submitted to the Punjab University by me last year in the form of a thesis for the M. A. Degree in Economics after carrying out a comprehensive marketing survey of cotton in the Punjab. In it an attempt has been made to survey the local marketing conditions of raw cotton in the Punjab and to make the necessary suggestions for reform and improvement. Each one of the chapters of this book deals with a new stage in the career of the cotton crop as it passes from the field to the factory. How cotton after leaving the field is transported to the market, financed and sold ; and what determines the price of cotton in the market and the return to the cotton grower for his produce, these form the principal subject matter of all the chapters excepting the first and the last. The first chapter deals with the production of cotton and the last with ' co-operative marketing ' which may be a remedy for many of the present-day marketing ills. Thus the whole complex chain of the marketing process of raw cotton has been analysed in as easy, simple and interesting a manner as possible.

Though the matter as well as the manner of this little book is entirely my own, yet I would be very ungrateful if I did not acknowledge here what I owe to others, in fact, in most cases where I have asked for help, it has been given in full measure 'pressed down and running over.' I must, however, specially acknowledge the kindness of Rev. Dr. E. D. Luças of the Forman Christian College, Lahore, for going through the whole work and contributing a foreword to it; S. Kartar Singh, Marketing Officer, Punjab for giving me useful advice during the course of the investigation; Mr. F. B. Wace, I. C. S., Registrar Co-operative Societies, Punjab, for getting me very useful information about the working of co-operative commission shops in the Punjab; Prof. G. D. Sondhi of the Government College, Lahore, for getting me necessary literature on the subject; and Mian Afzal Hussain, Principal, Agricultural College, Lyallpur, for supplying me with copies of the photographs included.

It is for the first time that the Punjab University has approved of the publication of research work in Economics at its own expense. In this connection I should like to express my grateful thanks to the University authorities, and particularly to Dr. L. C. Jain, Head of the University Department of Economics, who recognised the impor-

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tance of this little work and on whose recommendation the University sanctioned a special grant for its publication.

Lila Krishan Sehgal.

Economics Department,  
University of the Punjab,  
Lahore.  
*May, 1938.*

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“Marketing is the business side of Farming.  
It is the process by which the fruits of earth are  
translated into cash.”

*(Marquis of Linlithgow.)*

owners, managers of the co-operative commission shops and bank employees in various markets. The names of the market places visited and the time of each visit are given below :—

Name of the Market.	No. of times visited.	Time of visit.
1. Lyallpur	4	January, February, July, December, 1936.
2. Tandlianwala	1	December, 1936.
3. Gojra	1	July, 1936.
4. Burewalla	2	December, 1935, and September, 1936.
5. Arifwala	1	September, 1936.
6. Multan	1	December, 1935.
7. Khanewal	1	December, 1935.
8. Okara	1	February, 1936.
9. Kasur	1	November, 1936.

## INTRODUCTION.

The problem of 'Marketing' is engaging the attention of both the Central and the Provincial Governments in our country. It is being realized that bigger and better crops by themselves cannot raise the standard of living of the cultivator, unless they fetch better prices. An improvement in the selling power of the cultivator is very essential to raise his purchasing power. But before any effective policy in this direction can be formulated, a thorough study of the present day marketing conditions is essential. As His Excellency the Viceroy pointed out in one of his addresses to the Imperial Council of Agricultural Research, "Progress in this matter must in the initial stages inevitably be by slow degrees, and of my own experience I would only say that to attempt in this very difficult and complex field, to frame a policy before all the relevant facts are made available is to court disappointment."<sup>1</sup>

At present Marketing in our province is left to take care of itself. There are no hard and fast rules to be followed except some established customs which vary according to the needs of the traders in the market. The Marketing Department recently constituted is, therefore, busy in

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1. 'The Tribune', dated August 29, 1936.

carrying out marketing surveys of various crops so as to suggest improvements and reforms and thus secure the more orderly and efficient marketing of primary produce.

As cotton is one of the most important commercial crops of the Punjab, more particularly in the Canal Colonies, a study of the manner in which it is marketed will not only be interesting but useful. I, therefore, carried out a comprehensive Marketing Survey of Cotton in the province and the information collected during the survey forms the basis of this thesis. It was only in 1927-28 that such a survey for India as a whole was financed by the Indian Central Cotton Committee. This survey brought out many useful revelations, but since then new tendencies and factors have arisen a study of which is very essential.

As regards the method of enquiry, in order to pick up the practical side of the business, I kept in close touch with the cotton merchants and the cotton trading companies for the last two years. To study the marketing practices on the spot, I visited several important markets and villages. Before setting out for these places, I prepared a questionnaire, (Appendix G) the replies to which were obtained by meeting commission agents, cultivators, sub-agents of the cotton trading companies, factory

## CHAPTER I. PRODUCTION.

### 1. The Chief Cotton Growing Countries.

The cultivation of cotton extends over almost the whole surface of the globe. The chief cotton growing countries are U. S. A., India, China, Russia, and Egypt. During the last five years (1931-32 to 1935-36) they have produced about 50, 17, 9.5, 7.7 and 5.9% of the total world crop respectively<sup>1</sup>.

The qualities of cotton produced in different countries vary to a great extent. The length of the staple is one of the most important factors in the commercial value of cotton. It varies from  $\frac{3}{8}$ " in case of the shortest Indian varieties to more than 2" in the best Sea-Island cotton. Their value even at the very low level to which the prices had fallen in 1931-32 ranged from 3d. to 3s. per lb<sup>2</sup>. About three decades ago the cotton world was divided into more or less water-tight compartments e. g. Sea-Island, Egyptian, American and Indian. Each had its own market with little competition with one another. Such water-tight classification has now almost

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1. *Statistical Journal of the League of Nations* (1935-36), p. 119.

2. *Marketing of Cotton* by John A. Todd (1934), p. 12.

disappeared. The process of substitution of one kind of cotton for another has been rapidly developing during the last few years. Countries growing short staple cotton have made attempts to introduce improved varieties with encouraging results. "The world's cotton market to-day is not a series of plateaux but an almost uninterrupted gradation of different varieties from the lowest to the highest".

## 2. India—The Home of Cotton.

No doubt the U. S. A. is at present the largest cotton supplier of the world, but cotton is not indigenous to it. It was introduced there only about 150 years ago. We have to regard cotton as indigenous to India. The earliest known reference to cotton in ancient literature is to be found in a Rigveda Hymn to which the historians assign the date 800 B. C. Moreover, the recent excavations at Mohinjodaro in Sind brought to light a small piece of fabric and a piece of string both of which have been proved conclusively to be made of cotton. The Babylonian and Greek names for cotton—*sindhue* and *sindu*—also seem to point to the Indus Valley as the home of cotton growing.

The present century has seen a wide extension of the area under cotton in India. It is

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1. Todd, *op. cit.* p. 14.

grown in almost all parts except the north-east, but the most important of the cotton growing tracts are Bombay, Central Provinces and Berar, Madras, Hyderabad and the Punjab. About 75% of the entire Indian crop is grown in these provinces.

There is a great variety of cotton grown in India—from Sind cotton of very short staple being  $\frac{3}{8}$ " to  $\frac{1}{2}$ " to Oomra and American cottons of long staple being  $\frac{7}{8}$ " to above 1". The classification of cotton is generally based on the place of its origin. Oomras, Bengal-Sind, Dhollera and Punjab-American are the most important. They cover almost 75% of the total Indian crop.

### 3. Cotton Production in the Punjab.

Cotton is one of the most important commercial crops of the Punjab. Two major varieties of cotton grown here are the American and the *Desi*. No doubt the area under cotton in the Punjab is small, but the annual output is considerable. The Punjab has produced on the average about 13% of the total Indian crop for the last ten years. The higher output of the crop in the Punjab is due to the higher yield of cotton per acre as compared with other important cotton growing provinces which is clear from the following table.



TABLE 1.  
Yield per Acre in pounds.

Provinces.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	Average.
Bombay ...	83	70	57	74	72	71·2
C. P. & Berar ...	82	71	59	62	82	71·2
Hyderabad ...	59	61	57	62	65	64·2
Punjab ...	117	151	161	177	189	159
Average in India ...	83	85	81	92	100	88·2

The above table<sup>1</sup> shows that the Punjab is better off as regards its yield of cotton than other important cotton growing tracts. The main reason appears to be that about 90% of the area under cotton in the Punjab is irrigated. In other provinces, however, most of the cotton is grown without any irrigation and the success or failure of the monsoon determines the fate of the cotton crop. The vagaries of Indian weather are proverbial and the rain-fed crops cannot be expected to give consistently good yields.

Although the yield of cotton in the Punjab is higher than other provinces in India, yet a comparison with Egypt and America shows that there

1. *Bombay Cotton Annual*, (1936-37), No. 18, P. 40.

is still great scope for further improvement. Moreover, it has been calculated from several theoretical considerations that the highest yield of cotton per acre obtainable under the most suitable conditions is 4.6 bales of lint per acre *i. e.* about 67 māunds of *kapas*.<sup>1</sup> The estimate appears at first sight to be too high, but when it is realised that yields as high as 42 maunds have actually been obtained at some of the farms of the agricultural departments, the maximum obtainable yield does not seem to be impossible.

The canal colonies are the most suitable area for cotton production in the Punjab and more particularly for the American cotton. This area alone produces about 64% of the total crop of the province and more than 90% of the Punjab American cotton.

#### 4. A Cash Crop.

Domestic consumption of cotton being very small, cotton in the Punjab is mainly grown for the market. The following figures giving domestic consumption of cotton by 35 families of a few villages in the Multan District may be interesting :—

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1. *Reshaping of Agriculture* by Wilcox.

TABLE 2.

Serial No. of family.	No. of members.	Average annual domestic consumption.	
		Mds.	Srs.
1	2	0	35
2	2	0	20
3	2	0	10
4	2	1	0
5	2	0	20
6	2	1	0
7	2	0	20
8	2	1	0
9	3	1	0
10	3	2	0
11	3	1	0
12	3	0	35
13	4	1	0
14	4	0	25
15	4	2	0

Serial No. of family.	No. of members.	Average annual domestic consumption.	
16	4	1	0
17	4	1	0
18	4	1	10
19	4	1	0
20	5	1	0
21	5	1	0
22	5	1	0
23	5	1	0
24	6	2	0
25	6	1	0
26	6	2	0
27	7	2	0
28	7	1	20
29	8	1	20
30	8	2	0
31	9	2	0
32	9	3	0
33	29	4	0
	<b>Total</b> 171	<b>Total</b> 43	<b>15</b>

*N. B.*—Family No. 33 was a big joint family.

The above figures show that 33 families with a total number of 171 members consumed 43 mds. 15 srs. of *kapas* or roughly speaking a family of 5 members in a village consumed only about 1 md. 10 srs. of *kapas* in a year. The variety of *kapas* kept for home consumption is *Desi*. The American variety is wholly marketed, as it cannot be spun on the home *Charkha* and when sold in the market fetches higher income.

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## CHAPTER II.

### COTTON LEAVES THE FIELD.

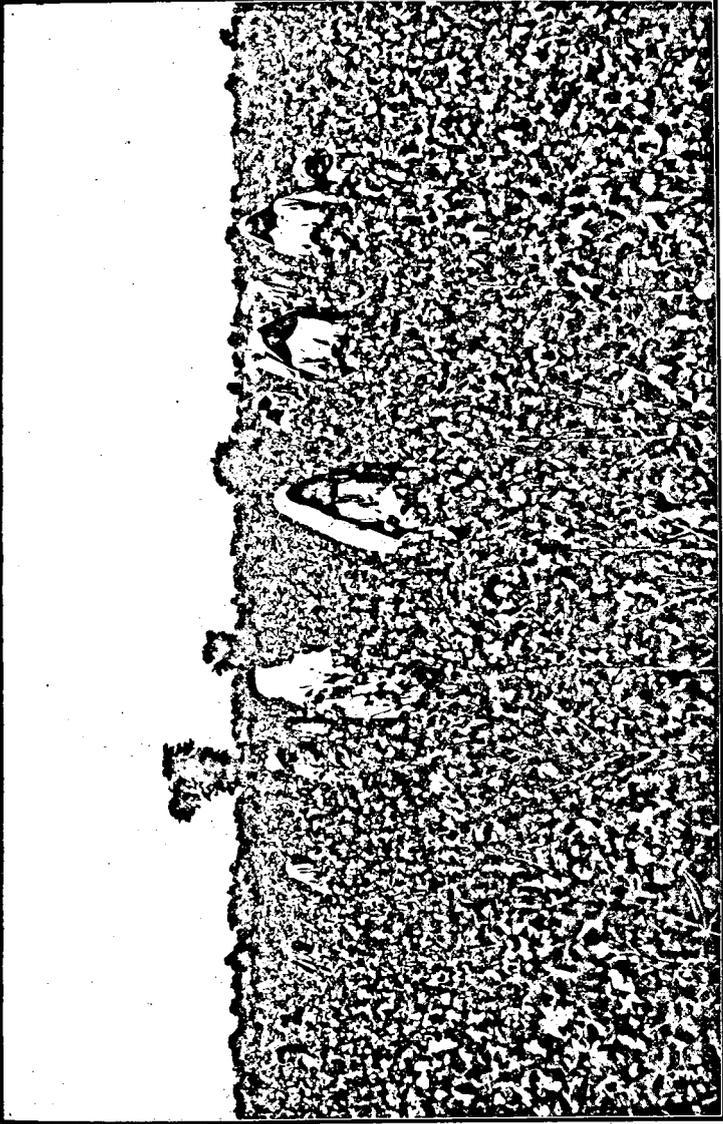
#### 1. The Preparation for Marketing.

The preparation for the marketing of cotton begins with the picking stage. The price, which the cultivator gets for his cotton depends upon its quality ; which in turn, depends upon a number of factors, care in picking being one of them.

One requisite for cotton of a high quality is, that it should be free from leaves and trash. The climate of the Punjab is dry. The leaves and bolls get dried up and brittle and mix readily with cotton. Naturally cleanliness of cotton here must be inferior to that in America. Still, much can be done to improve it by careful picking. Major Prioudax<sup>1</sup> is of opinion that "picking in the Punjab does not obtain the attention it deserves. Sometimes high winds cause cotton to be shed or blow leaf and dust into it as it hangs. So quick picking is essential. The picking of dried bolls with cotton is due to carelessness done with a view to increasing weight. Damp cotton when stored becomes heated, the colour changes from bluish grey to dark brown according to the amount of

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1. Officer in-charge Military Farms, Okara.



Picking of Cotton.

moisture in the cotton and heat engendered." The cultivator generally tries to protect cotton from drying up and keeps it in damp water-channels, and closed-up places. These practices carried too far affect the quality adversely.

Picking requires a good deal of labour, but this labour is light and is therefore mostly done by women and children. In some cases the female members of the cultivator's family are sufficient in number to do this work, but generally casual labour is also engaged. Picking is done on the share-wages system which tends to make the pickers careless, their sole object being to secure as heavy a weight of cotton as possible. But it relieves the cultivator of the necessity of keeping his labourers up to the mark and enables him to get his crop harvested more quickly. On the whole, the system seems to be the best for the labourer as well as the cultivator, for both have least to meddle with each other during the course of the work. Roughly speaking the share of pickers varies inversely with the amount of cotton available in the field.<sup>1</sup> The average share is approximately 1/8th. The shares of pickers having been paid, cotton is brought home and

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1. It varies from 1/4th in the beginning of the season to 1/16th in the middle and again to 1/4th in the end.

after small deductions for the village *bania*<sup>1</sup> and home consumption, the rest of the cotton is sooner or later marketed.

An ordinary cultivator is either unable or unwilling to hold up his produce for any great length of time, due to the following reasons :—

- (1) The room for storage in the village is very limited.
- (2) Cotton is open to the danger of fire, as well as of discolouration due to compression.
- (3) The financial pressure—the need of ready money to meet rent and other seasonal charges *e. g.* land revenue, water rates<sup>2</sup>, etc.—impel the cultivator to sell away his produce with undue haste.

1. The house-wife barter a part of the produce for household and kitchen purchases

2. The seasonal dues have to be cleared by the end of January. In the Lyallpur District a cultivator with a square of land (27 acres) has to pay about Rs. 120 as kharif land revenue and water-rates. About 5 acres in a square are cultivated under cotton and the average output of raw cotton per acre is 7 mds, giving the cultivator about 35 mds. of raw cotton in a season. Cotton being the main cash crop of the season, a cultivator must sell away about 17 mds. of cotton *i. e.* 50% of his crop (taking Rs. 7 per md. as the average price of cotton) to pay the land revenue and water-rates.

Thus most of the cotton is sold away by the end of January. The Cotton Enquiry Committee, Punjab estimated in 1927-28 that less than 6% of the cotton produced was held up for sale after 31st January<sup>1</sup>.

## 2. Village Sales.

After leaving the cultivator's home cotton has to pass through the hands of a middle-man—*arhti* in the market. He seems to be an indispensable link between the buyer and the seller. But the village *bania* too, very often, comes in between the *arhti* and the grower. This is due to the fact that some cultivators either cannot or do not go to the market and hence dispose of their produce in the village to the village *bania* who takes it to the *arhti*. This practice of village sales, though gradually giving way, is still widely prevalent in some of the districts. Various reasons are responsible for it which are given below :—

### (1) Effect of debt :—

A debtor generally loses initiative in marketing. He has to deal with his creditor ; for the money-lender who is generally a village *bania* has advanced money to him on the condition that he would get his crop on maturity.

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1. *Cotton Enquiry Report Punjab* (1927-28) p. IV.

At times, the money-lender makes his appearance on the fields, and takes possession of almost the entire standing crop crediting to the grower's account the value of the cotton as estimated by him after deducting the expenses of cartage etc. from the average price of the season prevailing in the nearest market. The cultivator cannot resist this procedure, for, he incurs debt under the most pressing circumstances. His needs are immediate *viz.*, payment of land revenue, buying of cattle or seed, marriage of his children or relatives, conventional tips to the Patwari. So he cannot haggle about the terms of debt he undergoes in such a helpless situation. "Take for instance the need of a bullock arising at a time when ploughing is on and the delay of a few days may result in the total ruin of his crop. He has no time to calculate the rate of interest, his attention is fixed on the most urgent need. The least delay means no crop for the whole year. The same is the case when he requires seed to sow."<sup>1</sup>

Properly speaking this is not sale at all. The cultivator is helpless in such cases. He has scanty resources, his bargaining power is weak,

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1. *Rural India* (Peasants poverty, its causes and cure) by Chowdhry Mukhtiar Singh, pp. 37-38.

and he has to maintain his credit. Compulsion takes the place of judgment and discrimination. Moreover, he is generally illiterate, and ignorant of the prevalent market rates. The money-lender has all the advantages on his side. He is intelligent, clever and well-informed and strikes the bargain to his best advantage.

No doubt scales are gradually turning against the money-lenders. The growing enlightenment of the cultivator as well as the interest taken by the State in his welfare in the form of Relief of Indebtedness Act 1934, Debtor's Protection Act, 1936 and other measures taken under the Rural Reconstruction schemes, and opening of the Co-operative Societies have done much to loosen the money-lender's grip on the cultivator. It is no wonder, therefore, that to-day, sometimes, cultivators find debt to their advantage. As anxious to receive back his principal the money-lender does not hesitate to accept produce at higher rates than would be available to the cultivator in the market. As was pointed out by one of the merchants at Okara, "The shop-keeper who buys in the village and sells to an *arhti* is forced to do so and suffers a loss. He has to buy as he has already lent the money and is forced to keep on his dealings with the villagers."<sup>1</sup> Nor is the

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1. *Report of the Punjab Banking Enquiry Committee*, Evidence vol. II (1929-30) p. 1105.

custom that the debtor must sell to his creditor so prevalent now as it was before. The recent debt legislation has made the position of the creditor both unsafe and unstable. He is getting rather nervous.

(2) Botheration and suspicion involved in selling in a market : —

The cultivator generally shirks going to the market. In this he is right to some extent, because besides the considerable trouble of transportation which the hardy *Zamindar* would not mind, the whole atmosphere of the market place is alien to him. He has absolutely no voice in deciding the price of his produce. He is powerless against deductions and not in a few cases marketing charges are levied arbitrarily. In such a helpless situation even a just payment of the produce leaves much suspicion in his mind.

The Punjab Cotton Enquiry Report, 1927-28 pointed out the following factors as responsible for the cultivators' preference to sell their produce locally:—

- “(a) The inconvenience of taking the produce to the market.
- (b) No accurate information about rates in the market.

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1. *Cotton Enquiry Report*; Punjab p. v.

- (c) Prices being settled under cover in the markets.
- (d) The *arhtis* acting chiefly in the buyer's interest.
- (e) Disputes resulting in deductions which are agreed to by the *arhtis* without the seller's consent."

On the other hand, in the village he has some positive advantages. He has his own atmosphere. He can exert his influence on the buyer. He can refuse to sell, if the terms are unacceptable to him, and he would never allow any deductions. There are no disputes, no charges, no allowances, no waste of time, no question of what will have to be done, if the rates are unsatisfactory.

### 3. The Market Sales.

To-day more cultivators are found in the markets marketing their own cotton than were to be seen a few years ago. There is ample evidence to show that the market sales of cotton by the growers themselves are gradually increasing. Investigators of the Indian Central Cotton Committee examined 380 carts at the Lyallpur market in 1927-28 and found that only 31·4% of the cart-loads belonged to growers.<sup>1</sup> Again in 1931-32 two scholars of the Indian Central Cotton Com-

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1. *Cotton Enquiry Report*, P. 31. (Marketing Section).

mittee after examining 954 carts in the same market from November, 1931 to April, 1932, concluded that only 26·2% of the cart-loads in the market belonged to growers.<sup>1</sup>

A similar enquiry was made by me in the Lyallpur market for the season 1935-36. The information collected is summarised in the following table. It gives a fairly representative idea of the proportion of the two classes of carts brought to the market.

TABLE 3.

Number of cart-loads of cotton belonging to growers and middlemen respectively in the Lyallpur market in 1935-36.

Month.	Total No. of carts examined.	Carts belonging to		Percentage of carts belonging to	
		Culti-vators.	Middle-men.	Culti-vators.	Middle-men.
Nov.	73	44	29	60·3	39·7
Dec.	175	93	82	53·1	46·9
Jan.	130	66	64	50·7	49·3
Feb.	104	51	53	49·0	51·0
March	100	44	56	44·0	56·0
Total	582	298	284	51·2	48·8

1. *Vide the Journal of Agriculture and Live Stock in India*, Vol. V, Part VI, Nov. 1935, p. 694.

The foregoing table shows that the percentage of cultivators bringing their own cotton to the market was on an average 51·2, *i. e.*, more than half during the cotton season of 1935-36, which is in marked contrast to that in 1931-32 or 1927-28. There appears therefore to be a gradual tendency towards direct marketing by growers.

The following reasons may be put forward to explain this change.

1. The age-long confidence between the village community and the *bania* is tending to disappear. The latter no longer occupies an enviable position of trust and responsibility. His social status has been greatly reduced. The ancient regard for his word of honour has almost gone. He seems to have fallen on evil days. In the Lyallpur District, some of the village *banias* have left the villages and migrated to *mandi* towns to take to trade and industry, as the following information collected from a few villages will show.

TABLE 4.  
Migration of village banias.

Name of the village.	No. of banias in 1931-32.	No. of banias in 1935-36.
Chak No. 45 J. B. ...	4	3
Chak No. 223 J. B. ...	6	3
Chak No. 306 J. B. ...	8	4
Chak No. 282 J. B. ...	7	4
Chak No. 163 J. B. ...	9	4
Chak No. 46 J. B. ...	7	3
Total ...	41	21

The above table shows that in Lyallpur District where the cultivators are very clever, about 50% of the *banias* have left the villages.<sup>1</sup>

2. The cultivators, mostly in the Central Punjab, have begun to understand the tactics of the money-lenders by their past experience. They have grown more intelligent. They defy the village *bania*. Even debtors now prefer to

1. In the backward parts of the Province, as in the old *abadi* of the Multan District, the village *bania* is still regarded as the 'real banker, perfectly dependable friend of the family, the trusted guardian, efficient manager, and silent administrator of his ward's estate.'

market their own produce. Owing to the recent debt Legislation the moneylender too does not lend readily. So the importance of the debt as a factor responsible for village sales is decreasing.

3. The recent fall in the prices of the cultivator's crops has reduced his income. He is now hard-pressed for money and naturally does not mind the inconvenience and discomfort involved in going to the market where he expects to get a little higher price for his produce. The fact is that the marginal utility of money to one increases with a fall in one's income. Dr. Marshal aptly points out: "The clerk with £100 a year will walk to his business in a much heavier rain than the clerk with £300 a year".<sup>1</sup>

So a cultivator particularly in the central Punjab seems to be not only able or willing but also anxious to market his own produce. In the backward parts of the province, however, village sales are still popular. Growers are accustomed to dispose of their produce in the village either for want of precedence or lack of common sense or on account of being far away from the market. The information obtained from two villages<sup>2</sup> of

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1. *Principles*, 8th Edition, p. 19.

2. Villages Kothewalla and Choprata situated at a distance of 12 and 18 miles respectively from the Khanewal market.

Multan district shows that as much as 75% and 90% respectively of cotton produced was sold in the villages in 1935-36.

#### 4. Village Rates vs. Market Rates.

Competition among the village buyers where it exists seldom allows of much difference between the market and the village rates. In the village a grower can sell in small lots, while if he has himself to go to the market he might have to wait until he has a full cart-load. •

The Royal Commission on Agriculture, however, maintained that "Where the cultivator is in a position to dispose of his produce in a market however limited its scope, he obtains a much better price for it even when the cost of transportation is taken into consideration than when he disposes it of in his own village."<sup>1</sup> Investigators of the Indian Central Cotton Committee also made an enquiry into it at Lyallpur, from November, 1931, to April, 1932. They concluded that the difference between the village and the market rates at Lyallpur after deducting the costs of transportation and marketing was Rs. -1/4 per maund in *Desi* and

1. *Report of the Royal Commission on Agriculture, 1928* p. 388, Para 326.

Rs. 1/10 per maund in American cotton' which works out to be about 1.5% of the village prices and does not appear to be excessive considering the risk and trouble involved in direct marketing. Evidence on this point before the Punjab Banking Enquiry Committee was very scanty and conflicting.

I, too, made a comparative study of the village and market rates at Multan, Lyallpur and Khanewal for a few days and its results are given in the following table.

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1. For details see Journal of Agriculture and Live Stock in India, Vol. V, Part VI, November, 1935, Pp. 692-702.

TABLE 5.  
Village and Market Rates<sup>1</sup> of Cotton.

Serial No. of Rate.	Date.	Market	Village	Difference	Distance	State of Road.	Cartage	Net
		Rate.	Rate.	between Rates.	from the Market to the Village.		and Marketing Expenses.	Difference
		Rs. as. p.	Rs. as. p.	Rs. as. p.	Miles		Rs. as. p.	Rs. a. p.
1	12-10-35	4 6 0	4 0 0	0 6 0	12	Unmetalled	0 4 6	0 1 6
2	5-11-35	4 12 0	4 6 0	0 6 0	12	"	0 4 6	0 1 6
3	10-12-35	6 8 0	6 0 0	0 8 0	12	"	0 4 6	0 3 6
4	3-2-36	4 12 0	4 4 0	0 8 0	12	"	0 4 6	0 3 6
5	3-1-36	8 0 0	7 8 0	0 8 0	21	Metalled	0 7 0	0 1 0
6	2-1-36	7 15 0	7 8 0	0 7 0	21	"	0 6 0	0 1 0
7	15-1-36	7 4 0	7 0 0	0 4 0	4	Unmetalled	0 4 0	Nil.
8	16-1-36	7 4 0	7 0 0	0 4 0	4	"	0 4 0	Nil.
9	17-1-36	7 0 0	6 12 0	0 4 0	4	"	0 4 0	Nil.
10	18-1-36	7 0 0	6 12 0	0 4 0	4	"	0 4 0	Nil.
11	19-1-36	7 0 0	6 12 0	0 4 0	4	"	0 4 0	Nil.
12	20-1-36	6 14 0	6 10 0	0 4 0	4	"	0 4 0	Nil.

1. The first four rates were current in a village 12 miles away from Khanewal, the next two rates in the two chaks about 21 miles away from Lyallpur, (in these chaks cultivators are intelligent) and the next 6 rates in a village in the old Abadi of Multan District 4 miles away from Multan.

From the preceding table three conclusions follow :

- (1) There is little difference between the two rates, if the village is just near the market.
- (2) Even if the distance is long but the communications are good and the cultivators intelligent, the difference does not amount to much.
- (3) But if the distance is long and the communications poor then, the difference may be considerable.

All available evidence, however, pointed to the conclusion that even if there is no apparent difference between the Village and the Market rate, the village *bania* still manages to make some gain by false weighing.

Village sales might be desirable for ignorant cultivators who are likely to be at a greater disadvantage in the alien atmosphere of the market, but direct marketing must always be recommended for intelligent farmers. For, besides its educative value, the cultivator can secure a small profit for himself which accrues to the small purchaser in the village. Village sales of cotton, however, cannot altogether be eliminated. As was pointed out by Mr. G. E. B. Ashell I. C. S., Assistant Commissioner, Montgomery,

in his evidence before the Punjab Banking Enquiry Committee, "In Rabi people have begun to market their own crops but in Kharif the shopkeeper markets most of the Kapas even that of those who are not indebted to him. Kapas is picked at intervals. There is a temptation to sell over the small amounts as they come in rather than to collect them and to take them to the market. This habit is the most uneconomical. Each day he gets a *chit* detailing the amount of Kapas he has handed over, at the end of the month the amounts are totalled and the average price is agreed upon and he is credited with the return." <sup>1</sup>

### 5. Bahir ka Sauda.

Another wholesome practice which has been growing up rapidly in some parts of the Punjab for the last few years is termed as *Bahir ka Sauda* by the people in markets and villages. Buyers *i.e.*, exporting firms, factory owners etc., send their agents to the villages and terms of sale *e.g.* date of delivery, rate, and place of weighment are decided there and then. In some markets the practice is found to be very common as is shown by the following table.

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1. Evidence, Volume I, p. 133.

TABLE 6.

*Bahir ka Sauda* in a few markets in the season 1935-36

Number.	Name of the market.	Percentage of purchase through Bahir ka Sauda.
1	Burewala ...	65
2	Arifwala ...	40
3	Vihari ...	70
4	Sillanwali ...	90
5	War Berton ...	70

These figures given by experienced commission agents and sub-agents of cotton trading companies are, however, only estimates, but they do serve to indicate the extent to which this practice is gaining ground.

At Burewala market the actual amount of cotton bought by the Neeli Factory through this practice was studied by me for a week, and the information<sup>1</sup> collected is summarised below.

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1. For details see Appendix C.

**TABLE 7.**  
Cotton purchased by Neeli Factory at Burewala.

Date.	Arrival of carts.		Arrival of camels.	
	From Village.	From Market.	From Village.	From Market.
1-12-35	4	28	111	nil
2-12-35	nil	12	146	nil
3-12-35	nil	19	161	nil
4-12-35	6	20	220	nil
5-12-35	nil	22	194	nil
6-12-35	nil	16	186	nil
7-12-35	nil	28	158	nil
<b>Total</b>	<b>10</b>	<b>145</b>	<b>1176</b>	<b>nil</b>

The above table shows that cotton directly purchased from the villages mostly comes by camels (perhaps to avoid any loss by pilferage). Taking 8 maunds as the average amount of cotton carried by a camel and 30 maunds as carried by a cart-load, it will be clear that out of the total arrival of 14,013<sup>1</sup> maunds, 9,708 maunds

1.  $30(145+10)+8 \times 1,176 = 4,650+9,408 = 14,013$  mds.

*i.e.* more than 2/3rd of the total cotton arrived was purchased directly through the villages. Thus the percentages given in Table No. 6 seem to be a reasonably correct estimate of the extent of the practice.

The reason why this practice is resorted to and is growing more popular is that it is proving profitable both to the cultivator and to the buyer. The buyer thus escapes the cut-throat competition of the market and can assure his supply, and the seller is relieved from the inconvenience of taking his produce to the market and is also exempted from all customary deductions<sup>1</sup> in kind which have otherwise to be paid during the course of weighment in the factory. This practice is, however, against the interest of those *arhties* or village *sahukars* who have already lent money expecting to get the produce at the time of the harvest. It also deprives the menials in the market of the chief source of their livelihood.

This practice should not be taken to imply direct dealings between the buyers and the sellers. The buyer has still little confidence in the seller. He has to conduct such contracts through a middleman. He may be an *arhti* of the market or his agent or the *lambardar* of the village.

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1. See Chapter VII.

No doubt 'market sales' are to be preferred to 'village sales,' but the best practice seems to be for small cultivators to organise themselves into Co-operative Unions and divide cotton into various grades and invite exporting firms or factory owners to buy directly from the Union instead of through a middleman. This practice can secure for the small cultivators all the advantages which are within the reach of a big grower. But the past experience of the co-operative movement in our country gives little hope of its being realized soon. This presumes the confidence of the buyers in growers which at present is utterly lacking, nor are there any suitable and well recognised grades of cotton at present. Mr. Hafziger, Agent, Messrs. Volkart Bros., pointed out in 1917-18 in his evidence before the Indian Cotton Committee "In matters of trade the Punjab is in a state little short of anarchy. The element of trust so highly esteemed in European business life is out of place here.<sup>1</sup>" The situation is not very different to-day.

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1. Evidence Vol. IV (Commercial), p. 79.

## CHAPTER III.

### HOW COTTON GOES TO THE MARKET.

#### 1. Methods of Transport.

Cotton is taken to the market generally in carts but camels too are often employed. Small quantities are carried in gunny bags on donkeys also. Camels are especially used where the means of communication are poor and carts cannot run as in Khanewal and Multan. Cotton coming from Jhang District to Lyallpur too is carried by camels owing to the long distance and poor road communications. Janglies<sup>1</sup> as in the old *abadi* of Multan District seem to have a predilection for the camel, whereas the colonist from the Central Punjab always prefers his native cart.

A cart used for the transport of cotton is provided with gunny-cloth sides called *Pallis*. Cotton is generally loaded in the carts a day before it is to be transported to the market. A cart loaded with cotton travels at the rate of 2 to  $2\frac{1}{2}$  miles an hour and on an average carries 28 maunds of cotton.

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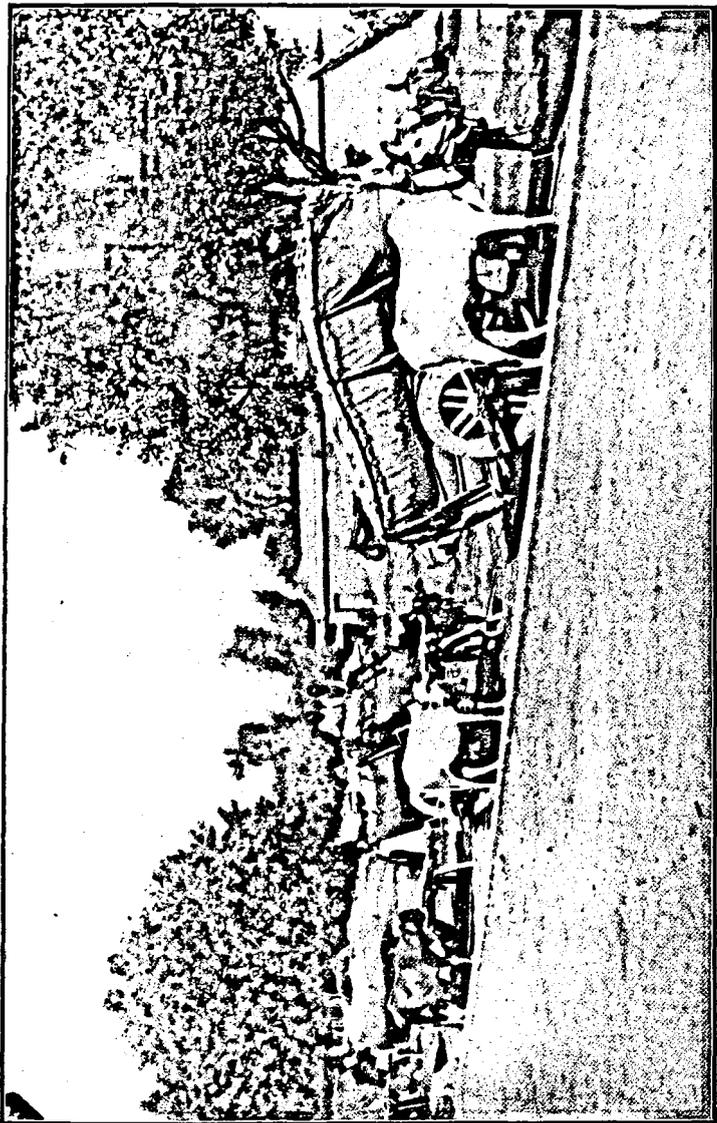
1. Keeping of camels is the chief means of livelihood of some of the wild Mohammadan tribes. The names of a few of such tribes in the old *Abadi* of Multan District are *Ahīr*, *Sutrak*, *Viji*, *Badh*, *Mach* and *Khawarah*.

Cotton brought on camels is considered to suffer in quality, because it has to be bagged and is liable to be roughly handled. It, therefore, generally fetches a lower price in the market. A camel loaded with cotton travels at the speed of 3 to 4 miles an hour and on an average it carries 8 maunds of cotton in two gunny bags.

Motor transport too is now penetrating into the country-side and with proper supervision and improved communications it can be expected in the near future to render valuable service to the cultivator in the marketing of his crops. The following table shows the increase in the number of motor vehicles in the Province.

TABLE 8.

Year.	Number of motor vehicles registered under the Motor Vehicle Act.
1932-33      ...	11,172
1933-34      ...	12 836
1934-35      ...	14,765
1935-36      ...	16,500



Cotton on its way to the Market.

The above table shows that during a short period of three years more than 5,000 vehicles were registered. But it can hardly replace carts or camels specially under the present state of village communications.

## 2. Village Communications.

Most of the villages are not linked by any metalled roads. There are only rough cart-tracks or footpaths from villages to the market or to the main road. These paths are narrow and irregular with a pit here and a pool there, and are almost impassable during rains.

No doubt, the Punjab has made a considerable improvement in the mileage of provincial metalled roads during the last ten years, but nothing has so far been done to improve the village communications. The provision of excellent main roads is of little use to the cultivator, if his access to them is hampered by the poor condition of the feeder roads, which connect his village with them. The nature of the distance between his village and the main road and the market is of special importance to the cultivator.

Improved village communications will increase the contact between the village and the town. An ordinary cultivator will no longer feel

himself an alien in the market. He will not hesitate to market his own produce. It will also tend to reduce the difference between the village and the market rates. Incidentally it will lessen the constant strain on draught animals, increase their efficiency, quicken their pace and increase their carrying capacity. Above all, it will certainly reduce the cost of transport of the produce particularly over long distances. This will be of great material advantage to the cultivator, for the cost of transportation forms an important factor in determining the net price obtained by the cultivator. This factor is unavoidable whether cotton is sold to the money-lender, small trader, big exporting firm or brought directly to the market. For in the last case, even if payment is not made in cash, it has to be borne in the form of manual and bullock labour and depreciation of the cart. The fact that the nature of the road has a considerable effect particularly over long distances is clear from the conclusions summarised in the following table by the investigators of the Indian Central Cotton Committee.

TABLE 9.<sup>1</sup>

Distance travelled.	Metalled Road.			Unmetalled Road.			Percentage increase in the cost of transport over unmetalled roads expressed as percentage of cost over metalled roads.
	Average distance.	Rate per md.	Rate per md. per mile.	Average distance.	Rate per md.	Rate per md. per mile.	
	Miles		Pies.	Miles		Pies.	
Upto 10 miles.	6·2	-/2/-	3·9	8·1	-/2/10	4·2	7·7
11 to 20 miles.	14·2	-/3/-	2·5	15·7	-/3/7	2·7	8·0
Above 20 miles.	25·5	-/3/2	1·5	24·4	-/4/1	2·0	33·3

1. *Vide, Journal of Agriculture & Live Stock in India*, Vol. V, Part VI, November, 1935.

From the foregoing table it is clear that the nature of the road does not affect materially the cost of transport, when the distance to be travelled is not very long. Upto 10 miles the cost of transportation on an unmetalled road is only 7·7%<sup>1</sup> above that on a metalled road. In the case of distances above 20 miles it is 33·3%<sup>2</sup> higher. It may, however, be noted that the season<sup>3</sup> when cotton is marketed is dry.

The table also reveals that an increase in the distance increases the rate charged per maund though not in the same proportion. This is but natural, because on short distances the unloading and loading of carts which are the same for both kinds of roads form a greater part of the cost, while on long distances the actual work of transportation costs much more.

The nature and mileage of distance are, however, not the only factors governing the cost of transportation everywhere. For instance, I found at Gojra carts coming from Chak 163 J. B. at a distance of 6 miles from Gojra paying 7/4/- per maund as cartage, while those coming from Chak

$$1. \frac{4.2-3.9}{3.9} \times 100 = 7.7.$$

$$2. \frac{2.0-1.5}{1.5} \times 100 = 33.3.$$

3. From November to April.

483 J. B. situated at a distance of 22 miles paid only -/3/6 per maund, the nature of road being the same in both the cases *i. e. kacha*, the reason being that more cartmen are available at Chak 413 J. B. than in Chak 163 J. B. This is due to the fact that owing to the greater distance (22 miles) there has been a keen demand for cartmen who have been attracted there in such large numbers that now their supply has outgrown the demand for them.<sup>1</sup>

But, whatever may be the exact effect of the nature of the road on the cost of transportation, their value cannot be denied in breaking the isolation of the village from the town and in encouraging direct marketing.

The Government too seems to be quite alive to this fact, as it is inclined to the view "that when funds are available the best policy will be to provincialise all the District Board metalled roads and to set free all amounts which the District Board now spends upon them for opening out village communications and maintaining *kacha* roads in good condition, thus leading to the speeding up of transport, which will break down village prejudices, monotony, stagnation and mental starvation."

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1. The adjustment of economic forces of supply and demand is more complicated in villages.

But no fear need be entertained about the lack of funds, for "improved roads are not a luxury to be enjoyed if we have the means and put aside if we have not. The fact is that we lose more by not improving them than it costs to improve them, so that we may say that we pay for improved roads whether we have them, or not and we pay less if we have them than if we have not".<sup>1</sup> Moreover, a part of the cost required for the construction and maintenance of these roads can be covered by the villagers themselves if they can be induced by the village *Panchayats* to tax themselves in the form of the provision of labour, if not in money. Thus with the co-operation of the rural folk themselves the problem admits of an easy solution.

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1. *Report of the Agricultural Department U. S. A.* (quoted in *Indian Economic Journal* 1928, Vol. 9, p. 584).

## CHAPTER IV.

### COTTON MARKETS IN THE PUNJAB.

#### 1. General Features.

A market in the Punjab usually consists of shops built round three or four sides of a rectangle with wide brick pavements for unloading, examining, clearing, weighing and bagging the produce. There is a large open space in the middle where carts or camels can stand, a well for water and a tree or two for shade. The railway goods station and the ginning factories are not far away, and close by are mandi-bazars. At some places, however, there is no regular market place as defined above, as at Multan and Rohtak the produce is taken direct to the ginning factories; in fact, each factory constitutes a market place. At Kasur too there is no common meeting place, all the shops of the *arhties* (150) are scattered about in the city.

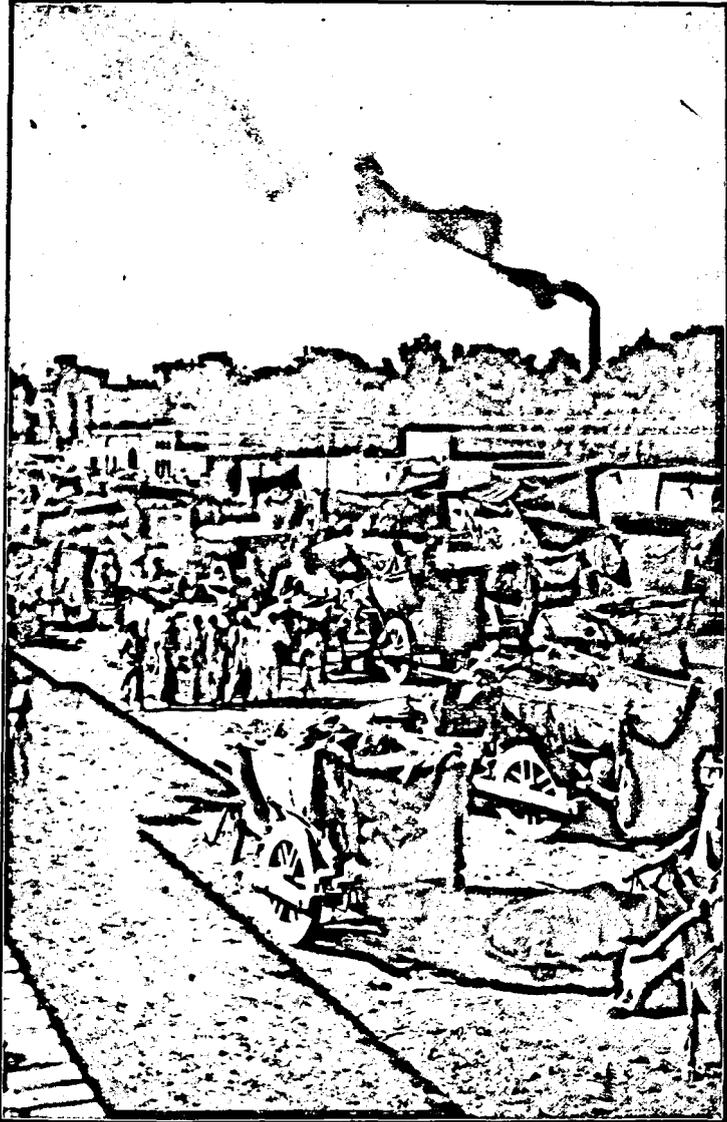
In the Punjab markets, every kind of produce is brought for sale. There are no separate markets for cotton, as are found in Bombay and Berar. It is sold and purchased through the same commission agents who arrange for the sale of other agricultural produce. Even Lyallpur and Okara which are considered to be the biggest

markets for cotton have no separate market places for it. At Lyallpur space is so limited in the markets<sup>1</sup> that carts of cotton wait outside in front of the ginning factories which are situated on both sides of a road. Markets for cotton vary considerably in their degree of development. The following is the list of important cotton markets in the canal colonies, classified according to Railway Lines :—

1. Lyallpur--Chuhar Kana, Sangla, Chak Jhumra, Lyallpur, Gojra and Toba Tek Singh.
2. Jaranwala - Kamalia, Tandlianwala, Jaranwala, Nankana Sahib and War-Barton.
3. Montgomery - Multan, Khanewal, Mian Channu, Chichawatni, Montgomery Okara and Pattoki.
4. Sargodha—Silanwali, Sargodha, Bhalwal, Phullarwan, Malakwal, and Mandi Bahauddin.
5. Arifwala—Pakpattan, Arifwala, Burewala, and Vehari.

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1. At Lyallpur there are two market places and the construction of a third was under consideration at the time of my visit. But it is not possible to construct a very big market at Lyallpur owing to the peculiar circular construction of the city.



Cotton in the Market - (1)

Okara<sup>1</sup> and Lyallpur are considered to be the most important markets for cotton in the Punjab.

Of all the people who constitute a market-place the most important is the *arhti*. He is, as if it were a pivot about whom the whole business rotates. In no market it is obligatory upon the seller to engage an *arhti*, but the sellers do employ one to champion their cause. For the buyer, too, his presence is of no little use. As already stated owing to lack of confidence, direct dealings between the buyer and the seller do not seem to be possible. Besides, it saves the buyer from waste of time and botheration, because the *arhti* brings several sellers with him. Thus instead of paying several small sums to illiterate sellers who take a good deal of time to understand the calculations the buyer makes one single payment to the *arhti* thus saving much clerical work.

There are three kinds of *arhtis* in the markets, viz. (1) *kachcha* (2) *pakka*, and (3) *pakka-kachcha*. The agent with limited resources usually acts as an agent for the seller and does little of storage. But the agent with ample resources acts as an agent for buyers, viz. firms in the cities etc. He buys usually through the

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1. Major Priendax is of opinion that arrivals of cotton in the Okara Market are always the highest, though Railway statistics do not indicate that, because a part of the cotton arrived here is marketed by road.

*kachcha arhti*. He often buys for himself and stores freely. The business done by the first type is called *kacchi* and that by second *pakki arhti*. In every market there are also found a number of *kachcha-pakka arhtis* who do both kinds of business. The number of these types varies in different markets as is clear from the following figures.

TABLE 10.

Name of the market.	No. of Kachha Arhti.	No. of Pakka Arhti.	No. of Kachha and Pakka Arhtis.	Total.
Lyallpur	38	16	45	99
Gojra	50	30	10	90
Jaranwala	56	7	7	70
Toba-Tek Singh	55	8	7	70
Okara	50	25	23	98
Arifwala	...	...	60	60
Jahnia	12	...	6	18
Kasur	75	30	45	150
Burewala	...	...	35	35

From the preceding table it is clear that kachchi *arhat* is more popular with the *arhtis*. These *arhtis* are mostly non-agriculturists, *Aroras*, *Banias*, *Khatris* etc., as at Burewala market, out of 35 *arhtis*, 19 were found to be *Aroras*, 4 *Khatris* and 12 *Banias*.

The season for the marketing of cotton in the Punjab usually lasts from the middle of October to the end of April. The season for the American cotton begins as well as ends a few days later than the *Desi*. In the months of December and January all cotton markets are in full swing, as the arrival of cotton then is higher than in the rest of the season.

TABLE 11.

Cotton arrivals at Lyallpur Market in 1934-35  
and in 1935-36 month by month :—

Month.	1934-35.			1935-36.		
	Total Arrivals.	American	Desi.	Total arrivals.	American	Desi.
October	1071	...	1071	1487	275	1212
November	6693	1834	4864	8982	3612	5370
December	12305	6370	5935	14130	8855	5275
January	11780	6595	5185	17670	11165	5905
February	5215	2700	2515	11535	4125	7410
March	6674	3474	3200	10557	6452	4105
April	4075	1370	2705	4565	3245	1320
	47818	22343	25475	68926	37729	30597

The above figures<sup>1</sup> show that the total arrivals of cotton were higher in the months of December and January than in other months. This is due to the following reasons :—

1. Obtained from L. Kishan Chand incharge Agricultural Stall, Lyallpur.

- (a) Most of the cotton is picked during these months and it is easier for the cultivator to make full loads for their carts.
- (b) The cultivator is said to have a greater leisure during these months.
- (c) The payment of seasonal charges<sup>1</sup> falls due in these months, hence the cultivator is anxious to sell his cotton.

## 2. Area controlled by different markets.

The Royal Commission on Agriculture has stated that "In the Punjab a twelve miles' radius represents the limits within which agricultural produce flows easily to a market centre."<sup>2</sup> This should not, however, be taken to be strictly true. The extent of the distance is not the only factor which a cultivator takes into account when deciding about taking his produce to a market. For the seller, the prospects of prices are the primary consideration. He does not mind going to a distant market, if he believes, that he can secure a better rate there. At Lyallpur market<sup>3</sup> cultivators are found coming from very far off *Chaks* which are nearer to other markets. A couple of instances are given below.

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- 1. See Chapter II, p. 16, Foot note.
  - 2. *Report of the Royal Commission on Agriculture*, p. 380.
  - 3. The prospects of prices at Lyallpur are always brighter owing to the keen competition among buyers because of the presence of the Delhi Cloth Mill and head offices of various cotton trading companies.

- (a) The produce from Samundari 28 miles away from Lyallpur is carried to Lyallpur market, in spite of the fact that Gojra and Tandlianwala are easier to reach being only 18 miles and 12 miles from it respectively. The cartage to Lyallpur too is higher, being -/3/- per maund as against -/2/6 and -/2/- to Gojra and Tandlianwala.
- (b) The produce of the Kanjwani village too is usually brought to the Lyallpur market, though it can be taken to Gojra with less cartage expenses. Such instances can be multiplied for various markets.

So it is not possible to make a definite statement about the area controlled by all markets. A cultivator while making up his mind to take produce to a market, has before him a few rival markets from which he has to select one. The following are some of the markets visited by me and those generally competing with them.

TABLE 12.

Name of the Market.	No. of competing markets.	Name of the competing markets.	Distance from competing markets to the main market.
Lyalpur	4	Chak Jhumara	miles. 12
		Gojra	31
		Sangla	27
		Jaranwala	22
Gojra	2	Lyalpur	31
		Toba-Tek Singh	17
Okara	2	Pattoki	29
		Montgomery	23
Multan	3	Khanewal	28
		Khengarh	19
		Shujabad	25
Khanewal	2	Multan	28
		Mianchannu	28
Tandlianwala	2	Jaranwala Nankana Sahib	27
Burewala	2	Arifwala	25
		Vehari	22

Taking any one of the above markets, say Lyallpur, it is clear that a seller before taking his produce to it, will weigh in his mind the comparative gain against loss in taking his produce to any of the competing markets—Chak Jhumara, Gojra, Sangla, Jaranwala. He will act in a manner so as to secure maximum net revenue or gain'.<sup>1</sup>

### 3. Organisation of the Markets.

There are no formally organised local markets in the Punjab. The existing markets have no officers or by-laws. The methods and practices that exist are simply established customs. In some important markets there do exist associations or *panchayats* comprising of the prominent *arhtis* of the market to promote trade, settle disputes and control business. These have their own bye-laws. But these bodies have no legal existence and are generally found to be inactive. Even at Lyallpur and Okara such associations have ceased to function owing to mutual party differences.

The Indian Cotton Committee approved of the type of cotton markets existing in Berar and recommended that "the Punjab canal colonies are specially favourable to the establishment of

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1. He unconsciously applies Marshall's Principle of Substitution.

such markets owing to the fact that the proportion of cotton to other crops in those areas is high". The cotton markets in Berar are established by law, the Act under which they are administered being the Berar Cotton and Grain Markets Law, 1897. "Under this Act, markets and bazars may be notified and committees may be appointed for the purpose of managing them. Rules may be made in regard to the management of the markets and bazars, the levy, collection and disposal of fees therein, the conditions under which licenses may be issued to the brokers, weighmen and measures, the places for weighing and measuring, the scales, weight and measures to be used and their inspection, verification and correction and so on".<sup>2</sup> The Indian Cotton Committee regarded the rules of these cotton markets as on the whole excellent. They, however, pointed out one serious defect inherent in the constitution of the committees which used to administer these Laws. The majority of the members of these committees were *arhtis* or large buyers who naturally did not wish to offend the class to which they belonged or on which they were closely dependent for a successful season's

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1. *Report of the Indian Cotton Committee*, 1919, p. 126.

2. *Ibid* Chapter XVI, Part II, p. 125.

trade and hence did not take energetic action against defaulters. Bombay Legislation (Cotton Act 1927), however, has removed the defect inherent in the constitution of the committees. According to it not less than half the members of the committee are to be elected by the cotton growers of the area served by the market. Moreover, it definitely defines the trade allowances which it prohibits to take. Hence the Royal Commission on Agriculture recommended the establishment of such regulated markets on the principles underlying the Berar System with all the desirable improvements as effected by Bombay Legislation, to secure for the cultivator better prices, fairer weighment, and freedom from illegal deductions. Rather it goes a step further by recommending that the system should also be extended to products other than cotton.<sup>1</sup>

But so far no action has been taken on these lines in the Punjab though the marketing department recently constituted is studying the problem seriously and its reports and recommendations are expected to be out before long. Owing to the vested interests there is a popular prejudice in the markets against any legislation as *arhtis*'s wish to maintain their *status-quo*. As they say in the Punjabi "*Kanun tey Biofar da*

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1. See the *Report of the Royal Commission on Agriculture, 1927-28*, p. 391.

*Vair*" (conflict between legislation and business.)

In their opinion the present code of rules and the recognised practices of the market are working fairly well and they hold that the situation is misrepresented by the enthusiastic reformer of the marketing problem.<sup>1</sup> It, however, seems very desirable that the regulated markets should at least be given a fair trial in this province on the lines of those established in Bombay and Berar making use of their early experience.

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1. The evidence before the Indian Cotton Committee, 1918, too was not unanimous on this point. As Mr. A. J. W. Kitchin, C. I. E., I. C. S., in his evidence said, "There is no gain in having a swarm of *mandi* officials. As far as possible the arrangements should be run by itself. The general moral sense of the trade is much higher than the normal standard of the many individuals who belong to it. The trade itself would impose more careful and stronger regulations than are at present in force. The ordinary *Chaudhries* are quite decent people but they are helpless against defaulters. No one appoints them. They are just leaders. These *Chaudhries* should have more legal powers. (Evidence Vol. IV (Commercial) Part I, p. 67.) The balance of opinion placed before the Committee was, however, in favour of the regulated markets,

## CHAPTER V. SALE IN THE MARKET.

### 1. Cotton Arrives.

Markets open early in the morning. Some sellers have already arrived there, leaving their distant villages at sunset, perhaps after their evening meals, while others begin coming in as the market opens. Sellers with very small quantities (carrying cotton on their heads or on donkeys) dispose of their produce usually to the small retail shop-keepers sitting just outside the *mandi* premises. They get ready cash, make a few petty purchases from the bazar and return to their homes.

But the seller with a cart or a camel-load goes to his permanent *arhti*'s shop from whom he has sometimes taken advances also. The *arhti*, clever in his trade as he is, stands up with a smiling face, appears to be very generous, kind and sympathetic and receives the seller with sweet and honeyed words. He tells the *Langri* to prepare meals for the 'guest of the day' or more aptly 'the victim under his grip.' After a few minutes the owner is left to himself, the *arhti* is now busy otherwise. The owner of the cart makes his cart stand and tries to while

away the time either at the *arhti's* shop or in the *mandi* bazar. There is no fixed place where he can retire and take rest. The cattle, too, share the same fate. Thus they have to wait till the cotton transactions take place.

## 2. Time for Cotton Transactions.

Cotton transactions generally take place in the afternoon or in the evening. This time is very inconvenient to cultivators, it gets dark even before they can leave for their homes. Buyers seem to have deliberately fixed these times, as they know that sellers yield to deductions or allowances claimed during weighment much more readily late in the evening. Moreover, they are anxious to see the latest possible foreign quotations about the rates. In case it grows very late, the weighment is postponed to the next day and the buyer can thus see the foreign quotations of the next morning also. The following table shows the usual times of cotton transactions in some important markets.

TABLE 13.

Serial No.	Name of the Market.	Times.
1	Lyallpur ...	9-30 to 11 a. m.
2	Chak Jhumara ...	3 p. m.
3	Sangla ...	2-30 p. m.
4	Gojra ...	12 to 1-30 a. m.
5	Toba Tek Singh ...	2 to 3 p. m.
6	Tandlianwala ...	2-30 to 4 p. m.
7	Jaranwala ...	2 to 3 p. m.
8	Nankana Sahib ...	2 to 3 p. m.
9	Bahauddin ...	3 to 4 p. m.
10	Okara ...	3 to 4 p. m.
11	Sargodha ...	1 to 2 p. m.
12	Bhurewala ...	3 to 4 p. m.
13	Jahanian ...	5 to 6 p. m.
14	Pattoki ...	4 to 5 p. m.

It is clear from the above table that except at the market of Lyallpur where these transactions take place before 12 a. m., in all other markets they usually continue till late in the evening. This naturally involves the cultivator's waste of time, inconvenience and sometimes also extra expenses for staying over night. In these markets it is not always possible to effect the delivery of the whole cotton before sunset.

### 3. Method of Settling Rates.

The Main method by which rates of cotton are settled in different markets is known as 'under the cover method' or 'secret bids'. It may be described as follows :—

The cultivator on his arrival in the market immediately arranges with his particular *arhti* for the sale of his produce. All the intending buyers gather in the market at the usual time. Each *arhti* proceeds to show the various buyers his client's produce. Buyers carefully examine each cart, pulling out small samples from various parts of the carts to test the colour, cleanliness and spinning capacity of cotton. The *arhti* throws a thick cloth over the hands of the buyer (*dqalal*) who conveys his bid by clasp ing the right hand finger of the *arhti*. The price is expressed in terms of rupees, four-anna pieces,

pice and half pice. For each part of the price a specific number of fingers is represented.<sup>1</sup>

The operation is repeated till the last buyer in the group is consulted. The bidders are kept in the dark about one another's bid. The offer of the highest among the buyers is then communicated to the seller. If it is acceptable to him the bargain is closed forthwith; otherwise the same process is repeated until a price satisfactory to the seller is reached. There is no intelligible speech or language and little voice is heard. They all speak with their hands, as if it were.<sup>2</sup>

This system has many advantages as well as disadvantages, but generally its advantages

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1. The value of each finger depends upon the ruling rate. If the rate is less than Rs. 4 each finger indicates a rupee, but if it is higher then the value of each finger rises. For instance, if the rate is about Rs. 30 per maund, the offer will be conveyed by two clasps. The first will denote tens, each finger representing Rs. 10 while in the second clasp each finger will represent a rupee. Similarly if a buyer wishes to bid Rs. 43 he will first clasp four fingers to indicate Rs. 40 and then three fingers to represent Rs. 3. In some cases only one clasp is used instead of two i. e. Rs. 33 may be indicated by a single clasp of three fingers as the tens are taken for granted. After rupees, annas are dealt with in the terms of "pau" (four-anna pice); pice and half pice coming last.

2. The difference between the single bid and the repeated bid is that under the former the buyer can offer his bid only once, while in the latter he can raise it again. But the convention always stands to encourage single and highest bids, because it saves time.

escape the notice of a superficial observer who is at once tempted to remark that "all is not safe underneath the cloth." Generally three main drawbacks are pointed out by its critics.

(1) The seller does not come into contact with the buyer. He is forced and duped to sell at prices in settling which he plays no active part. The owner of the produce is merely an indifferent onlooker.

(2) The system engenders suspicion instead of creating confidence in the minds of the cultivators. Publicity, in fact, is one of the essential characteristics of an organised cotton market. The *arhti* may refuse even the highest bid and keep the stock for himself, or if he happens to be a friend of a particular buyer, he may favour him without creating any doubt in the seller's mind or may charge a little commission from the buyer for himself.<sup>1</sup>

(3) It takes more time on the whole to settle every cart under the cover.

But the above drawbacks are often exaggerated. In the first instance, to say that the seller does not understand the secret, is hardly true. He is consulted first and last by the *arhti*.

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1. For instance if A bids Rupees 9 and B bids Rs. 8, the *arhti* can sell at, say, Rs. 8-8.

Those sellers who are village-merchants or shopkeepers know all the artifices of trade. The bargain cannot be closed unless and until the seller is satisfied. If he is not satisfied the cotton can be left under the custody of the *arhti* who advances him a loan on the security of goods to be sold later when the market improves.

The other charge, too, that the *arhti* may help his friend or cheat the seller seems to possess little strength, for the seller is generally a regular customer of the *arhti* and has usually taken advances from him also. He can deposit his goods and get fresh advances if necessary. He pays about eight times the commission that the buyer might give. If once the fraud comes to light, he loses the customer's confidence who is apt to be driven into the arms of one of the rival commission agents. There is a complete absence of preliminary consultation between the buyers and the *arhtis*. Moreover, there is hardly any great difference between the bids of two buyers such as to leave a wide margin for the *arhti* to help his friend or charge a commission for himself.

No doubt, it takes more time to settle every cart under the cover, but this method also saves time in that the buyer has to give his highest bid once for all unlike in an auction.

This clandestine practice has on the other hand some positive advantages :

(1) In a market there are generally all sorts of buyers; some indifferent and hesitant and others needy<sup>1</sup> and hasty. Such needy buyers offer higher bids underneath the cloth, fearing that rivals may knock off the bargain, if they quote low. Thus the system ensures a fair price for the seller.

(2) The price which the buyer offers for a certain quantity of cotton is generally determined by its colour, cleanliness and capacity (the percentage of lint). Each buyer is likely to judge differently. So there is a greater likelihood of sellers making a gain by the judgement of competing buyers who are in the dark about one another's bid<sup>2</sup>.

In big markets like Lyallpur and Okara, however, the method is not practicable throughout the season. For in December and January, when the arrivals of carts is very high, want of time does

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1. The buyers are needy and hasty, if for example their contract to deliver a certain quantity of cotton falls due on that day or they may be badly needing some particular variety for mixing.

2. Suppose A, B, C and D have after inspecting the stuff estimated to offer Rs. 32, 30, 28 and 27 respectively. A would never offer Rs. 32, if the prices be called out at an auction. He may offer Rs. 30, plus a few annas.

not permit of settling every cart under the cover. Moreover, the supply being large, the buyers are also not very keen to bid separately. At Tandlianwala and Gojra, too, the method has not been practicable in a few busy months. The method followed in its stead, in those months, is that buyers assemble in a particular place and agree to one rate on the basis of Bombay quotations received. This rate is announced in the market. In case they do not happen to agree, they announce their individual rates. Even if one rate is announced for the market, needy buyers may agree to higher rates<sup>1</sup>.

It may, however, be pointed out that 'under the cover' method is not very safe from the point of view of the *arhti*. It excites keen competition among buyers who may some time bid even beyond their capacity to pay. The *arhtis* pay the settled price to the seller in advance, so they run a risk and suffer a heavy loss, if the buyer becomes insolvent and does not pay.<sup>2</sup>

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1. Several such instances were recorded by me at various markets, for instance at Okara, I found that the broker of the Krishna Cotton Factory agreed to pay Rs. 8/8/- per maund, while the market rate of the day was Rs. 8/6/6. He, however, managed to charge some allowance, when cotton was brought and weighed in the factory.

2 Such a case recently happened at the market of Khanewal where a big *arhti* had to suffer a heavy loss.

#### 4. System of Weighment.

Special weighmen known as '*Tolas*' are employed by *arhtis* to weigh cotton. The ordinary beam scale and *pakka* weights (40 seers =one maund) are in use. But in most of the markets the buyer demands  $\frac{1}{4}$  to  $\frac{1}{2}$  seer per maund in addition, so as to compensate for loss in weight due to dampness, admixture of leaf etc. In case he does not get this additional amount, he charges from the seller a sum called '*karta*'. It will be clear from the following table.

TABLE 14.

Market.	Weight of a maund.	Karta.
Okara ...	40 $\frac{1}{2}$	-/10/- per Rs. 100
Chak Jhumara ...	40 $\frac{1}{2}$	
Jaranwala ...	40	
Sangla Hills ...	40 $\frac{1}{4}$	
Nankana Sahib ...	40 $\frac{1}{4}$	
Tandlianwala ...	40-9	
Toba Tek Singh ...	40 $\frac{1}{2}$	

The above table shows that in all markets the additional payment in kind has to be made by the seller, except at Jaranwala, where he has to pay a sum of -/10/- per Rs. 100/- instead.

The cotton to be weighed is placed inside a piece of a gunny bag, and ropes tied to each corner are used to suspend it from the beam of the scale. The unit of weightment is usually 20 seers. Three labourers are employed by the *arhti* to remove the cotton from the cart and place it on the scale, while the buyer has to employ his own labourers to remove it from the scale and place it in godowns.

The weighman is said to frequently manipulate the scales to the detriment of the seller. The Royal Commission on Agriculture, therefore, recommended the provision of weigh-bridges in the markets. But weighmen can hardly be dispensed with. By the present method, as pointed out by Mr. L. R. Dawar, "the entire cart-load is sifted, that dust and dirt are in a measure eliminated and that large scale adulteration or fraud is checked. Weighing by cart-load (on weigh-bridges) might possibly lead to greater adulteration and fraud by the unscrupulous among the sellers, with the result that the more honest seller will be penalised"<sup>1</sup>.

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1. *Market practices in the Punjab* (1934) by L. R. Dawar, p. 45.

The weigh-bridges can, however, be of use to the seller as a supplement to, and not a substitute for a weighman. The sellers generally do not weigh or measure their produce carefully before they leave for the market. If there are weigh-bridges in the market, they can get an approximate idea of their produce before hand and can thus verify the weight declared by the weigh-man. Any one willing to do so can first weigh the cart-load of his produce and then his cart on being emptied. At the time of weighing various arbitrary deductions are made, but a special kind of payment claimed during the weighing by the buyer known as 'allowance' or *watta* deserves a special mention here.

##### 5. Allowance or the Watta System.

The buyer generally claims such deductions on the ground that the cotton throughout the whole cart is not of a uniform quality, is not up to sample or is damp, or that cotton in the middle of the cart is dirty and inferior in quality to that exhibited on the outside. The deductions are claimed in either of the following two ways :

- (1) Allowances in the weight claimed for dirt, leaf and other admixture.
- (2) Reduction of rate, which is claimed for inferior quality, stain and unevenness.

In case the seller does not agree to pay the allowance claimed and a dispute arises, the *arhti* does not champion the cause of his client seriously. He is generally inclined favourably towards the buyer. The seller has no option but to submit to these claims, as a cart-load of cotton once rejected loses its reputation. Such deductions are usually claimed, when it is too late to go elsewhere. Moreover, the portion of his produce already weighed is mixed with the other produce in the purchaser's godown. If at all he persists to reload his cart and go back he has to face no little difficulty in securing the necessary permission to enable him to pass out of the gate of the factory. The men in the factory befool him. Mr. A.J.W. Kitchner C.I.E., I.C.S., Deputy Commissioner, Lyallpur, in 1918, rightly remarked in his evidence before the Indian Cotton Committee, "The weighments made inside the factory with the gates shut and carts unloaded are a constant source of grievance. The zamindar in his contest with the factory owner from the very nature of his commodity is at a very serious disadvantage". One cannot describe the state of mind of a cultivator who has to reload his cart and journey back to the

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1. *Indian Cotton Committee Report*, 1919, Evidence Vol. IV.

distant village with weary bullocks along *kachcha* tracks late at night.

Such actions on the part of the buyers naturally engender ill feelings in the minds of sellers. When cotton has been deliberately damped by being placed in wet water courses, as is not rare, or if it has been adulterated with earth or sand or leaves to gain weight, or if all qualities of *kapus* of American and Desi varieties have been too freely mixed up, as is generally done by the village *bania*, who mixes indiscriminately all cotton, sold in small quantities at his shop, such deductions are legitimate. As Mr. Kitchener said, "Blame is not on one side, we know that the Zamindar waters the *kapas*, puts his best cotton on the top of his cart, his worst in the middle and bricks at the bottom"<sup>1</sup>. But the system being very elastic buyers are generally found abusing it. In the market they easily accept higher rates to defeat their competitors simply because they know that they can reduce it in their factory by claiming deductions.

This practice is so old and so common that it has become, as if it were a systematised dis-

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1. Indian Cotton Committee Report Evidence Vol. IV, Part I, p. 67.

honesty. The following table<sup>1</sup> will show the number of cart-loads paying allowances and the amount of deduction claimed in the Krishna Cotton Factory, Okara, on a few dates :—

TABLE 15.

Showing the Number of carts paying allowance and its amount.

Date.	Arrivals.		Rate per maund.	Average allowance per maund.	No. of carts paying allowance.
	Arrivals of carts in mandi.	Arrivals of carts in factories.			
			Rs. as. ps.	Rs. as. ps.	
1-3-36	200	70	6 15 0	0 3 0	25
2-3-36	80	23	6 12 0	0 2 0	12
3-3-36	80	40	6 11 0	0 2 0	15
4-3-36	150	20	6 14 0	0 3 0	12
5-3-36	130	40	6 12 6	0 2 0	10
6-3-36	50	10	6 10 6	0 3 0	8
7-3-36	20	10	6 11 0	0 2 0	8
13-3-36	200	50	7 1 0	0 1 0	10
14-3-36	250	80	7 13 0	0 1 0	5
Total	1160	343			105

1. The information was supplied by the weighman of the factory.

The above table shows that 105 cart-loads out of 343 arriving at the factory during the ten days, had to pay an allowance *i. e.* about 30% of the carts paid allowance which varied between -/1/- and -/3/- per maund. The Cotton Enquiry Report, Punjab, states to have met with cases paying an allowance of as high as -/12/- per maund. That was perhaps due to the higher rates of the time.

It may, however, be stated that this practice is not an inseparable part of the marketing of cotton. In some markets a practice known as the 'heap system' is current which does not provide any scope to the buyers to claim deductions after the rate has been settled. As, for instance, at Kasur, Moga, Chak Jhumara, Malikwal, Phularwan Abohar and Bahauddin markets, the cotton is unloaded in front of the *arhti's* shop in heaps (every opportunity is given to the buyer to inspect it and it is weighed in the market). The cost of unloading and reloading is borne by the seller. It differs according to the distance to the factory.<sup>1</sup> The buyer is not permitted to claim any deductions in the factory, though he may re-weigh it to verify its weight.

This practice, if extended to all other markets, will prove to be of immense use to the seller.

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1. At Kasur, 3 pice per md. were estimated to be the average unloading and reloading expenses.

Buyers will naturally oppose its introduction and try to emphasize its drawbacks. For instance, they argue that cotton heaped on the ground becomes dirty, that in the event of rain or storm it is apt to be seriously damaged ; it takes a long time to settle it heap by heap, and that it is not easy on the part of buyers to examine the big heap of cotton from top to bottom.<sup>1</sup> In fact buyers do not want to part with the systems with which they have become habituated, however illegitimate they may be.<sup>2</sup>

From the cultivator's point of view the balance of advantages decidedly lies in favour of the introduction of the 'heap system' in all markets.

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1. These arguments are more or less excuses. For instance the cotton season is dry and rains are few and far between. If at all there is rain or a storm, cotton can be covered with tarpaulins. If it takes more time, the transactions can begin a little earlier as at Kasur at 10 a. m.

2. Experience in the markets, where at present 'the heap system' is in vogue, also shows that buyers felt very uneasy when it was introduced. At Kasur business is said to have been suspended for many days.



Cotton in the Market—(2)

## CHAPTER VI. MARKETING FINANCE.

### 1. Finance in the Village.

Marketing comprises of various essential functions<sup>1</sup> and one of the most important of these is financing of the crop at various stages.

First of all the cultivator usually needs financial help at or before the commencement of cultivation operations for various purposes *viz.* buying of seed, cattle, implements etc. He takes advances from the village money-lender, or Co-operative Credit Society if there is any. The Punjab has made a considerable progress as regards the number of Co-operative Credit Societies. It is estimated that "in the Punjab out of every 100 villages 48 have Co-operative Credit Societies, while in Bengal only 23 villages out of every 100 villages; in Madras 22 out of 100 villages have such societies; and the average in U. P. is 5 out of every 100."<sup>2</sup> If there happens

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1. These functions as stated by the preliminary report of the International Institute of Agriculture and other writers on agricultural economics are:—(a) collection and assembling, (b) transportation, (c) wholesale distribution, (d) retailing, (e) risk-bearing, (f) financing in all stages (quoted by Indian Central Banking Enquiry Committee Report, p. 212).

2. These estimates were given by Sir Jagdish Parshad, Education Member, Government of India, while addressing the 12th Co-operative Societies Conference in New Delhi on 8th December, 1936.

to be neither a co-operative credit society, nor a money-lender in a village, the villager usually goes to the *arhti* in the nearest market. One such village was found to be near the market of Burewala—Chak 44, Azamibad.

The following figures given by the Cotton Enquiry Report, Punjab, 1927-28, will show the relative importance of each source for taking advances.

TABLE 16.

Source of borrowing	Percentage of growers who took advances.	Percentage of amount borrowed.
Sowcar or Money-lender	59.2	68
Co-operative Societies	8.5	8.8
Zamindars ...	13.0	16.9
Relatives ...	2	3.0
Arhti ...	1.7	3.1
More than one source...	15.7	0.5

From the above figures it is clear that the *sowcar* is the principal financier of the cultivators and that co-operative societies and zamindars have also a wide field for work.

Joint stock banks do not provide any substantial amount of rural credit as is found in England, where the branch banking system has penetrated into the countryside<sup>1</sup>. Their absence here is mainly due to the uneconomic nature of most of the holdings, the slenderness of the security that the cultivator can offer and certain other causes. Moreover, the village *sowcar* seems to suit best the convenience of the villager. "His operations are not attended with formalities and delays"<sup>2</sup>. He is always and easily accessible. He does not demand strict punctuality in the repayment of debt and accepts the debt back even in kind or cattle. Consequently the conditions on which he advances money are generally very uneconomic<sup>3</sup>.

1. The Committee on Agricultural Credit in England 1923, after making an enquiry from five leading banks in England and Wales found out that 46½ million pounds was the amount of loans outstanding against farmers of which 26 millions represented loans for purchase of agricultural land and 20 millions for normal trading.

2. *Indian Central Banking Enquiry Committee Report* Vol. I, Part I, para 127.

3. I happened to meet a cultivator in Chak 441 near Burewala who for want of ready cash had to purchase 1½ md. of seed on credit, from an *arhi*, at the rate of Rs. 4/4/- per md. with a promise to pay the price next month. The cultivator knew that the market rate of the seed was Rs. 3 per md. only, but being hard pressed for money could not help it.

From the village to the market cotton is usually financed by the village shop-keeper, though of late his importance as a necessary link in the chain of middle men has been greatly reduced, owing to the tendency among cultivators to take their cotton themselves to the market particularly in the Central Punjab. The village shop-keeper usually works with his own capital ; though sometimes, he supplements it by taking advances from the commission agents. The commission agent lends mainly to attract business. His main business is 'ahrat' ; money-lending either to the grower or to the shop-keeper is only a subsidiary occupation.

## 2 Finance in the Market.

In the market the *arhti* finances the storage and sale of cotton till it is actually paid for by or on behalf of the purchaser. Thus the *arhti* runs the risk of accounts not being cleared at all, and also loses interest on money during the days of grace, generally four, allowed for settlement of accounts. The *arhti* in return for the services gets a payment from the buyer known as 'Dami'. The following table gives the rates of 'Dami' prevailing in some of the markets in 1935-36.

TABLE 17.

Name of the market.	Rate of Dami per Rs. 100.
Gojra ...	Rs. a. p. 0 8 0
Jaranwala ...	0 5 0
Toba Tek Singh ...	0 8 0
Chak Jhumara ...	0 6 0
Sangla Hill ...	0 6 0
Nankana Sahib ...	0 5 0
Tandlianwala ...	0 7 0

The *arhti* works with his own capital though sometimes he adds to it such modest sums as he can secure from relatives or neighbours. If he needs more he goes to a better established commission agent or indigenious banker or any of the commercial banks in the market. In every market there are found working branches of various commercial banks such as Imperial Bank, Central Bank, Allahabad Bank, Lloyds Bank and Ralli Brothers Firm. The number of these branches varies according to the importance of the market. At Lyallpur, for instance, almost every commercial bank has a branch. These banks also finance the factory-

owners. They do not like to accept raw cotton freely as security, as it is more difficult to handle and is likely to get dry or be damaged. But it is easy to raise money against baled cotton. The procedure is simple. At some places the banks have their hired godowns, but generally 'other peoples' godowns are used. Some of these are simply rooms in houses upon which the bank puts its own lock. Every place to be used as a godown must be approved of before it can be used as such. Before an advance is made the applicant's financial status and general character is carefully enquired into. Then a maximum credit limit is fixed. The produce is weighed and stored in the presence of one of the bank's employees and is inspected from time to time. Generally advances are made upto 70% of the value of the produce. In case, the price of the produce tends to fall, or the produce deteriorates, the borrower is required to maintain his margin, either by adding to the produce stored or by repaying part of his loan. The rate of interest charged for cotton is generally higher than that for grain, because insurance rates are higher (and money is dearer during the cotton season). Most of the insurance companies are réluctant to insure cotton when stored in factory compounds, for several instances of frauds

have occurred in which the insured cotton has been deliberately destroyed by fire by the factory owners. Consequently banks' advances are mostly confined to cotton stored outside the factory in *ko'has*, or against cotton lying loose in a factory which does not gin for others, but owing to its bulk and liability to damage and dryage very little *kapas* is stored.

### 3. From Market to the Port.

From the market to the port, too, the finance is mainly supplied by commercial banks and to a lesser degree by the exporting firms, indigenous bankers and guarantee brokers. The export of cotton over-seas is done mostly by exporting firms which are established abroad and have branch offices and agencies in important supply-centres all over the Province with their section head offices at Karachi or Bombay. The most important of these exporting firms are Rali Brothers, Volkart Brothers and Japan Cotton Trading Company. These firms buy cotton in either of the following two ways.

(a) "They buy in the Punjab cotton raw or in pressed bales and pay for it on the spot, directly or through their shroffs in cash, currency notes, or in drafts drawn in Karachi or Bombay. If drafts are given to the sellers of cotton, they are sold to the Imperial Bank, the Exchange Bank or Indian Joint Stock Banks or they are collected at

Bombay and Karachi by the holders through their own banks and commission agents and money is then remitted to the Punjab through the sources mentioned above. In case the shroffs are employed by the exporting firms to make purchases, the firms re-imburse them by passing them a commission of 0-5-0 to 0-8-0. This rate includes interest and charges for delivery of cash or notes at the factory points or in *mandis*. The shroff keeps himself in funds by selling the drafts to indigenous bankers and commercial banks.

(b) The exporting firms buy the Punjab cotton from stock in pressed bales of 392 lbs. at Bombay and Karachi which has been consigned to these port towns by ginners on their own account. The ginners consign it to their commission agents, from whom they generally draw 75 to 85% of the market price of the day, paying interest varying from  $7\frac{1}{2}$  to 9% and godown charges and commission. The owners of cotton (generally ginning factories) have to maintain a margin of 15 to 25% to guard against fluctuations of prices. The exporting firms pay the commission agents in cash and hand over their invoices and bills of lading to an exchange bank to collect in the usual way at the destination."<sup>1</sup>

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1. *Report of the Punjab Banking Enquiry Committee, 1929-30, p. 71.*

## CHAPTER VII.

### COTTON PRICES.

#### 1. Broad Movements.

The market prices of cotton in the Punjab like those of any other commodity rise and fall according to its supply and demand. The supply depends upon the area under the crop and the yield per acre; and the yield in turn depends upon the weather and harvesting conditions. The demand mostly depends upon export orders, consumption in local mills being very small. The following table will show the quantity of cotton bought by one of the biggest Punjab Cotton Mills at Lyallpur.<sup>1</sup>

Table 18.

Season.	Local purchase.	Outstation's purchase.
1934-35	Bales 20,000	Bales Not available.
1935-36	16,000	1,600

*N. B.*—In 1934-35 3,000 bales were sent to Delhi Mill. A bale is of 400 lbs.

1. The Mill consists of 500 looms and 20,000 spindles.

Conditions in and reports from U. S. A.—the largest cotton supplier in the world—greatly influence the world cotton market. The buyers<sup>1</sup> in the Punjab are all in telegraphic communication with the export centres. They receive price quotations every day from Bombay and Karachi and base their calculations on them. The following example will explain the method of their calculation.<sup>2</sup>

Supposing the rate on Broach is quoted at Rs. 225 per candy<sup>3</sup> and that over the Broach quotation 4 F carries a premium of Rs. 30, the price ex-godown Bombay will be (Rs. 225+30) Rs. 255 per candy. From the price of 4 F in Bombay certain expenses have to be deducted *e. g.*, for ginning and pressing, railway freight, insurance, handling and other incidental expenses which may be Rs. 50 per candy at the Okara market. (These expenses vary with different buyers at different places). So (Rs. 255-50) Rs. 205 per candy would be the rate at Okara or the price of a maund of a cotton (ginned) will be Rs. 21-8-6.

The next step of working rate of ginned cotton into that of *kapas* is simple. Let us

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1. Representatives and agents of mill owners, local speculators, export merchants etc.

2. See also Appendix D.

3. 1 candy = 9.52 maunds of cotton ginned.

assume that the ginning out-turn per maund is 12 seers 8 ch. It will be valued at Rs. 6-11-6. To it has to be added the price of  $26\frac{1}{2}$  seers of cotton seed (1 seer allowed for ginning loss) at say Rs. 2 per maund. The value of a maund of *kapas* is thus worked back to Rs. 8-9-10. Rates in the market, however, do not necessarily agree with the cotton quotations of the foreign markets, they also vary according to demand and supply in the local markets.

## 2. Variations between different markets.

Local factors acting either on the side of the supply or demand have a considerable influence on the local rates. Higher rates are found in markets in which the number of buyers is larger and the competition is more keen. For example, Lyallpur<sup>1</sup> is the controlling market in the matter of rates for other markets in the district. Prices in other nearby markets are usually less than at Lyallpur.

This may be seen from the following table.

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1. At Lyallpur competition among buyers is very keen particularly owing to the presence of the Delhi Cloth Mill and the head offices of various cotton trading companies.

TABLE 19.

Weekly average prices<sup>1</sup> of Desi and American *kapas* in the markets of Lyallpur and Gojra, for the season 1935-36.

Week ending.	Lyallpur.		Gojra.	
	Desi.	American.	Desi.	American.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
23-11-35	6 11 9	8 13 6	6 12 0	8 10 0
30-11-35	6 13 0	8 11 0	6 11 6	8 8 0
7-12-35	6 10 6	8 5 0	6 11 0	8 1 6
14-12-35	6 10 0	8 5 6	6 9 0	7 8 0
21-12-35	6 8 0	8 1 6	6 7 0	7 11 6
28-12-35	6 9 6	8 0 0	6 6 0	7 9 0
4-1-36	6 6 0	8 0 0	6 5 6	7 10 0
11-1-36	6 1 6	7 10 0	6 0 0	7 5 0
18-1-36	5 15 6	7 8 0	5 13 6	7 6 0
25-1-36	5 15 9	7 3 6	5 12 0	7 5 6
1-2-36	5 14 3	7 0 9	5 9 0	7 0 0
8-2-36	5 14 0	7 0 9	5 7 0	6 13 0
15-2-36	5 12 6	7 9 0	5 12 0	7 8 0
7-3-36	5 12 9	6 14 0	5 13 0	6 13 0
14-3-36	6 2 4	7 2 6	6 2 0	7 0 0

1. The weekly prices were calculated from daily prices which were available at the Cotton Research Laboratory Agricultural College, Lyallpur, and with an educated gentleman at Gojra.

Rates from 15-2-1936 to 1-3-1936 were not available.

### 3. Effect of Pools.

Sometimes, where the number of buyers is large, they try to limit cut-throat competition among themselves by combining into pools. All the factory owners enter into an agreement to fix the same charges for ginning and pressing which are much above the actual expenses<sup>1</sup> including normal profits. A certain sum considered sufficient to cover the actual expenses of ginning and pressing, is retained by each factory owner and the remainder is contributed to a common fund. At the end of the season, the sum thus collected is distributed among factory owners according to the number of gins owned by each

1. Actual expenses of the two factories at Tandliawala and Burewala markets respectively, are given below.

<i>Item.</i>	<i>Tandliawala Factory.</i>			<i>Burewala Factory.</i>		
	Rs.	as.	ps.	Rs.	as.	ps.
Coal ...	1	2	0	1	4	0
Lubricant ...	0	3	6	0	4	0
Leather ...	0	4	9	0	4	0
Belting ...	0	6	0	0	6	4
Hessian ...	0	10	0	0	9	6
Baling ...	0	8	0	0	10	3
Stores ...	1	0	0	1	0	0
Staff salary ...	0	8	0	0	10	0
Ginning contract ...	0	2	0	0	2	3
Terminal Tax ...	0	4	9	0	5	6
<b>Total ...</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>7</b>	<b>10</b>

member irrespective of whether a factory worked during that period or not.<sup>1</sup>

The effect of such combinations on prices is obvious. They by artificially controlling the demand, eliminate competition and tend to depress the prices, because there is no incentive for the factory owners to work during the season. Sometimes, however, the formation of a pool brings into play certain counteracting tendencies which help to keep up the prices. It is experienced that when there is a pool among the buyers of a particular market, the prices tend to fall, which attracts buyers from adjoining markets, or the produce is taken to the nearby markets provided the cost of transport does not exceed the difference in the ginning rates at the two markets,

1. There was a pool at Lyallpur in 1931-32, 1932-33 with the following conditions : -

(i) Ginning and pressing rates were fixed at Rs. 11-6-0 per bale,

(ii) Pool share was fixed at Rs. 4 per bale for shareholders and Rs. 5 per bale for outside ginning.

(iii) Distribution of profits was according to the number of gins.

(iv) Security advance to two factories were (i) Rs. 1000 (ii) Rs. 2,200. These factories were to remain closed.

(v) The accounts were to be adjusted once in a year in February.

(Ever since the opening of Delhi Cloth Mill pools have ceased at Lyallpur.)

and thus the local rate is kept up.' This should not be taken to imply that the practice will automatically die out. Deliberate endeavour to discourage it is essential. The Indian Cotton Committee (1919) regarded this practice 'objectionable and prejudicial to the interests of cultivators,' The Cotton Enquiry Report Punjab (1927-28) too pointed out that "in most of the markets the number of ginners is in excess of the present-requirements and vigorous *efforts* are being made to form similar combinations elsewhere. If such should materialize and function successfully, the seller is likely to find himself in a much more unfavourable position than he is at present and the intervention of Government may become a necessity. The ginning industry under existing conditions seem to be over-capitalised and the owners thereof are naturally making strenuous

**1. For example :—**

(a) In 1933-34, 1934-35 and 1935-36 the formation of a pool among the buyers at Arifwala attracted the buyers from Burewala and Okara and a portion of the produce of Arifwala was taken to Chichawatni, Montgomery and Okara.

(b) Owing to a pool among the buyers at Vehari in 1934-35 buyers were tempted from Mianchanu and Khanewal.

(c) Whenever there is a pool among the buyers at Jahania the produce is taken to Khanewal, therefore there has been no pool for the last seven years.

efforts to shift the burden of depreciation and interest on their fixed but idle capital from themselves to the growers.”<sup>1</sup>

The evidence before the Indian Cotton Committee 1918-19 on the question of legislation for control of pools was divided. As for instance, Mr. C. H. Moulkis stated, “everybody who has a few thousand rupees and wants to invest it, whether he be a pleader or a doctor, puts up a ginning factory to share the profits of the pool whether he works the factory or not..... Pools should be abolished by legislation on the lines of the Trust Laws in America.”<sup>2</sup> Mr. A. J. W. Kitchin, on the other hand held that “legislation should follow public opinion rather than precede it. Pool profits do come out of the pockets of the cultivator, but they are not to be absolutely condemned.”<sup>3</sup> The balance of opinion, however, was in favour of legislation, and Indian Cotton Committee 1918 accordingly recommended that “.....no license should be granted to a ginning or a pressing factory which does not undertake to work for at least

1. *Punjab Cotton Enquiry Report, 1927-28, p. 42.*

2. *Indian Cotton Committee Report, 1918-19. Evidence Vol. IV, Part I, p. 59.*

3. *Indian Cotton Committee Report, 1918-19, Evidence Vol. IV, Part I,*

eight weeks in a year unless prevented by causes beyond the control of its owner.”<sup>1</sup>

The establishment of co-operative gins *i.e.*, leasing one of the local ginning factories in order to gin cotton of the members co-operatively can also circumvent any combination of local ginners. But this will be a very slow process, as pointed out by Mr. F. B. Wace, Registrar Co-operative Societies, Punjab. “This scheme is a difficult one and must involve considerable risk in inexperienced hands.”<sup>2</sup>

The methods suggested above to discourage pools are, however, only negative remedies of the ill. They aim at weakening the demand side and thus indirectly helping the supplier. The best way will be to strengthen the supply side directly, so that the cultivator may learn to control the market and play a more active part, even if there be no pools among buyers. At present a cultivator suffers from all the disadvantages which an individual worker has to face against his employer in the labour market. Although there are various handicaps in the way of strengthening the supply side such as low standard of literacy, heavy indebted-

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1. *Indian Cotton Committee Report*, 1919, p. 144, para 231.

2. *Vide*, the Inspection Note File of the Gojra Co-operative Commission Shop, dated 10th Oct. 1934.

ness, lack of combination among cultivators and unsatisfactory communications. Yet matters can be improved if a few steps are seriously taken, for instance, setting up of some means of market intelligence.

#### 4. Publication of Cotton Price.

Some years ago, Bombay rates, converted into terms of local rates, used to be posted in many important markets of the Province, three times a week, from the beginning of November to the end of February. District Boards and Municipalities concerned met the cost of these publications. The Royal Commission on Agriculture and the Indian Cotton Committee approved of this system.<sup>1</sup> But the practice has been discontinued for the last ten years. The Punjab Cotton Committee Report 1927-28, however, did not approve of it. It stated, "It served no useful purpose so far as the Zamindar was concerned, as

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1. "In the tracts in which there are no market committees, but where the cotton grown is of varieties quoted in Bombay we would only recommend the publication in any thing which approximates to the market, such as *mandies* in the Punjab, of the Bombay prices of the local varieties of cotton and the price of the *kapas* and lint of those varieties at the most important centres of the tract. Thus at Montgomery and Gojra the Bombay price of Punjab American would be posted in addition to the price of *kapas* and lint at Lyallpur."

80 per cent of the produce was disposed of in the village, so they could not be enlightened on the subject in time to benefit by such information."<sup>1</sup> But at present the revival of this practice will undoubtedly prove of immense use to the cultivators. There is a tendency among the cultivators now to market their own produce and they have also grown shrewd enough to understand price fluctuations, particularly in the Central Punjab. A regular service of information regarding supply in the market, the prices ruling and a knowledge of the consumption etc. is essential to the farmer, if he desires to strike a good bargain. The cultivator can thus learn to adjust the supply to the fluctuations of the demand. Although the irregularity of supply is mostly due to the cultivator's circumstances, lack of financial facilities, insufficient storage, seasonal supply etc., yet lack of any means of market intelligence is not a small drawback.

### 5. Variations in a Single Market.

On any particular day a few indifferent and hesitant buyers in a market can bring prices down, while a few needy and hasty buyers may cause a rise. It is, however, held by some that cotton prices are lower in the months of December and January owing to the excessive supply in

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1. Punjab Cotton Enquiry Report, p. 13.

the market. The Punjab Banking Enquiry Committee is inclined to a similar view. It observes, "one of the most important of the obligations (for the cultivator) is the payment of land revenue ; for under it he has to pay at a time when every body else is paying, with the result that a very large amount of the *produce must come into the market at the same time and depress prices.*"<sup>1</sup> But it is not necessarily so because local arrivals play a very passive role in determining rate of cotton on a particular day. The major factor governing daily prices in any market is the foreign quotations. High arrivals for a few days in a market will not lower the market prices, if these are accompanied by higher foreign quotations. The following figures show the effect of arrivals and quotations on rates of American cotton in the Lyallpur market.

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1. *Punjab Banking Enquiry Committee Report, 1929-30*, p. 55.

TABLE 20.

Date.	Rate of Kapas per md.	Arrivals in Bales.	Quota- tions.
15-1-36	7 8 0	210	207
16-1-36	7 8 0	425	206
17-1-36	7 7 0	65	205
18-1-36	7 6 0	400	207
19-1-36	7 5 0	440	205
20-1-36	7 4 0	445	205
21-1-36	7 3 0	375	204
22-1-36	7 3 0	400	204
23-1-36	7 2 0	380	205
24-1-36	7 4 0	360	206
25-1-36	7 3 0	185	202
20-2-36	7 0 0	380	196
21-2-36	7 0 0	335	195
22-2-36	7 1 0	250	195
23-2-36	7 0 0	10	193
24-2-36	7 0 0	90	192
25-2-36	7 0 0	100	191
26-2-36	7 0 0	150	189
27-2-36	7 0 0	70	190
28-2-36	7 0 0	250	188
29-2-36	6 15 0	350	182

It is obvious that there is no direct inter-relation between the daily arrivals and daily prices and that the effect of the foreign quotations is more prominent.<sup>1</sup> There is, therefore, no regular trend of prices in all seasons in a

1. Also see Appendix H giving daily arrivals and prices at Gojra during 1935-36.

market,<sup>1</sup> though the local arrivals of cotton have usually the same trend.

#### 6. Net price obtained by the cultivator.

The whole of the price settled in the market does not reach the pocket of the cultivator. He has to bear certain marketing costs comprising mainly of cartage, allowances, octroi charges and market deductions in cash and kind. Cartage varies according to the mileage and the nature of distance,<sup>2</sup> allowance also varies in case of different cartloads of cotton,<sup>3</sup> and octroi charges are about one anna per maund of raw cotton at most of the market places. The market deductions in cash and kind comprise of various items and vary from one market to another. Such deductions current in a few markets in 1935-36 are given below.

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1. Appendix (E) shows the trend of prices for the last nine years at the Lyallpur market.

2. See Chapter III, p. 38, Table 9.

3. See Chapter V.

TABLE 21.  
Cash deductions.

Deductions per Rs. 100.	L.yallpur.	Gojra.	Okara.	Khanewal.	Tandlian-wala.
Commission	0 12 6	1 0 0	0 14 0	1 0 0	0 12 0
Dalali ...	0 4 0	0 2 6	0 2 6	0 1 3	...
Labour and heaping charges ...	0 1 9	0 2 6 0 3 9	0 3 9	0 2 0	0 3 9
Weighing charges	0 10 0	0 3 9	0 3 9	0 2 2	0 3 9
Charity ...	0 1 6	0 1 0	0 0 1	0 2 0	0 0 6
Total ...	1 13 9	1 13 6	1 9 0	1 7 3	1 4 0

It will be seen that a cultivator has to pay about Rs. 1-8-0 to Rs. 2-0-0 in the form of fees and cesses while selling *kapas* worth Rs. 100.

TABLE 22.  
Deductions in Kind.<sup>1</sup>

Kinds of Deduction.	Amount.
1. Two <i>Pallidars</i> ...	2 ch. per md. (one ch. each) or 3 srs.—8 ch. per cart.
2. <i>Changer</i> ...	$\frac{1}{2}$ ch. per maund or 14 ch. per cart.
3. <i>Kan</i> (to see outturn of lint) ...	1 $\frac{1}{2}$ sr. per cart.
4. Sample ...	2 seers per cart.
5. <i>Langri</i> of the <i>arhtia</i>	$\frac{1}{2}$ ch. per maund or 14 ch. per cart.
6. Water Sprinkler ...	4 chs. per cart.
7. <i>Chabilia</i> ...	4 chs. per cart.
8. <i>Gurdwara</i> ...	4 chs. per cart.
9. <i>Mandir</i> ...	4 chs. per cart.
10. <i>Masjid</i> ...	4 chs. per cart.
11. <i>Langri</i> of the factory owner ...	4 chs. per cart.
12. Two Sweepers ...	8 chs. per cart (4 ch. each).
13. <i>Maswania</i> ...	4 chs. per cart.
Total ...	11 seers.

1. These deductions are only approximate, because they are not given by exact weighment. Most of these deductions go to the menials and labourers in the market.

The foregoing table shows that a cultivator with a cart-load of cotton of about 28 mds. has to pay 11 srs. as deductions.

The following table gives the exact total expenses of marketing borne by a few cultivators bringing their cart-loads of cotton to the Lyallpur market and actual return to them.

TABLE 23.

Serial No. of the cart-load.	Market rate per md. of kabas.	Total value of the cart-load.	Deductions in cash.	Value of deductions in kind.	Allowances.	Cartage.	Octroi charges.	Total costs.	Actual Return.	Approximate percentage of return.
	Rs. as.	Rs. as.	Rs. as.	Rs. as.	Rs. as.	Rs. as.	Rs. as.	Rs. as.	Rs. as.	
1	7 0	196 0	4 0	2 2	5 4	7 0	1 5	19 11	176 5	89%
2	6 8	182 0	3 12	1 15	3 8	7 0	1 5	17 0	165 0	90%
3	7 4	203 0	4 0	2 3	5 4	6 8	1 5	19 4	183 12	91%
4	6 0	168 0	3 8	1 12	1 12	7 8	1 5	15 13	152 3	90.5%

Each one of the cartloads carried about 23 mds. of raw cotton.

The above table shows that a cultivator gets only about 90% of the rate of raw cotton settled in the market. When compared with the rate of ginned cotton at the port, from which the rate of raw cotton is calculated, the return to the cultivator is still lower. The local buyer, while agreeing to a rate for raw cotton, bears in mind the costs which he has to bear, as the costs of transporting ginned cotton to the port by Rail and the ginning and pressing expenses.<sup>1</sup> At present these charges are too high and the buyer therefore agrees to a low rate for raw cotton and the burden of these costs is thus shifted on to the cultivator. These charges can be safely reduced so as to keep up the local rates of raw cotton and thus increase the return to the cotton grower for his produce. Some of the marketing costs of raw cotton, however, can be reduced, if the cultivator sells his produce through co-operative commission shops, the working of which in the Punjab is discussed in the next chapter.

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1. For actual ginning and pressing expenses see p 85  
Foot Note.

## CHAPTER VIII.

### CO-OPERATIVE MARKETING.

#### 1. Co-operative Commission Shops in the Punjab.

Whenever the question of eliminating or discouraging middlemen crops up, co-operation is suggested as the remedy. Accordingly in order to avoid such unjust deductions as are usually claimed by *arhtis* and to secure for the cultivators fair weighing, fair dealings and fair price, co-operative commission shops have been set up in various important markets of the Province. The first of these was started at Lyallpur in 1919.<sup>1</sup>

These shops arrange to sell on commission crops brought to them by their members. They perform the same function as the ordinary

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1 The following markets have at present Co-operative commission shops :—

Sargodha, Sillanwali, Gurdaspur. Dina-Nagar, Chichawatni, Arifwala, Okara, Khanewal, Lyallpur, Chakjumara, Tandlianwala, Gojra, Toba-Tek Singh, Jaranwala, Abohar, Gurhar-Sahai, Churhkana, Sangla, Hafizabad, Gujranwala and Mandi Baha-ud-Din, etc.

commission agent does, but by charging comparatively less fees. A study of the following charges which a seller has to pay at the Co-operative Commission Shop and at an ordinary *arhti's* shops respectively in the Gojra market will make it clear.

TABLE 24.

Deductions	At Co-operative Shop.	At <i>Arhti's</i> Shop.
	Per Rs. 100.	Per Rs. 100.
Commission <sup>1</sup> ...	0 8 0	1 0 0
Dalali ...	0 2 6	0 2 6
Heaping charges ...	0 3 9	0 3 9
Weighing charges...	0 3 9	0 3 9
Charity ...	0 1 0	0 2 0
Total ...	<u>1 3 0</u>	<u>1 12 0</u>

1. Commission charged varies at different shops and from different cultivators; generally debtors and those bringing small quantities have to pay more. It varies from Re. -/10/- to Rs. 1/9/-. One rupee is put as a rough average.

The above table shows that a cultivator will have to pay -/9/- less if he sells the produce through the co-operative shop.

These shops were started at the initiative of the Government to promote the economic interest of its members. These are concerns with limited liability. They only effect sale of agricultural produce and do not indulge in speculation. Their most important function is to increase the selling power of the grower by charging only necessary deductions at the lowest possible rates. At such shops corruption through brokers and weighmen is rare. These shops are controlled by the Co-operative Department and managed locally by a manager who is employed and paid by the Department. Unlike some *ahrtis* he is not biased in favour of the buyers. He champions the cause of the seller in case of any unjust allowances, claimed by him.

In spite of all this, however, these shops are not found to be very popular with the cultivator. On the next page are given the amount and value of cotton marketed by these different shops in the last three seasons.

TABLE 25.<sup>1</sup>

Name of Circle.	No. of shops.	Total quantity marketed in mds			Total Value Rs.		
		1933-34	1934-35	1935-36	1933-34	1934-35	1935-36
Sargoda ...	2	11,288	11,782	19,435	60,102	88,097	1,33,604
Gurdaspur ...	1	3,109	2,127	...	18,501	19,179	...
Multan ...	5	3,34,992	2,98,956	1,58,869	1,48,9550	15,20,156	...
Lyallpur ...	6	60,767	51,019	70,566	3,05,431	3,70,367	4,89,928
Ferozepur ...	1	19,453	15,004	13,096	91,121	86,278	85,063
Gujranwala	2	4,053	1488	77,386	19,495	59,840	3,00,150
Gujrat ...	1	...	...	6,735	...	...	46,373
Total	18	4,33,662	3,86,376	3,46,087	19,84,200	21,43,917	1,05,5118

1. The above figures were supplied by the managers of the co-operative commission shops thanks to Mr. F. B. Wace, Registrar, Co-operative Societies Punjab.

The foregoing table shows that all the co-operative commission shops marketed on an average only 3,88,708 maunds of raw cotton for the last three years.

## 2. Reasons for their Slow Progress.

The following reasons seem to be responsible for their slow progress.

(1) These shops are still young in age and poor in experience. The power of age-long custom has confined the business of purchase and sale to castes and tribes other than those whose traditional occupation is husbandry.

(2) They make little appeal to the small grower, who for reasons already explained either will not or cannot sell in the market.

(3) The middle-man in our country in addition to his legitimate duty also acts as the financier of agricultural operations. These commission shops do not lend so readily<sup>1</sup> as the

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1. Rule No. 44 of the bye-laws of these shops points out that all transactions shall strictly be on cash terms and the rule 47 lays down that a seller can get an advance only against the security of his produce and the advances are not to exceed 75% of the estimated market value of such produce. The balance of the account is cleared on the sale of the produce and rate of interest charged is 12½%. The produce deposited can at times be sold, if the advance given to the depositor is not sufficiently secured, either due to the fall in the market price or owing to the deterioration of produce.

commission agent or the village *bania* does. He can cover expenses and risks by dishonest weighing and false book-keeping and sometimes compels the debtor to sell his produce at harvest time. A co-operative commission shop, on the other hand, never indulges in such malpractices as it aims at a fair bargain and a fair price for the cultivator.

(4) Reliable and suitable managers are difficult to secure, and embezzlements are not infrequent.<sup>1</sup> In the absence of efficient organisation of sale societies they naturally grow unpopular and get a bad name<sup>2</sup>.

(5) The success of the society creates uneasiness among *arhtis*. They are said sometimes to organize boycott propaganda, set-up rival auctions in which they offer high prices, persuade carts-men and ginning and pressing factories not to touch societies' cotton, and do all sorts of possible mischief.

(6) The managers of these semi-government concerns are not so courteous to the seller as is the clever and tactful *arhti*.<sup>3</sup>

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1. Recently such a case of embezzlement of six thousand rupees by the Manager occurred at Lyallpur.

2. Tandlianwala Co-operative Shop was found to have a bad-debt of Rs. 1,800 at the time of my visit (December, 1935).

3. Mr. W. Roberts of Khanewal regarded it as an important cause of the slow progress of these shops.

In short, the main drawbacks of these shops are inefficient management, lack of propaganda, inadequate finance and hostility of merchants.

The movement of co-operative marketing will have to overcome the above handicaps before it can be popular and widespread. The most important point is that unless the indebtedness of cultivators to the *sowcars* or commission agents and other traders outside the co-operative agency is replaced by indebtedness only to the latter and there is adequate and prompt finance, the sale societies can never aspire to win over to their side the growers of agricultural produce. In the light of this fact the present bye-laws of these shops should be revised and a few amendments made,<sup>1</sup> so as to encourage the propaganda of co-operative principles and methods of marketing in the face of the unequal competition from hostile *arhtis*.

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1. As for example, the Deputy Registrar, Sargodha, recommended in his evidence before the Punjab Banking Enquiry Committee that loans may be given against security and even without security to members and even to non-members if they can pledge security. The village credit society may give loan even above maximum limit at a time when the shops cannot lend without any security. This will no doubt mean taking risks but it can be lessened if the commission shop is linked up with the village credit society, there should be a closer co-operation between the two, so that the commission shop may help the village society to recover loans given for marketing purposes at the time when produce is sold at the shop.

Moreover, managers appointed for these shops should be persons with business experience and with a thorough knowledge of the market at home and abroad and should be well paid. Even at present the better equipped and better conducted shops are faring very satisfactorily, for instance, Zamindar Co-operative Society at Okara and commission shops at Gojra and Arifwala.<sup>1</sup>

### 3. Their Immediate Future.

The present temper of the time, seems to be ripe for the expansion of co-operative activities in this direction. The present tendency towards direct marketing, growing intelligence among the cultivators, the recent clash between the debtor agriculturists and creditor shop-keepers or commission agents are factors favourable to the progress of co-operative marketing. Moreover, the cultivators are hard pressed for money and the story of co-operative marketing in different parts of the world points to some impelling necessity as the mother of co-operation.

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1. Mr. F. B. Wace, I. C. S., Registrar, Co-operative Society, states about the Gojra co-operative shop in its inspection note file: "The shop is well managed and successful. It has the advantage of having the support of most of the prominent and influential men both at Gojra and the neighbourhood. There is a large number of directors of whom the greater number are taking an active and intelligent interest in the affairs of the shop."

It is, however, held by some that the progress of co-operative marketing can be started from the top and built downward. They at once suggest schemes adopted by the more advanced countries, as the Egyptian Scheme<sup>1</sup> of loans on security of cotton or warehousing system of America.<sup>2</sup> Such schemes are, hardly practicable in our country at present owing to the absence of any suitable standardisation and grading of produce. Moreover, the cultivator here seems to have some deep rooted objections to the pooling of his produce. He makes little use of the storage facilities offered by the commission shops<sup>3</sup>. He wants ready cash. The Deputy Registrar, Co-operative Societies, Malik Fateh Khan Noon, in his evidence before the Punjab Banking Enquiry Committee, produced the following figures about the storage of cotton by a few shops in 1928-29 (there being no storage at all in 1926-27 and 1927-28).

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1. Under this scheme Government undertakes both to gin cotton and sell lint and offers facilities for storage and makes advances at reasonable rates against the produce sold.

2. It is suggested by some that Government should either itself construct ware houses and rent them to sale societies or advance loans to them, on current rates so as to make their own godowns.

3. None of the shops visited by me had stored any *kapas* except that at Arifwala, which stored 500 maunds only in the season 1935-36.

TABLE 26.

Name of shop,	No. of members.	No. of sellers, members & non-members both.	Kapas sold by shops.	Kapas stored.	Percentage of kapas stored to total recd.	Percentage of members who took adv. against sellers.
Lyallpur ...	238	468	16168	nil.	nil.	nil.
Toba-Tek-Singh ...	276	1940	3172	39	1·2	·1
Gojra ...	341	490	7292	nil.	nil.	nil.
Chak						
Jhumra ...	239	631	10173	359	3·5	·4
Sargodha	199	77	5912	1517	25·6	12·9

The above figures show that except at Sargodha all other shops in the Lyallpur District stored negligible amounts of *kapas*. This seems to be due to the fact that the *Punjabee* grower is imprudent and is of a suspicious nature.

So at this stage all big schemes of encouraging the holding of produce are premature. For the present it will be best, if these shops attempt whole-heartedly to deal co-operatively with marketing in its simplest form. They should continue doing *hachhi uhrat* on a large scale. This will serve to educate the cultivator, discourage the middle-man and prepare the way for more elaborate forms of organisations. It is necessary for us to learn to walk before we can aspire to run,

### Conclusion.

This foregoing survey reveals that every link in the chain of the marketing process of raw cotton is at present loose. It is not possible for an investigator to suggest a single prescription to improve the chain as a whole. Every link has to be studied by itself and a remedy suggested, as it has been done in this short thesis as far as possible. But some general conclusions also follow from this survey which may be stated.

The combined efforts of the cultivator, government and the *arhti* (commission agent) are essential to improve or reform the present marketing conditions of raw cotton in the Punjab.

The present attitude of the grower towards the marketing of his produce needs to be changed. At present as soon as his crop is picked, he thinks he has done his job. He must try to take interest in the business side of farming as well. He must care to learn not only to grow, but to grow and to sell.

Government's help is very essential for improving the village communications and in enforcing certain practices in the markets to which buyers at present are hostile, such as, the introduction of the 'Heap System'<sup>1</sup> in all markets,

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1. See Chapter V.

fixation of the daily times for cotton transactions,<sup>2</sup> publication of market intelligence,<sup>3</sup> abolition of the pool-system among buyers.<sup>4</sup>

The *Arhti* should also realise his responsibilities. He should maintain a certain standard of business morality and honesty to win over public sympathy and to avoid State interference. At present he is found abusing his powers in the market; if he persists and continues Government should intervene to regulate the whole marketing machinery. There would however be little advantage in 'waging a war' against the *arhti*. He should be warned, supervised and reformed, rather than uprooted. A well equipped and well conducted 'co-operative sale society' can no doubt perform the primary function of an *arhti*, in fact it is a cheaper middleman, but it will be long before it can eliminate the *arhtis* to whom the cultivator has been used for generations.

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2. See Chapter V.

3. See Chapter VI.

4. See Chapter VI.

## APPENDIX A.

### A Short History of The Introduction of American Variety in The Punjab.<sup>1</sup>

American cotton appears to have been first tried in 1853 when some seed was distributed by the Deputy Commissioner, Shahpur. In 1884 some seed was again distributed by the Director of Land Records. It was really in 1902 that serious attempts began. At first, seed was imported from Dharwar. In 1903 trials were made at Lyallpur farms with the seed of the Punjab *Narma* obtained, though with difficulty, through the courtesy of Messrs. Mela Ram & Sons of Lahore who managed to collect sufficient seeds for half an acre from stray plants growing among Desi cotton. In 1904 Mr. Mollison supplied trained men and bullocks together with drills for the proper sowing and trial of a few American and some good Bombay Desi types to *zamindars* at Lyallpur. The early drilled field did not germinate and had to be resown. But in spite of poor germination the American cotton gave encouraging results. In 1905 the trials were extended to Sargodha. The Agricultural Department may be said to have properly started

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1. For detailed information see the Article by Mr. W. Roberts in the Agricultural Journal of India 1914.

functioning in that year. Sales for American cotton were conducted at Sargodha in 1905-06, and at Lyallpur in 1907, and a premium of more than a rupee per maund over Desi cotton was obtained at these sales.

The importance of the botanical aspect of the question was soon recognised. The policy of importing seed from Dharwar was definitely abandoned in 1912, as it became evident that American cotton grown in the Punjab was superior to that grown in Dharwar. In the meantime considerable progress was made at Lyallpur with regard to the selection work of American types. The rough leaved upland type—4 F Variety—found favour with the Cotton Research Botanists. In 1914, more than 2000 acres of 4 F were grown. In 1915, more than 72000 lbs. of seed were sold in Lyallpur at Rs. 3-12-0 per maund, the price of bazaar seed being Rs. 2-8-0 per maund. Various influential men and some co-operative banks acted as agents for the sale of the seed, getting a commission of 8 as. per maund. In 1914, sales were held at four separate centres, two being held by the Deputy Director at Sargodha. A premium of about Rs. 2 per maund was obtained in all cases. And thus by 1914 growing of American cotton became popular.

## APPENDIX B.

### MIXING OF COTTON.

The primary place of mixing two types of cotton—American and Desi—is the ginning factory. It is mainly done because of the existence of the demand for mixed stuff. The ginners receive orders from different companies for the supply of definite mixtures. The mixtures asked for are usually 25 to 33 per cent of Desi. Demand for higher proportion of Desi cotton is, however, not infrequent. There are instances where the percentage of the mixture demanded is as high as 50 per cent.

The ginners, however, try to mix a higher proportion than that is ordered. In the Cotton Ginning and Pressing Factory Act 1925 a provision has been made for a certain amount of control of ginning and pressing factories, and the marking of all bales of cotton pressed with a press mark and serial number so as to facilitate tracing of their origin. But this measure has not discouraged the malpractice to any great extent.

The only effective remedy to stop this malpractice will be the curtailment of the demand for mixed cotton and encouragement of the demand for pure cotton. The spinners who are

anxious to get pure American cotton may be invited to buy all the cotton they require in the places of production. The establishment of community co-operative gins can also be helpful, but this is not an easy task, for nowhere in the Punjab is any one particular type of cotton grown. Moreover, the organisation of co-operative gins would require supervision.

Reduction in the railway freight of pure American cotton and a corresponding increase in freight for mixed cotton may be helpful in creating demand for pure cotton. Here the difficulty will be the identification of pure and mixed bales. The factory people may be compelled to state the type of cotton in every bale. This too, however, will not eliminate the possibilities of fraud altogether.

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**APPENDIX C.**

Details of a week's enquiry about the method of purchase of cotton by the Nili Factory at Burewala Market (showing extent of *Bahir Ka Sauda*).

Date.	Cotton transacted direct in villages ( <i>Bahir-Ka-Sauda</i> )				Cotton transacted in the market.		
	Name of villages.	Camels	Carts.	Total.		Camels.	Carts.
				Camels.	Carts.		
1-12-35	Chak No. 328	...	4	111	4	...	28
	Sharif Waha	44	...				
	Saldaira	23	...				
	Kamand	34	...				
	Chak No. 315	10	...				
2-12-35	Budh Ghulam	40	...	146	...	...	12
	Thalli	34	...				
	Saldaira	45	...				
	Chak No. 491	19	...				
	Gaguoo	18	...				
3-12-35	Chak No. 340	23	...	161	...	...	19
	Chak No. 315	59	...				
	Chak No. 364	22	...				
	Sheikh Fazil	57	...				

4-12-35	Chak No. 493	...	4	}	220	6	...	20
	Chak No. 483	...	2					
	Saldaira	21	...					
	Thalli	38	...					
	Majhi Wala	63	...					
	Iqbal Nagar	58	...					
	Kamand	40	...					
5-12-35	Belli	36	...	}	194	...	...	22
	Fazil Waha	29	...					
	Chak No. 521	68	...					
	Iqbal Nagar	23	...					
	Budh Ghulam	38	...					
6-12-35	Trakhni Farm	36	...	}	186	...	...	16
	Kamand	19	...					
	Thalli	49	...					
	Chak No. 340	45	...					
	Saldaira	31	...					
7-12-35	Chak No. 63	11	...	}	158	...	...	28
	Chak No. 315	47	...					
	Saldaira	21	...					
	Iqbal Ghufwara	29	...					
	Kamand	50	...					

## APPENDIX D.

*Pro forma* invoice of 100 bales of *kapas* ginned and pressed at Lyallpur and despatched to Karachi out-turn 13 seers. (1935-36.)

Drying =  $2\frac{1}{4}$  % .

Price of 100 bales of cotton or 50 candies at Karachi = Rs. 9,820·5616 (100 bales = 39,200 lb. = 476·3641 maunds ginned cotton or 1,465·7357 maunds *kapas*.)

Less Railway freight at Rs 2/3/5 per maund of cotton to Karachi, at owner's risk	Rs. = 1,076·0271
Insurance	= 121·5625
Interest at as. 8% per annum for 30 days	= 55·6735
	8,467·2967

Cotton seed :—	Mds.	
Kapas	1,465·7357	
Lint cotton	476·3641	
	989·3716	
Cotton seed	989·3716	
Drying $2\frac{1}{4}$ %	24·7343	
	964·6373	
Net cotton seed =	964·6373	
value of net cotton seed @ Rs. 1/4/ per md.=1,205·7956		

Less (1) Removing charges 2 pice per maund of cotton seed	=	30·1449
(2) Brokerage @ 6 as. % bags	=	2·4115
(3) Shroffage 1 as. %	=	·7536
		<hr/>
		33·3100
Net cotton seed sale proceed	=	1,205·7956
		<hr/>
		33·3100
		<hr/>
		1,172·4866
Add net cotton seed sale proceed		8,467·2967
		<hr/>
		1,172·4866
		<hr/>
		9,639·7833
Less shroffage @ -/4/- %	=	24·0393
		<hr/>
		9,615·7440
Palladari @ 3/10/- per 100 mds.	=	53·1327
Clearing -/4/-, weighing -/2/- cartage, -/3/-, ginning machine -/2/-, station charges -/1/- ginning and press- ing 6/8/6 per bale	=	728·1250
Terminal taxes -/-/6 per maund	=	15·1910
Establishment at one rupee per bale	=	27·4824
		<hr/>
		8,691·8127
Add Pallidari @ as. 3 %	=	22·9021
		<hr/>
		8,714·7148
Less Dami @ as. 8%	=	43·9720
		<hr/>
		8,670·7428

Add Karta Rs. 1/4/-% plus brokerage		
-/2/6%	=	123·6714
		<hr/>
	Rs.	8,794·4142

This means that the price of 100 bales  
 or 1,465·7357 maunds *kapas* = 8794·4142 at  
 Lyallpur or the price of one maund of *kapas*  
 in the *mandi* of Lyallpur = 8,794 4142

		<hr/>
		1,465·7357
=	Rs. 6 per maund of American <i>kapas</i> .	

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## APPENDIX E.

Table Showing Fortnightly Average Prices of Kapas per md. at Lyallpur.

Year.	November.				December.				January.				February.				March.				
	I Fortnight.		II Fortnight.		I Fortnight.		II Fortnight.		I Fortnight.		II Fortnight.		I Fortnight.		II Fortnight.		I Fortnight.		II Fortnight.		
	Desi.	American.	Desi.	American.																	
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1926-27	9 7 0	10 5 9	9 14 11	10 6 6	9 4 8	9 11 2	8 9 8	9 7 1	8 7 0	9 8 6	8 14 9	10 0 9	9 15 8	10 15 5	10 15 0	11 8 9	...	...	...	...	
1927-28	12 12 0	14 9 7	12 11 9	14 15 2	12 10 1	15 3 1	12 12 8	15 11 2	13 0 3	16 6 4	12 5 3	15 2 4	...	...	...	...	...	...	...	...	
1928-29	11 13 3	14 0 0	11 4 5	15 3 7	11 3 4	15 11 4	10 10 1	15 2 7	9 15 2	15 1 7	9 8 0	15 1 4	8 13 2	14 4 0	9 0 8	14 4 2	9 3 0	14 4 10	8 12 10	13 8 4	
1929-30	8 0 0	11 3 6	7 8 6	11 13 0	7 5 10	12 3 7	7 1 1	12 2 3	6 9 6	11 11 10	6 10 1	11 8 6	6 7 7	10 7 6	6 7 5	10 6 4	...	...	...	...	
1930-31	5 5 9	7 4 3	5 2 2	7 1 1	4 6 0	5 15 5	4 8 10	6 1 1	5 1 4	6 10 1	5 2 0	6 13 3	5 7 3	7 8 9	5 2 1	8 2 0	...	...	...	...	
1931-32	5 14 6	7 3 1	6 3 3	7 5 1	6 14 1	8 3 9	7 8 9	8 12 4	7 10 5	9 0 0	7 7 4	8 10 8	7 5 1	8 7 9	7 4 6	8 10 3	6 15 6	7 15 9	5 12 0	7 3 3	
1933-34	4 13 9	6 1 9	4 11 10	6 1 6	4 4 9	5 7 6	4 2 9	5 6 9	4 7 0	5 12 3	4 12 0	6 5 0	3 13 0	6 10 6	4 12 0	7 2 6	4 12 0	7 3 0	4 10 0	7 4 0	
1934-35	5 0 0	8 0 6	5 8 3	8 10 9	5 14 0	9 11 0	6 3 3	9 14 3	6 6 3	10 1 0	6 11 0	10 6 3	6 12 0	9 15 0	6 4 9	9 12 0	6 4 9	9 6 0	5 2 3	8 10 6	
1935-36	6 11 9	8 13 6	6 10 3	8 8 0	6 8 9	8 0 9	6 3 9	7 13 0	5 15 6	7 5 9	5 14 0	7 0 9	5 12 6	7 0 9	5 12 9	6 14 0	6 2 4	7 2 6	6 4 6	7 0 0	

N. B.—Prices for 1932-33 were not available.

## APPENDIX F.

COTTON HANDLED BY CO-OPERATIVE COMMISSION SHOPS IN THE  
PUNJAB<sup>1</sup>.

Name of the shop.	Year.	Kapas marketed.				Cotton seed marketed.							
		Weight.			Value.	Weight.			Value.				
		Mds.	srs.	ch.	Rs.	as.	p.	Mds.	srs.	ch.	- Rs.	as.	p.
Chak Jhumara	1931-32	8991	0	0	67450	0	0	747	0	0	1880	0	0
	1932-33	9263	0	0	59629	0	0	227	0	0	497	0	0
	1933-34	15210	0	0	77282	0	0	884	0	0	1004	0	0
	1934-35	15301	0	0	111412	0	0	2128	0	0	3369	0	0
Jaranwala ...	1931-32	3980	9	2	29975	10	9						
	1932-33	5368	22	10	34948	0	6						
	1933-34	4937	36	2	24772	6	9						
	1934-35	4957	12	14	36560	8	3						
Abohar ...	1931-32	7577	0	0	58718	0	0	146	0	0	469	0	0
	1932-33	9678	0	0	63601	0	0	236	0	0	835	0	0
	1933-34	19454	0	0	91121	0	0	416	0	0	913	0	0
	1934-35	15004	0	0	86278	0	0	384	0	0	1234	0	0
Mandi Baha- ud-Din.	1931-32	3182	0	0	24532	0	0						
	1932-33	2551	0	0	16346	0	0						
	1933-34	3108	0	0	18500	0	0						
	1934-35	2127	0	0	19178	0	0						
Guruhar-Sahi ...	1931-32	205	11	9	...			1680	0	0	16800	0	0
	1932-33	182	6	0	33	2	0	1565	0	0	18205	0	0
	1933-34	932	0	0	127	3	9	2434	0	0	34316	0	0
	1934-35	252	4	0	164	3	0	1705	0	0	17400	0	0
Arifwala ...	1931-32	1205	26	14	93424	8	6						
	1932-33	10682	39	2	68552	13	3						
	1933-34	25963	22	8	144992	4	3						
	1934-35	13151	22	6	101678	13	9						
	1935-36	20335	9	15	140839	8	0						
Zamindar's Society, Okara	1931-32	57206	29	5	398070	6	0	1033012	0	0	26203	0	0
	1932-33	50462	6	6	359591	9	3	83992214	0	0	20825	1	3
	<sup>2</sup> 1933-34	87047	12	6	489452	2	0	9315234	0	0	12583	4	3
	<sup>2</sup> 1934-35	75685	12	10	584767	2	9	80630	0	0	1336	11	6

1. The figures were procured thanks to Mr. F. B. Wace, I. C. S., Registrar, Co-operative Societies, Punjab.

2. From April to February.

**APPENDIX G.**  
**QUESTIONNAIRE.**

**A. Questions for Cultivators.**

1. What is the time of the sowing and the picking of your cotton ?
2. Who picks your cotton ?
3. Do you hold your cotton, or do you dispose it of as it is picked ?
4. If you hold your cotton, what difficulties do you experience?
5. Do you sell away your cotton in the village or do you take it to the market ?
6. Who buys your cotton in your village ?
7. How do you transport your cotton to the market ?
8. What is the cost of transporting cotton from your village to the market ?
9. To which market do you generally take your cotton ? At what distance is your village from the market ?
10. Which is the nearest market to your village ?
11. Do you feel at home in the market ?
12. To whom do you take your cotton in the market ?

13. How is your cotton sold in the market ?
14. Do you understand the method of sale in the market ?
15. What market deductions have you got to pay in cash and kind ?
16. Do you weigh your cotton before you leave for the market ?
17. For how long have you to wait in the market and where do you stay ?
18. When do you need financial help and for what purposes ?
19. Who advances you money and on what terms ?

**B. Questions for *Arhtis*.**

1. What is the kind of *arhat* you do ?
2. Do you deal in cotton only or in other commoditis as well ?
3. Who brings cotton to your shop ?
4. What is the daily average arrival of cotton at your shop in different months ?
5. From what distances does cotton come to your shop ?
6. What fee do you charge from the seller?
7. How do you conduct the sale of the cotton of your client ?

8. When do you make the payment to the seller ?
9. When does the buyer pay you the price ?
10. What fee do you charge from the buyer ?
11. Are you a member of any *Panchayat* or Association of the market ?
12. What are the functions of your *Panchayat*. Is it active at present ?
13. When is the arrival of cotton generally highest at your shop ?
14. Do you work with your own capital or do you borrow ?
15. If you borrow, from whom and on what terms?

### C. Questions for Buyers.

1. How do you buy cotton ?
2. Do you buy it in the village or in the market ?
3. On what basis do you agree to a particular rate of cotton ?
4. Where do you weigh cotton after its rate is settled ?
5. What deductions do you claim during the course of weighment and why ?

6. Who weighs the cotton in the factory and how? How many seers do you count for a maund of cotton?

7. Which other markets compete with your's for getting supplies of cotton?

8. Do you combine into pools, if so, why and with what results?

9. Who lends you money and on what terms?

10. When do you pay the price to the *arhti*?

**D. Questions for Managers of Co-operative commission shops.**

1. When was this shop started?

2. What is the amount and value of cotton marketed through this shop, during the last three seasons?

3. What is the number of members of this shop?

4. What has been the number of sellers (both members and non-members) during the last three seasons?

5. Do you store cotton? If so, what is its proportion to the total cotton received?

6. How many members took advances during the last three seasons?

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APPENDIX 'H.'

Daily Arrivals and Prices of Cotton at Gojra Market.

Date.	Arrivals of Desi Cotton (bales of 392 lbs )	Price per md. of Desi Kapas.	Arrivals of American cotton (bales of 392 lbs.).	Price per md. of American Kapas.
Oct. 1935.				
4	4	5 6 0		
5	4	5 6, 0		
6	—	—		
7	35	6 0 0		
8	1	6 2 0		
9	5	6 2 0		
10	10	6 4 0		
11	2	6 2 0		
12	9	6 2 0		
13	4	6 4 0.		
14	25	6 4 0		
15	10	6 4 0		
16	8	6 5 0		

Date.	Arrivals of Desi Cotton (bales of 392 lbs.)	Price per md. of Desi Kapas.	Arrivals of American Cotton (bales of 392 lbs).	Price per md. of American Kapas.
17	10	6 6 0		
18	12	6 8 0	4	7 12 0
19	25	6 8 0	5	8 12 0
20	25	6 8 0	5	8 12 0
21	35	6 10 0	5	8 12 0
22	25	6 8 0	5	8 8 0
23	35	6 9 0	5	8 10 0
24	30	6 10 0	6	8 13 0
25	—	—	—	...
26	125	6 8 0	25	8 14 0
27	—	—	—	—
28	25	6 8 0	5	8 14 0
29	40	6 6 0	10	8 8 0
30	40	6 6 0	10	8 8 0
31	60	6 7 0	15	8 8 0
Nov. 1935.				
1	60	6 7 0	15	8 8 0
2	75	6 8 0	25	8 8 0

Date.	Arrivals of Desi Cotton (bales of 392 lbs.)	Price per md. of Desi Kapas.	Arrivals of American Cotton (bales of 392 lbs.)	Price per md. of American Kapas.
Nov. 1935.				
3	100	6 8 0	25	8 10 0
4	50	6 8 0	15	8 10 0
5	40	6 8 0	20	8 10 0
6	130	6 6 0	45	8 7 0
7	70	6 8 0	25	8 8 0
8	40	6 7 0	30	8 9 0
9	80	6 9 0	40	8 8 0
10	50	6 10 0	26	8 6 0
11	50	6 9 0	25	8 7 0
12	80	6 10 0	40	8 8 0
13	100	6 11 0	50	8 10 0
14	56	6 12 0	65	8 12 0
15	75	8 4 0	50	8 14 0
16	175	7 3 0	50	8 14 0
17	150	7 6 0	125	8 13 0
18	200	15 6 0	100	8 12 0

Date,	Arrivals of Desi Cotton (bales of 392 lbs.)	Price per md of Desi Kapas.	Arrivals of American Cotton (bales of 392 lbs.)	Price per md. of American Kapas.
19	150	6 15 3	75	8 10 6
20	150	6 11 3	75	8 8 6
21	120	6 10 0	60	8 7 0
22	80	6 10 0	50	8 8 0
23	75	6 10 6	50	8 8 0
24	50	6 10 0	40	8 8 0
25	30	6 10 0	20	8 8 0
26	75	6 11 0	50	8 9 0
27	125	6 13 0	75	8 9 0
28	125	6 12 0	125	8 8 0
29	80	6 11 0	120	8 7 0
30	100	6 9 6	100	8 4 6
Dec. 1935.				
1	100	6 7 6	50	8 1 0
2	75	6 7 6	75	8 1 0
3	75	6 9 0	150	8 1 0
4	75	6 13 0	150	8 2 0
5	75	6 13 0	75	8 2 0

Date.	Arrivals of Desi Cotton (bales of 392 lbs.)	Price per md. of Desi Kapas.	Arrivals of American Cotton (bales of 392 lbs.).	Price per md. of American Kapas.
Dec: 1935.				
6	100	6 13 5	150	8 1 6
7	200	6 14 0	300	8 2 0
8	100	6 14 0	250	8 2 0
9	50	6 14 0	50	8 2 0
10	200	6 11 0	200	6 15 0
11	200	6 8 6	200	6 14 0
12	150	6 5 6	50	6 11 0
13	100	6 8 6	100	7 12 0
14	75	6 8 6	75	7 14 0
15	50	6 8 6	50	7 12 0
16	75	6 8 6	100	7 12 0
17	75	6 8 6	75	7 12 0
18	75	6 7 0	25	7 11 0
19	50	6 7 0	90	7 11 0
20	50	5 7 0	100	7 11 0
21	50	6 7 0	100	7 11 0
22	100	6 7 0	200	7 11 0

Date.	Arrivals of Desi Cotton (bales of 392 lbs.)	Price per md. of Desi Kapas.	Arrivals of American Cotton (bales of 392 lbs.)	Price per md. of American Kapas.
23	100	6 7 0	200	7 11 0
24	150	6 8 0	100	7 10 0
25	100	6 6 0	150	7 10 9
26	100	6 10 0	100	7 9 0
27	75	6 5 0	75	7 9 0
28	75	2 5 0	75	7 9 0
29	50	6 5 0	50	7 0 0
30	100	6 5 0	150	7 9 0
31	100	6 8 0	50	7 9 0
<b>Jan. 1936.</b>				
1	100	6 5 0	100	7 10 0
2	100	6 5 0	100	7 11 0
3	100	6 6 0	100	7 12 0
4	250	6 5 0	150	7 11 0
5	350	6 4 0	250	6 10 0
6	200	6 3 0	200	7 9 0
7	200	6 1 0	150	7 7 0
8	200	6 13 0	200	7 5 0

Date.	Arrivals of Desi Cotton (bales of 392 lbs.)	Price per md. of Desi Kapas.	Arrivals of American Cotton (bales of) 392 lbs.	Price per md. of American Kapas.
Jan. 1936.				
9	200	5 13 6	150	7 4 6
10	100	5 12 0	50	7 4 0
11	100	5 13 0	100	7 4 0
12	100	5 14 0	100	7 6 0
13	100	5 14 0	100	7 6 0
14	25	5 14 0	25	7 7 0
15	125	5 14 0	25	7 7 0
16	150	5 14 0	50	7 7 0
17	200	5 14 0	200	7 5 0
18	200	5 12 0	200	7 5 0
19	150	5 12 0	200	7 6 0
20	100	5 12 0	150	7 6 0
21	100	5 12 0	150	7 6 0
22	150	5 12 0	200	7 6 0
23	100	5 12 0	200	7 6 0
24	100	5 12 0	200	7 6 0
25	100	5 11 0	200	7 3 0

Date.	Arrivals of Desi Cotton (bales of 392 lbs.)	Price per md. of Desi Kapas.	Arrivals of American Cotton (bales of 392 lbs.)	Price per md. of American Kapas.
26	100	5 12 0	200	7 4 0
27	150	5 12 0	250	7 4 0
28	100	5 10 0	20	7 2 0
29	100	5 8 0	150	7 0 0
30	106	5 8 0	150	7 0 0
31	150	5 6 0	250	6 14 0
Feb. 1936				
1	100	5 6 0	160	6 12 0
2	100	5 8 0	150	6 12 0
3	100	5 8 0	200	6 12 0
4	100	5 8 0	200	6 12 0
5	75	5 6 0	175	6 12 0
6	50	5 6 0	50	6 12 0
7	50	5 8 0	50	6 12 0
8	15	5 11 0	75	6 14 0
9	25	5 12 0	75	6 15 0
10	35	5 12 0	100	6 15 0
11	100	5 14 0	325	7 0 0

Date.	Arrivals of Desi Cotton (bales of 392 lbs.)	Price per md. of Desi Kapas.	Arrivals of American Cotton (bales of 392 lbs.)	Price per md. of American Kapas.
12	100	5 12 0	350	6 14 0
13	100	5 12 0	300	6 14 0
14	100	5 14 0	300	7 0 0
15	100	6 0 0	300	7 0 0
16	100	5 14 0	350	7 0 0
17	100	5 14 0	300	7 0 0
18	100	5 14 0	300	6 14 0
19	50	5 14 0	50	6 14 0
20	50	5 13 0	150	6 13 0
21	50	5 14 0	150	6 14 0
22	25	5 14 0	75	6 14 0
23	...	5 14 0	...	6 14 0
24	10	5 14 0	30	6 14 0
25	25	5 12 0	75	6 12 0
26	20	5 12 0	75	6 12 0
27	20	5 12 0	70	6 12 0
28	20	5 14 0	60	6 12 0
29	15	5 13 0	75	6 13 0

Date.	Arrivals of Desi Cotton (bales of 392 lbs.)	Price per md. of Desi Kapas.	Arrivals of American Cotton (bales of 392 lbs).	Price per md. of American Kapas.
<b>March, 1936.</b>				
1	...	5 13 0	...	6 13 0
2	...	5 13 0	...	6 13 0
3	...	5 13 0	...	6 13 0
4	10	5 14 0	30	6 14 0
5	25	5 13 0	75	6 13 0
6	25	5 13 0	75	6 13 0
7	75	5 13 0	75	6 13 0
8	25	6 0 0	125	6 15 0
9	50	6 0 0	150	6 15 0
10	50	6 2 0	150	6 15 0
11	50	6 4 0	200	7 1 0
12	50	6 5 0	150	7 2 0
13	75	6 5 0	250	7 2 0
14	200	6 2 0	300	7 0 0
15	200	6 2 0	300	7 0 0
16	75	6 1 0	150	6 15 0
17	50	6 1 0	150	6 15 0

Date.	Arrivals of Desi Cotton (bales of 392 lbs )	Price per md. of Desi Kapas.	Arrivals of American cotton (bales of 392 lbs.).	Price per md. of American Kapas.
18	30	6 0 0	100	6 14 0
19	25	6 0 0	75	6 14 0
20	45	6 0 0	150	6 15 0
21	25	6 2 0	75	7 0 0
22	25	6 2 0	75	7 0 0
23	25	6 2 0	75	7 0 0
34	25	6 2 0	75	7 0 0
25	50	6 1 0	100	6 15 0
26	50	6 1 0	150	6 15 0
27	25	6 2 0	75	7 0 0
28	25	6 3 0	175	7 2 0
29	25	6 3 0	175	7 0 0
30	35	6 3 0	100	7 0 0
31	25	6 3 0	100	7 0 0
April, 1936.				
1	25	6 4 0	100	7 1 0
2	20	6 3 0	130	7 0 0
3	20	6 3 0	180	7 3 9

Date.	Arrivals of Desi Cotton (bales of 392 lbs.)	Price per md. of Desi Kapas.	Arrivals of American Cotton (bales of 392 lbs.)	Price per md. of American Kapas.
4	20	6 3 0	80	7 0 0
5	20	6 2 0	80	6 15 0
6	20	6 2 0	80	6 15 0
7	25	6 1 0	135	6 14 0
8	25	6 2 0	125	7 0 0
9	25	6 2 0	100	7 0 0
10	25	6 1 0	125	6 15 0
11	20	6 1 0	80	6 15 0
12	15	6 1 0	85	6 15 0
13	15	6 3 0	85	7 0 0
14	5	6 4 0	50	7 1 0
15	20	6 3 0	75	7 0 0
16	10	6 4 0	40	7 1 0
17	10	6 5 0	50	7 0 0
18	10	6 5 0	70	7 1 0
19	10	6 6 0	40	7 2 0
20	10	6 6 0	50	7 2 0
21	—	6 6 0	50	7 2 0
22	10	6 6 0	25	7 3 0

Date.	Arrivals of Desi Cotton (bales of 392 lbs.)	Price per md. of Desi Kapas.	Arrivals of American Cotton (bales of 392 lbs.)	Price per md. of American Kapas.
23	10	6 6 0	50	7 3 0
24	5	6 6 0	35	7 3 0
25	5	6 6 0	40	7 3 0
26	5	6 6 0	25	7 3 0
27	4	6 6 0	9	7 3 0

## GLOSSARY.

(1) <i>Arhat</i>	Commission.
(2) <i>Arhti</i>	Commission Agent.
(3) <i>Bahir ka Sauda</i>	Direct purchase from the village.
(4) <i>Beopar</i>	Business.
(5) <i>Dhela</i>	Half pice.
(6) <i>Gurdwara</i>	Sikh temple.
(7) <i>Kan</i>	Lint per md.
(8) <i>Kanun</i>	Law.
(9) <i>Kapas</i>	Raw Cotton <sup>1</sup> .
(10) <i>Kotha</i>	Room for storage.
(11) <i>Lambardar</i>	Head of the Village.
(12) <i>Langri</i>	Cook.
(13) <i>Mandi</i>	Market.
(14) <i>Mandir</i>	Temple.
(15) <i>Masjid</i>	Mosque.
(16) <i>Panchayat</i>	Association.
(17) <i>Tola</i>	Weighman.
(18) <i>Watta</i>	Allowance.
(19) <i>Zamindar</i>	Cultivator.

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1. The word 'cotton' used in this book means raw cotton, unless specially mentioned as 'ginned cotton' or given in bales.

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1. Mentioned in this book as ' Cotton Enquiry Report, Punjab.'

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