PROCESSING AND MARKETING OF BIDI TOBACCO IN NIPANI TRACT.

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BY

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PROCESSING AND MARKETING OF BIDI TOBACCO IN NIPANI TRACT.

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-- PREFACE --

This study pertains to an understanding of the various problems connected with processing and marketing of bidi tobacco in Nipani Tract. There has been certain ground for choosing this subject for my investigational study.

As the Tract has been known for trade in quality bidi tobacco, my academic interest, in the initial stage, prompted me to get a general idea as to the place of tobacco trade in the social and economic life of the region. A general -- acquaintance with the circumstances aroused in me a keener interest in the nature and conditions of tobacco trade. This came at the very time when I was brooding over, a subject for my doctorate degree.

In the course of satisfying my academic interest, I was struck by observing that though Nipani Tract had earned reputation for trade in quality tobacco for bidis, the manner and direction of progress did not indicate any healthy signs. It was particularly noted that the trade was gradually being drifted into difficult situations and a sense of frustration prevailed in the trading class in general. A diagnosis of the situation, it was thought, might help in providing some way out.

But the task was difficult as the statistical and other information on the basis of which I had to operate were fragmentary and inadequate. Correct information and figures regarding certain vital matters were not available due to legal complications. The available information could not be taken as fully authentic without getting it verified from other sources by applying checks and counterchecks. In the circumstances, I had to make many assumptions and rely, to a considerable extent, on statistical manipulations based on the data collected through extensive field surveys. However, I have been careful to explain fully the assumptions I have made and the basis on which and the methods through which I have prepared my estimates.

The present study was conducted under the guidance of Prof. V. M. Dandekar, Gokhale Institute of Politics and Economics, Poona. I take this opportunity of recording my deep sense of gratitude to him for going through my drafts patiently and promptly, and making valuable suggestions. To work under Prof. Dandekar was, indeed, a privilege, and everything good in this thesis is due to his exacting standard and critical comments.

There are a large number of others to whom I owe much for helping me through the different stages of this work. The only source of getting authentic statistical information was the Central Excise Department. My sincere thanks to the Authorities for granting permission to get the necessary data, and the officials for their valuable co-operation. My thanks also to the Municipal Borough, Nipani, for making available necessary records in the Office. I am grateful to those innumerable individuals & firms, officials & non-officials, labourers & clerks, cultivators & non-cultivators, too many to be listed here, for helping me in several ways during the course of my study. The only thing I can say is that without their help and co-operation, my work would have been utterly impossible. Among those who helped me, I must particularly mention Shri. M.B. Habbu, Tobacco Specialist, Tobacco Research Station, Nipani for his guidance, advice, active help, critical comments on notes and constant encouragement.

November, 1965 R. R. Doshi

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CHAPTER I

TOBACCO IN INDIA

In India, tobacco has a place of pride. It is one of the important cash crops of Indian agriculture. In the world production of tobacco, India has a place next to U.S.A. and China. So far as export of tobacco from any country is concerned, India has her fifth place. In the list of exportable raw commodities from India, tobacco has occupied tenth place. Next to cotton and sugar, tobacco is the important commodity giving our Government a substantial amount of excise revenue-about Rs.50 crores per year. And finally, tobacco gives the Government foreign exchange to the tune of Rs.15 crores a year.

PRODUCTION:

In India, there are approximately 15 lakhs of tobacco growers, growing tobacco of different sorts useful for a variety of purposes, and nearly 8 lakhs of curers.[1] India has specialised in the production of only two varieties - Nicotiana Tabacum and Nicotiana Rustica. Nearly 90% of the total production is of Tabacum variety. The production of Rustica type is generally limited to North India and is used mainly for hookah, chewing and snuff. In the group of various types produced under Nicotiana Tabacum variety, the Virginia type is of much importance. India exports its better quality and the inferior quality is used for manufacture of cigar and cigarettes. A general idea of the production of tobacco in India, according to the species and types, can be had from the following Table:-

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1. Indian Central Tobacco Committee (Ministry of Food & Agriculture, Government of India), Madras: Indian Tobacco Statistics: 1939-1959; P.1.

Table 1.

Area and production of the two species of tobacco according to main uses.

(1956 - 1957)

Species & Types according to uses.	Area: Hectares ('000)	Area: % share in total	Production: Million Kgs.	Production: % share in total.
Nicotiana Tabacum:				
1. Cigarette:				
A) Virginia ...	98	23.2%	59	17.6%
B) Other types ...	40	10.1	27	8.2
2. Bidis ...	108	27.0	80	23.7
3. Chewing ...	54	13.4	57	17.0
4. Hookah & Chilum ...	30	7.5	30	9.0
5. Cigar & Cheroots ...	31	7.8	28	8.3
6. Snuff ...	3	0.8	3	1.0
Total	364	89.8	284	84.8
Nicotiana Rustica:				
1. Hookah & Chilum ...	27	6.7	35	10.3
2. Chewing ...	10	2.5	14	4.0
3. Bidis ...	3	0.9	2	0.7
4. Snuff ...	0.4	0.1	0.5	0.2
Total	40.4	10.2	51.5	15.2
Grand Total	404.4	100.0	335.5	100.0

Note: These figures do not indicate quantities 'actually used' for various purposes, as a particular type of tobacco may be used, to some extent, for other purposes also.

Source: Government of India : Ministry of Food and Agriculture. Report on Marketing of Tobacco in India, 1960 p.15.

Special Note: The original figures of area in acres and production in lbs. have been converted into area in hectares and production in kilograms, respectively. The conversion equivalence used : 1 hectare = 2.47 acres, and 1 kilogram = 2.2046 lbs.

Thus, from the Table, 33% of the land grows tobacco suitable for use in cigarettes, while nearly 28% land grows tobacco for bidis. It is in the remaining 39% of land that tobacco suitable for chewing, hookah, cigars and snuff is grown. Speaking from the side of production, 26% goes for cigarettes, 24.0% for bidis, and the remaining 50% for the rest of the uses. Therefore, it seems that production of tobacco for use in cigarettes and bidis has a predominant place; and this is followed by production for hookah & chilum

AREAS OF PRODUCTION:-

The country can broadly be divided into different regions on the basis of the particular types of tobacco ~~of~~ grown for a variety of uses:-

Table 2.

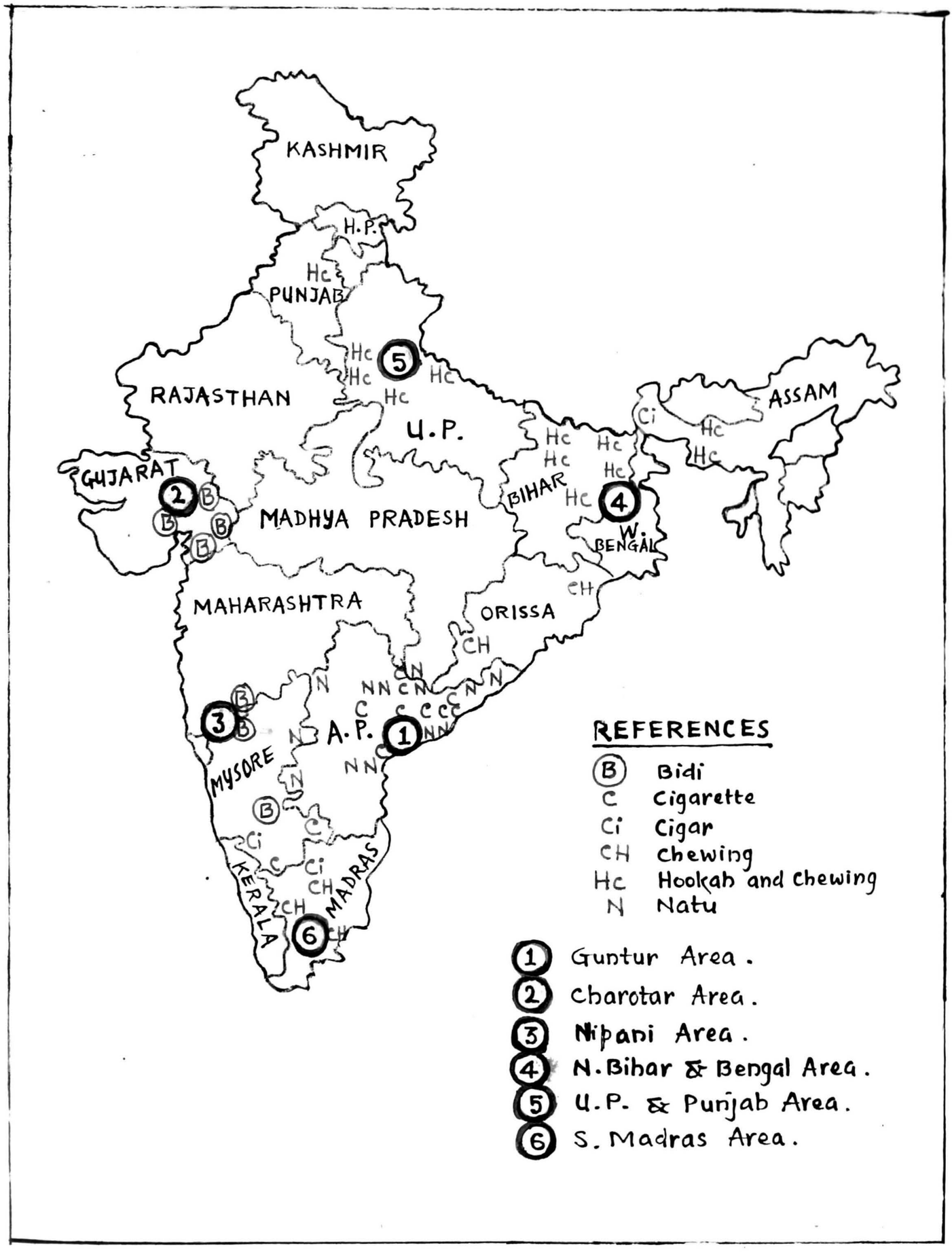
(P.T.O.)

Table 2.

Areas of production and main types of tobacco generally produced.

Area of Production:	Extent of the Area:	Main types of tobacco produced.	Uses to which put.
1. Guntur Area.	Guntur, Krishna, East and West Godavari and Telangana Dists. of Andhra Pradesh.	Flue-cured virginia, Sun-cured Virginia, Natu and White Burley.	Cigarette, Pipe, Cheroot.
2. Charotar Area.	Kaira and Baroda Districts of Gujarat.	Kelieu.	Bidis.
3. Nipani Area.	Belgaum District of Mysore, and Kolhapur, Sangli and Satara Dists. of Maharashtra.	Surti.	Bidis.
4. North Bihar & W. Bengal Area.	Muzzaffarpur, Darbhanga and Purnea Districts of Bihar, and Cooch Behar, Malda, Jalpaiguri, Berhampur and Dinajpur Dists. of West Bengal.	Vilayati, Motihari, and Jati.	Hookah, Chewing, Snuff.
5. U.P. and Punjab Area.	Farrukhabad Dist. of U.P. and Jallunder and Ferozepur Dists. of the Punjab.	Nicotiana Rustica. Nicotiana Tabacum, Monnai,	Hookah Chewing, Chewing, Snuff, Filler and binder tobacco.
6. South Madras Area.	Madurai and Coimbatore Districts of Madras.	Neenampalayam.	

TOBACCO MAP OF INDIA SHOWING AREAS OF PRODUCTION.



These broadly distinguished regions depend mainly on the cultivation, processing and marketing of tobacco, as this happens to be their most important source of income. Although the share of tobacco in the total agricultural production of the country is not quite appreciable (only about 0.2% of the total area sown under principal crops in India), this crop has become the mains_pring of agriculturists in area where its production is concentrated.

The following Table gives information about the area and production in each of the States in India:-

Table 3.

Statewise production of tobacco in India.

(Average for 1961-62 to 1963-64)

State	Area('000 Hectares)		Production (Mill.Kgs.)	
	Average	%	Average	%
1. Andhra Pradesh	162.7	39.3	138.1	39.6
2. Bihar	16.3	3.9	13.8	3.9
3. Gujarat	87.3	21.1	83.8	24.0
4. Madras	19.3	4.6	28.3	8.1
5. Maharashtra	24.4	5.9	13.5	3.8
6. Mysore	37.9	9.1	22.9	6.8
7. Uttar Pradesh	16.3	3.9	11.8	3.4
8. West Bengal	15.5	3.7	11.8	3.4
9. Others	34.0	8.5	25.2	7.0
All India total	413.7	100.0	349.2	100.0

Note:- " Others" includes the States of Assam, Jammu & Kashmir, Kerala, Madhya Pradesh, Orissa, Punjab and Rajasthan, and the Union Territories of Delhi, Himachal Pradesh and Tripura. Each of these grows a very small quantity of tobacco.

Source:-Compiled from the data adopted from the concerned issues of "Tobacco Bulletin", a quarterly publication of the Indian Central Tobacco Committee (Ministry of Food and Agriculture, Government of India), Madras.

It will be seen from the Table that Andhra Pradesh tops the list as regards area as well as production. Gujarat stands next to it. Rest of the States indicate area and production of tobacco below 10 % of the respective totals.

Even in the tobacco growing States cultivation of tobacco is highly concentrated. A general view of the extent of concentration in some of the areas of production will be available from the data produced below : -

Table 4.

Production of tobacco in Areas of Concentration.

(1956-1957)

Area of Concentration	Area		Production.	
	Hectares	% in total	Million Kgs.	% in total.
1. Guntur-Godavari Belt. (Andhra Pradesh)	138	34.51	98	29.21
2. Charotar Area (Gujarat)	58	14.33	62	18.61
3. Nipani Area (Mysore & Maharashtra States)	50	12.51	18	5.43
4. Coimbatore Area (Madras)	11	2.72	17	5.03
5. N. Bihar Area.	14	3.53	20	5.98
Total	271	67.60	215	64.26
All India Total	404	100.00	215	100.00

Source: Government of India : Ministry of Food and Agriculture - Report on Marketing of Tobacco in India, 1960; p.14.

Special Note : As per Table 1 above.

Crop available for commercial utilisation:-

Out of the total produce, nearly 92-94% is available as marketable surplus. This is because, the producer can retain only a limited quantity for personal consumption as allowed by the Central Excise Rules. Moreover, wage-payments to casual workers on tobacco fields are done in monetary terms, and not in kind due to the provisions in the Excise Rules.

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BIDI TOBACCO IN INDIA :-

From the six broadly distinguished regions Charotar Area and Nipani Area are the two important regions producing a major quantity of bidi tobacco in India. The Charotar Area includes Kaira and Baroda Districts of Gujarat; the Nipani Area Belgaum District of Mysore State and Kolhapur, Sangli, and Satara Districts of Maharashtra State. Nearly 96% of bidi tobacco in India is grown in these two Areas only.

The States of Gujarat, Mysore and Maharashtra specialise in production of Nicotiana Tabacum variety useful for the manufacture of bidis. Virginia tobacco suitable for cigarettes is grown on a very small scale. In recent years the Kurnool region of Andhra Pradesh is growing bidi tobacco, but its production does not exceed 5% of the total production of bidi tobacco in the country. The following is a statistical information about the production of tobacco useful for bidis in the areas of specialisation :-

Table 5.

Production of bidi tobacco (Nicotiana Tabacum Specie) in Gujarat, Mysore and Maharashtra.

(Area : in '000 Hectares; Production : in '000 Kgs.)

Year		Gujarat	Maharashtra	Mysore	Total
1958-1959	Area	61.1	22.7	35.2	119.0
	Production	43,690	10,161	18,289	72,140
1959-1960	Area	66.4	30.4	23.5	120.3
	Production	45,723	15,241	14,225	75,189
1960-1961	Area	87.0	26.3	32.1	145.4
	Production	58,931	12,193	16,257	87,381
1961-1962	Area	92.3	25.1	30.8	148.2
	Production	83,316	15,241	15,241	113,798
1962-1963	Area	93.0	28.0	39.0	160.0
	Production	97,000	15,000	23,000	135,000
1963-1964	Area	76.1	20.2	36.2	133.1
	Production.	70,100	10,200	22,300	102,600

Source:-

Adopted from the issues of " Tobacco Bulletin ", a Quarterly publication of the Indian Central Tobacco Committee (Ministry of Food & Agriculture), Madras.

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An important fact noticeable from the Table is that during all these years the aggregate area under the cultivation of bidi tobacco has been increasing, with the result that the total production has bshown a remarkable increase. Major increase has been in Gujarat.

With this increase in agreegate production of bidi tobacco, we observe also an increase in the proportion of bidi tobacco in the tobacco of all varieties produced in India. Table 6 will bear testimony to this.

Table 6.

Production of bidi tobacco in relation to the total quantity of tobacco produced in India.

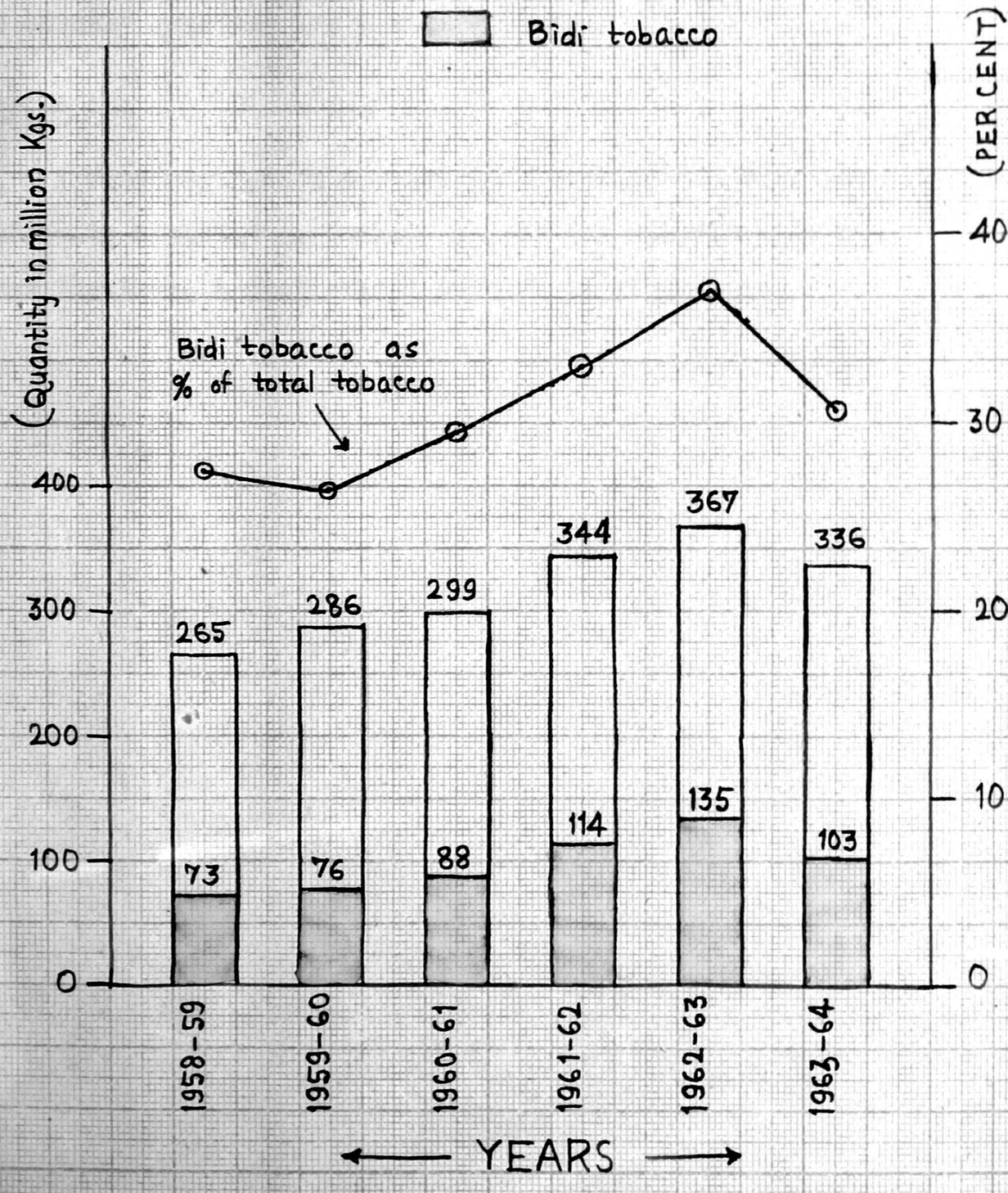
(Quantity in million Kgs.)

Year	Total tobacco Produced.	Bidi tobacco	
		Production	% to total Tobacco.
1958-59	265	73	27.5
1959-60	286	76	26.6
1960-61	299	88	29.4
1961-62	344	114	33.0
1962-63	367	135	37.0
1963-64	336	103	30.7

Source: - As per Table 5.

Thus, the production of bidi tobacco has been increasing at a comparatively faster rate, so that now it has come to occupy almost one-third share, in place of about one-fourth in 1956-57, in the total production of tobacco in the country.

PRODUCTION OF BIDI TOBACCO IN RELATION TO THE TOTAL QUANTITY OF TOBACCO PRODUCED IN INDIA.



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Home Consumption :-

Though production of bidi tobacco has assumed a noteworthy role in the country, a major part of the produce finds a market within the country itself, most of the quantity being consumed for the manufacture of bidis. Nearly 94 % of bidi tobacco in the country goes for the making of bidis.

Exports : -

A very negligible proportion - average 4-5 % of the total produce-is exported in unmanufactured and manufactured form taken together. A statistical account is given below :

Table 7.

(P.T.O.)

Table 7.

Exports of bidi tobacco from India.

Year	Unmanufactured tobacco : For manufacture of bidis.		Manufactured tobacco				total exports.	
			Bidis		Bidi tobacco.			
	Qty. (Kgs.)	Value (Rs.)	Qty. (Kgs.	Value (Rs.)	Qty.(Kgs.)	Value(Rs.)	Qty.(Kgs.)	Value (Rs.)
1959-60	80,992	1,60,228	6,02,028	66,86,222.	5,59,889	20,67,965	12,22,909	89,14,415.
1960-61	19,964	79,653	7,25,133	80,13,127	6,05,665	22,79,946	13,50,762	1,03,72,726.
1961-62	53,134	2,01,619	3,62,060	40,77,273	9,34,664	34,25,544	13,49,858	77,04,436.
1962-63	32,957	1,64,869	2,65,265	31,58,226	10,95,265	39,26,501	13,93,487	72,49,636.
1963-64	23,724	1,03,121	1,29,259	14,55,895	9,21,083	31,99,819	10,74,066	47,58,835.

Source:- As per Table 6.

The exports of bidi tobacco in different forms are roundabout 13 lakh kilograms per year, that is, merely 1.6% of the total production. The export of unmanufactured tobacco for manufacture of bidis is much less. Ceylon is an important customer for this, and takes up over 80% of the quantity, Singapur, Zanzibar and Afghanistan sharing the rest.

In the category of manufactured tobacco, bidis fetch a substantial income. But, it is to be noted that India exports a very small quantity (less than 1%) of bidis as compared to her annual production. The figures indicate that the exports of bidis have gone down progressively. It is because the markets in Pakistan and Burma, which consumed considerable quantities of Indian bidi tobacco and bidis, are now virtually closed. At present, though Ceylon leads in purchasing bidis from India, her share has come down from 85% in 1960-61 to 66% in 1962-63. Singapore and Malaya are the other customers.

As regards the export of bidi tobacco in manufactured form, ~~from~~, Ceylon still is the main customer, purchasing more than 95% of the available quantity.

One point to be noted in connection with the exports is that they are confined to the Arabian and South-East Asian countries. Bidi tobacco or bidis have not figured prominently in the list of commodities exported to Western countries. Even African countries, except Zanzibar, are out of contact.

<u>Excise earnings on bidi tobacco</u>:-

Roughly 27-29% of the total excise earnings in the country is collected from bidi tobacco.

CHAPTER II

NIPANI AREA AND THE NIPANI TRACT.

(A) Nipani Area.

As already specified in the eaLlier Chapter, Nipani Area consists mainly of Belgaum District of Mysore State, and Kolhapur, Sangli and Satara Districts of Maharashtra State. Nearly, 56,600 hectares of land are under tobacco crop in this area. The 'Surti' 'Pandharpuri', 'Whole-leaf' and 'Virginia' varieties are grown over the Area.[1] The Major portion is of 'Surti' variety, 'Pandharpuri' variety being grown to some extent in Sangli and Satara districts. Bhoj and Manjari in Belgaum District and Islampur and Kasegaon in Satara District specialise in growing 'Whole-leaf'. The cultivation of 'Virginia' tobacco is undertaken by a few only as a matter of special interest, and hence the production of this tobacco is almost negligible; moreover, the virginia type is suitable more for Cigarettes. Thus, Nipani Area specialises in the production of bidi tobacco.

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1. Both the 'Surti' and 'Pandharpuri' varieties are used for bidi purpose. The 'Surti' type is a specie of the main class Nicotiana Tabacum and greenish-yellow-to-orange and light-brown in colour. The leaf is thick but not coarse, with a milder nicotine strength and pleasing flavour and aroma. The 'Pandharpuri' variety is a specie of the main class Nicotiana Rustica and is light to dark ~~to~~ brown in colour. The leaf is thick and slightly coarse, and is a good deal stronger. These two varieties are sun-cured, transacted in the form of broken leaves and the raw produce used for bidi after suitable processing. The 'Whole-leaf' is nothing but the usual bidi tobacco, the leaves of which are kept in unbroken form after 'pit-curing'. This differs from the former two only in the method of curing and sale, growing methods remaining the same. This tobacco is generally used for chewing purpose, though its use for bidi is not altogether impossible. The 'Varginia' tobacco forms the specie of Nicotiana Tabacum class, but differs greatly from the bidi tobacco of any type. This is suitable more for cigarettes and cigars.

2

The Charotar Area of Gujarat excels in production of Bidi tobacco; and as compared to that Nipani Area ranks much below, though next to it, in the area under the crop and total yield. The following Table will help us in substantiating the point.

Table 1.

Area, Production and yield per hectare of tobacco in Charotar and Nipani Areas (1956-57)

Area of concentration.	Area ('000 Hectares)	Production (Mill. Kgs.)	Yield per Hectare (Kgs.)
1. Charotar Area	58	62	1,083
2. Nipani Area	50	18	364

Source:- Government of India : Ministry of Food and Agriculture : Report on Marketing of Tobacco in India, 1960:p 14.

Note: The original figures in acres and lbs. have been converted into hectares and kilograms respectively.

One point strikes here immediately. Though there is less difference between the area under cultivation in both these Areas, there is noteworthy difference in the production, and hence, yield per hectare. The pronounced difference is mainly due to peculiarities in cultivation of the crop. In Charotar Area, the crop is heavily irrigated and high doses of fertilisers are applied. The usually recommended dose of the fertilisers is about 200 lbs. nitrogen sulphate, containing 50% each of cake and nitrogenous elements, per acre of land.[2] This has a favourable effect on the yield, but quality suffers to some extent due to heavy irrigation. In Nipani Area,

2. Many a time this dose is increased even to about 300 lbs. per acre.

on the other hand, the crop is dependent mainly on the monsoons, and is irrigated only when necessary for want of timely rains. The usually recommended dose of fertilisers is 40-60 lbs. of nitrogen sulphate per acre, the proportion of the components being the same as that in Charotar Area.

It should further be noted that 364 Kgs. per hectare are an average for the Nipani Area as a whole. But, if we direct our attention at the key production region of Nipani Area, viz. Nipani and the areaaroundabout, the average yield per hectare is 545 Kgs. The Table below indicates the per hectare yield of tobacco in Nipani Rural region since 1957-58.

Table 2.

Yield per hectare of bidi tobacco in Nipani Rural region since 1957-58.

Year	Yield per hectare (Kgs.)
1957-58	640
1958-59	509
1959-60	548
1960-61	499
1961-62	515
1962-63	637
1963-64	480
Average	545

Source: Compiled from the date obtained from the Central Excise Office, Nipani.

It will be observed from the Table that the average yield per hectare has reached a figure over 600 during some years, while normally it has been roundabout 500 Kgs. In the much coveted region of Akol in the Nipani Rural area, the yield in some fields has been between 800 and 900 Kgs. per hectare.

In Nipani Area, though yield per hectare is comparatively low, the quality is very much superior. The peculiar soil and climatic conditions are responsible for this. The flavour, aroma & keeping quality possessed by tobacco of Nipani Area are lacking in the tobacco of Charotar Area. Therefore, Nipani tobacco has attained a nationwide reputation as an indispensable product for manufacture of bidis.

Now, as regards the concentration of production within the Nipani Area itself, Belgaum District leads, and Kolhapur, Sangli and Satara Districts follow in order. Out of the total 56,600 hectares under bidi tobacco in Nipani Area, 28364 hectares (50.7%) are within the Belgaum District; another 28% is within the Kolhapur District. Similarly, from the total production of 231 lakh kilograms, nearly 126 lakhs (54.8%) are credited to the account of Belgaum District, while Kolhapur District shares 24% of the produce. The production in Satara District is almost negligible.

Even in Belgaum District, there exists a region of fair concentration of production. This is Nipani Town and about 60 villages surrounding it - termed as "Nipani Circle" by the Central Excise Department. This region produces 40% of the District total. The "Nipani Circle" happens to be our main reference of study, and hence for the sake of convenience, clarity and distinction, we shall term it "Nipani Tract". Our further task, therefore, is to give a factual information of the "Nipani Tract".

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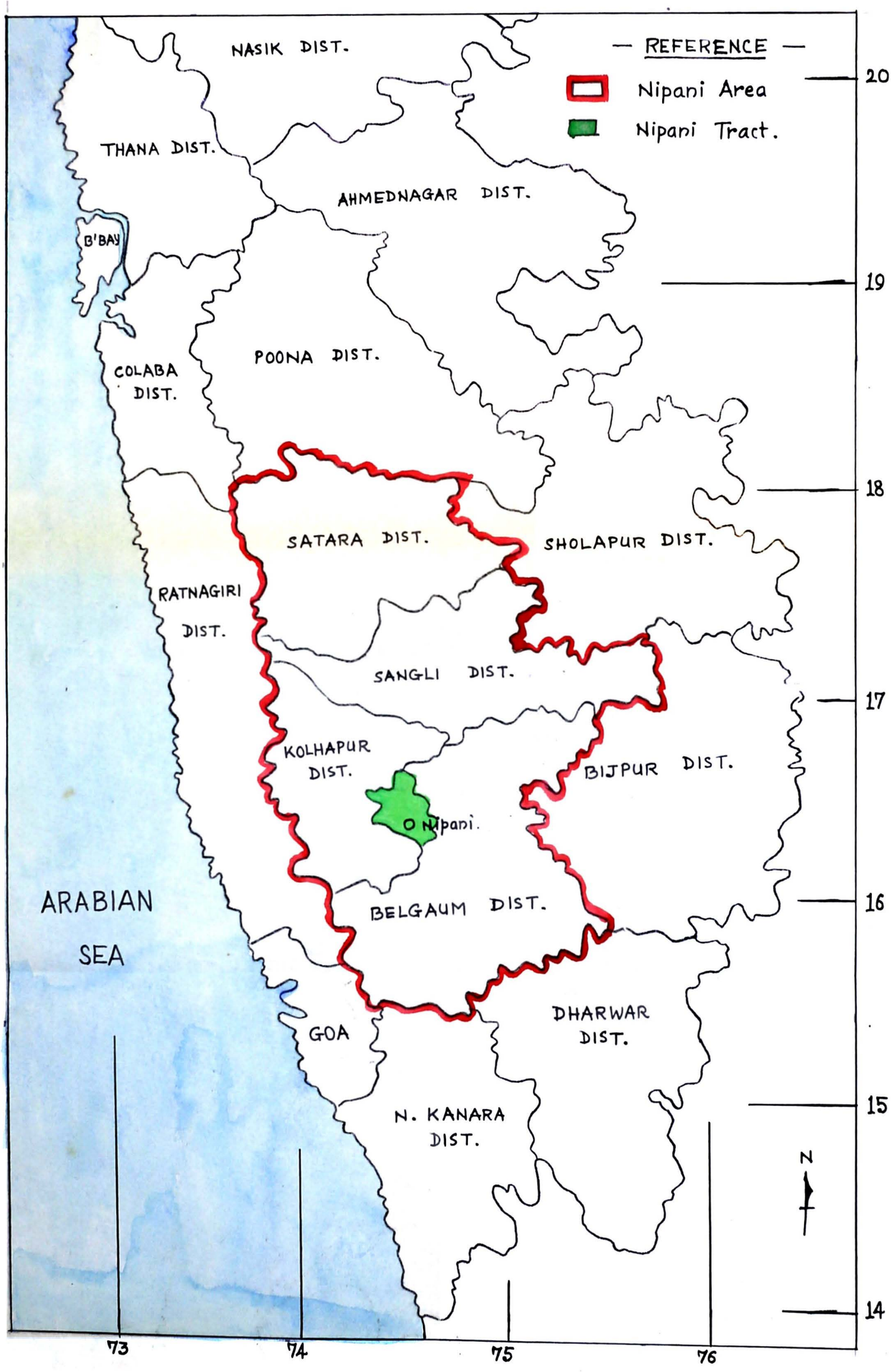
MAP SHOWING NIPANI AREA AND NIPANI TRACT.



(B) NIPANI TRACT.

The "Nipani Circle" (or, the "Nipani Tract", as we have called it) comprises Nipani Town along with 60 villages nearby. For administrative convenience, the Central Excise Department has divided it into 'Nipani Town Circle' and 'Nipani Rural Circle'. The relevent information about these two circles separately will be a necessary preliminary for understanding the real issues. As a starting point, of course, it is necessary to acquaint overselves with the set-up of the Central Excise Administration, for the only reason that our study pertains to one of its units, viz., 'Nipani Circle'.

The Central Excise Administrtion :-

In 1943, tobacco was brought in the list of taxable commodities, the tax being levied and collected by the Central Government. Hence the Central Excise Department has been entrusted with the administration and collection of excise revenue on tobacco along with other excisable commodities.

For administrative purpose the country has been divided by the Department into conveniently formed parts, termed as "Collectorates", to be in charge of a Collector. At present there are in all 12 Collectorates- viz., Delhi, Allahabad, Patna, Calcutta, Baroda, Bombay, Nagpur, Poona, Bangalore, Hyderabad, Madras and Cochin -attending to the administration of tobacco excise. Each Collectorate is sub-divided into "Divisions" in the charge of an Assistant Collector. The "Divisions" are formed, as far as possible, so as to follow the revenue jurisdiction of the districts. The "Division" is sub-divided into "Circles", mainly controlled by a Superintendent. Many a time, the "Circle", is further split into "Multiple Officers Ranges" (M.O.R.) to be under the control of a Deputy Superintendent, or a Selection Grade Inspector. Multiple Officer's Ranges are formed in

concentrated tobacco growing areas, important warehousing centres and industrial areas having a concentration of factory excises. A standard M.O.R. may have jurisdiction over an area of 100-200 sq. miles with an actual or potential revenue of about Rs.10 lakhs. The guiding principles in forming mixed M.O.Rs. are the total workload and the revenue potential in the area. Normally, a M.O.R. is under a direct charge of a Deputy Superintendent, who is assisted by a team of Officers consisting of Supervisors (designated as Sector Officers) and Inspectors. Each Sector ordinarily has one Supervisor, one Inspector and one Sepoy, and each M.O.R. has 3-5 such Sectors. The field work is done by the Officers of the Sector working together as a squad. A Lower Division Clerk is attached to each M.O.R. Office for doing routine ministerial work. The whole team is controlled by the Deputy Superintendent who is the Range Officer of the M.O.R.

In the formation of the Collectorates and other administrative units at lower levels, the Central Excise Department has adhered, so far as possible, to the revenue boundaries of the State, District, Taluka etc., as the case may be, with the only motive that where relevant statistics of State authorities (viz., area, production, etc.) are available, they can easily be compared with Departmental returns. Though this remains a general criterion, in case of bigger States like the Maharashtra, three Collectorates- viz., Bombay, Poona and Nagpur- have been formed for the sake of administrative convenience and efficiency.

Nipani Town Circle:-

The jurisdiction of Nipani Town Circle extends over the municipal limits of Nipani Town covering about 1.5 square miles, excluding the growing area, which comes under the jurisdiction of Nipani Rural Circle. Nipani is a town situated on the national

highway between Poona and Bangalore and is at a distance of 169 miles from Poona in the north and 45 miles from Belgaum in the south. Nipani is in Chikodi Taluka of Belgaum District and is at a distance of 14 miles from the Taluka head quarters. Being on the highway, Nipani has facilities of communication with all the important cities in the country, and is also easily accessible from Kolhapur Railway Station in the north, which is only 25 miles away. There is a Railway-Out-Agency Office at Nipani operating on behalf of the Southern Railway for the transport of goods only from and to Nipani Town. Chikodi Road railway station is at a distance of 30 miles to the east of Nipani, and Belgaum railway station 45 miles to the south. Nipani is an important assembling centre for all varieties of tobacco grown and cultivated in Southern Deccan and Karnatak Tract and has attained all-India reputation.

An agency of the Central Excise Department was instituted at Nipani when tobacco was included in the list of excisable commodities in 1943. Under the provisions of the relevant ~~xx~~ Act, the production and disposal of tobacco cannot be undertaken without the permission of the Excise Department. Hence the Department has a full account of every gram of tobacco produced and utilised. The Department issues licences to growers, manufacturers of finished products and all people dealing at various stages of tobacco trade. The Office at Nipani has been well organised. It has two sections: Nipani Town Circle, dealing with all the activities in Nipani Town area only; Nipani Rural Circle, dealing with those in Nipani Rural area. So far as the Town Circle is concerned, prior to 1st April 1958, Nipani Town was constituted into a Multiple Range in charge of a Deputy Superintendent with as many as 14 Sectors, and each Sector was in charge of an Inspector. On 1st April, 1958, the same charge was bifurcated into two Ranges called Multiple Officers' Range I and II, with a sanctioned strength of one Deputy Superintendent,

4 Inspectors, 4 Sub-Inspectors, One Lower Division Clerk and 5 Sepoys, for each Range. Almost an equal number of warehouses have been allotted to each Range. The Town Circle has been placed in charge of a Superintendent.

NIPANI TOWN AS A PROCESSING AND MARKETING CENTRE:-

In Nipani Town, a Majority of the business population is involved in tobacco trade at some or other stage, and this happens to be the principal source of income. A vivid picture of the Town as a centre of tobacco trade can be had from the statistical information given below:

(1) Traders:-

All the traders have to secure a licence from the Excise Department, According to the nature of their trade, the licensees are classified in the following manner:-

(a) those carrying on wholesale trade in unmanufactured tobacco - holders of "L2" licence ;
(b) those carrying on business as a broker or commission agent in respect of tobacco: holders of "L3" licence;
(c) those wholesale traders who are engaged in processing activity, have to get an additional licence "L5" for the purpose.

The licence-holders in each of the categories are further grouped into different classes, on the basis of the quantity of tobacco handled by them. Accordingly, the licence fee also differs. The following are the ranges for each category and the licence fees required to be paid by the licensees.

Table 3.

(P.T.O.)

Table 3.

Classwise division of L2, L3 and L5 Licensees.

(1963-64)

Qty. handled (Quintals.)	L-2 Licensees Class	L-2 Licensees Licence fees(%.)	L-3 Licensees Class	L-3 Licensees fee(%.)	L-5 Licensees Class	L-5 Licensees fee(%.)
800 and more	I	100	I	50	I	25
400 - 800	II	50	II	25	II	10
200 - 400	III	25	III	10		
100 - 200	IV	10	IV	5	III	5
20 - 100	V	5	V	1	IV	1
20 and less	VI	1				

Source:- Central Excise Office, Nipani.

The position of traders in Nipani Town in this respect is given in the Table below:-

Table 4.

(P.T.O.)

Table 4.

Position of L2, L3 and L5 licensees in Nipani Town Circle (1958 to 1963).

Year	L2 Licensees				L3 Licensees				L5 Licensees.		
	Class I & II	Class III & IV	Class V & VI	Total	Class I & II	Class III & IV	Class V	Total	Class I & II	Class III & IV	Total
1958	98	37	84	219	85	650	53	188	117	85	202
1959	90	54	61	205	84	47	49	180	123	65	188
1960	81	47	75	203	76	39	66	181	110	74	184
1961	96	46	57	199	91	41	51	183	124	56	180
1962	95	41	70	206	91	37	61	189	119	65	184
1963	96	34	72	202	91	30	60	181	116	60	176

Source:- Central Excise Office, Nipani.

The Table leads to following observations:-

1. Leaving aside those having a broker's licence only (L-3), nearly 83% of the wholesale traders (L-2 licensees) holds L-3 licence also and hence works as brokers or commission agents simultaneously. In 1962, out of 189 holders of L3 licence, only 17 worked in the capacity of brokers and commission agents only, and did not engage in wholesale trade. Thus, in Nipani Market, there has been a fair admixture of trading and agency business.

2. Regarding the number of licensees in tobacco trade, the trend from 1958 onward is on decrease, except in 1962. The net result of the influx and efflux of the licensees is ultimately on the negative.

3. Generally, licensees in Class I hold all the three licences, but this is not the case with those in other classes. The following Table will bear testimony to this :-

Table 5.

Classwise distribution of licensees in Nipani Town in 1962 and 1963.

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(P. T. O.)

Table 5.

Range (Quintals)	1962 L2 licence	1962 L3 licence	1962 L5 licence	1963 L2 licence	1963 L3 licence	1963 L5 licence
800 and more	61	61	61	60	60	60
400 - 800	34	30	58	36	31	56
200 - 400	24	22		20	18	
100 - 200	17	15	27	14	12	28
20 - 100	25	61	38	28	60	32
20 and less	45			44		
Total.	206	189	184	202	181	176.

Source:- Central Excise Office, Nipani.

If to consider wholesale trading and processing jointly, all the wholesale traders (L2-licensees) in classes# I, II, III and IV undertake processing, and hence hold L5 licence. And from among the remaining traders in class V and VI, nearly 75% engage themselves in processing activity.

2. Warehouses :-

As nearly 85% of tobacco assembled in Nipani market is sent out after processing, it is but natural that a number of persons are engaged in processing activity and hence own warehouses. In 1961, there were 180 warehouses having in all 107 branches, making a total of 287. Traders in class I and class II maintain more than one warehouse in order to meet the seasonal pressure of arrivals

and processing. The prominent traders in class I have at least 3 warehouses, one serving as main warehouse and remaining as branch warehouses. Most of the class II licensees have at least one branch warehouse. The warehouses are not located in any central place, but are scattered throughout the Town.

3. Quantity assembled : Nipani Town as an Assembling Centre.

Since the beginning of marketing of bidi tobacco in this Tract, Nipani Town has been a centre assembling produce from the surrounding growing areas, whatever might be the system and channels of marketing. The following Table gives a trend of total quantity arrived in the Town.

Table 6.

ARRIVALS OF TOBACCO IN NIPANI MARKET.

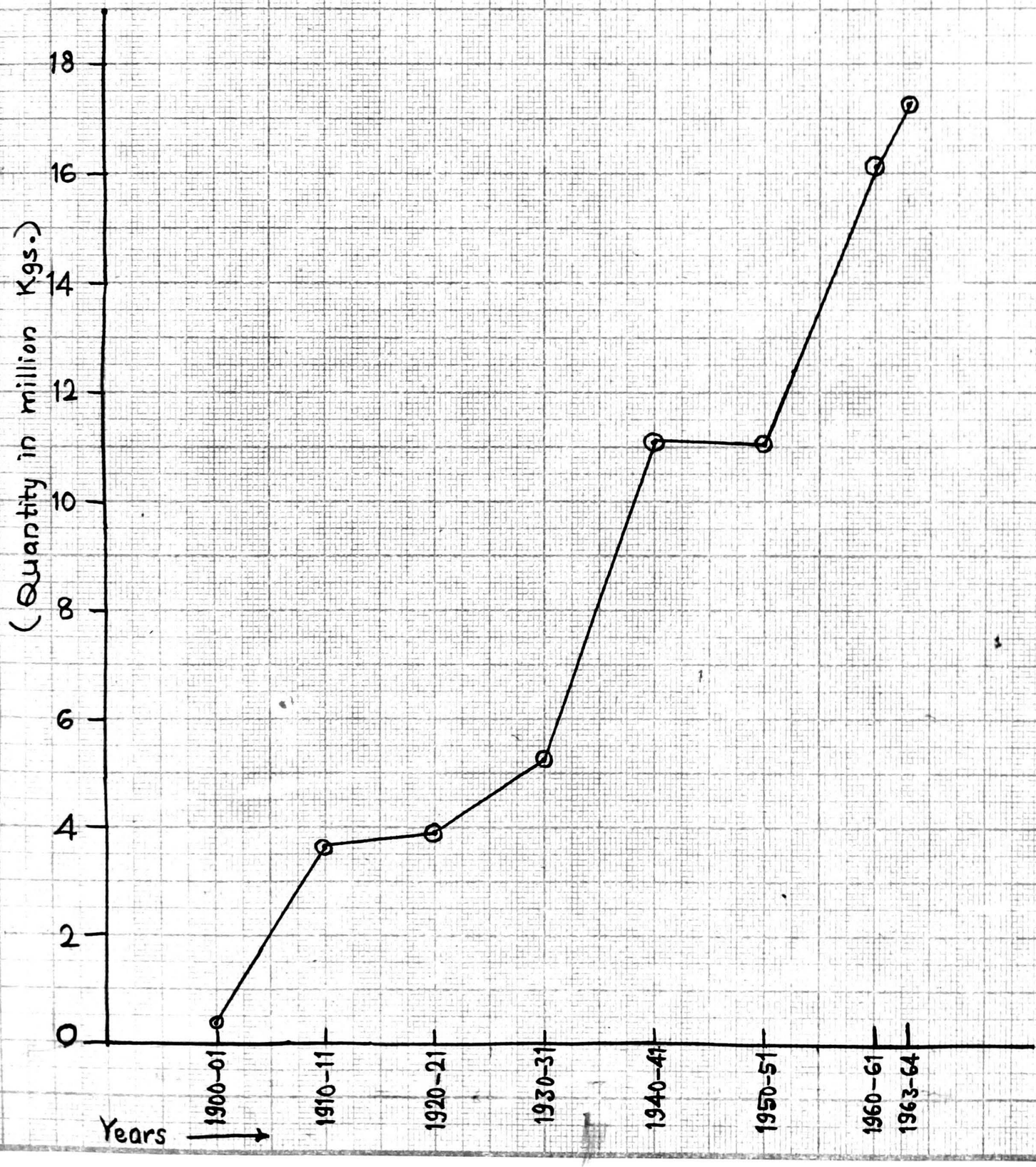
(in Kgs.)

Year	Quantity arrived (Kgs.)
1900 - 1901	3,49,576
1905 - 1906	5,62,511
1910 - 1911	36,32,364
1915 - 1916	42,17,149
1916 - 1917	32,82,899
1919 - 1920	45,87,630
1920 - 1921	39,42,313
1925 - 1926	N.A.
1929 - 1930	48,41,756
1930 - 1931	52,67,505
1935 - 1936	1,11,32,523
1940 - 1941	1,11,05,809
1945 - 1946	1,49,81,300
1950 - 1951	1,10,75,985
1955 - 1956	1,21,72,741
1960 - 1961	1,61,93,665
1961 - 1962	1,48,75,575
1962 - 1963	1,23,33,254
1963 - 1964	1,72,62,361

Source:- Compiled with the aid of Octroi figures from the Annual Administration Reports of the Nipani Municipality.

Note :- The original figures in Bengali Mds. have been converted in-to Kilograms.

ARRIVALS OF TOBACCO IN NIPANI MARKET.
(1900-01 TO 1963-64)



The Table points out that the general trend of arrivals is on increase.

It will further be observed from the Table that particularly in 1910-11 and 1935-36 the arrivals in the market have shown an unexpected spurt. The upward slanting of the trend can further be made clear by considering the average for different periods as below :-

Table 7.

Average Quantity of arrivals in Nipani market as calculated for different groups of years.

Groups of years	Average Qty. of arrivals. Kgs. in millions.
64 years from 1900-01 to 1963-64	8.5
29 years from 1934-36 to 1963-64	12.5
20 years from 1944-45 to 1963-64	12.9
12 years from 1952-53 to 1963-64	13.6
4 years from 1960-61 to 1963-64	15.3

Source:- Compiled from the figures in Table 5.

Considering on this basis the recent trend in arrivals in the market, the figure can well be put at 15 million Kgs. approxmately.

Table 8 throws a further light on the assembling of tobacco in Nipani market.

Table 8.

(P.T.O.)

Table 8.

Arrivals of bidi tobacco in Nipani market from different sources.

Year	Arrivals at Nipani.@	Quantity of production in the Tract entering in Nipani market £		Qty. received from within Bangalore Collectorate but outside Nipani Tract.		Quantity received from Collectorates other than Bangalore Collectorate	
		Quantity	% to (2)	Quantity	% to (2)	Quantity	% to (2)
1960-61	1,61,93,605	41,06,736	25.4	87,93,235	54.3	32,93,634	20.3
1961-62	1,48,75,545	39,58,550	26.7	81,23,635	54.5	27,89,083	18.8
1962-63	1,27,33,254	45,50,427	35.9	54,40,367	42.6	27,42,460	21.5
1963-64	1,72,62,361	33,88,180	19.6	1,06,30,982	61.7	32,43,699	18.7
Average	1,52,66,191	40,00,976	26.9	82,47,055	53.8	30,17,219	19.8

Notes :- @ The arrivals of tobacco at Nipani indicate the arrivals not only in the form of anagad, but in all forms taken together.

£ Quantity of production in the Tract entering in Nipani market: It has been assumed that approximately 7 lakh Kgs. of anagad tobacco produced in the Tract are used by the licensees in the Rural Circle, and hence do not enter into ~~in~~ Nipani market. Therefore, the figures have been arrived at by deducting this much quantity from the total production of the Tract in the respective years.

Source:- Compiled with the help of the Central Excise Statistics and Octroi figures of the Nipani Municipality.

Thus, nearly 73% of the arrivals in Nipani market is from places outside the Tract. A major share of this, almost 54%, comes from within the Bangalore Collectorate, but from outside the Nipani Tract. These places are from Chikodi, Gokak, Hukeri, Bailhongal, Raibag and Athani Talukas, all in Belgaum District i.e. all the Talukas surrounding Nipani Tract. The arrivals from outside the Bangalore Collectorate form nearly 20% of the total receipts.

Estimate of Tobacco turnover in Nipani market:-

Part of the tobacco arriving in the market enters more than one transactions and hence the market arrival of tobacco appears much larger than the actual arrival. This is explained below:

Table 9.

(F. T. O.)

Table 2.

Estimate of the aggregate turnover of tobacco in Nipani Town during 1962.

(in Kgs.)

No. of warehouse keepers (L5 licensees)			Average quantity handled by each licensee in the class (Kgs.)	Total quantity handled by all in the class.	% to the total
Class	No.	% to the total.			
I	61	29.6	2,70,535	1,65,02,659	83.1
II	58	28.1	47,863	27,76,054	13.9
III	27	13.0	12,367	3,33,909	1.7
IV	38	18.5	3,603	1,36,914	0.7
VII@	22	10.8	5,000	1,10,000	0.6
Total	206	100.0	-	1,98,59,536	100.0

@ There were 22 traders who had no processing business, and hence were not holders of L5 licence, but ahad only trading licence L2; they included 5 snuff manufacturers and 17 petty merchants, who had only trading business.

Source:- Compiled on the basis of figures obtained through field survey.

As there was no systematic data available in this context, recourse had to be made to rough but approximate estimates on the basis of sample survey. The figures of average quantity handled by licensees in each class have been reached on the strength of an investigation on a sample of traders from each class. The size of samples of each class has been as below:

Table 10.

Size of the samples of traders from each class.

Class of L5 licensees	Total No.	No. of traders visited
I	61	40
II	58	26
III	27	10
IV	38	10
Total.	184	86

No sample of L2 licensees only (i.e. traders only) was taken, as they are a group of petty licensees. According to the calculations on these lines, the aggregate quantity of turnover of tobacco (all varieties in all their forms taken together) in Nipani Town is 1,98,50,536 Kgs.; approximately, 20 million Kgs.

Akol - A petty assembling centre:

Apart from Nipani Town in this Tract, Akol, a village 7 miles from Nipani, is the only place in the Nipani Rural Circle

which happens to be the assembling centre[3] though of a smaller scale. At Akol only two licensees function as exporter-sellers of the Jardi mixtures, and together account for export of nearly 25,000 bags of Jardi tobacco. The licensees purchase anagad tobacco from the village traders and, if necessary, import from out side as the Nipani traders do. However, as an assembling centre, Akol accounts for only 8% of tobaco trade in Nipani Tract.

(4) Quantity Distributed: Nipani Town as a Centre of Distribution:

Nearly 85% of the tobacco assembled in Nipani market is sent out, and the remaining is utilised for different purposes in the Town itself. A major portion of tobacco sent out is in the form of Jardi mixture, and about 5% in other forms, mostly tobacco dust. From the quantity cleared for various uses in the Town, other than for agricultural use, nearly 80% goes for the manufacture of bidis.

The statistical information given below will show clearly the nature and extent of distribution of tobacco from the Town.

Table 11.

(P. T. O.)

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3 It must be remembered that the connotation "assembling centre" has been used to denote only those places which prepare Jardi mixtures for export purpose mainly. Therefore, those villages that are engaged in the preparation of Jarda tobacco - an intermediary operation-are left out, as they do not go beyond; they serve as tributaries either to Nipani Town or to Akol.

Table 11.

Nature and Extent of distribution of tobacco.

by Nipani Town. (in Kgs.)

Year	Quantity assembled	Quantity exported to other Collectorates -		Quanity used for local consumption		Quantity exported abroad		Quantity remaining in Nipani at the end of the year	
		Quantity	%	Quantity	%	Quantity	%	Quantity	%
1959-60	1,05,13,772	74,98,854	71.3	17,26,776	16.4	1,77,216	1.7	11,10,926	10.6
1960-61	1,61,93,605	1,11,49,824	68.8	14,84,530	9.2	65,479	0.4	34,93,882	21.6
1961-62	1,48,75,545	96,60,112	65.0	14,57,236	9.8	1,61,657	1.1	35,96,534	24.1
1962-63	1,27,33,254	83,01,513	65.0	17,43,539	13.5	1,64,884	1.3	25,23,318	20.2
1963-64	1,72,62,361	89,22,836	51.7	15,82,172	9.1	1,27,750	0.8	66,28,553	38.4
Average	1,43,15,707	91,06,839	64.0	15,98,851	11.6	1,39,397	1.0	34,70,621	23.0

Source:- Compiled with the help of Central Excise Statistics, and Octroi figures of the Nipani Municipality.

Thus, it seems that 65% of tobacco assembled goes for export purpose, and generally 12% goes in local consumption. It should be noted that though the percentage of the quantity consumed locally has varied from year to year, the absolute quantity has remained almost at the normal level; the change in percentage being due to the changes in the total arrivals in the market.

(A) Local Consumption: -

A detailed picture of the distribution of tobacco consumed locally can be had with the aid of the following Table:

Table 12.

(P. T. O.)

Table 12.

Quantity of tobacco consumed locally for various uses (in Kgs.)

Tobacco cleared for	1959-60		1960-61		1961-62		1962-63		1963-64	
	Quantity	%	Quantity	%	Quantity	%	Quantity	%	Quantity	%
1. Bidi	6,58,550	38.0	5,78,557	39.0	4,78,014	32.8	5,92,719	34.0	5,20,709	32.9
2. Snuff	40,566	2.4	40,101	2.7	22,592	1.6	41,494	2.4	28,222	1.8
3. Hookah	61,598	3.5	55,136	3.7	70,316	4.8	27,309	1.6	45,599	2.9
4. Chewing	1,02,569	5.9	98,638	6.7	82,216	5.6	2,36,471	13.6	98,322	6.2
5. Stalks	2,831	Negl.	104	Negl.	3,288	0.2	50	Negl.	28,061	1.7
6. Agricultural use	8,60,362	50.1	7,11,994	47.9	7,99,310	55.0	8,45,496	48.4	8,61,259	55.5
Total	17,26,776	100.0	14,84,530	100.0	14,57,236	100.0	17,43,539	100.0	15,82,172	100.0

Source: Central Excise Office, Nipani.

According to the Table, the largest toll of local consumption is taken by tobacco utilised for agricultural purpose. This part contains mostly dust which cannot be used anywhere for any purpose but as manure. This contains tobacco dust of no use as well as kadi dust and other waste by-products in processing. A very small proportion is of tobacco that has badly deteriorated in quality, and which has been advised by the Excise Authorities for destruction.

Next to this, of course, is tobacco used for manufacture of bidis. The bidi factories existing in Nipani in 1964, consumed nearly 6 lakh Kgs. of manufactured tobacco, which comes to about 33-35% of the total quantity cleared for different purposes. If quantity cleared for agricultural use is left out, and if use of human consumption is taken into account, approximately 85% of such usable tobacco goes to bidi factories. There has not been any remarkable change in the absolute quantity used by bidi factories during 10-12 years preceding 1963-64. Rest of the percentages are also normally maintained during these years. This is because, the level of local consumption for different purposes taken together has remained almost the same.

(B) Exports:

Now, regarding the quantity of tobacco sent to different Collectorates, a detailed picture is available in the Table following :

Table 13.

(P. T. O.)

Table 13.

Removals of tobacco from Nipani Market to Collectorates other than the Bangalore Collectorate.(in Kgs.)

Collectorate.	1958 -59		1959 -60		1960 -61		1961 -62		1962 -63		1963 -64	
	Quantity	%	Quantity	%	Quantity	%	Quantity	%	Quanitty	%	Quantity	%
1. Allahabad	1,22,137	1.5	1,89,687	2.5	98,581	0.9	1,19,335	1.2	81,968	0.9	56,100	0.6
2. Baroda	23,907	0.3	860	Negl.	87,055	0.8	-	-	-	-	7,115	Negl.
3. Bombay	25,06,531	30.7	7,44,025	9.9	5,69,742	5.1	3,34,548	3.4	2,78,566	3.3	83,751	0.9
4. Calcutta	7,60,523	9.3	5,50,568	7.9	7,59,305	6.8	7,43,702	17.8	5,69,719	6.8	7,52,831	8.4
5. Cochin	-	-	-	-	1,49,259	1.3	2,99,963	3.0	3,62,756	4.4	4,14,384	4.8
6. Hyderabad	1,88,687	2.3	58,441	0.8	1,74,745	1.6	1,41,907	1.4	1,34,636	1.6	1,40,695	1.9
7. Madras	18,98,717	23.2	15,16,489	20.2	20,64,904	18.5	18,10,158	18.8	16,47,654	19.9	16,79,809	18.8
8. Nagpur	23,92,675	29.3	28,16,609	37.9	50,32,831	45.2	38,28,176	39.8	28,50,806	34.3	33,05,040	37.0
9. Patna	2,73,913	3.4	2,81,131	3.8	3,39,060	3.0	2,94,775	2.9	2,27,098	2.9	1,90,039	2.1
10. Poona	-	-	13,41,044	17.0	18,74,342	16.8	20,87,549	21.7	21,58,310	25.9	22,94,122	25.6
Total	81,67,090	100.0	74,98,854	100.0	1,11,49,824	100.0	96,60,118	100.0	83,01,513	100.0	89,23,386	100.0

Note: In 1959-60, the original Bombay Collectorate came to be split into Bombay and Poona Collectorates for administrative convenience.

Source: Compiled from Central Excise Statistics.

It will be observed that Nagpur Collectorate receives the largest proportion (38%) of tobacco from this area. Poona Collectorate follows with 23% on average; Madras 20% and Calcutta 9% come next. These four Collectorates together account for almost 90% of the share. Even then, taking note of the exports to different Collectorates, it may be noted that Nipani Market has connections with all the important centres of bidi tobacco business in the country. Below are given some important places of contact:-

1. Maharashtra:	Kolhapur, Phonda, Rajapur, Sawantwadi, Miraj, Poona, Ahmednagar, Rahta, Sangamner, Bombay, Sholapur, Barsi, Pandharpur, Mogalsari, Aurangabad, Nasisk, Sinner, Kamptee, Nagpur Bhandara, Gondia.
2. Madhya Pradesh:	Jabalpur, Saugar, Tumsar, Burhanpur, Mahiyar, Raipur, Rajnandgaon.
3. Bihar:	Patna, Chakradharpur, Gazipur, Ranchi, Bhagalpur.
4. Uttar Pradesh:	Varanasi.
5. West Bengal:	Calcutta, Dhulian.
6. Orissa:	Cuttuck.
7. Andhra Pradesh:	Nellore.
8. Mysore:	Belgaum, Dharwar, Bijapur, Jamkhandi, Patravali, Mangalore, Tumkur, Sira.
9. Madras:	Madras, Gudiyattam, Tirunaivelli, Coimbatore, Selam, Tiruchirapalli.
10. Kerala.	Palghat, Cochin, Trichur.

The last item of distribution is exports abroad. This is not a prominent part, as there is only one licensee in the Town, in fact, in the whDle of the Tract, indulging in such business. His exports are limited to Ceylon only, and amount, on average, to 1.4 lakh Kgs. annually i.e. hardly 1% of the total quantity assembled in the Town.

5. Excise Revenue Realised :

The following is a statistical account of the revenue realised by the Nipani Town Circle from clearance of tobacco on payment of duty at Nipani :

Table 14.

Excise revenue realised by Nipani Town Circle.

Year	Revenue (Rs.)
1949-50	10,80,325
1950-51	12,96,550
1951-52	16,01,780
1952-53	15,45,645
1953-54	14,87,829
1954-55	12,19,354
1955-56	14,03,254
1956-57	14,78,105
1957-58	14,26,802
1958-59	16,76,029
1959-60	20,18,880
1960-61	17,61,591
1961-62	14,83,718
1962-63	19,95,802

Source: Central Excise Office, Nipani.

It seems that till 1957-58, the collected revenue was roundabout Rs.14 lakhs annually; since then, an upward trend is observed, so that average collection amounts to about Rs.17 lakhs. This shift, of course, is due not to increase in quantity so cleared, but to increase in the rate of duty. Striking bhanges are observed particularly in the years 1951-5 1958-59 and 1962-63. These have been the years when tobacco excise duty was raised. For instance, in case of clearance of tobacco on full duty, the rate of duty was increased from Rs.1.67 to Rs.1.95 per Kg. in 1951; it was raised to Rs.2.20 per Kg. in April 1957, and an additional duty of Rs.0.44 per Kg. was levied in Dec., 1957. With the introduction of decimal weights and measures in October, 1960, the rate of duty became Rs.2-64 (Basic duty :-Rs.2-20, Additional duty: Rs.0.44) per kilogram. In April, 1962, the Basic duty was raised to Rs.2-25, and an enhancement of duty further in the name of " Special Duty "[4] to the tune of Rs.0.45 shot up the rate to Rs.3.14 per Kg. Similar has been the nature of change in duty levied on tobacco cleared for different other purposes like snuff, hookah and chewing.

6. Miscellaneous:

As the final use of tobacco requires processing of some or other nature, nearly 7,000 labourers are involved in this activity, majority being females. A good deal of this labour supply is drawn from the neighbouring villages.

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4 This amount is to go to the States, as per recommendation of the Third Finance Commission.

As already noted, nearly 85% of tobacco used in manufacturing process in Nipani Town, goes for making of bidis. In 1964, there were 9 bidi factories, employing approx. 3000 workers regularly. Almost an equal number is engaged in manufacture of bidis on contract basis as a supplementary activity for supporting the income of their family.

In 1963, there were five snuff factories.

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Nipani Rural Circle:

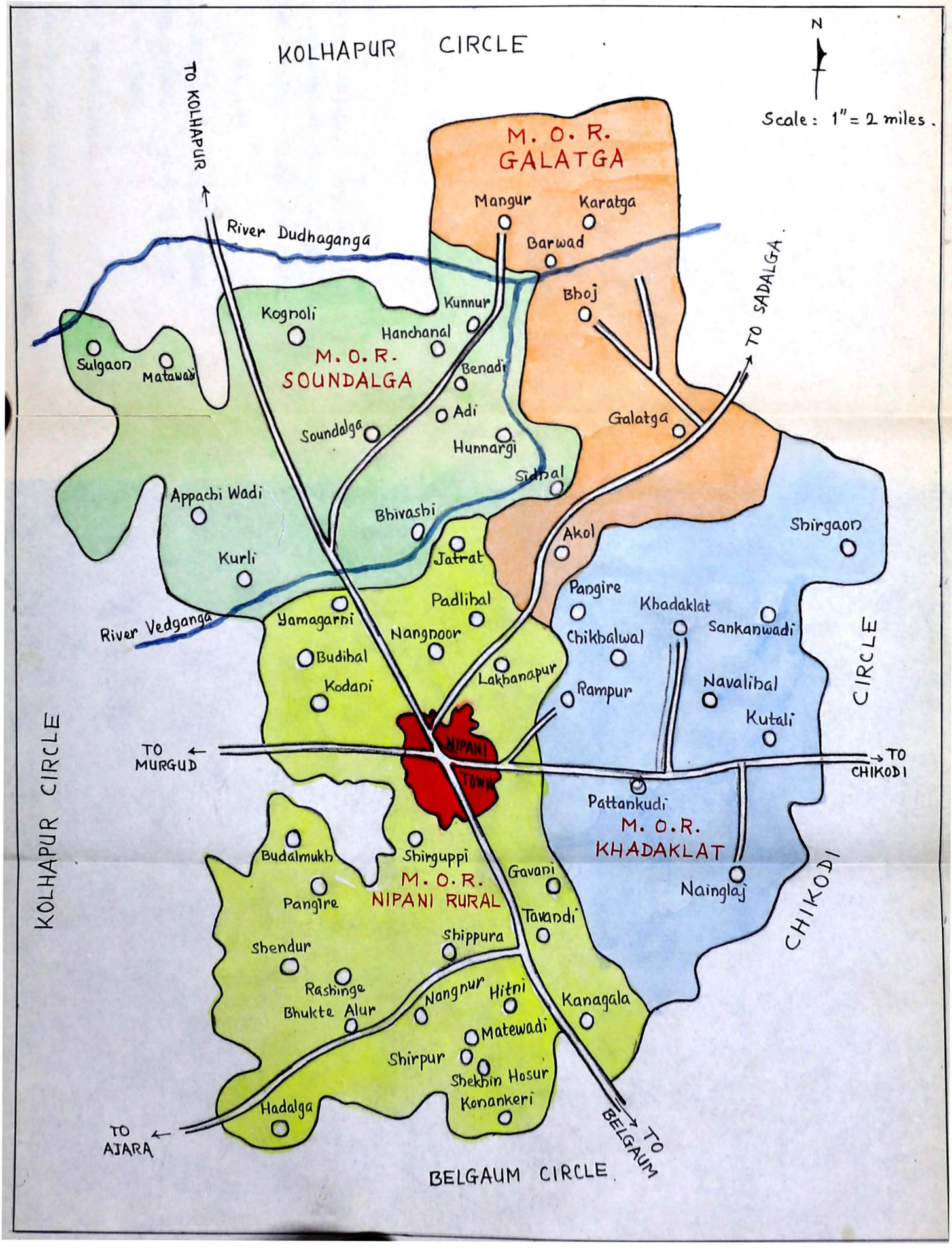
The Rural Circle, as demarcated by the Central Excise Department has a coverage over 60 villages from two revenue talukas, viz. Chikodi and Hukeri, in Belgaum District. This jurisdiction extends to about 8 to 10 sq. miles around the Town Circle. Nipani Rural Circle came into existence on 1st June, 1949, prior to that there was only one unit in operation viz. Nipani Circle, with its authority spread over the town as well as the rural sections. At the time of its birth, the Rural Circle comprised 58 villages, 11 being from Hukeri Taluka and the rest from Chikodi Taluka. From 1st Nov., 1960, the jurisdiction of this circle was extended a bit by tagging two more villages viz. Kutali and Nainglaj, from the Chikodi Circle, and thus, brining the total of villages to 60.

The administration of this Circle has been split by the Excise Department in four Multiple Officers' Ranges (M.O.Rs.) Nipani Rural, Soudalga, Galatga and Khadaklat

MAP OF NIPANI TRACT (NIPANI TOWN AND RURAL CIRCLES).

Nipani Rural Circle

Nipani Town Circle



Kutali and Peerwadi.

4. M.O.R. Galatga (7 villages)

Galatga, Akol, Bhoj, Mangur, Barwad, Karatga and Mamadapur.

The northern and western boundaries of the Nipani Rural Circle are adjacent to Kolhapur Circle of the Poona Collectorate, to the east and north-east lies Chikodi Circle of the Belgaum Division, and the southern and south-eastern sides are occupied by the Belgaum Circle.

Motor buses are the only approach to the M.O.R. headquarters. A good number of villages is connected to their M.O.R. headquarters as well as to Nipani Town by fairly good kaccha roads, and in some cases, even by metalled roads. Many of the villages are accessible even in rainy days. Eventhough, many a times, as approach by bus is not possible, it can be had either by bullock cart, on foot, or, in normal seasons, on bicycle. The Nipani Rural Circle, on the whole, is efficiently served by the State Transport. Thus, the difficulty of access, experienced in many other rural regions of the country, is not a serious problem for this Circle.

Salient features of Nipani Rural Circle:

This Circle is mainly a tobacco " growing " region.

The important variety grown and cured[5] is bidi tobacco. A small quantity of whole-leaf tobacco-'Hatpan', as is locally teamed- is cured at Bhoj in Galatga M.O.R. Tobacco seeds are sown generally during the first week of July, and the transplantation is done usually by the end of August. The harvesting season starts at the end of January. After curing, the produce is warehoused temporarily at the village houses of the cultivators. After completing the sale transactions, the tobacco is brought to the warehouses of the traders at Nipani and other places for commercial disposal, and then the fully processed tobacco is sent out to the various parts of the country. Thus, the houses of the cultivators serve as seasonal stopgaps, while the warehouses of the petty traders in the villages picture as feeder warehouses to Nipani. However, some

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5. The term "curing" includes wilting, drying, fermenting and any process of rendering tobacco fit for marketing or manufacture.
 In case of bidi tobacco, the curing of the plant is done in two ways. One is the sun-curing. The matured plants of tobacco are cut from their stem and are arranged in the open field up-side-down for exposure to sun for about five to seven days till the leaves dry. The dried leaves are, then, broken into pieces. A mixture of such broken leaves ("bhuka") and midribs & stalks is known as "anagad".
 The other method is pit-curing. The shallow pits dug in the field measuring 3'x3'x2½' to 4'x4'x5' are used for curing purpose. The tobacco plants or separate leaves are heaped in the pits which are then covered completely by fodder. It takes three to five days to ripen the leaves. In this process, they can be maintained in unbroken form. The ripened whole-leaves are finally carefully packed to make a bundle tied with rope. Such a bundle is known as "pendi".
 The two methods of curing have their effect on the quality of the cured lots and their suitability for one or the other purpose. The "anagad" tobacco is better suited for bidis as it can retain its qualities for long due to less moisture contained in it. The whole-leaf tobacco is better suited for chewing purpose, though its use for bidis is not altogether impossible.
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licensees, more so of Akol in Galatga M.O.R., do engage in tobacco trade directly with traders in Poona and Nagpur Collectorates, without sending their tobacco to the traders at Nipani. Barring this exception, processing on a large scale is not undertaken in the Rural Circle, though small-scale processing of anagad into jarda tobacco is not uncommon. Hence, big warehouses are rarely to be found. Furthermore, neither the manufacture of snuff, hookah tobacco and chewing tobacco is undertaken, nor are there any bidi factories in the Rural Circle. The Circle, therefore, is mainly a "production centre" of bidi tobacco. The following Table gives some basic information about the Circle.

Table 15.

(P. T. O.)

Table 15.

Basic information about the Nipani Rural Circle.

Year	No. of Growers.	Area under cultivation (Hectares)	Production (Kgs.)	Excise Revenue realised (Rs.)
1	2	3	4	5
1957-58	11,991	9,128	58,81,386	23,762
1958-59	11,650	8,796	44,77,228	65,318
1959-60	12,967	10,165	55,75,080	64,567
1960-61	13,242	9,644	48,06,736	78,631
1961-62	12,845	9,422	46,58,550	49,163
1962-63	11,683	8,241	52,50,427	77,082
1963-64	12,103	8,510	40,88,180	1,66,274
1964-65	11,162	7,191	-	-

Source: Central Excise Office, Nipani.

Now follows the information regarding the position of various licensees in each of the M.O.Rs. and thus, in the Circle as a whole.

Table 16.

(P. T. O.)

Table 16

Position of the various licence holders in Nipani Rural Circle in February 1963.

M. O. R.	L 1 Licensees		L 2 Licensees						L 3 Licensees					L 5 Licensees (Warehouses)			
	Fee Paid	Free	Class						Class					Class			
			I	II	III	IV	V	VI	I	II	III	IV	V	I	II	III	IV
1. Nipani Rural	3	2408	1	1	3	3	4	11	-	-	1	-	2	1	4	5	12
2. Soundalga	2	3593	1	2	2	8	21	33	-	2	-	1	7	1	4	25	28
3. Galatga.	8	2986	2	4	7	13	36	44	1	-	-	1	4	2	11	40	40
4. Khadaklat	1	3415	-	4	6	17	20	36	-	-	-	-	8	-	10	33	25
Total	14	12402	4	11	18	41	81	114	1	2	1	2	21	4	29	103	105
Grand Total	12,416		269						27					241			

Note: 1. The Central Excise Department has laid down that every grower should give an oral or written declaration of the land planted under tobacco and the expected yield. All the growers, then, are issued " L 1 Licence", authorising them to grow and cure the tobacco. Generally, no licence fee is charged for this; but, a licence fee of Rs. 5 is charged in case of those growers who intend to cure (i) 100 maunds or more, or (ii) the produce of other growers.

2. The basis of classification of the rest of the licensees is similar to that given in Table. 3.

Source: Central Excise Office, Nipani.

The Table is indicative of the prominent position of Galatga M.O.R. as compared to the rest. It also pinpoints the prevalence of a business on a very small scale, as the number of licensees in each class goes on increasing as we pass on to lower classes. This is due to the existence of petty traders generally working on behalf of their financers or supporters at the main centre, viz. Nipani Town.

Finally, transactions in anagad tobacco take place at the village level, but these transctions are limited to the produce of the village only. In this context, then, every village itself is a "market". This being the case, the Rural Circle is not in a position to develop even a few important villages as places of assembling and the key centres of marketing tobacco.

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Thus, there are no marketing 'centres' as such in the rural area surrounding Nipani, and hence so far as the processing and marketing of bidi tobacco is concerned, Nipani Town serves the whole area.

** ** **

APPENDIX.

In June 1964, M.O.R. Sankeshwar, a former constituent of the Belgaum Circle of the Central Excise, has come to be tagged to the Nipani Tract. Simultaneous with this extension of the boundaries of the Tract, there has been effected a change in the administrative jurisdictions of the Nipani Town Circle and Nipani Rural Circle.

M.O.R. Nipani Rural under the old system, and falling under Nipani Rural Circle, has been bifurcated from that Circle and joined to the Nipani Town Circle to constitute M.O.R. III, so that the Town Circle has now three M.O.Rs.

With the joining of M.O.R. Sankeshwar to the Nipani Rural Circle, the total number of M.O.Rs. in the Circle has remained constant. The Rural Circle now comprises M.O.Rs. Soundalga, Galatga, Khadklat (former three) and Sankeshwar.

The new composition of the circle is shown in the map following.

It is to be remembered that our analysis and statistical presentation has a reference to the composition of the Nipani Tract as it existed before June 1964.

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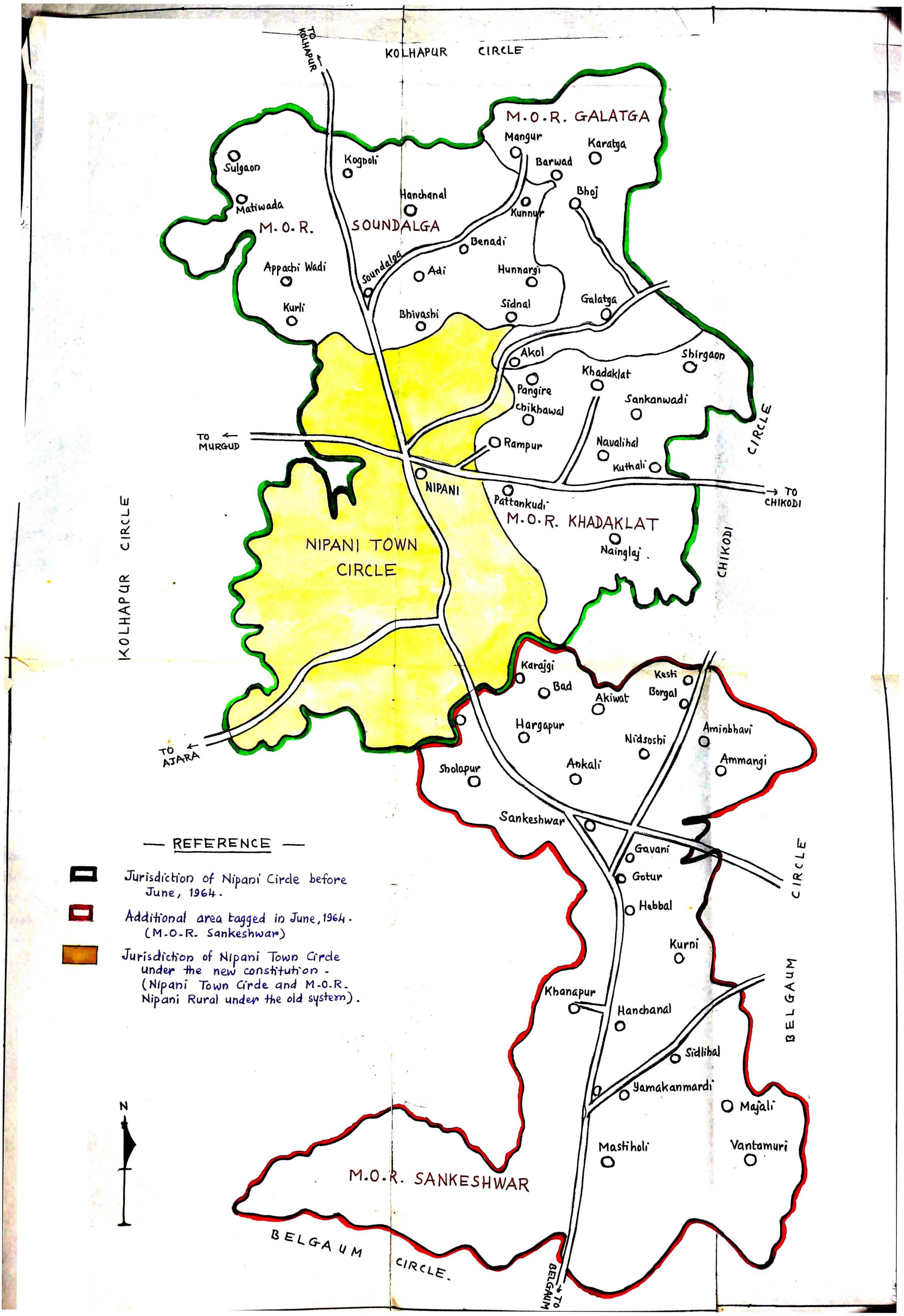
MAP SHOWING NEW JURISDICTION OF NIPANI CIRCLE (since June, 1964).



CHAPTER

III

DEVELOPMENT OF NIPANI MARKET.

It seems that the production of bidi tobacco in Nipani region had begun many years before the present century. Though an exact idea as to the year of beginning cannot be given for want of authentic information, it is certain that the beginning must have been made sometime between 1850 and 1880. The probability is greater for seventies as there were only three smaller firms in 1886 engaged in tobacco trade, and some merchants were engaged in the retail sales of tobacco for consumption purpose.[1] Apart from trade in bidi tobacco, Nipani was a centre of business activity in a number of other commodities, viz. jaggery, groundnut, wheat, coconut, salt, arecanut, jowar, pulses, ghee etc., etc. These commodities were supplied to the places beyond the western ghats. Goods were sent to Bombay and other places in the north through Rajapur, Vengurla and Malvan ports. Thus, Nipani, by its very location, became for long a place of business actirity. Realising the importance of Nipani as a prospective business centre, the Madras & Southern Maratha Railway Company opened an Out-Agency Office in 1905 and provided the railway facility. The following extract speaks of Nipani's importance as a business centre, and the advantage of railway facility.

" Nipani and Sankeshwar were the chief markets for the products of the "desh" country, for those of the Konkan

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1. In 1881-82, in the whole of Belgaum District, only 9,314 acres (i.e. 3,778 hectares) of land were under cultivation of tobacco.
(cf: Bombay Gazetteer : Vol. 21 Belgaum, 1884; p.247)

and the Talukas immediately above the ghats. Here was an example of some markets retaining their importance though out of the reach of the railway. This was due to their being situated in the midst of a rich tract of country which produced gur, tobacco and groundnut - all money products. The railway had not seriously affected their pre-eminence as local markets. Not only had they trade connections and the money to finance the crops, but the villages which produced most of the exports were near them, whereas the eastern talukas, where the railway ran, were comparatively unproductive. The exports destined for Bombay used to go down to the coast.

Soon the importance of Nipani and Sankeshwar came to the notice of the railway authorities. It was to capture their trade that the Southern Maratha Railway Company opened out-stations at Nipani and Sankeshwar, and soon nothing went to the coast by road. The railway company also crippled long distance cart traffic eastwards by offering preferential rates between stations in Chikodi and those in Bijapur. The great bulk of the export from Nipani went to Bombay via Kolhapur; exports to places south and east of Chikodi went to Chikodi Road station".[2]

Thus, Nipani was growing as a market and was looking forward to a boom consequent on the extension of the facilities of transport and communications. Though for a long time Nipani remained an important place in the transitional zone and was exporting a number of other commodities, its peculiarity and

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2. R.D.Choksey:-Economic Life in Bombay - Karnatak 1818-1839; (1963) pp.170-71.

its present pre-eminence rested in the business of bidi tobacco. Because, even in these earlier years of the development of the market, the export of tobacco was considerable. Tobacco of Nipani region was considered the best of its kind and hence was in demand. The traders from this region started gaining a foothold in tobacco trade by making every possible attempt to establish a link with distant traders. The extent of tobacco trade in Nipani Market can be realised from the following piece of the Report by the then Vice-President of Nipani Municipality, sent to the Government authorities in 1903 :-

> " Tobacco bundles and powder weighing approximately 14,700 maunds are brought annually in this market; apart from this, tobacco amounting to 15,000 'mots'[3] is brought in on headloads. Annually tobacco worth Rs. 1,90,000 is transacted."[4]

After 1904-05, attempts were made by some prominent businessman to create ties with the traders at distant places. This led to quick realisation of returns by speedy disposal of the produce. This was a sufficient incentive for increasing the acreage under cultivation, and as the climatic conditions

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3. "Mot":- A container of sack open on two contiguous sides and, after filling the contents, bundled by a knot of the three loose ends. Every single 'mot' weighed approximately 20 Kgs., and every double 'mot' 40 Kgs. inclusive of the weight of the container. The 'mots' were brought on heads and by carts. A full cartload measured 20 double 'mots'.

4. Adoped from the Centenary Commemoration Vaolume (1955) of the Nipani Municipality, p. 64.

were most suitable for tobacco cultivation, the efforts of the cultivators were fruitful. Occasional visits of the traders from as far distance as Madras and Calcutta were not uncommon. The interest shown by them was well responded to by some traders at Nipani by opening of branches at these distant places. The increasing activity in tobacco trade can be indicated by the fact that in 1908, only through the Out-Agency Office of M. & S. M. Railway, tobacco equivalent to 48,181 maunds valuing about Rs.8,90,000 was exported. Thus, it can be said that by 1910 the foundations of the future trade in tobacco were laid, and an early beginning of future prosperity was made.

Broadly till 1920, tobacco of the villages was brought to Nipani in the form of "pendis". The breaking of the whole-leaf into "anagad" was not a common feature at least upto 1915 because of the absence of bidi as a common form of smoking. For transactions purpose, price was determined for every four "pendis", on the basis of the probable weight decided by the buyer on lifting the lot. Actual weighments were not done.

The system of sale of tobacco in the form of "pendis" began to decline broadly since 1915. Tobacco being a commodity sensitive to climatic changes, dealings in the form of "pendi" were found to be inconvenient and hence unfavoured. Further, at this time, attempts on a moderate scale were made to manufacture bidis, for which, tobacco in the form of broken leaves was preferred. As the community began to develop a taste for bidi in place of chilum, transactions in the form of broken leaves began to come into practice; the system

gained a footing through time and presently remains a major feature of marketing of tobacco. So long as transactions in the whole-leaf form were in vogue, chewing test was applied for determining the quality and price. But since the prevalence of transactions in the form of "anagad" tobacco, it came to be replaced by smoking test, as the use of tobacco for bidis came to the forefront. With this change in the manner of transactions, the Mahars, who were the people selling tobacco in weekly market, began to bring all their lots in the form of anagad contained in the "Mots".

The period of the First World War and after helped in strengthening the base of the trade. The economic consequences of the War pushed up prices of almost all the commodities, and tobacco was not an exception to it. Tobacco prices which ranged from Rs. 3 to 10 per 20 kgs. rose to Rs. 8 to 20, and by 1926-27 reached the level of Rs. 10 to 23. The rise in price stimulated the interest of many persons in the Tract, resulting in a big investment in tobacco trade. New trading firms came up. The momentum of activity remained unhampered only because the traders were free from wide fluctuations in prices at least upto 1928-29. Hence, the new entrants had sufficient time not only to establish themselves but also to get such a strong foothold as not to be deterred anyway by wider fluctuations in future. This strong position, therefore, helped them to tide over the depression of the thirties, when the prices declined to Rs. 4 to 15, Rs. 15 being the maximum, and finally fell to Rs. 3 to 11 per 20 kgs. of anagad. The traders, in this calamity, could adjust themselves to the changed contitions,

without experiencing heavy losses. There was another reason. The business was mainly on commission basis, and during the course of the depression, market arrivals of tobacco went up from 52 lakh kilograms to almost 111 lakh kilograms - that is, doubled - so that by handling a larger volume, the traders could maintain their aggregate receipts. This course of situation helped to maintain the upward trend of the development of Nipani market. The depression merely checked the rate of growth without in any way altering the prosperity phase.

It is to be noted here that in spite of rise in prices of tobacco during and after the War, tobacco trade did not come to the forefront in Nipani market as the financial effects of War had their repercussions all along, so that it is only after 1932-33 that tobacco trade began to gain importance in the market. Heavy market arrivals as mentioned above brought the change. The huge quantity available was because of more land brought under tobacco cultivation during this period. When there was a general slump, the prices of all essential articles, mainly foodstuffs, fell more than the fall in the prices of tobacco; and it was a fact that the cultivators sought a wayout to maintaining their income position by concentrating more on tobacco than on other crops. This explains why the arrivals were almost double during depression in spite of a heavy fall in prices.

With the outbreak of the Second World War, full scope for the development of Nipani market as a prominent marketing centre of bidi tobacco was given. The prices of almost all the commodities shot up considerably. No trader lost this

opportunity. As the price level of bidi tobacco touched the height of Rs. 15 to 45 per Kg. of anagad, Rs. 15 being the minimum, profits multiplied and attracted still larger number of investors, resulting in a rapid growth in the number of businessmen and middlemen. Inflationary rise in prices and increasing demand for bidi tobacco from local as well as upcountry bidi manufacturers attracted the new generation to this business. Hence, a number of persons, immediately after a few years of their schooling, or after a couple of years of apprenticeship service in some firms, quickly established their independent business. In case of many, due to meagre capital and less contact with upcountry customers, the extent of business remained limited thereby making them dependent on big merchants in the town. Notwithstanding this, good scope for making money with less efforts lured them to deal in tobacco only or mainly, by neglecting the business in other commodities. The tendency was responsible to a great extent for hampering further growth of traditional business in other commodities. Now Nipani Town and Nipani Tract are known only for tobacco.

With a mushroom growth of dealers in tobacco, the forties further saw a radical change in the nature and framework of marketing. Since the last years of the thirties, a number of persons of classes other than the Mahars had entered the field of tobacco trade in the capacity of commission agent. They served as middlemen in between the growers and traders of Nipani. The latter used to advance money to them for making purchases in the village, as the practice of purchasing the standing crop on the basis of expected yield had come

in vogue. The traders of Nipani supplied the accumulated lots duly processed to their upcountry customers purely on commission basis. Because of the superior quality of tobacco from Nipani Tract, the conditions of demand were considerably favourable. The business from the primary market to the export market was generally on cash basis. Till 1943, no trader from Nipani went to villages for purchase of anagad; the tobacco was brought to Nipani for sale. Under the circumstances, the purchases were rather impersonal and due regard was given to quality, whoever may be the owner and/or the seller. Almost all the traders were in the capacity of commission agents, and it was a thing of satisfaction that even a petty trader could get his required livelihood from the commission he got. The position continued till 1946.

The trade in "anagad" tobacco in loose form continued unhampered till 1943, when Central Excise duty was levied for the first time on all types of tobacco. The movement of tobacco came to be regulated by the Government. The traders were required to observe standard practices and maintain proper records of the tobacco received and disposed of. The handling of tobacco in loose form was prohibited. The effect was that, by 1948, more than 75% of the arrivals in Nipani market were packed in bodhs, and by 1952-53, the 'mot' system became a thing of the past.

The decade from 1946 has been marked by periodical shocks and blows arising out of sudden price falls due to abrupt contraction of demand by uncountry traders

and a consequent downfall of the institution of the dalals; the practice of concluding transactions of the standing crops on the basis of expected yield, intensified the collapse. The first blow of losses came in 1946. The impact was so severe that nearly 60% of the dalals at the village level suffered financial losses and left their business. The crisis was not the result of large supplies in the market, but was the outcome of a sudden cut in demand by the upcountry customers in the middle of the season, due to wartime accumulation of stocks with them. Nipani traders had already advanced money to their village dalals, who, in their turn, had used the amount to finalise their contracts with the cultivators in anticipation of prices maintaining their level. The purchases of the dalals, therefore, were at the high prices already prevailing, and the demand was suddenly cut short after these transactions were concluded, with the result that the prices fell. The traders had hard time in recovering their money from the dalals.

The market recovered the next year. But the same story was repeated in 1950, when, except some financially sound dalals in the villages, those who had survived the first blow, yielded and went out of the field. With this, the practice of purchasing standing crop and bringing anagad tobacco to Nipani for sale on commission basis, entered its last phase of decline and began to be replaced by purchases of cured tobacco directly by the traders or their agents. The transactions began to take place in the respective villages, and commensurate with this was the

approach of the traders to undertake sale and purchase business on their own risk and responsibility. The revival from depression, again, was quick. Similar happenings in 1954 and 1958 eliminated the remaining dalals, and this institution at the village level came almost to an end. The crises all along the decade occurred every fourth year; but the year 1962 was exceptional. A probable reason of this exception is that after 1958 the practice of advancing to the dalals, and they, in their turn, purchasing standing crop in anticipation of yield and price, came to an end. The process of transition was complete certainly by 1960.

With change in external economic conditions, there developed simultaneously a change in the attitude of the trading class. A number of traders were feeling dissatisfied with the commission available, as a commission of Rs.2-3% was considered inadequate. A larger turnover was needed for sufficient income, in face of a higher cost of living. Moreover, the post-war inflation and increasing demand for bidi tobacco were working for an upward trend of tobacco prices. This lured them to doing independent business on their own risk and accruing multiplied income within the same turnover and without additional troubles. Hence, they began to approach the cultivator-sellers and purchase cured tobacco in the villages. The result was a declining proportion of arrivals in Nipani market; on the contrary, every village became, in a way, a 'market' of bidi tobacco.

Simultaneously, on the pretext of observing the Central Excise formalities, as also for transporting the lots from village to the warehouse, payments to the cultivators were delayed till the lots were received in the warehouse. This was the period when the effects of delayed payments began to be experienced for the first time. Eventually, intimate contacts with the cultivators led to increasing delays in payments to them.

Along with this was the enlightenment on the part of the traders that a larger margin of profit could be secured from their customers if they allowed some credit facilities, rather than insist on payment of full cash immediately. This was so particularly regarding the exports to upcountry customers. The exporter-traders, thereupon, indulged in concluding private negotiations with the upcountry customers, usually the bidi manufacturers, keeping the terms of trade confidential. This gave rise, in due course, to almost a race for offering the lots on attractive basis, and led to unfair competition. The traders concentrated more and more on sale and purchase business on their own responsibility by gradually discarding the traditional type of commission agency business. Now, only a few of the traders have adhered to the orthodox type business and are maintaining that in the interest of stability. With the traders at large, business on purely commission basis has remained a negligible proportion of their turnover.

Such a change had a cumulative effect on the marketing conditions in the Tract. Increasing amount of capital was locked up with the upcountry customers for an increasingly

longer period. The exporter-sellers in Nipani market, therefore, could not offer ready cash, or pay without much delay, to the local traders and/or the cultivator-sellers. The traders in the assembling market, in their turn, had no other go but to follow the lead, and hence denied cash payments to the cultivator-sellers. Tobacco trade, therefore, began to suffer from financial shortages.

As a way out of this type of situation, and in order to remain in the trade even under acute financial conditions, due to lack of a better alternative occupation, petty and middle-class traders attempted to remain in the shelter of the prominent exporter-traders. The latter encouraged such a patronage in their own interest of commanding as much influence in the market as possible. Thus came up monopoly groups in the nature of "business rings". This is now a conspicuous feature of Nipani Market and has its effect, desirable or undesirable, on the marketing conditions. They are the powerful elements promoting or defeating any private or public move for improvement.

During the post-war period, tobacco transactions in Gujarat also expanded. Irrigation and heavy fertilisation were resorted to step up production. Huge quantity of Gujarat tobacco arrived in the market and competed with Nipani Tobacco. As a convenient measure, the Gujarat traders began to offer maximum possible trade facilities, in face of which Nipani traders found difficult to stand. The substantial cultivators of Gujarat could wait for a longer period for getting the returns of their produce, and hence concluded the transactions on the basis of deferred payments.

The cultivators from Nipani region could not afford such delays in payments because of their precarious financial position and tobacco receipts as the main source of living. The effect was a shift of demand in favour of Gujarat. The bidi manufacturers developed a tendency to use more of Gujarat tobacco and less of Nipani. At the very time, Jaysingpur, a town in Kolhapur District, about 45 miles from Nipani; also came into prominence. It has been an important tobacco trading centre in Kolhapur District. It is developing as a rival trading centre to Nipani.

A brief account of the business houses during past eighty years.

The development of tobacco market in this Tract is a history of nearly eighty years. In this span, the number of business houses has gone up to nearly 200 from a negligible 3 at the beginning. Besides the smaller firms, a number of big firms emerged during this period; some of them are now non-existent, while a few are still existing. Their emergence into prominence and subsequently their decay was the product of many factors. The growth can be attributed mainly to getting link with upcountry bidi manufacturers; decay can be attributed mainly to domestic split and the death of the leading personality as also to the financial set-back on several accounts. A review of all the firms is impossible in the present context; however, consideration of the business houses, prominent during their own times, will not be out of place. This will give us a

broad idea as to the causes and the efforts that were responsible to establishing Nipani Town as a prominent marketing centre of this Tract.

As early as 1885-86, there were only three firms trading in tobacco : M/s Shandage, M/s Faizmohamsad Pathan, and M/s Chhaganlal Ugarchand Shah. The last firm, established in 1886, was at Akol, a village 7 miles from Nipani; in 1890 it established a branch at Nipani and in due course shifted completely to Nipani. M/s Shandge can be taken as the pioneer prominent business firm; they had a first rate business during the last two decades of the 19th century, and were at their best till 1925. They had strong business connections with Bombay and Calcutta, especially after 1900. The main reason for their decline after 1925 was heavy financial loss due to the mischiefs of some of their customers. In the latter years, after the demise of the leading personality Shri. Ellappa Shandge, domestic affairs caused splits. At present, the original firm does not exist, but two different firms operate on a medium scale.

M/s Pathan were steadily follwing M/s Shandage; in the first decade of this century they were successful in establishing themselves as substantial traders. They were leading the market mostly during 1920-32. With the death of Shri. Faizmohammed Pathan in 1930, some of their upcountry customers joined hands with the then budding firms, particularly, M/s C.J.Shah, and thus the firm began to lower

down from its top rank. The firm has continued to exist till to-date and holds a first class licence of the Central Excise Department.

M/s Chhganlal Ugarchand Shah was a steadily developing firm making its way through great strides. The firm has been established when tobacco business in this Tract was in its infancy. It has a very promising history of 80 years. Since its inception at Akol, the firm made efforts to contact customers at Poona and Bombay. And, to our surprise, it had an experiment of some years in sending tobacco "pendis" to Aden in the early years of its existence. At this time the maximum turnover of the firm ranged between Rs.3,000-4,000. In the first decade of the 20th Century, the firm was successful in establishing relations with M/s Mohanlal Hargovinddas of Jabalpur, a well known firm since then till this day, as also with Sheth Hatheeram, M/s Vedamji Manikji and M/s Laxmidas Prabhudas, all of Bombay. The new relations led to a steady extension of the volume of business handled by the firm. During 1911-15, it had a beginning of business with the now renowned firms like M/s Chhotabhai Jethabhai Patel, Gondia, M/s Bhikusa Yamasa Kshatriya, Sinner, and M/s Bastiram Narayan Maheshri, Sinner. All these firms have been engaged in the manufacture of bidis for years together and since World War II have emerged in their respective areas as the supreme manufacturers of bidis. The Credit of the prosperity of the firm goes to the untiring efforts of Shri Chhaganlal Ugarchand Shah in the formative period, to Shri Gundappa Nagaonkar and Shri Dwarakadas Shah, partners, in the period of early development, and finally to Shri Devchand Chhaganlal Shah, who came at the helm in 1939, in the period of " take-off",

so to say. The firm, at present, under the stewardship of Shri Devchand Shah, is not only a leading one, but is handling nearly 25% of the tobacco trade in Nipani Town. It is at its excrescence now. The prosperity of this firm during all these years has been mainly a function of the growth of the upcountry firms mentioned earlier, with which this firm had relations since the first decade of this century.

The other business houses worth mentioning at the time of the beginning of the present century were : M/s Mulji Shikka & Co., M/s Kurbetti, M/s Avate and M/s Kothiwale. M/s Mulji Shikka should be hailed particularly for giving impetus to bidi manufacturing in Nipani region, thereby bringing a change in the system of marketing. They had their own bidi manufacturing concern at Gondia, apart from tobacco trade at Nipani. They had reputation in Calcutta market also. They were considered the vanguards in establishing links with distant places like Calcutta and Gondia. The firm was one among the few leaders in the market, and enjoyed the prosperity till 1936. The ~~firm~~ death of Shri Mulji Shikka, the leader, in that year left the firm without any able hand, the successors being incapable to manage, and the rest of the partners being more interested/ in tea plantations in Assam. In no time, therefore, the firm went out of the market; present generation knows nothing of this firm except as once-a-time leading business house in Nipani. The successors have continued their business in Calcutta market on a moderate scale.

M/s Kurbetti also were contemporary of M/s Mulji Shikka. Shortly after their beginning, they were able to get business links outside. With the lead given by Shri Mulji Shikka, they

entered the field of bidi manufacture. They acquired strong root in both the fields. At present, the firm ranks among the leading traders and bidi manufacturers in this Tract.

M/s Avate had years of busy activity till 1929-30. They handled bidi tobacco on a large scale, as also had an experience in bidi manufacturing. Their branch at Calcutta had wide reputation to its account. The domestic difficulties were responsible for their decline.

M/s Kothiwale, also contemporaries of M/s Shikka, have still been maintaining their honourable place in the trade. In the initial stages, the firm was dealing in ghee and jaggery; its business was unmatched in this area. But with the development of tobacco trade, it, first, of all, took over the dealings as an additional business, and gradually came out as prominent dealer; the traditional dealings were discontinued since the second decade of this century. They also attempted to get business from Poona and Bombay markets; their particular interest was in Madras market. After World War II they began to export bidi tobacco to Ceylon and have continued the same even today. This is the only firm in Nipani Tract, in recent times, to export bidi tobacco to a foreign country.

In our review of the business houses of name before World War I, a reference must be made of M/s Kangale Brothers and M/s Ravan, Desai and Co., The former had a sale and purchase business, and not a commission business like others. They used to send their lots to Poona market. They had fairly good standing till 1935. Domestic affairs were responsible for their decline. The other firm M/s Ravan, Desai & Co., had a branch in Calcutta market also. Their efforts were directed more

towards manufacture of bidis; their bidi had a praisworthy sale in Calcutta market. The firm came to its roots in 1928, primarily due to differences among the partners and secondarily due to mischiefs in payments by Calcutta parties.

After World War I, among the names worth mentioning are M/s Kudi & Co., M/s D.N.Mehta, M/s K.A. & K.P. Kunjammoo & Co.. They had special interest of business in the sourthern region of the country. M/s D.N. Mehta were able to gain a good footing, and hence established a branch office at Madras in 1952. This is perhaps th the only firm now in Nipani having branch office in the South. M/s Kunjammoo were having their bidi manufacturing at Mangalore but discontinued after bitter experience. Their firm at Nipani is mainly for procuring the quality tobacco for bidis; the tobacco is sent after processing into Jardi.

To mention the firms that gained ground during and after World War II, we have M/s S.K.Deshamane, M/s Shah, Manavi, M/s M.N.Doshi & Co., M/s M.M.Patel, M/s M.Mohiyuddin & Co., M/s A.B.Shetti, M/s G.I.Bagewadi, M/s D.C.Ligade, M/s N.G.Shedji. All of them have secured links with prominent bidi manufacturers in the upcountry and can be classed in the group of leading traders in Nipani Market.

On the basis of this cursory review, some important facts are revealed. Intil 1928-30, persons from Poona and Bombay were the main parties coming over to Nipani for purchase of tobacco; they consumed nearly 30-35% of the lot. Rest of the arrivals in Nipani were purchased by the prominent local traders, 10-12 in number. A bulk of this was sent to Calcutta

market. During 1927-29 a few customers from Madras had a trial in this market, but the Nipani people did not respond to them satisfactorily. It was only after 1930 that business links all over the country, and abroad, were gradually extended. A rapid rise in prices and enhanced demands from other parts of the country after 1940, brought prosperity and wealth to many of the existing leading firms.

It is clear that since the beginning of this century, the prosperity and growth of firms in this market are a funcition of the number of upcountry customers particularly bidi manufacturers each is having and their prosperity and growth. It is clearly observed even under present conditions of business that traders having no business contacts with bidi manufacturers, have their business on moderate scale only and do not have any fair opportunity to better their situation. Hence the efforts of these traders to get such links as far as possible. Those who get some customers cherish some hope, but those having no such possibility seem to be frustrated under present conditions of marketing.

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CHAPTER

IV

TRADING CLASS AND THE CHANNELS OF MARKETING.

The analysis of marketing of tobacco in Nipani Tract also requires a description of the trading class. The reason is that their attitudes and aspirations, their activities and behavious, all have influenced the nature and conditions of marketing of tobacco in this Tract. An impact of this will also be observed on the channels of marketing that have taken shape from time to time.

Trading Class:-

The trading class can be divided in two groups : one, the merchant community engaged in sale and purchase transaction; two, the Mahar community- a traditional institution engaged in tobacco procurement in this Tract.

The Merchant Class - an analysis :-

The Jains & Marwaris (30.6%), the Lingayats (25%), the Muslims (19%), and the Marathas (16.4%) f@@m the major groups engaged in tobacco trade. Rest of the communities comprise only 9% of the total. The entrance of the Maratha community in this business is observed particularly since the fag-end of the thirties. The former two have a powerful hand in the business for years together. A few from the Muslim community also are long-standing in the business.

The merchant community has, in general, much less academic education. There are circustantial reasons for this.

As has been noted earlier, the tobacco business in this Tract was boosted up since the Second World War; there was a mushroom growth of independent firms in the market. The Nipani Town, at the time, happened to be a semi - urban centre surrounded by a predominantly agricultural area, and as such, facilities of education were limited to the higher secondary standard. Further, Nipani happened to be a business centre facilitating the movement of essential goods from east to west and south to north; it has been an important centre in the transitional zone. Therefore, a number of people had more interest in trade and business. Moreover, the prospects of lucrative business in tobacco diverted the attention of already business-minded community towards the tobacco trade. A combined result was a limited standard of education. If to give the academic educational standard in concrete terms, generally it is not beyond matriculation. Of late, persons from the new generation have entered the business after completing their higher studies, but the instances are not many. These educated people have entered in to shoulder the responsibility of their established and developing ancestral business. Only a couple of educated people with capital and backing of the seasoned personalities, have started their independent business.

This has a very peculiar effect on the traders' approach towards their business. Under present conditions of trade, an atmosphere of secrecy, reservedness and unfair competition prevails in the market. The trading community is greatly suspicious of the fellow traders. The transactions are carried on secretly, and maximum precaution is taken not to reveal

the particulars of transactions and processing. The situation is the product of their run to get upcountry customers at any cost to others. They have now been trapped in a st vicious circle, which they are not able to break through. It can be broken, but not by the local traders; the initiative lies withthe exporter-traders. They are substantial people, have accumulated wealth, have business with big firms, have control over a section of the market, and hence, can direct the affairs and destinies of the fellow traders. It is their pleasure to let continue the present situation. They, therefore, cannot come together free-mindedly and without any reservations, in the general interest of the trade. For instance, they cannot agree on simple matters of trade practices, and if at all, they implement those with their individual reservations which defects all efforts at unity and uniformity. They have formed an Association; but since its inception in 1919, it has never functioned effectively. It is almost defunct. The attitude and approach of themerchant community is responsible for this. Thus, the market atmosphere is full of short-term gains for the individual, showing a complete indifference towards the stability and orderliness of the market.

A surprising fact is that a sense of frustration prevails among all the traders - small and big alike. The big are on a lookout for alternative fields of investments. On the basis of their financial strength they can do so to some extent. But it has been realised by some that such large investments cannot be beneficial unless a proper person of knowledge, trust and faith is available to manage the affairs. Investment in modern industries, thus, is not

possible for them though they desire it. They have to enter this field anew. But, there exists a strong inner desire to remain in tobacco trade. A psychological attachment to the trade and possibilities of lucrative income in tobacco trade do not prepare them to shift to other fields. All these big traders deal in tobacco only. But, of late, they have a tendency to divert a part of their capital- 10-15% approximately for dealings in other commodities, especially, jaggery, chillies, groundnuts, grains, fertlisers, etc., or investments in productive assets like land, buildings, factories, etc.

As against this, the petty merchants, who form nearly 65% of the lot, do not have sufficient resources to divert to any modern industry as an alternative. About 10% of them, however, are on the lookout for a good and manageable small-scale or cottage industry, and are willing to invest. The rest have found a way out; simultaneously with tobacco, they are developing their business in jaggery, chillies, groundnuts onion, grains and such other suitable commodities. Easy and smooth marketing conditions in these fields provide them with shock-absorbers, as it were, against the stringent monetary position in purely tobacco trade, due to its peculiar system of marketing. The tobacco trade is full of uncertainties as compared to the trade in other commodities.

Concentration of marketing power in Nipani Tract:-

The nature and extent of concentration of marketing power in Nipani Tract will be realised with the aid of the statistical information given below:

Table 1.

(P. T. O.)

Table 1.

CONCENTRATION OF MARKETING POWER IN THE LICENSEES IN NIPANI TRACT.(1962)

Class of L 5 Licensees.	NIPANI TOWN				NIPANI RURAL				NIPANI TRACT			
	No. of Licensees		Total Qty. handled.		No. of licensees		Total Qty. handled		No. of licensees.		Total Qty. handled.	
	Total	%	Qty.(Kgs)	%	Total	%	Qty.(Kgs)	%	Total	%	Qty.(Kgs)	%
I	61	29.6	1,65,02,659	83.1	4	1.5	23,11,605	42.3	65	13.7	1,88,14,264	74.9
II	58	28.1	27,76,054	13.9	29	10.8	13,83,447	25.3	87	18.9	41,64,501	16.0
III	27	13.0	3,33,909	1.7	103	38.3	12,73,801	23.3	130	27.3	16,07,710	6.3
IV	38	18.5	1,36,914	0.7	105	39.0	3,81,150	6.9	143	30.1	5,18,064	2.0
NIL	22	10.8	1,10,000	0.6	28	10.4	1,12,000	2.2	50	9.5	2,22,000	0.8
Total	206	100.0	1,98,59,536	100.0	269	100.0	54,66,003	100.0	475	100.0	2,53,25,539	100.0

Note: The class of licensees indicated as 'Nil' refers to those licensees not possessing a licence for storage and processing of tobacco (i.e. L 5 licence), but possessing licence only for trading in tobacco (i.e. L 2 licence) Rest of the licensees possess both.

Source: Compiled with the aid of figures obtained through field survey.

Observations:-

1. For the Tract as a whole the business seems to be in the hands of the licensees in class I and class II only, they together (32.6%) manage almost 91% of the transactions, those in class I alone (14%) dominating nearly 75% of the trade.

2. Even in the group of class I licensees, a small number control greater power. The point can be substantiated with the help of the following information of the quantity handled by the licensees in class I in Nipani Town.

Table 2.

Quantity handled by the licensees in Class I in Nipani Town (1962).

Range of Qty. handled - (quintals.)	No. of licensees. Total	%	Quantity handled. Total Kgs.	%
Over 4800	4	2.0	61,49,374	30.0
4400-4800	2	1.0	9,92,668	5.0
4000-4400	1	0.4	4,53,366	2.3
3600-4000	4	2.0	15,96,307	8.2
3200-3600	-	-	-	-
2800-3200	2	1.0	6,57,103	3.3
2400-2800	5	2.4	14,75,331	7.5
2000-2400	2	1.0	4,26,068	2.3
1600-2000	7	3.4	13,40,674	7.0
1200-1600	8	3.8	11,99,777	6.3
800-1200	26	12.6	22,11,991	11.2
Total..	61	29.6	1,98,59,536	83.1

Source :-

Compiled with the aid of figures obtained through field survey.

Here all the licensees in class I in Nipani Town (20.6%) together do 83% of the market transactions. But the details suggest that 13 licensees (6%) control nearly 50% of the market, 4 of them (i.e. 2% of the total) wield 30% of the power, and finally, a single trader (0.5%) commands almost 21% of the business.

In case of Nipani Rural, the results are similar. All the 4 licensees in class I (1.5%) hold 42.3% of the marketing power, and a single trader (0.4%) commands 27.5% of the business.

3. The Rural Circle exhibits a congestion of petty merchants. The licensees in class III and Class IV together number 208, make 77.3% of the total composition, and handle about 30% of tobacco dealings in the Rural Circle.

4. A concentration of marketing power in the hands of few traders has led them to influence the price position and market conditions at every level of the transactions, and to that extent an element of imperfectness is present. They can monopolise the purchase of better quality tobacco even at higher prices, can delay the payment of cash to the cultivators and fellow-merchants, and so on. The overall impact of this concentration of marketing power is obvious. As Dr. S.R.Mohnot puts it :-

> " Exercise of market power is a step in the direction of effective economic power. Economic power originates with control over productive capacity, it flows through the channel of distribution, partly as a consequence of market power itself, and finally manifests itself in

the form of market power possesed by incomes. In determination of distribution of economic power, market power has two roles to play: first, in the determination of relative shares of income; and secondly, in the effectice use of those relative shares. Along the progress towards intergrated large co-operative and concerted economic units, the role of market power in the determination of relative shares of economic power has been progressively increasing.[1]

The exercise of market control is greatly influenced by the structure of individual markets. In case of Nipani Tract, the market power is an outcome of the process of accumulation of tobacco beginning with the purchase of anagad tobacco and ending with the sale of tobacco fully processed into jardi mixtures. In recent years, the traders have developed a peculiar system of acquiring the marketing power. The middle class and petty traders were engaged in purchasing of anagad tobacco with their own capital, processing it into jarda tobacco and selling locally. But for last five or six years, they began to experience acute financial position due to delayed payments by their customers. With their meagre resources and limited capacity to utilise bank facilities, they had to face many difficulties in carrying on their business. Some of them, especially class II licensees, found a way out by trying to get a direct contact with

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1 Dr.S.A. Mohnot :- Concentration of Economic Power in India: Chaitanya Publishing House, 1962, p.84.

upcountry bidi manufacturers. Those who could not do so had no other go but to remain in ~~xxxx~~ touch with their customers and continue efforts to maintaining good relations with them. They noticed that in this manner they were able to get not only a better price for their products, but also financial aid in times of difficulty. The substantial traders, on their side, found scope and opportunity of increasing their hold on the market without openly coming in the picture. On account of intimate personal contacts with some traders, they offered inducements in different ways - offering price better than what could be secured elsewhere, making payments without unusual delay, advancing money to facilitate purchases during season period, and so on. The inducements worked to the desired effect, and the substantial traders could bring a number of licensees under their own command, and a sort of "attachment" was created. The outcome was the formation of "groups of traders", rather, "business rings" in the market. It is to be remembered that the 'fellows in the ring' are not only in the Town, but even in the villages roundabout. These people have their own licence and maintain their own warehouse, but all this on the active support and backing of the 'creators of the rings'. With such developments, the middle-class traders in difficulty could get a satisfactory resort, while the substantial traders could enlarge their scope in the market simultaneously strengthening their grip. In this way, there are at least seven such 'rings' in Nipani Tract, having their own field of activity and covering nearly 75% of the business.. In this context, therefore, it is but natural that the original bigness made bigger by artificial

devices may destroy active competitors eliminating general competitive initiative, and lead to the adaptation of restrictive policies even when a big enterprise is a conglomerate concern without monopolistic power in particular markets.

The Mahar Community - A Traditional Institution in Tobacco Trade in the Tract.

As referred earlier, the business of bringing tobacco to Nipani Town for sale was restricted to the Mahar community for long. The business was considered unholy and hence was a profession unfavoured by the well-to-do people. This was a peculiar feature of the area now covered by the Chikodi, Nipani and Kolhapur Circles of ~~xx~~ the Central Excise Administration. The Mahars, that is, the untouchable community, used to collect the tobacco from the growers/curers, and bring it to the Town in the packages known as 'mots', as was the practice. At the same time, they were permitted by the growers to collect tobacco leaves that fall down in natural course from the plants, as also the leaves that are cut down by the growers purposely and thrown in the fields.[2] The growers generally did not object the Mahars gleaning the said leaves, since the operation helped the growers to keep their plots clean. The gleaning operation by the Mahars led to collection of tobacco leaves of not only incomplete maturity but also a poor variety. The gleaning operation was not restricted to specific plots or villages. Such gleaned tobacco,

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2. The growers cut down excess leaves of the plant and maintain only a limited number of leaves to each plant so that the limited leaves may grow better and yield a rich quality of tobacco.

known commonly as " GHAL tobacco ", was cured by them in their own houses, and then sold to the traders in season period at a cheaper rate. Such an inferior quality is said to be of use for mixing with the better quality in order to dilute the strength of the ultimate blend.

Simulataneously, the Mahars were in the habit of collecting " KHOOT TOBACCO ", i.e. produce of the Ratoon crop,[3] and mixing the same with the Ghal tobacco before sale. Before coming in of theCentral Excise system, the Mahar community was freely engaged in tobacco trade by gleaning tobacco from various fields xx without having had to pay any price to the growers. Even the latter sold their tobacco for trade purposes through these Mahars.

Day by day, tobacco prices went up and persons from other communities also began to undertake tobacco trade, and gradually a new class of tobacco dealers emerged in this area. With this change, the Mahars also developped their own practices; they, while gleaning dead leaves, began to remove also good matured leaves of the plants in the absence of the growers/curers.

With the beginning of the Excise sytstem in 1943, a check to the business done through the Mahars was placed, as the system laid dowh a rigid framework of rules and regulations.

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3. The second growth of tobacco leaves after harvesting.

In 1944, the Mahars were given a special facility of continuining their gleaning operation under licence L-1, which since then is known as "Mahar Concession Licence". Till 1954, they were not required to maintain any accounts of their collections and disposals. But in a special drive in 1953 by the Excise officials, a good deal of practices were observed, leading to an illicit trade in tobacco. Hence, in 1954, the Authorities insisted on maintaining clear accounts in order to patch up the loopholes. The Mahars do not have to pay any fee or duty to the Government for their undertakings.

Since the introduction of the excise duty and due to rising prices during and after the Second World War, the growers of tobacco realised the importance of tobacco as a cash-crop in view of the heavy demand for it, and they began to object the Mahars from gleaning tobacco, though the latter continued their practices under protection of Mahar Concession licence. Along with the authorised manner of collection, they were engaging themselves in smuggling of tobacco especially to Konkan side. The business in all its ways continues even at present, in spite of official checks and controls.

As per figures available, it seems that there are about 60-80 Mahar Concessioners in the Tract collecting about 1,40,000 Kgs.[4] of inferior tobacco. The details

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4 There has been a wide fluctuation in the quantity collected by the Mahars from year to year. This is due to the failure on the part of the Mahars to report their collections to Excise Authorities.

of collection in the last decade are given below :-

Table 3.

Collection of inferior tobacco under Mahar concession Licence

Years	Quantity (Kgs.)
1953-54	1,61,670
1954-55	93,405
1955-56	31,214
1956-57	14,272
1957-58	25,709
1958-59	3,69,510
1959-60	2,96,994
1960-61	2,06,250
1961-62	1,71,704
1962-63	1,40,734
1963-64	1,31,831

Source :- Central Excise Office, Nipani.

Apart from these Licenced Mahars, a good many unlicenced Mahars seem to be busy in the activity. In a special drive of searches by the Excise officials in 1957, as many as 80 cases involving 12,000 lbs. (5,400 Kgs.) of tobacco were traced, not to speak of untraced persons and quantities.

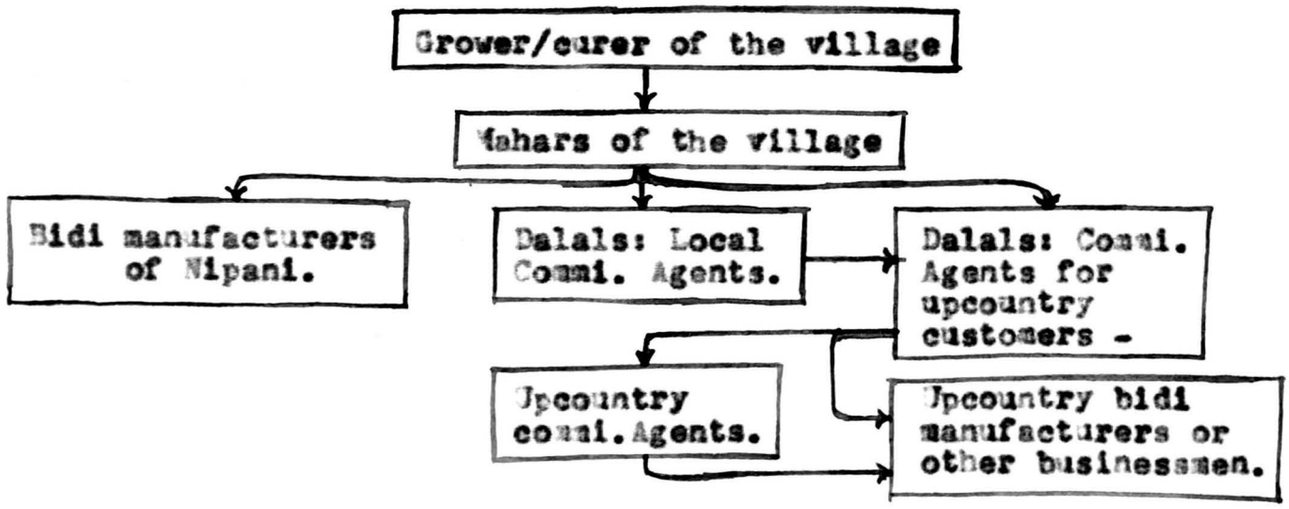
The Mahar concession is not based on any legal footings, and the Department has the right to withdraw its recognition any time it feels necessary. It has been continued due to the traditional role played by the Mahars in the marketing. But if their illicit practices do not come to an end, there

is every possibility and every ground to take back the concession. In that case, there is less possibility of loss of revenue to the Government; because, as the things stand, what is accounted by the Mahars by way of the so-called collections would normally be accounted by the growers themselves who cannot afford to lose money on account of high prices prevailing for the lower variety of tobacco.

Marketing Channels

Channels of assembling :-

It is a matter of vital importance that with a change in the system of marketing there seems to have occurred also a change in the channels of marketing, particularly at the stage of assembling. Till the end of the 'thirties the sales at Nipani were effected through the Mahars, when the marketing links were as under :-



By the beginning of the 'forties, on account of the war effects, a large number of people from other communities entered the field in different capacities. Side by side, since the middle of the 'thirties, a system of selling

the standing crop in the fields began to come in vogue. The result was a rise of numerous persons having local knowledge, to act as dalals between the grower/curer and the Nipani merchant. The assembling channels, therefore, can well be understood from the excerpt here:-

> " Abput 75% of the tobacco growers in this area sell standing crop when it is ready for harvest, to 'Mahars' and petty merchants. The standing crop is purchased for a lump sum but actually the practice of fixing the rate of the estimated produce is becoming more common. No written agreements are, however, made. The price is generally paid after the produce is sold by the 'Mahars' or thepetty merchants.
>
> The 'Mahars' again sell the tobacco in the weekly market at Nipani. The proportion of the farmers who bring their produce to this market is small. In the market the sales are through Dalals, some of whom also function as commission agents for the upcountry buyers.[5] Most of these functionaries act both for the sellers and the buyers in different transactions.

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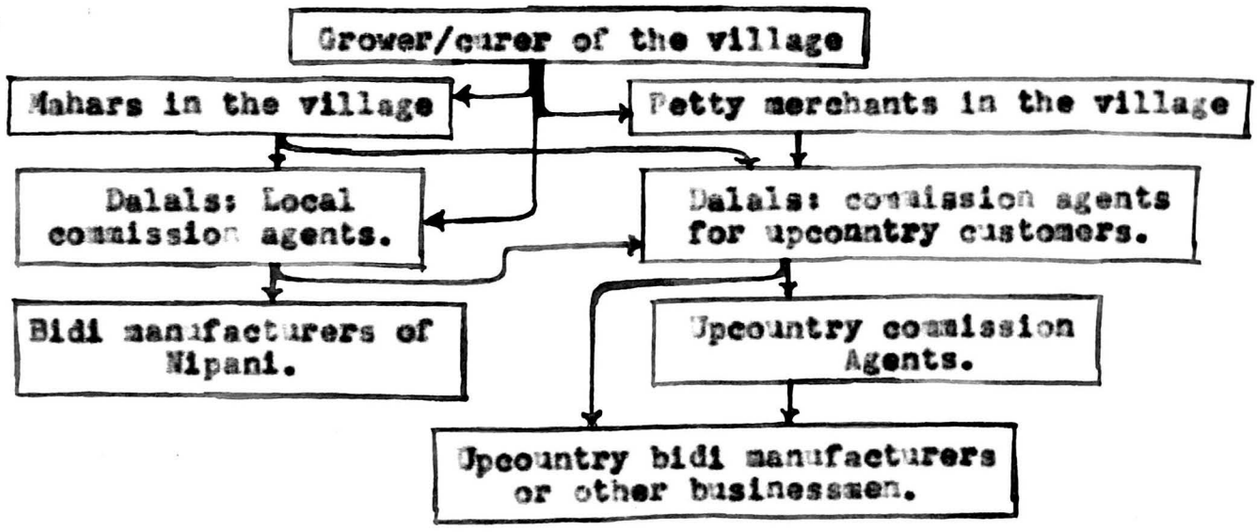
5. The class of dalals can be divided in two categories: 'kacchha arhatiyas' and 'Pucca arhatiyas'; the former are those who work as commission agents for the local merchants, and the latter are those working in the same capacity for upcountry customers.

Petty merchants buying standing crop from the growers do not take their produce to the weekly market at Nipani. They usually sell the tobacco to upcountry buyers through the Dalals by private negotiations.

Such of the farmers as prefer to sell tobacco after curing generally offer it to the petty village merchants. In other cases the produce is sent to the dalals for arranging the sales and invariably in such cases growers have taken loans from the dalals".[6]

On the basis of the narration, the assembling channels can be depicted diagrammatically in the following manner:-



A comparison of this diagram with the earlier one will immediately point out the complications in the marketing links under the new system due to the existence of

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6 Agricultural Marketing adviser to the Govt. of India, Nagpur: Marketing of Tobacco in India (Agricultural Marketing Series) 1960: p.58.

innumerable petty merchants at the village level. This was not so in the earlier structure.

Since the fifties, the above system also began to be replaced by another of a quite different nature. Periodical set backs during the decade brought the decline of the newly grown up intermediaries, and they were almost eliminated from the field. Simultaneously, the incoming credit system brought a closer relationship between the grower/curer and the local trader and/or exporter-seller. By the turn of the first half of this century, an era of direct contact personally or by the agents was dawned. Tabular and diagrammatic representations of the present channels of assembling are given below :-

Table 4.

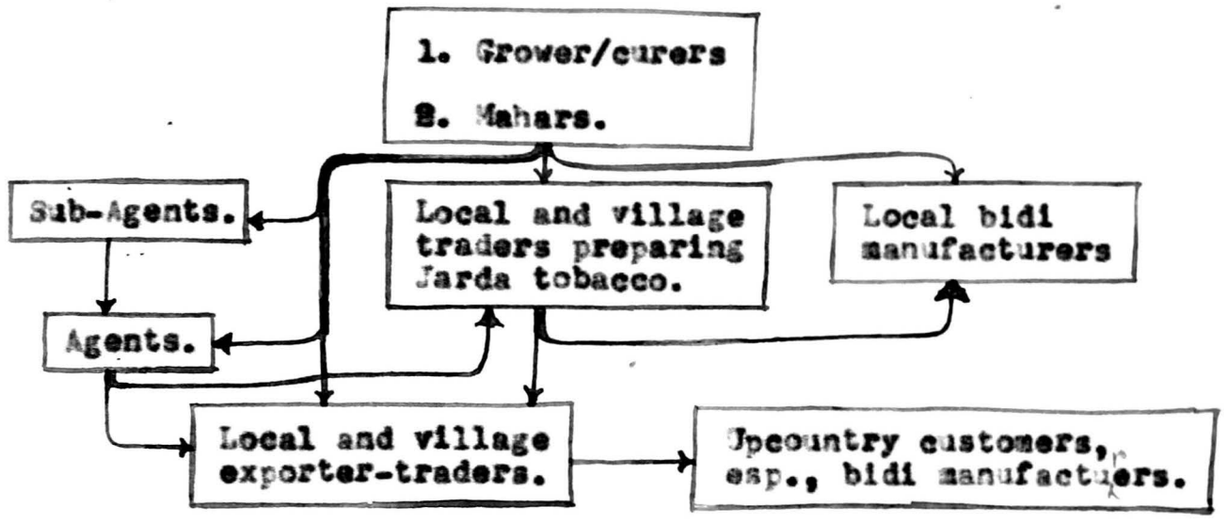
(P. T. O.)

Table 4.

Present channels of assembling of tobacco in Nipani Tract.

Location of activity.	Seller	Buyer.
Village level.	1. Grower/curer in his individual capacity selling anagad tobacco.	A) Sub-agents B) Agents C) Traders personally D) Bidi manufacturers of Nipani.
	2. Mahars selling Khoot and Ghal tobacco.	
Nipani Town and a few villages.	Local and village traders selling Jarda tobacco.	A) Exporter-traders B) Bidi manufacturers of Nipani.
Nipani Town and a few villages.	Exporter traders selling Jardi tobacco.	Generally, bidi manufacturers and insome cases commission agents from upcountry. **

** Note : The term "Upcountry" has been and will be used to connote all the area other than the Nipani Tract.



By the middle of the fifties, the practice of selling standing crops was discontinued, because, the spread of aphides and pests affected the future yield. The traders, therefore, resorted to fixation of prices of anagad tobacco. Risk of low yield and inferior quality, then, could be overcome. At the same time, the practice of giving advance to the cultivators also was unfavoured because of the financial stringency in the trade. Purchase of the standing crop is no more a feature of this Tract. Consequently, the marketing channels have changed.

The practice of purchasing 'anagad' (raw tobacco) in villages is common. In case of big merchants, their agents and sub-agents, and in case of petty and middle-class merchants, they themselves, if necessary, with the help of a few agents, make their purchases in the village in the harvest period. Local bidi manufacturers also follow the same practice in the capacity of a merchant to cater for the needs of their factory.

The link of sub-agent -- agent -- trader (small or big) is generally for the purchase of anagad lots from

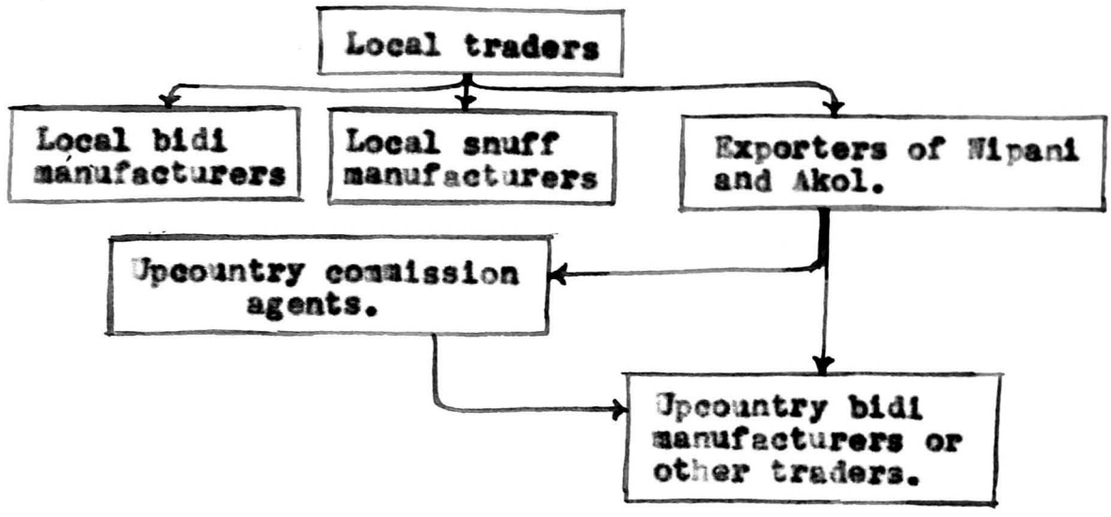
the various villages. Dealings between sub-agents and agents are of anagad tobacco only. The sub-agent does not get any commission as such for the job, but gets a difference in price. Dealings between the agent and the trader are invariably in anagad, but occasionally in jarda tobacco also. But, in that case, the merchant must have either financed fully or partly the purchases or at least assured to purchase the Jarda preparation. Transactions at this stage of the link are on commission basis.

All the merchants, except the exporter-sellers, immediately put the lots for processing into Jarda tobacco, and then sell to the exporter-traders as also to the local bidi factories as per their requirements.

The exporter-traders provide the final link. They prepare Jardi mixtures and despatch to their upcountry customers. Generally, they all have a direct link with the upcountry bidi manufacturers, thus, avoiding as far as possible the agency of upcountry commission agents. The link of upcountry commission agents has almost been dropped under the present structure.

Channels of Distribution :-

On the lines of the marketing channels mentioned earlier, important channels of distribution can be represented diagrammatically as under :-



In fact, the functions of assembling and distribution are intermixed and many a time difficult to segregate. If the lot goes to a local bidi manufacturer or a snuff manufacturer, the transaction takes the nature of distribution; if it goes to an exporter-trader, it is still in the stage of assembling, and distribution starts at a further stage. In case of major portion of the transactions, the stage of distribution starts after the link of the exporter-trader, as all this quantity is sent out of the Tract. In case of the quantity entering in local consumption, the stage of distribution begins as soon as the tobacco leaves the link of the local traders. Of course, such transactions are comparatively less.

Now, regarding the major portion of the distributed volume, during the last decade a change has been observed, until 1955-56 broadly, barring some exceptions, many traders did not deal with the bidi manufacturers directly, but through the commission agents at different places. This had been the legacy of the pattern of trade followed in the Tract -- traders functioning as " commission agents " mostly, rather

than " profit earners ". The changed economic conditions offered them opportunities to change the nature of their business in such a way that the handling of the same volume of tobacco would give abundant returns to them. Hence, they reduced their commission business and emerged as traders assuming risks by themselves and working for profits. The lure of profit made them to do away with the agency of the upcountry commission agents, and have a direct link with the bidi manufacturers and others. This change, by itself, has, thus, worked for eliminating one intermediary in the channel of distribution.

* * *

The study of the marketing channels points out one fact prominently that there is no hoard of intermediaries existing unnecessarily in the channels of assembling or distribution. The number of agencies has been reduced in the natural course of evolution, so that one of the important 'problems' in agricultural marketing has not been present severely in case of the marketing of bidi tobacco. This is an important point which should not be lost sight of while considering any measures for making improvements in the pattern of marketing in Nipani Tract.

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CHAPTER V

PROCESSING OF BIDI TOBACCO.

The processing work has come to be governed simulataneously by two authorities : one, the Central Excise Department, an authority for collection of excise duty on tobacco; the other, the Labour Office of the State Government, working with the Factory Acts, an authority for labour welfare. Both of them have almost the same notions about processing. This is but natural as they follow a general definition.

For the Excise Administration, operations on excisable goods stored in a bonded warehouse are governed by Central Excise Rule 143, which provides that the owner of such goods might sort, separate, pack and repack the goods and make such alteration therein as might be necessary for the preservation, sale or disposal thereof. In deciding whether or not a particular operation is permissible in a warehouse, the governing consideration is its necessity or otherwise for the preservation, sale or disposal of goods.

For the Labour Office " manufacturing process means any process for making, altering, repairing, ornamenting, finishing, packing, oiling, washing, cleaning, breaking up, demolishing, or, otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal".[1]

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1. Government of Bombay : Labour and Housing Department : The Factories Act, 1948= Act No.LXIII of 1948; page 100.

The Processing Activity :-

The processing of bidi tobacco involves transformation of "anagad" (raw produce) into "Jarda" tobacco (purified broken flakes of the anagad) or finally into "Jardi" mixture (blending suitable for bidis). Preparation of Jardi is the final stage to which the processing in this Tract leads. Processing into Jarda is just an intermediary stage. A general practice in this Tract is to take anagad tobacco for processing. But a few cases are found (9 out of 184 in the Town) wherein the licensees engage themselves fully or partly in the processing of cured whole-leaf tobacco. The arrivals of whole-leaf tobacco in Nipani market do not exceed 1.5% of the total arrivals. Therefore, as the figures indicate, processing of whole-leaf tobacco is not a common feature. A few cases (5 out of 184 in the Town in 1962) concentrate their efforts not on all the stages of processing but only on one, viz., processing of "kadi" (stalks and stems) into "Kawal" (granule). In this context, we find that most of the licensees preparing jardi mixtures integrate this process with others in the link, and hence, there exist a few cases specialising in processing of " kadi".

As processing of whole-leaf and "kadi" are not the common features of processing in Nipani Tract, we shall concentrate ourselves only on the processing activity pertaining to anagad tobacco.

The full course of processing of anagad into Jardi can

be studied with the help of the undermentioned practices.

1) Processing of Anagad into Jarda.
2) " Jarda into Jardi.
3) " Anagad into Jardi.

1) Processing of Anagad into Jarda :-

This may be said to be the first stage in the preparation of Jardi from anagad. This system of processing involves very few operations. Anagad tobacco contains in it broken pieces of tobacco leaves to which some earth also is stuck along with stems and stalks. The preparation of Jarda requires use of various types of sieves and of different gauges. The sieving operations separate the earth and stalks and stems from pure leaves at the same time breaking the leaves to the size required. From among the various sieves, first of all, sieves made of bamboo nettings are used to separate tobacco flakes from stalks and stems. (i.e. kadi); then these tobacco flakes are put on big sieves of wire nettings, when the leaves are broken to the size of the gauge of the sieves. Generally, the gauging of this wire-netted sieves is 2 to 3 apertures per inch.

In preparation of Jarda especially, the common tendency is to use big sieves of wire nettings instead of those made of bamboo nettings. No doubt, the work done with bamboo sieves gives the flakes of more uniform size, but leads to more cost of processing due to less turnout in given period of time. As against this, work with big wire-netted sieves helps in processing on a large scale and at comparatively less labour cost, though, to some extent, affecting the uniformity of the

size of the flakes. Some of the licensees processing on a small scale, either at Nipani or in villages, still make use of bamboo sieves more often. This is because they limit their processing only to preparation of Jarda.

The flakes available are then winnowed by means of a winnowing-fan so as to separate earth as well as dust which is inevitable in processing. These purified flakes reduced to a smaller uniform size are known as Jarda. Thus, processing into Jarda is nothing but sorting, cleaning and purifying tobacco leaves in anagad lot and making them suitable for preparation of Jardi. The components in such a process are Jarda flakes, kadi, tobacco dust, Earth and Sunk. Looking to the general results, the percentages of diffierent components, on average, may be laid down as under :-

Jarda flakes	:	85	-	92%
Kadi	:	3	-	5%
Dust	:	5	-	7%
Earth & Sunk	:	2	-	3%

It is to be noted that this is an average result. The percentage of these components differs with tobacco in different parts of the Tract. On the basis of quality and the proportion of earth and kadi in the anagad, we can distinguish the tobacco in three groups rougly :-

Group 1.

Prominent villages :- Akòl, Kodani, Galatga, Padlihal, Khadaklat, Pattankudi, Bhoj, etc. Tobacco in this area is cleaner as it contains minimum of earth and kadi.

Therefore, the Jarda flakes indicate a proportion of 92 to 97% in the total.

Group 2.

Prominent villages : Nipani, Kanagala, Sankeshwar, Gadahinglaj, Sangavade, Kagal, Sonage, Hupari Rendal, and Hukeri. The Jarda component is about 85 to 93% ; the proportion of earth and kadi being comparatively more than that in case of Group 1.

Group 3.

Prominent villages: Pacchhapur, Gokak, Kunnur, Aktangi Rahat, Ankalagi etc. Due to high proportion of earth and kadi, the Jarda component is between 82% to 90% in the total.

Of the by-products available after processing, earth and sunk are useless and hence thrown out, dust and earth-mixed dust can be used as manure for agricultural purpose; and kadi, after reducing to smaller pieces (granule) can be used in the preparation of Jardi, and hence can be sold, or used in further processing.

2) Processing of Jarda into Jardi :-

In this second stage, Jarda flakes are again crushed to still smaller pieces by operating sieves of smaller gauges. Usually wire-netted sieves are used and the size ranges from 5 to 8 apertures per inch. Use of 5-aperture sieve is common. Some use 6-aperture sieve. When the upcountry customers require Jardi of still smaller size,

they advise to use sieves of 7 to 8 apertures even. Such a smaller sized preparation is known as "farmas" Jardi. Bidi manufacturers of Mangalore region and also from U.P. often require such a quality due to smaller size of their bidis. The size is determined by the processer according to the demand of his customers.

The bigger pieces of leaves that remain in this first sieving operation are crushed by operating smaller sticks, and then put again on the same sieves. These are pure and smaller Jardi flakes. The process of preparation of Jardi does not stop here. It requires further the addition of " Rawal " (granule), which is the most essential component of Jardi. It serves as a necessary instrument not only for getting the delight of smoking but also for keeping the tobacco flakes in bidi burning. The Rawal is prepared by crushing the kadi by operating wooden hammers, called 'Mugàli' so as to pass from sieves of sizes ranging from 5 to 10 apertures per inch, according to requirement.

In all these operations, powdered tobacco which can pass through a sieve of more than 16 to 18 apertures is called 'Dura'. Sometimes it is used to mix with Jardi blend; but often it is used for chewing purpose and in hookah. The powder that passes in a sieve of 28 apertures is known as 'Tobacco Dust' which is pure and hence is used for manufacture of snuff.

The real effectiveness and utility of Jardi depends on blending together of the Jardi flakes, Dura and granule. It requires application of water. Generally, water is applied first of all to granule separately, and then the moistened

lot of granule is mixed with the flakes so that, on the one hand, powdering of flakes is avoided, and, on the other hand, the flakes get one with the little pieces of granule. This process of watering has to be done cautiously; otherwise application of excess water darkens the colour of the blend and reduces its quality. With this is complete the process of preparation of Jardi, and the blend becomes ready for use in bidis without any further processing.

Looking to general results, the percentage of different components, on average, may be laid down as :-

Jardi	.....	88	-	94%
Dura	.....	4	-	6%
Dust	.....	3	-	5%
Kadi Kani, Sunk & Earth		1	-	2%

3) Processing of anagad into Jardi :-

Often the whole lot of anagad is processed into Jardi directly. This does not mean that the intermediary stage of Jarda is omitted. This is not so; Jarda has to be prepared, but no definite attempt is made to segregate it; further operations are immediately interlinked so as to break the tobacco leaves to required size of Jardi. All the operations described in the first two parts above separately are combined and interlinked in this case. Looking to the general results, the approximate percentages of the components may be laid down as under :-

Jardi	....	80	-	85%	85 to 91% Jardi.
Dura	....	5	-	6%	
Tobacco Dust	....	4	-	5%	for snuff

Earth-mixed Dust	3 - 4%	for manuring.	
Kadi Dust	2 - 3%		
Kadi kani & Sunk	2 - 3%	waste.	
Earth	2 - 3%		

It must not be lost sight of that the percentages given above are mere averages. The proportion of Jardi will depend on the region in which the tobacco is grown and purchased. From the division made earlier, the general proportion of Jardi from tobacco in each of these groups will be :-

Group	1	.....	90 - 95%
Group	2	.....	85 - 92%
Group	3	.....	80 - 85%

A thing of importance to be noted in this context. Preparation of Jardi directly from anagad gives the Jardi component 2 to 3% more than when preparedf from Jarda, because, in the latter case, there is more powdering of tobacco due to frequent handlings, and hence, in this case, the proportion of tobacco dust is more by 2 to 3%.

<u>Factors affecting the weight and quality of tobacco in processing and storage</u> :-

One, In processing anagad tobacco, there is a gain in weight ranging approximately from 0.5% to 2%. This is due to application of water at the time of processing, especially Jardi, and in case of Jarda, due to self-contained moisture. Hence the total of weights of all the by-products exceeds the weight of the anagad taken for processing. For example :-

Processing of Anagad into Jarda :-

Case 1:-

Processing started on 27-2-1963

Processing completed on 9-3-1963

(Pacchhapur Tobacco)

Quantity taken for processing :- 2330 Kgs.

By-products :-

Jarda	.....	1899 Kgs.	81.50%
Jarda	.....	37	1.59
Tobacco Dust	.....	41.60	1.78
Kadi Dust	.....	72.10	3.08
Earth mixed-dust	..	280.30	12.03
Earth	.....	69.10	2.97
	Total	2399.10	102.95
	Gain..	69.10	2.95%

The gain is due to moisture.

Case 2:-

Processing started on 22-3-1962.

Processing completed on 8-6-1962.

Quantity taken for processing :- 1,16,345 Kgs.

By-products :-

Jarda	.....	98,301.50 Kgs.	84.05%
Dura	.....	291.00	0.25%
Earth-mixed-dust.		12,940.80	11.12%
Earth	.....	5,050.50	4.34%
	Total	1,16,583.80	100.21
	Gain..	238.70	0.21%

The gain is due to moisture.

Processing of Anagad into Jardi :-

Case 1:- Processing started on 4-5-1963

Processing completed on 5-6-1963.

(Tobacco of Karoshi, Tal. Chikodi.)

Quantity taken for processing :- 7,438 Kgs.

By-products :-

Jardi	5,670.34 Kgs.	76.24 %
Jarda	73.10	0.98 %
Dura	39.60	0.53 %
Tobacco Dust..	295.10	3.97 %
Kadi Dust	447.20	6.01 %
Kadi Rawal....	227.40	3.06 %
Earth-mixed Dust	468.60	6.30 %
Earth	219.40	2.95 %
Total	7,440.74	100.04%
Gain..	2.74	0.04%

The gain is due to watering.

Case 2:-

Processing started on 28-4-1962.

Processing completed on 8-6-1962.

(Pacchhapur Tobacco)

Quantity taken for processing :- 82,281 Kgs.

By-products :-

Jardi	62,978.50 Kgs.	76.54 %
Dura	1,237.00	1.50 %
Kadi Rawal....	1,970.00	2.40 %
Kadi	90.00	0.11 %
Earth mixed dust	11,554.00	14.04 %
Earth	4,497.70	5.47 %
Total	82,327.20	100.06 %
Gain..	45.70	0.06 %

The gain is due to watering.

Two. The gain or loss, as well as its proportion, depends on the season in which the processing is done. In the rainy reason, gain is more due to moisture in the air; in winter, gain is very much less, on the contrary, there is a possibility of less in weight due to climatic conditions; while, in summer, though there is extensive heat in the air, the climate is soothing due to a bit of moistening in it, and hence, though the gain in general is not much, there is less chance of loss. Moreover, in this season, generally, fresh crop is available for processing, which contains moisture, and hence less chances of loss in weight. A tentative idea of loss and gain can be had from the Table below:-

Table 1.

Approximate seasonal loss or gain in the processing of tobacco.

Period of processing.	Loss or gain, when, in processing	
	No water is applied.	Water is applied
1. Feb. to May	0.5 to 1 % gain	0.5 to 2 % gain.
2. June to Sept.	1.5 to 2 % gain	2 to 3 % gain.
3. Oct. to Jan.	1 to 3 % loss	0.5 to 1 % loss.

Source: - Compiled from the data obtained through field survey.

Three. Loss or gain in weight is a matter observed not only in processing, but also in storage. The condition of the warehouse affects it. A warehouse having a plastered roof prevents, to some

extent, the transmission of heat and thus helps in maintaining coolness inside; loss in weight is thus obstructed. A warehouse with a roof of tin sheets radiates the heat and thus leads to loss in weight in storage. If this loss in storage is to be avoided extensively, construction of proper warehouses is a necessary factor. In case of properly constructed warehouses, the loss would amount to 0.5%, if stored for a period of about 5 to 6 months, and to 1 to 1.5%, if over that.

Four. Processing on a large scale leads to comparatively more proportion of tobacco dust. Hence the proportion of the main product is somewhat less as compared to what is available in small-scale process. But a loss in the main product is compensated in cost of processing.

** ** **

Producers' Co-operatives for Processing :-

Presently, very few producers themselves undertake processing of anagad into jarda tobacco before the final disposal. A general practice with the producer-sellers is to sell the produce in unprocessed form. There are no producers' Co-operatives undertaking processing activity. There are various reasons for this, which we propose to discuss at a later stage.

** ** **

Cost of processing : -

In calculating the cost of processing of tobacco, we consider only those items of cost which have to be incurred from the point of taking the lots for processing till the processed lots are filled in the bags and kept at the proper places in the warehouse. Thus, the total will include all direct and incidental costs incurred in the course of processing.

Now, for the calculation of the cost, we shall be following the usual course of transactions in the market, that is transactions in anagad, jarda and jardi. Hence our cost study will pertain to : -

A) Cost of processing of Anagad into Jarda.

B) Cost of processing of Jarda into Jardi.

C) Cost of processing of Anagad into Jardi.

A) Cost of processing of Anagad into Jarda.

In order to calculate per kilogram cost of processing, we shall take 100 Kgs. of anagad tobacco contained in 2 bodhs. If this leads to 85 % of returns (i.e. 85 Kgs. of pure Jarda tobacco) on processing, to take the least possible proportion, the cost of processing will be as under : -

Table 2.

(P.T.O.)

Table 2.

Cost of processing of Anagad into Jarda (1963-64)

Items of cost.	cost in Rs.
1. Hamali for pouring the bodhs for processing at the rate of Rs. 0.05 per bodh.....	0.10
2. Labour charges for processing @ Rs.1/- per 15 Kgs. of Jarda tobacco prepared.....	5-67
3. Hamali for filling Jarda tobacco in bodhs and weighment of the bodhs @ Rs. 0.25 per bodh - (presuming that the accrued Jarda tobacco is filled in one bodh only).....	0.25
4. Hamali for filling the by-products and weighment...	0.05
5. Incidental costs like cost of stitching material, etc. @ Rs. 0.03 per bodh, and Rs. 0.02 per bag.....	0.03
6. Depreciation of the tare used @ Rs. 0.75 per piece per year, presuming the normal life of the bodh to be four years.....	0.75
7. Depreciation of warehouse and processing material per year @ Rs. 0.15 per 100 Kgs. of anagad tobacco processed.....	0.15
8. Hamali for replacing the Jarda bodhs within the warehouse (at least once) @ Rs. 0.05 per bodh.....	0.05
Total cost for 85 Kgs. of Jarda prepared...	7.05
Per Kg. cost of preparation of Jarda tobacco.....	0.08

Source :- Compiled on the basis of the information collected through field survey.

Thus, for every kilogram of Jarda tobacco prepared the cost of processing is Rs. 0.08.

B) Cost of Processing of Jardainto Jardi :-

In order to calculate per kilogram cost in this case, we shall take 85 Kgs. of Jarda tobacco as accrued in the previous instance and follow. If this leads to 90% of returns (i.e.approx. 77 Kgs. of Jardi mixture) on processing, the cost of processing will be as under :-

Table 3.

Cost of processing of Jarda into Jardi (1963-64)

Items of cost.	cost in Rs.
1. Hamali forpouring Jarda tobacco for processing @ Rs. 0.25 per bodh.....	0.25
2. Labour charges for processing Jarda into Jardi @ Rs. 1.12 per 15 Kgs. of Jardi prepared.....	5.67
3. Water expenses for processing.....	0.10
4. Hamali for filling the Jardi in gunny bags and weighment (2 bags) @ Rs. 0.15 per bag.....	0.30
5. Cost of metarial :-	
(a) gunny bags @ Rs. 2 per bag.....	4.00
(b) stitching material @ Rs.0.03 per bag.	0.06
6. Average cost of collecting the by-products(which includes hamali for filling and weighment and the cost of stitching material).....	0.06
7. Depreciation of the warehouse and the processing material @ Rs. 0.025 per 100 Kgs.....	0.19
8. Hamali for replacement of gunny bags in the warehouse (at least once) @ Rs. 0.03 per bag....	0.06
Total cost for 77 Kgs. of Jardi prepared...	10.69
per Kg. cost of preparation of Jardi tobacco ...	0.14

Source:-
Compiled on the basis of the information collectdd through field survey.

Thus, for every kilogram of Jardi mixture prepared from Jarda tobacco, the cost of processing is Rs. 0.14.

C) Cost of processing of Anagad into Jardi :-

This is a direct process, and the intermediary stage, of the preparation is not segregated completely. Hence, in order to calculate per kilogram cost of processing in this case, we shall take 100 kgs. of anagad tobacco contained in 2 bodhs. If this leads to 85% of returns (i.e. 85 Kgs. of Jardi mixture) on processing, to take the least possible preparation, the cost of processing will be as under :-

Table 4.

Cost of processing of anagad into Jardi (1963-64)

Items of cost.	cost in Rs.
1. Hamali for pouring the bodhs for processing @ Rs.0.05 per bodh.....	0.10
2. Labour charges for processing anagad into Jardi mixture @ Rs. 1.50 per 15 Kgs. of Jardi prepared....	8.50
3. Water expenses for processing.....	0.10
4. Hamali for filling the Jardi in gunny bags and weighment @ Rs. 0.15 per gunny bag.....	0.30
5. Cost of material :-	
(a) gunny bags @ Rs. 2 per bag.....	4.00
(b) stitching material @ Rs.0.03 per bag.....	0.06
6. Average cost of collecting the by-products (Which includes hamali for filling and weighment and the cost of stitching material).....	0.10
7. Depreciation of warehouse and processing material @ Rs. 0.30 per 100 kgs. of anagad processed.....	0.30
8. Hamali for replacement of gunny bags in the warehouse (at least once) @ Rs. 0.03 per bag.....	0.06
Total cost for 85 Kgs. of Jardi prepared	13.52

Source:- Compiled on the basis of the information collected through field survey.

Thus, for every kilogram of 'Jardi' mixture prepared from anagad, the cost of processing is Rs. 0.16.

Now, if we try to get a comparative picture of cost in the direct and indirect methods followed for the preparation of jardi mixture from anagad tobacco, we find that in the direct method-that is, preparation of jardi mixture from anagad - per kilogram cost is Rs. 0.16, while in the indirect method - that is, preparation of jarda tobacco first and then the jardi mixture- it comes to Rs. 0.22 - (Rs. 0.08 plus Rs. 0.14). This shows a clear advantage of the direct method-advantage of Rs. 0.06 per kilogram. The advantage is due to saving of labour cost, both for processing purpose and on account of hamali charges. Thus, our inference makes a case for following the direct method as far as possible.

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CHAPTER. VI | WAREHOUSES

A "warehouse" is a building used for processing and/or storage of tobacco. As per requirements of the Central Excise Department, the licensee has to execute a bond of surety, and security against the goods processed and stored in the building. Every year the licensee is required to submit to the Excise Authorities a complete plan with accurate measurements of the warehouse premises, separately for the building area and the open space, if any, which will be approved if it is to their satisfaction. The main consideration while approving the plan is the general suitability of the premises for a proper storage of the goods from the point of view of safety and protection. The warehouse can be a private-bonded or a public bonded one.

As regards Nipani Tract, all warehouses are private-bonded ones, In 1962-63, in Nipani Tract as a whole, there were in all 536 warehouses. The number includes both the main and the branch warehouses. Out of this, Nipani Town had 184 main warehouses and 107 branch warehouses, making the total 291. Though the number of warehouses in Nipani Rural is also equally high, the quantity handled by them does not compare equally with that in the warehouses in the Town. Because, as the things stood during 1962-63, there were 241 main warehouses in the villages, out of which only 4 belonged to Class I licensees while only 29 belonged to Class II licensees. These 241 main warehouses have been scattered all over 59 villages in the Tract. As against this, Nipani shows a sort of concentration and clustering of the warehouses. Hence, for a detailed study of the warehouses, we will not be doing any injustice to the villages, if we concentrate on Nipani Town.

Certain of our observations, however, can be extended easily to the warehouses in the rural area.

Now, to start with, the following Table will give an idea as to the area covered by the warehouses in Nipani Town.

Table 1.

Area under warehouses in Nipani Town.

(1962-1963)

Class of L-5 licensees	Area covered by the warehouses.		
	Building area (sq.ft.)	Open space (sq.ft.)	Aggregate Area (sq.ft.)
I	3,92,962	1,31,028	5,23,990
II	1,05,154	42,746	1,47,900
III	31,698	16,524	48,222
IV	60,572	4,256	64,828
Total	5,90,386	1,94,554	7,84,940

Source :- Compiled on the basis of data collected through field survey.

It seems that nearly 8 lakh sq. ft. are the area occupied by all the warehouses in the Town. This includes not only the buildings space, but also the open space, both of which together constitute the 'warehouse premise' for the purpose of the Central Excise. Usually, for every warehouse, the licensee requires some open space, which is needed for drying the tobacco under the sun so as to remove as much moisture as possible. But as the things

stand, some of the warehouses are devoid of this facility, and hence make use of the public road in front of their warehouse for the purpose. Nearly 16% of the warehouses has no open space for their operations.

Further, out of the total space, nearly 67% is occupied by the warehouses of Class I licensees, while about 19% is by those of Class II licensees. This, again, emphasises the predominance of Class I licensees in processing work.

The information given below will speak of the extent of ownership of the warehouses in the Town :-

Table 2.

Extent of ownership of warehouses in Nirani Town.

(1962-1963)

Class of Licensee.	Proportion of the warehouses hired.	Total rent paid annually by all the licensees.
I	60%	Rs. 88,760.
II	61%	44,310.
III	40%	5,020.
IV	33%	5,700.
	Total....	1,43,790

Source:-
Compiled on the basis of the data collected through field survey.

Thus, about 58% of the warehouses have been hired by the licensees, and for which the total annual rent paid is tothe tune of Rs. 1.5 lakhs. The licensees prefer to hire a place rather than build one by themselves. A comparison is always made between the small payment of yearly rent and capital that has to be involved in building a warehouse, interest on it, and, over and above all, the inaccessibility of that finance for business.

A general survgy of the warehouses indicates the unsatisfactory manner in which the warehouses have been maintained and also located. Out of the total of 291 warehouses in the Town, nearly 70% are badly constructed. May, they are not at all constructed for stacking or processing of tobacco;the available buildings have been occupied and suitably adjusted to use them as a warehouse in which tobacco can be stocked as well as processed. Therefore, warehouses located in old residential buildings are not uncommon. Nearly 30% of the warehouses are of tin sheets and/or simple sheds, indicating on the whole, their purely temporary nature. There are no specific rules for the constructéon and maintenance of warehouses. The Central Excise Department, which is concerned more with the collection of revenue, lays down certain conditions, but from the point of view of convenience of regulation and control. The warehouse premise is approved of by the Excise Authorities, no doubt, but the main consideration in this connection is the suitability or otherwise of the buildings in such a way as to afford sufficient safety and protection to the goods. The Excise Department does not go beyond this and considers it none of its business to look into matters, like suitability for processing from hygienic point of view, and so on.

There has been a lack of interest in this matter by the Labour Welfare Department of the State Government also. The Government has framed innumerable laws and rules for the betterment of the conditions of work, but their enforcement does not seem to be strict. In case of processing of bidi tobacco, the necessary clauses of the Factory and Employment Acts are in force, but are not enforced strictly. For example, the enforcement of the following two clauses is conspicuous by their absence :-

"Ventilation and Temperature: Effective and suitable provision shall be made in every factory for securing and maintaining in every workroom adequate ventilation by the circulation of fresh air, and such a temperature as will secure to workers therein reasonable conditions of comfort and prevent injury to health."

"Dust and Fume:- In every factory, in which, by reason of the manufacturing process carried on, there is given off any dust or fume or other impurity of such a nature and to such an extent as is likely to be injurious or offensive to the workers employed therein, or any dust in substantial quantities, effective measures shall be taken to prevent its inhalation and accumulation in any workroom, and if any exhaust-appliance is necessary for this purpose, it shall be supplied as nearas possible to the point of origin of the dust, fume or other impurity, and such point shall be enclosed as far as possible.[1]

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1. Government of Bombay: Labour and Housing Department: The Factory Act, 1948 : Act No.LXIII of 1948 : pp. 7-8.

It is a well-known fact that in processing of tobacco a lot of dust is released, and, if no proper outlet is available, it is troublesome to the labourers. In such a case, the facility of exhaust-fans is necessary. Or, alternatively, the provision of sufficient windows and outlets also can serve the purpose. At present, there is not a single warehouse, either in the Town or elsewhere in the rural region, where there is a provision of exhaust-fans, and there are only a few, which have been either specifically constructed for storage and processing of tobacco, or provided with windows and outlets. The Labour Welfare Office of the Government has completely neglected this aspect in enforcing its provisions. The lacunae cited is not less significant in promoting labour welfare.

Certain measures can be taken to improve the situation. Presently, the Excise Authorities approve the premise; the labour Office of the State Government looks to the suitability of the building from the point of view of "factory" as required by the Acts concerned. Every year the warehouse-licensee has to get fresh approval of his premises from the Excise Authorities. Under the circustances, the Central Excise Department may be entrusted with the job of confirming the all-sided suitability of the premises for the purpose of processing, for which it may form a framework of requirements and see that they are fulfilled. If this course is likely to bring any technical difficulties, then, alternatively, a few inspectors from the Labour Office may be deputed for this work at the time of the renewal of the licences by the Excise Authorities, and may work in co-operation with, or independently of, the Excise Department. Such a move on the part of the State

Government will, no doubt, in the initial stages, be objected to by the trading class in general on the grounds of difficulty in getting suitable buildings on hire, and their own financial inability to construct new buildings. Some element of truth in this cannot be denied. Hence, as a preliminary measure, the warehouse licensees may be asked to make such necessary improvements in the existing buildings as may coincide with the minimum requirements of providing outlets for dust, and provision of sufficient natural light and air. Even though a large number of warehouses have been housed in rented premises, there will be no serious problems in making minor improvements by either the occupant licensees or the owners of the buildings. These improvements will not involve the licensees or the owners of the buildings into much financial cost.

Now comes the problem of location. Considering the location of warehouses in Nipani Town, it is observed that the warehouses have been scattered throughout the Town, some parts show a clustering while others scanty spread. The Table below and the map following will serve as a sample for this :-

Table 3.

(P. T. O.)

Table 3.

Spread of the warehouses in Nipani Town (1962-1963)

Sr.No.	Location of the Warehouse.	Warehouses belonging to the licensees in -- Class I	Other	Total
1.	Tavate Galli.	1	1	2
2.	Satwai Road.	7	3	10
3.	Cattle Market.	10	1	11
4.	Tobacco Market.	13	4	17
5.	Sakharwadi.	9	2	11
6.	Kinekar Galli.	1	-	1
7.	Mangalwar Peth & Poona-Bangalore Road.	11	6	17
8.	Gondhale Galli.	1	-	1
9.	Dalal Peth & Tandual Peth.	6	4	10
10.	Jatrat Ves.	3	1	4
11.	Kumbhar Galli.	2	-	2
12.	Teli Galli.	1-	-	1
13.	Mahadeo Galli.	2	3	5
14.	Magdum Galli.	4	-	4
15.	Nagoba Galli.	1	1	2
16.	Pavale Galli.	2	3	5
17.	Chinagaonkar Galli.	1	1	2
18.	Sasane Galli.	1	-	1
19.	Tasgaonkar Galli.	1	1	2
20.	Thaloba Galli.	1	-	1
21.	Bhopale Galli.	1	1	2
22.	Joshi Galli.	2	2	4
23.	Shivaji Chowk.	1	1	2
24.	Lohar Galli.	1	-	1
25.	Hanbar Galli.	1	-	1
26.	Chikodi Road.	2	-	2
27.	Maal Bhag.	2	2	4
28.	Pichati Galli.	2	-	2
29.	Lonar Galli.	1	1	2
30.	Ghisad Galli.	1	1	2
31.	Salunkhe Galli.	1	2	3
32.	Mahat Galli.	-	1	1
33.	Chavan Galli.	-	2	2
34.	Kharade Galli.	-	1	1
35.	Bhat Galli.	-	1	1
36.	Khot Galli.	1	1	1
37.	Bagwan Galli.	-	1	1
38.	Ravan Galli.	-	1	1
39.	Shanediwan Galli.	-	1	1
40.	Mugale Galli.	-	1	1
	Total....	92	52	144

Source :- Compiled on the basis of the data obtained through field survey.

Before we proceed further to discuss the implications of the situation, it is necessary to clarify that the given analysis is merely a sample and not a complete picture of the Town. The figures represent about 50% of the warehouses in the Town, belonging to 45% of the licensees. As this was a random sample it should be adequate to indicate the nature and intensity of the problem. The map reflects the picture of the sample only.

The data very clearly indicates how the warehouses in the Town have been scattered throughout the Town. It shows a good deal of concentration also, especially in the western part covered by Sakharwadi, Mangalwar Peth, Cattle Market and the Tobacco Market. In this part of the Town, there live, according to the 1961 census, 721 out of total 5,484 households (13%) and 4,008 people out of 29,409 (14%). On a further analysis of the data, it is estimated that, on the whole, approximately 11 to 12 thousand people of the Town - nearly 40% of the population - live in the vicinity of the warehouses.

As a result of this, the population in the neighbourhood areas is deprived of peace and pure air throughout the year, except the rainy days. The trading class contends that the total absence of complaints from the neighbouring people does not justify the observation. They further add that it is a matter of familiarity only; in course of time the people get accustomed to the smell and dust and hence do not feel any trouble. But such contentions are difficult to maintain, because all people are not involved in this business, women and children generally are not habituated to tobacco, in case of those not habituated to tobacco smell but smoke often, smoking and being constantly in the neighbourhood of a warehouse makes a difference; old persons,

especially with asthaematic trouble, find it beyond their physical capacity to stand the smell and the dust.

There have been several complaints against processing of bidi tobacco in the Town, but they have been suppressed at the root due to influential factors, or have not been effectively entertained by the authorities concerned. As a number of persons come in contact with the licensees mainly on account of trade, they do not like to press the matter too far, and therefore content themselves with humble requests. The problem can be dealt with by the Excise Authorities, but only on the receipt of a complaint. They approve of the premise on the understanding that the licensee will have to shift the warehouse to other premise if any complaints from the neighbouring inhabitants are received. The matter can come in the authority of the Nipani Municipality in view of maintaining proper sanitary and hygienic conditions in the Town. But a good number of representative incumbents, being tobacco traders, do no find it in their interest to enforce any change in the present conditions and hence are prone to maintaining the statusquo.

Another difficulty due to concentration of warehouses in the interior of the Town is the scarcity of residential accommodation. As trade and business of the Town went on flourishing, more and more houses came to be occupied for storage and processing of tobacco mainly. But, at the same time, the rate of construction of new buildings, either residential or warehouse, was very very slow. The number of inhabitants of the Town was growing due to the natural growth of population as also due to immigration from the outside areas for reasons like getting employment in the warehouses and shops, availing the facilities of education and other amenities,

employment in educational institutions and government offices, etc. etc. As a collective result of all this presently there is a shortage of the residential places and warehouses as well. It is but natural that the rents have gone higher. As a way out, preferably after 1956, construction of warehouses has been done by a few of the licensees, this they did because they needed additional accommodation due to extension of their business activity. Even then, the scarcity has not been overcome. The Town is very lethargic in constructing new residential buildings. The trading class turns to construction of new warehouses only if suitable buildings are not available. Between 1956-57 and 1962-63, only 15 warehouses, with building area of 20,831 sq. ft. have been constructed.[2]

Hence, if more warehouses are to be constructed, why not keep them away from the populated area? Moreover, the shifting of even the existing ones will relieve the pressure on the available residential buildings, and lower the house rents. The owners of the existing buildings, used as warehouses need have no cause of anxiety, because, the buildings left vacant can be used for various other purposes, and hence they will continue getting their due income. A number of such buildings can be conveniently converted for living. A small number of big buildings, which cannot be so converted, can be suitably adjusted to house the educational institutions, mostly primary schools, which presently are without good and sufficient accommodation. The present deficiency in the Town of a big public assembly hall can be made good by modifying one of the big buildings to make it a Central Assembly Hall. It can be so modified as to make a public wedding place with all the necessary amenities; this is

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2. No warehouses have been constructed during 1952-53 to 1955-56.

a dire necessity for the Town. The needs of the Town can, thus, be fulfilled without having to incur heavy capital expenditure. On these grounds also, a strong case can be made for shifting of the existing warehouses in the Town at an outside place. Virtually, the trading class also has no objection, if, of course, some of their difficulties - mainly financial-are met with.

If this is so, then comes up a question of a proper site for such a warehouse yard. At present, the general opinion on this matter seems to be divided one. Three sites are in sight and under consideration. Whatever may be the approach, the site finally selected should be convenient to all concerned; but at the same time, the following points need a careful attention.

1. As far as possible, the cultivable land should not be acquired for the Yard. For, in that case, the production of certain cash crops and/or grains will have to be sacrificed, which is not desirable.

2. The choice of the site should be made in view of the future growth of the Town.

3. As far as possible, the Yard should be at a shorter distance from the national highway, which fortunately passes through the Town.

In this context, we can scrutinise the proposals. One proposal is a site on the Nipani-Chikodi Road. The proposal cannot be fitted in with the last condition. Though the future growth of the Town is not likely to be in that direction, the place remains far away from the present national highway and too

far from the proposed diversion to it.

Another proposal is a site near the point where the Akol-Nipani Road meets the national highway. This proposal has merits more than one. A large area of uncultivable fallow land is available with every scope for future expansions. It is in the vicinity of the present highway and will be at no disadvantage with the diversion of the national highway, for, the point of diversion does not remain farther from the site. Further, the present trend shows the probability that in future the expansion of the Town will take place to the south. This is so visualised because most of the civil amenities like the provision of electricity, supply of water, medical facilities, and blocks for construction of residential houses, etc., are being provided to that side. Even if any expansion activity takes place towards the north, it will remain limited, and, if at all, will grow only on the sides of the present highway. This will cause no difficulty in choosing the site proposed.

The third proposal is for a site south of the Gandhi Memorial Hospital. But the proposal does not stand in merit as the future growth of the Town is visualised in this direction.

Thus, on the whole, the second proposal ranks in order, strictly on its own merit and without involving any other extraneous considerations. The warehouse map indicates the positions of the sites proposed.

Once in this way the warehouses are located in an area, the Central Excise Department will be in a better position to regulate and control the operations in the warehouses. For this,

the office of the Excise Department also can be located in the Warehouse Yard. The supervision and inspection work by the Officers, in that case, will be easy and quick, while approach to the office by the merchants will be convenient. This will have a general time-saving effect for both of them.

But the shifting of the warehouses to the proposed Warehouse Yard is not an easy task that can be carried on at a stroke of law or order. It requires a careful consideration and not a hasty step as a number of issues are involved. If the merchants are compelled to shift their warehouses to the Yard, the really serious difficulty will be that of finance. As new buildings have to be constructed, the required finance will have to be provided by withdrawing it from business turnover. Under the present nature and condition of tobacco business in the Tract, this will be a task next to impossible for the business people in general. The business community in general does not possess the financial capacity and ability to invest in the construction of new warehouses without any adverse effect on their standing in the business. A few licencees with sound finance will be able to invest, but they also do not consider it necessary to do so, lest it should affect their trunover in and grip over the market. Of course, in their case, this argument is difficult to accept because of their efforts to secure immovable property and other assets. Some of them, very recently have constructed, or are constructing, new warehouses. Eventhen, if to speak in general, of their own accord, and with their own ability, it is not possible for the business class of the Town to build new warehouses.

A better way out is to undertake the work on a co-operative basis. The businessmen should come forward with at least a small

proportion of finance, when a larger proportion of the burden can be shared by the Government. For this, they can come together to form a Co-operative Society for Warehouse Buildings on the lines of Co-operative Housing Society, which will then be joined by the Nipani Municipality. It can be carried along the lines of Industrial Estate even.

The work of the Nipani Municipality will be in the initial stages and concerned with providing full finance for acquiring the required land, The tentative area of the required land will be:

i)	Building area	8,00,000 Sq. ft.
ii)	Open space for warehouses	
iii)	Space for roads	
iv)	Space for Central Excise Buildings..	3,00,000 "
v)	Addl. space for misc.purpose	
	Total..	11,00,000 "

The provision of finance for this purpose will not entail any heavy responsibility on the Municipality; the amount can be provided from the funds reserved for the implementation of the Master Plan.

Then, for the actual construction of warehouse buildings as per requirements of the licensees, the finance will be provided jointly by the licensees and the Government. The former should come forward with at least 25% of the estimated cost of the building, the rest to be provided by the Government at the moderate rate of interest. The repayment of the Government loan along with

interest will start after three years since the beginning of the construction work; and it will be repaid in seven instalments, either equally divided or progressively increasing, as is suitable, so that repayment will be complete by end of the tenth year since the beginning of the construction of the warehouse. The Municipality will be paid back the cost of the land in three instalments, either equally divided or progressively increasing, during the third, fourth and fifth years after the commencement of the construction work. It is presumed that the construction work starts as soon as the loan is sanctioned by the Government. Thus, a period of ten years will be offered for the licensees to shift their warehouses to the Yard. Such a long period is required in order to avoid a depressing effect on the trade, bearing in mind the keen competition the traders have to face with Jaysingpur and Gujarat Markets. The process of shifting of all the warehouses should stabt according to the convenience of the licensees anytime in this span of ten years, but should in any case be completed within twelve years from the beginning of the scheme. After this, there will be no warehouse in the Town.

A fillip to this process can be given by the initiative of the Government-through construction of a few public-bonded warehouses, which can be given on hire for processing or for storage of tobacco. These warehouses can also be used by the State Warehousing Corporation for issuing receipts. A few of the constructed buildings can be handed over to the licensees on hire-purchase basis, as is the practice followed in Industrial Estates. In this case, the amount due can be recovered, as before, in equal instalments or progressively increasing instalments.

A good number of licensees will prefer this scheme to the one laid down earlier. A simulataneous implementation of both the plans will give a momentum to the work.

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As regards the warehouses at different villages in the Nipani Rural Area, their existence in the interior is not problematic as yet. Therefore, no wide-scale prescription is needed at this juncture. However, the minimum requirements of ventilation and hygienic conditions should be made applicable to these warehouses also. The scheme of construction of better type of warehouses in place of the existing temporary types, may be implemented in a few prominent villages (for instance, Akol, Galatga, Bhoj, Khadaklat) wherein processing is undertaken on a substantial scale.

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Finally, we come to the attitude of the licensees in Nipani on maintaining a branch warehouse in some village. Presently, a few licensees from Nipani do have warehouses in the rural area; the imprtant villages are Akol, Khadaklat, Bhoj, Padalihal, Karoshi, Ksnagale and Sangav. Only 15% of the licensees-majority of whom belong to class I - maintained their warehouses mainly because the villages happen to be their native places, and they had started their business in these villages. The licensees get the benefit of their traditional relationships and acquaintances. Apart from this, no other subsantial benefit is reported.

Now a days some of the licensees are thinking of closing

their village branches as now they have shifted their business location to Nipani. Those licensees who have no such warehouses do not seem to be willing to have one, on the grounds of the necessity of making special administrative arrangement, lack of safety and security to the goods and limited extent of business. They further point out that at different stages of the dealings, careful vigilance of the owner licensee is necessary, otherwise, there is every scope for frauds and mischiefs by the persons-in-charge. Hence, the licensees prefer to undertake all the operations under their supervisory vigilance. Maintenance of a warehouse in a village is not considered beneficial in this light. However, whenever a proper arrangement is possible through trustworthy or faithful persons, the licensees have come to maintain a rural branch. But such cases are few.

A wayout has been found by some prominent licensees in the form of agency service. Some persons in different villages are asked to purchase tobacco and process it into Jarda under their own licence. The processed lot, then is transferred to the Nipani warehouse of the purchaser-trader under preferential treatment in the purchasing activity. This is a practice common among the traders engaged in the preparation of jardi mixtures; they find the system more beneficial and convenient.

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CHAPTER VII

LABOUR IN THE WAREHOUSE.

The labourers engaged in the warehouse can be classified as below:-

i) Labourers doing manual work, commonly known as "hamals".

ii) Labourers actively engaged in processing of tobacco in the warehouse.

Such a distinction has to be done necessarily due to difference in the nature of their work, which ultimately affects their mode and standard of living.

The "Hamals" :-

This sub-group of persons contains all male workers. Their main responsibility is to move bodhs and gunny bags [1] from one place to another in the warehouse, to load and unload the lorries and bullock carts, to empty the contents for processing and fill the processed by-products in the bags, to bring the lots from one warehouse to another, etc., etc. All this work is purely manual. The work of transporting the lots from one warehouse to another is done by the bullock carts, but the loading and unloading operations have to be done by the hamals. There are about 450-500 hamals in Nipani Town, of which nearly 85% are working with tobacco traders. The number of hamals in each warehouse depends on the nature and extent of work and trade of the licensee.

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1. Bodhs are jute containers used for filling anagad and jarda tobacco. Normally, a bodh is double the size of the gunny bag. A bodh contains 40-60 Kgs. of anagad tobacco, or, 75-90 Kgs. of Jarda tobacco, depending on the size and capacity of the container.
   Gunny bags are generally used for containing jardi mixture, and especially when the product is to be sent out to upcountry customers. The size of a gunny bag is 29"x 43", and it contains 50-55 Kgs.of jardi mixture.

Generally, these hamals are "attached" to a particular tradesman; they are not "employed". They, therefore, do not have to move round to find work. They are expected always to be available to the trader. They get work, on average, for 9 to 10 months a year. Their remuneration is based on the actual work done i.e. the number of bodhs and bags handled. The rates of remuneration are as under :-

A) Hamali in tobacco Market:-

Rs. 0.12 per bodh. The work involved is to unload the bodhs of raw tobacco or Jarda tobacco from carts or lorry, to put them in the pans for weighment, and load them again in the respective vehicle.

B) Hamali in the Warehouse:-

i) Pouring the bodhs for processing :- Rs. 0.03 to 0.06 per bodh.

ii) Filling and weighment after processing :

Rs. 0.10 to 0.19 per gunny bag.
Rs. 0.25 to 0.31 per bodh.

In this case of filling and weighment after processing the charges of assistants are to be borne by the hamals, hence their net income comes almost to half the rate.

iii) Stacking to other place within the warehouse:-

Rs. 0.06 per bodh, or Rs.0.03 per gunny bag.

iv) Weighment in the warehouse:-

Rs. 0.12 per bodh; Rs. 0.06 per bag.

C) Transporting the lots from one warehouse to another:

Anagad, Jarda and Jardi :- Rs. 0.75 per cart-load of 10 bodhs or 16 gunny bags.

Tobacco dust :- Rs. 0.075 per cart-load of 8 bags. In all these cases, the charges of bullock-carts are to be borne by the hamals.

There are no uniform rates of payment everywhere. Though a general rate is prescribed in the market, the remuneration is somewhat less with big traders. As they provide more work and for a comparatively longer period in the year, the hamals are willing to accept somewhat lower wages.

Financial position :-

So far as their financial position is concerned, it cannot be said to be too unsatisfactory. The reason is that they are painstaking and industrious persons and are not lazy and lethergic. They love work and are always prepared if work is available. They work not only in the warehouse, but are seen engaged in lifting the consignments of chillies, groundnuts, gur, onion, mixtures etc., in the shop of the traders to whom they are "attached". The marketing of these commodities is at its peak before the fresh arrivals of tobacco in the market are heavy. They, thus, work hard and make their living. They have no difficulty in making both ends meet, though some of them experience temporary difficulties during rainy season. Their capacity to work is so much that during peak season, sometimes they earn to the tune of Rs. 25-30 a day. A detailed account of the financial position can be had from the facts stated below.

1) Pattern of Income :

Table 1.

Average annual family income of hamals in the year 1964. (in Rs.)

Source of income.	Average	annual	income
1. Self : Total work period 9-10 months a year, accruing net income	1,000	-	1,100
2. Wife : Warehouse work for about 5-6 months a year.....	250	-	300
3. Income of an adult dependent depending on his/her occupation/s...	250	-	500
Total income....	1,500	-	1,900

Source: Compiled on the basis of the data obtained through field survey.

Nearly 70-80 % of the hamals have besides their wife, at leas one adult dependent, male or female, and in some cases, even more, who add to the family resources. Under the circumstances, the annual total income of the family of the hamals, on an average, can be put to Rs. 1,500-1,900 approximately. When no adult member other than his wife is earning, the annual income will be Rs. 1,250-1,400/= approximately. Normally, the adult women members in the family add to the total income by working in warehouses; while the adult male dependents follow some other suitable occupation, depending on education and opportunity.

2) Pattern of Expenditure:

Table 2.

Average per capita weekly, monthly, and/or yearly expenditure on essential items of consumption by the Hamals. (1964)

(P.T.O.)

Table 2.

Heads of expenditure	Average per capita expenditure			
	Per week.	Per month.	Per annum Total	%
1. Food items :-			232.96	59.4
1. Jawar.	1.30			
2. Rice	1.00			
3. Pulses	0.33			
4. Condiments & Spices.	0.34			
5. Groundnut Oil.	0.17			
6. Milk	0.26			
7. Sugar & Gur.	0.25			
8. Tea Powder	0.14			
9. Green vegetables	0.14			
10. Non-vegetarian food.	0.32			
11. Micellaneous	0.23			
	4.48			
2. Clothing	-	-	39.36	10.2
3. House rent/House tax	-	0.90	10.80	2.7
4. Fuel & Lighting.	0.54	-	28.08	7.2
5. Education.	-	-	7.00	1.8
6. Travelling	-	-	4.40	1.0
7. Medical Aid.	-	-	3.60	0.9
8. Entertainment.	0.12	-	6.24	1.6
9. Other expenditures.				
1. Expenses for children . . .	0.12	-	6.24	1.6
2. Tea, pan, bidi, matches. . . .	0.75	-	39.00	9.9
3. Soap, soda, Coconut oil . . .	0.12	-	10.40	2.6
4. Shaving, Hair dressing. . .	-	0.37	4.44	1.1
Grand total	-	-	393.12	100.0

Note: 1. In case of consumption on different items, the average per capita expenditure on each item has been computed by the method of simple average; i.e.

$$\text{Average expenditure on any item.} = \frac{\text{Total Expenditure}}{\text{No. of family members.}}$$

2. The figures of expenses per annum have been arrived at by multiplying the per week expenditure by 52, the number of weeks per year, and the per month expenditure by 12.

Source :

Compiled on the basis of data obtained through field survey.

Observations :-

1. Wheat is consumed mostly on festive occasions and hence does not form an item of regular consumption.

2. The hamals do such a heavy manual work that it costs much on their physical capacity, and has its effect particularly on their heart. Relief from this is sought in casual drinking. The extent is indicated in the Table by the 'miscellaneous' item.

3. Nearly 50% of the persons in Nipani Town own houses, hence the average cost per head is less. They have to pay only the house-tax of the Nipani Municipality. About 10% of the hamals have their family in some nearby village; they, for themselves, stay at Nipani in a hired apartment or in the shop of their favourite merchant, and visit the village on Sundays and/or other off days. The hamals live in tenements with one or two rooms only, if the family is of normal size; otherwise, tenements with more rooms are necessary. In this context, annual charges for water also have been considered.

4. Though the Town has the facility of electric lighting, nearly 80% of the hamals use kerosene lamps; they find it cheaper.

5. The percentage of literacy is 30 approximately. The level of education does not go beyond fourth or fifth standard. However, there is a tendency to send their children, especially the males, to school.

6. Visits to holy places take the major share of the cost on travelling. They go alone or with a few members of the family, if it is big, and all together, if compact. A visit to the places of relatives for a week or so, once a year, is common. But as the

places are generally not far from their native places, it does not involve them into much cost. These visits are mainly during the rainy season when the hamals are free from work.

7. Medical aid : For minor complaints, and in the initial stages of illness, the common practice is to follow orthodox means and methods. In case of severe illness, private doctor is approached. In general, there is a less inclination to avail of the facilities provided by the public hospitals at Nipani, for the following reasons :

a) A lot of time has to be spent waiting in the queue. For this, they have to forgo work of substantial income. With private practitioners, all this is avoided and the hamal is relieved in no time. The monetary loss in comparatively higher fees is considered to be well compensated by attending to work.

b) More faith in private practitioners than in the doctors in the public hospitals.

c) In Gandhi Memorial Hospital a nominal fee is charged for consultations and normal medicines; but for prolonged treatments, the prescribed drugs have to be purchased by the patients. If so, going to a private practitioner is too costly.

d) In case of normal illnesses, they prefer to go to the Ayurvedic Dispensary of the Nipani Municipality; as it is in the heart of the Town, they can send even children to get the medicine by waiting in queue. Moreover, a very small amount needs to be spent externally for ayurvedic treatments. Hence, many a time, preference is for

Ayurvedic Dispensary over the Gandhi Memorial Hospital. For alopathic treatment, preference is for Lafayette Hospital, or private practitioner over the Gandhi Memorial Hospital. Under the circumstances, if the public hospitals are really to serve the cause of public health and social security, an improvement in their general approach is necessary. As far as possible, arrangements to provide the full treatment free of charge have to be made and more staff should be employed to cope up with the rush and long queues.

8. About 10% of the hamals do not have the habit of going to cinemas and tamashas; they, however, take a chance if go elsewhere to their relatives or attend fairs. About 85% often visit theatres and tamasha-houses, while the rest make these visits a matter of their daily life.

3) <u>Assets:</u>-

All their living is on their income from work. They are not employees on regular payment basis. Hence financial stringency is experienced in case of abstention from work on account of any reason. Moreover, as generally both ends barely meet, little is saved by a majority of the hamals, so that for them there is no sure possibility of provision for future. However, accumulation of money is possible for a few hamalsx working with prominent traders.

On account of this, the nature and extent of assets held by them is of less importance. As has been stated already, only 50% of them own their houses; though small ones. They possess ornaments of about 4-6 tolas; for a

better-placed hamal, it may be even more. About 25% have buffaloes, chickens and/or she-goats. Hardly 15% of the hamals from Nipani have some landed property. It is not an important asset in their case, because, Nipani Town happens to be the Centre of their work, and they, by themselves, do not get any time to look after the landed property. Instead, the tendency is to use the money for purchase or construction of houses or acquiring ornaments. The landed property, generally of an inferior quality, ranges between 1-3 acres. Considering thus the nature and quality of assets, it will be realised that the hamals do not have substantial base to fall upon in times of financial difficulty.

4) Savings and Indebtedness : -

As regards savings, about 30% have accumulated some surplus amount because of better financial position due to availability of sufficient work for longer duration. Generally, the amount is deposited interest-free with the traders with whom they are working. Some of the hamals have resorted to weekly savings through pigmy deposits. The savings are used in the immediate instance for acquiring residential accommodation, some balance is maintained to bridge the gap of temporary difficulties, while the residual is meant to provide for the future liabilities of the family.

About 50% of the hamals does not have the possibility of saving as somehow both ends meet. Fortunately they are not indebted. Indebtedness is purely a seasonal and temporary affair. They borrow from their favourite traders during rainy season when there isno work. This is to meet their daily requirements. The amount, which is interest-free, is taken in small instalments, and ranges in total from Rs. 100-300. The loan is repaid in instalments after

the rainy season.

About 10% are indebted; saving is not possible, nay, it is difficult to make both ends meet, as they have to maintain big families. Instances are found where the persons have sold a good deal of their ornaments just for maintaining the family. Under the circumstances, they fear of indebtedness in the near future.

Labourers engaged in processing :-

The really important group of workers is the one engaged in the actual work of processing of bidi tobacco. The female labour predominates this group, the male labour being hardly 8-9%. The reason is that the various operations involved in the processing can be done skilfully by female labourers. For example, the winnowing operation by means of a winnowing-fan, or sieving of tobacco through various types of sieves, or even mixing of water at the final stage of preparation of Jardi; all these operations really need a feminine touch and hence can be performed delicately and skilfully by women labourers only. The male labourers help them in some of the intermediary operations like sticking operation, preparation of granule or shifting the by-products from one place to another. In some of the warehouses even these operations are done by women, and hence, there is no trace of male workers engaged in processing work. Machines are totally absent in the work of processing. This means that the processing of bidi tobacco is a labour-intensive activity mostly carried on by female labour. This has a peculiar significance in sizing the various aspects of labour. Hence a detailed scrutiny of the condition and problems of the

labourers engaged in processing of bidi tobacco will not be out of place.

Because of a limited work of processing in the Rural Circle, the requirement of the labour is comparatively limited as also the number of days of work is also much less, confined mostly to themain season. Therefore, we shall concentrate mainly on labour working in the Town. This analysis can suitably be extended to the labourers working in the Rural Circle.

A) Total Employment :-

Table 3.

Table Monthwise employment of labour in the Warehouses in Nipani Town. (1962).

(P. T. O.)

Table 3.

Monthwise employment of labour in the Warehouses in Nipani Town ~~xxxxxxxx~~ (1962)

Class of Licensee	Jan.		Feb.		March.		April.		May		June		July		August		Sept.		Oct.		Nov.		Dec.	
	Male	Female	M.	F	M	F	M	F.	M.	F.	M.	F.	M.	F.	M.	F.	M.	F.	M.	F.	M.	F.	M.	F.
I	104	1082	148	1480	318	2755	502	4520	570	4276	478	3604	24	180	4	36	70	630	140	1230	156	1922	168	1624
II	34	204	34	217	92	721	129	720	174	1827	132	1056	48	240	9	40	42	189	34	225	54	216	9	67
III	2	45	16	141	14	139	38	389	32	222	17	125	1	13	-	-	-	-	6	60	16	138	-	46
IV	-	-	-	-	-	-	14	190	14	190	7	36	-	-	-	-	-	-	-	-	-	-	-	-
Total	140	1331	198	1838	424	3606	683	5819	790	6515	634	4821	73	433	13	76	112	819	180	1515	226	2276	183	1737
Grand Total	1471		2036		4030		6502		7305		5455		506		89		931		1695		2502		1920	

Notes:

1. The figures for male and female labourers engaged by licensees in Class I have been doubled of the figures reached by means of the sample survey in order to come much nearer to reality.
2. The figures for "female labourers only" engaged by licensees in Class II have been enhanced by 50% over the results arrived at individually on the basis of the sample survey, in order to present the reality.
3. The conclusions have been reached on the basis of the sample survey. The results arrived at on this basis have been proportionately extended to cover the remaining licensees.
4. The figures of Grand Total indicate the minimum number employed. As it is not possible to get a correct and reliable data r garding the actual number of labourers employed by each licensee, there is every place to say that the number actually employed may be more, but it is sure that it will not be less than as indicated.
5. The number of labourers (male and female) employed by each class of licensees may not be exact; they are the average numbers. It may be that actually at a time a particular class of licensees may be engaging more or less than the total mentioned.
6. The figures indicate the number of persons getting employment for a l the weeks in the month. Actually it happens that in certain weeks in a month a large number is employed, in another a small number, while in a week in that month there may be no work. The aggregate result has been noted for ev ry month, and has been equally spread over to indicate the employment for the month.

As April and May are the two busy months, and as almost all the warehouses are in action, particularly in May, the figures for the month of May can be taken to account for the total labour engaged in the warehouses in Nipani. Accordingly nearly 7,305 labourers are working in processing activity, out of which about 6,500 are women and the remaining men workers. The proportion of women to men workers, then, is 90:10.

Regarding the labourers in the Town, nearly 55-60 % of the labour supply is drawn from the villages nearabout. The labourers come mostly from lower classes: the Harijans (about 50%), the Marathas (about 30%), and the remaining from Muslims, Lingayats, Jains, etc. They are, therefore, devoid of any education, and the percentage of literacy may not exceed even one, if at all.

The labourers employed fall in the age-group between 25-50 generally; but a majority falls in the range 30-40 years. The elderly woman having a long experience of processing work acts in the capacity of the head of the workers, and is commonly known as "Mukadam". The main job is to supervise the work and get it done properly from her subordinates; she seldom does the work by herself. The number of "Mukadams" in a warehouse depends on the nature of processing and the number of labourers employed. Some licensees do not employ any "mukadam" as such, but entrust the supervisory work to their warehouse clerk.

The income - expanditure ~~and~~ position and the nature and conditions of the work of the warehouse labourers is discussed below:

B) <u>Financial position</u>:

1) Pattern of Income:

<u>Table 4</u>. (P.T.O.)

Table 4.

Average annual income of the family of warehouse workers with an adult male earner (1964)

Source of Income.	Annual income (Rs.)
1. Income of the adult head of the family depending on his occupation/occupations....	300 - 900
2. Wife working in the warehouse for 5-6 months a year, getting about Rs.50 per month	250 - 300
3. Wife doing off-seasonal work for 1-1½ months	30 - 40
4. Income of an adult dependent depending on his/her occupation/occupations.....	250 - 400
Total income	830 -1,640

Source :-
Compiled on the basis of data obtained through field survey.

It is generally observed that in case of families of warehouse workers having at least one actively employed male person, it is possible to manage somehow the expenditure within the available income from all sources. But if the male person in the family is not an active earner, and if the responsibility of maintenance rests mainly on the female members of the family, the difficulty in maintenance is more pronounced so that annual deficit is about Rs. 300. As a result, the family has to sell gradually its belongings, if any, or remain underfed. Approximately 40% workers fall in this a category. This does not mean logically that the remaining 60% workers are well-nourished; the fact is that nearly 50% of them are living on less than the normal standard of consumption per head.

Table 5.

Average annual income of the family of Warehouse workers with no adult male earner

(1964).

Source of Income.	Annual income (Rs.)
1. Income of the female head from work in the warehouse for about 5-6 months.... a year, getting approx.Rs.50/- per month..	250 - 300
2. Her income from off-seasonal work for about 1-1½ months.....	30 - 40
3. Adult female dependent working in the warehouse as above.....	250 - 300
Total	530 - 640

Source :-
Compiled on the basis of data obtained through field survey.

Thus, whether there are one or two female earners, the income falls short of the normal expenditure of the family, and the amount of annual deficit must be put to approx. Rs. 300 per family. Nearly 15% of the total warehouse labour, or, alternatively, approx. 20% of the female labour in the warehouse falls in this category. They are presently ill-fed and undernourished and are facing stringent financial situation.

To sum up, if both these categories are considered together approximately 50% of the total labour working in the warehouse is unable to balance its expenditure with income, and hence is ill-fed

and undernourished; nearly 25% somehow balances its budget; 20% shows surplus budget to some extent, and only 5% has its budget in surplus with some possibility of long-term savings.

2) Pattern of Expenditure :-

Table 6.

Average per capita weekly, monthly, and/or yearly Expenditure on essential items of consumption by the family of the warehouse workers.

(1964)

(P. T. O.)

Table 6.

Heads of Expenditure.	Average per capita expenditure (Rs.) Per week	Per month	Per annum Total	%
1. Food Items :-		-	177.84	59.4
1. Jowar.....	0.97			
2. Rice.....	0.67			
3. Pulses.....	0.22			
4. Condiments & Spices.....	0.20			
5. Groundnut Oil.....	0.12			
6. Milk.....	0.28			
7. Sugar & Gur.....	0.31			
8. Tea powder.....	0.13			
9. Green vegetables.....	0.18			
10. Miscellaneous.....	0.24			
	3.41			
2. Clothing	-	-	44.15	14.9
3. House rent/House tax.....	-	0.45	5.40	1.8
4. Fuel and lighting.....	0.37	-	19.24	6.6
5. Education.....	-	-	5.00	1.7
6. Travelling.....	-	-	6.55	2.2
7. Medical Aid.....	-	-	4.00	1.3
8. Entertainment.....	0.09	-	4.68	1.5
9. Other Expenditure :				
1. Expenses for children.....	0.11	-	5.72	1.9
2. Tea in warehouse *	0.18	-	4.80	1.5
3. Soap, Soda, Coconut Oil...	0.18	-	9.36	3.1
4. Shaving, Hair dressing....	0-	0.37	3.00	1.0
	Grand Total....		298.58	100.0

* The figure has been obtained on the assumption that a worker gets work for about 160 days in a year.

Notes:

1) For arriving at the figures of average per capita consumption on different items, and also those per annum, the procedure followed is similar to that for Table 2.
2) If there is no adult male member in the family, the average annual per capita expenditure on the following items is as indicated below:

Head of expenditure.	Average annual expenditure.	Expenditure less by Rs.
1. Clothing	34.00	10.15
2. Entertainment.....	1.50	3.38
3. Pan, Bidi, Tea, Matches.....	1.04	8.32
4. Shaving, Hair dressing.....	1.12	1.88
Total.	37.66	23.73

Under the circumstances, per capita annual expenditure of the family comes to Rs. 274.85 only.

Source :-

Compiled on the basis of data obtained through field survey.

Observations :

1. Wheat is used on festive occasions generally, hence it does not form an important part of the items of expenditure on foodstuffs.

2. Those having buffaloes, mostly labourers from villages, do not have to purchase milk for their daily consumption, hence no cost; however, the cost of fodder and other things for feeding the animals comes in that place.

3. The major item of expenditure under 'miscellaneous' is non-vegetarian food. More than 75% of the labouring people come from the Harijans and the Marathas; they have the practice of taking non-vegetarian food at least once in a week.

4. Labourers from villages do not require much to spend on fuel, as, usually, they collect the material from fields. Those having buffaloes or cows can use the waste-dung as fuel. The workers in the Town generally have to purchase the fuel, as very few possess buffalo or cow.

5. Hardly 10% workers in the Town has thefacility of electric lighting; rest of them use kerosene lamps as they are found cheaper. The village workers do not have the facility of electric lighting, hence the use of kerosene lamps as a matter of compulsion.

6. Village workers seem to have a very restricted habit of entertainment. Workers in the Town do take frequent opportunities of going to movies. The male workers, by their very nature, seem to have avowed, as it were, to go to cinemas at least once in a month. They find a special interest in visiting the tamashas; at least once in a month they do so. In case of families where the number of adult male dependents is more, expenditure on

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this item is heavy. The individual expenditure on entertainment by an adult male person is nearly Rs. 0.60 - 0.75 per week; and in certain individual instances, it exceeds Rs. 1.25. Notwithstanding the fact that entertainment is necessary for the working class for relief from strain and domestic worries, it should be realised that the expenditure of the extent indicated must be curtailed even by 50%. This saving can then be channelled to family maintenance.

7. For village workers, house-rent or house-tax is not an important factor, as the house-tax is negligible (in case of owned houses) and the house-rent is very less (in case of rented houses) But for urban workers, the rent varies from Rs. 5 to 9 per month, for tenements with one or two small rooms. The house-tax is comparatively heavy. In connection with theTown workers, annual charges for water also have been considered in this item of expenditure. Nearly 50-55% of the urban labourers and 95% of the rural labourers live in their own houses.

8. As has been already indicated, the workers in general are illiterate with casual exceptions. But there is observed a tendency to send their children to schools. This may be largely due to compulsory primary education for children. As no tuition fees are to be paid, the expenditure pertains to cost of books, slates, pencils and other necessary materials.

9. Expenditure of travelling relates to expenses for attending annual fairs. Such expenditure is rare if a woman shoulders the responsibility of the family; but they incur expenses for visiting their parental places once in a year. Generally such places are not far away, hence no substantial expenditure. Thus,

per head annual expenditure for them does not go beyond Rs.3-4. On the other hand, if an adult male person shoulders the responsibility, the annual per head expenditure is almost double as the habit of attending fairs at least once in a year is common among such families.

10. Because of their unsatisfactory economic condition, a number of workers go without medical care, as far as possible. The normal attitude is to approach the doctor only when seriously or unbearably taken ill. In conditions of normal achings, pains and troubles, they depend on nature-cure or orthodox methods and means. Workers, rural or urban, having better earings, however, do approach the doctor for immediate treatment. Their problems are not different from those described in case of the hamals. As the majority of warehouse workers are women, a larger group from them being in the fertility range, provision of maternity aid and facilities also creep in as aspects to be thought of in the light of present inadequate facilities and provisions. Thus, the provision of all sorts of free medical facilities to the workers is a fact which requires a serious attention in the interest of maintaining the vitality and efficiency to work. The village workers have to rely for free medical facilities on the public hospitals at Nipani. In case of all the workers the inconvenience can be removed if the licensees can make some privision of medical aid to the workers in their respective warehouses. A Workers' Welfare Fund can be created by deducting one paisa per worker per day of work, with some contribution by the licensee. The Fund can be utilised for providing normal medical aid to the workers in the warehouse. This wayout does not require any stability of the workers with the particular licensee, though that would lead to working of the scheme in a betterm way.

3) <u>Assets</u> :

Nearly 40% of the workers has landed property ranging from

1-3 acres, on average. The land is of inferior quality, and is not generally a source of substantial income.

About 50-55% of the urban labourers and 95% of the rural labourers own their houses. The tenements generally have 1-2 rooms; in a few cases, those with 3-4 rooms are observed.

Hardly 10% of the urban labourers has milching animals with them. Approximately 60% of the rural labourers has either buffalos or she goats.

Ornaments range from 1-4 tolas, and have been acquired mostly in the past-generally by the female members at the time of their wedding.

4) Savings and Indebtedness :-

Only 20-25 % wokkers are in a position to save something weekly. The savings are largely in the form of cash, and, in few cases, in kind. Some of the persons keep the cash with themselves while others adhere to pigmy deposits. The habit of thriftiness is maintained so long as the worker is earning sufficiently. The accumulated amount is used for maintenance during the rainy season and during period of no work. Hardly 5% of the workers has been able to accumulate their savings for the remote future.

About 60% of the labourers is indebted. The amount varies from Rs. 100-400. The reasons in order of importance are : marriage of a family member, severe illness of a family member, family maintenance and construction of house. The labourers, being temporary, are unable to get money from traders unless intimately known. Nearly 30% labourers remain tied with particular employers whenever work is available with them; thus, 70% of the labour

is absolutely mobile. The tied labourers are in a position to borrow from their employers to the tune of Rs. 75-100 per year, on the condition of repayment in instalments in times of work. The loan is on personal security and interest-free.

C) Nature of employment :-

Work in the warehouse is the backbone of the income of this category of workers. But this work is of such a type that it cannot guarantee a continuous and permanent employment to the workers. Because, the processing work proceeds as per demand from the local and upcountry customers. Moreover, processing of tobacco is a purely seasonal job : heavy after the arrivals of new crop, i.e. March to June; pressing, though not equally heavy in every warehouse, during winter; while no work at all during the rainy season. Concentration of work during specific periods results in labour shortage for the time being, leading to over-time work as far as possible and as long as available. It is presumed that each labourer gets work, on average, for about 160 days a year. Seasonal fluctuations in work have their bearing on the income position of this class. About 75% labourers manage the maintenance of their families with the aid of their earnings inprocessing houses. In times of no processing work, they try to find alternative sources of income. The village labourers know agricultural operations, and, therefore, go to fields whenever possible; the local workers generally are not proficient in the art of agriculture, or do not love the field work. Moreover, as is narrated, for workers in the warehouse, field work is physically impossible or very troublesome. Their physical system is tuned to work in the hot surroundings in the warehouse due to the nature of the commodity

worked on. The cold and pinching climate at the beginning of the rainy season affects their health adversely, leading to severe fevers and other incidental troubles. Therefore, it is practically impossible for the warehouse workers to work in the fields at this time; they remain unemployed from July to September generally, though occasional work is available for a few in times of no rain. They, however, can withstand in open climate at the time of intermediary operations of the standing crops, as also at times of harvesting. But this is a casual work and cannot be definitely relied on; it may give job in all for 1-1½ month. The income is not substantial.

Their life is full of toil and trouble. Because, the female labourers have to shoulder a great deal of financial responsibility of their family, majority of them being from the economically depressed classes. In addition, a large number of working women being in the child-bearing age, have the responsibility of bearing and rearing their children. The workers residing in villages have further difficulty. They are required to be present on duty at about 8-30 a.m. Nearly 1-1½ hour is required to cover the distance from their respective villages, so that by 6-30 to 7 a.m. they have to get going. Before that they should finish all the household work including cooking, for which they must get up not later than 4-30 a.m. Eventhen they do not find time for their own breakfast. They carry the food with them and go on eating while on their way to the workhouse. They carry with them their food for afternoon. After returning from their work in the night, they have to prepare meals for all. They, thus, have rest of hardly four to five hours, at times even less.

D) Payment of wages.

The remuneration is paid on daily basis and the weekly earnings are disbursed on every Thursday which happens to be the bazar day of Nipani. The rate of payment is governed by the Minimum Wages Act. Accordingly, till 1962, they were paid Rs.1.31 per day of eight hours' work; since then the rate has been pushed upto Rs. 1.37 per day. Though a legal obligation is there, the rate is not followed uniformly by all at all times; it fluctuates between Rs. 1.23 to 1.50 depending on the availability and need of the labour. Seasonal scarcity of labour is the only reason for paying wages higher than the legal minimum.

On consideration of the cost of living index of these workers in the light of soaring prices of foodgrains and other necessaries during 1961-64, the legal minimum needs to be revised; therefore, a demand for revision of wage rate should not be considered unjustifiable. This may be seen from the situation in the first half of 1964 as cited below :-

Table 7.

Prices of Jowar and Rice from March to July 1964 as prevailing in Nipani Market.

Commodity	March	April	May	June	July
1. Jowar (per 3 Kgs.)	Rs. 1.62	1.75	1.87	2.06	2.25
2. Rice (per Kg.)	Rs. 0.56	0.62	0.75	0.87	0.84

Note:

The figures stated indicate the actual retail rates prevailing in the Nipani Market during these months.

Same is the case with other essential items. Eventhen the workers continue to get their legal minimum as fixed in 1961. An attempt to put forth their demand for revision was made by some labour leaders in March 1964. Labour deputations to the authorities concerned were sent and prominent traders in the Town were contacted but without substantial results. The problem needs to be attended to by the Government so as to enquire into the rise in the cost of living index and suggest a revised rate of legal minimum. Bearing in mind the position of prices, at least a 20% rise in minimum wages, leading to fixing of Rs. 1.62 per working day, needs to be effected at this juncture.

E) Hours of work with special reference to nightwork :

According to the Factories Act, " No Adult worker shall be required, or allowed, to work in a factory for more than 48 hours in any week and for more than 9 hours in any day ".[2] The usual practice in this context is to have work of 8 hours per day, with a weekly holiday. On this basis, the hours notified for work in warehouse of tobacco are generally 9-00 a.m. to 1-00 p.m. and 3-00 to 7-00 p.m. Every licensee does not strictly adhere to this. As per requirements of the law, specific boards of timings are displayed; but in a number of warehouses, the work starts earlier and is closed late, bringing the hours of work to at least 9 everyday. Furthermore, weekly holidays are absent with some, while half working day on Thursday, the bazar day, is common with many. The excess of work every day, which is not paid for, is justified by the merchant class on the grounds that the work in the warehouse is not like that on machines, so that it can be stopped at a particular minute and continued the other day. Such a difficulty is prominent, according

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2. Government of Bombay: Labour and Housing Department: The Factories Act, 1948: Act: No.LXIII of 1948: p.100.

to them, at the time of g application of water to the Jardi lot. These arguments, of course, are difficult to accept, because if the traders sincerely wish and particularly try for, it is not difficult to relieve the workers at the due time. For application of water to huge lots of Jardi mixtures, the work can be e continued, but the excess hours can be treated as overtime work and paid for specially. The labourers complain against the practices of the traders to make them work for longer hours within the usual daily payment. A change in outlook by the merchant class is needed.

Further, there is a practice of employment of the labourers during night hours. This is common during the busy season, and is frequent during winter, though against the law. The merchant class favours it on the grounds that processing of anagad has to be done before the onset of the monsoon otherwise the lots deteriorate in appearance and quality; shortage of labour power to cope up with the huge work makes it necessary to resort to work in the night hours. The workers are paid for their overtime work only at the usual rate. From humanitarian point of view a number of traders admit the strain on the part of the workers, particularly, the village labourers, but justify their action from the point of view of their business. All this is possible because of the loose enforcement of the provisions of the Labour Laws and the Factory Acts. An improvement in the situation can be brought on the following lines :-

1. Efforts should be made unanimously to get legal sanctions for overtime work, within the framework of the Labour and Factory

Laws. The following provisions in the Factory Act will be of immense help to the trading community as well:

> "The ordinary limits on working hours of adults may be relexed in certain special cases, for example, in a manufacturing process which cannot be carried on except during fixed seasons, or at times dependent on the irregular action of natural forces. In the case of any or all adult workers in any factory, the ordinary limits on working hours of adults may be relaxed for a period or periods not exceeding in the aggregate three months in a year to enable the factory to deal with an exceptional press of work". [3]

The provision will help in getting a special legal sanction for overtime work at least for two hours every day. The provisions in the same Act make way for overtime employment of women in the factories as a special case. Note the following reference :-

> "No woman shall in any circumstances be employed in any factory for more than nine hours in any day or between 7-00 p.m. and 6-00 a.m.....Provided that the Provincial Government, by nofification in the Official Gazette, in respect of any class or description of factories, vary the limitslaid down, but so that no such verification shall authorise the employment of any woman between the hours of 10-00 p.m. and 5-00 a.m." [4]

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3. Op.Cit. pp. 100-101.
4. Op.Cit. p~~p~~.27.

Efforts on these lines by the trading class will relieve it of the present difficulties of the Factory and Labour Acts, and will free it of unlawful practices.

2. Payment for overtime work should be at a special rate justifiably fixed.

3. The Provincial Government should strengthen its cadre of Factory Inspectors so as to make the enforcement of the provisions of the Act more effective. A system of surprise checks and strong actions is necessary.

Trade Union

It is strange fact that inspite of favourable conditions for the formation of a trade union, there is none among the workers engaged in the warehouses and the hamals. It will be noticed that almost all the labourers are illiterate and live under adverse economic conditions; all of them do not get wage equal to the minimum prescribed; the conditions fof work and employment are not satisfactory; and, over and above all, there occurs a shortage of workers many times, especially during the main season. All these facts are conducive to the growth of an union; but no single union has come up so long; the reasons are many :-

1. Work in the warehouse is the backbone of the earnings of these labourers; no other alternative equivalent source of employment is available in the Tract; hence, the workers have no other go but to maintain good relations with the employer class and get as much income as possible.

2. If the union is formed and means of collective bargaining are resorted to, the merchant class may retaliate by installing

machinery, or, may drive out the agitating persons, thus, in any case, threatening widescale unemployment. One attempt by the workers in 1960 has proved abortive in the light of the reasons stated. Though a shortage of labour is experienced, many a time, the labourers are completely at the mercy of the traders because of the typical economic pattern of the Tract.

3. High degree of mobility of labour. The business of processing is purely seasonal one. The demand for labour at a time from trader depends on the quantity and urgency of demand from his upcountry or local ~~[illegible]~~ customers. Therefore, the number of labourers in a warehouse even during a week does not remain constant. And in case of many traders though the number is constant, persons may change even in the same week. The employer can terminate the worker from employment at any time. Under the circustances, the workers do not like to displease the employers by standing against them in a trade.

4- In the peculiar economic conditions of the Tract, many labourers seek in the employer class a confidence of a lender of the last resort. The emplyers also oblige to those who have been working with them for years together. The amount is available interest-free and without any tangible security. So long as no other such alternative is available, the workers will not be prepared to stand vis-a-vis their "godfather", if the term is not exaggerated.

5. The efforts towards the formation of an union seem to be coloured more by political motives rather than with a sincere wish to benefit the labour class.

On account of these prominent reasons, no effective trade

union in this field could come up so far, and this feature is conspicuous by its absence among the workers. A fresh move was made in March 1964, when resolutions pertaining to conditions of wage, employment, etc. were made. The response to the move was partial. A noteworthy feature of the effort was the attempt made by the labour leaders to convince some of the prominent traders of their points of view. As a result, some improvement in wage conditions has been achieved.

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CHAPTER VIII

AUXILIARY SERVICES IN MARKETING

(Standardisation, Grading, Market Intelligence)

STANDARDISATION :

The term " standardisation " is used to mean " the establishment of a certain standard based upon intrinsic physical properties or qualities of a commodity with a view to further sub-dividing it into several grades or classes. Standardisation is the legislation of the grades or is supported by legal sanction and this gives permanance to grades over a long period of time. For standardisation, the requisite quality of the commodity may be dependent upon chemical contents, flavour, size, colour, appearance, length of fibre, amount of moisture, etc. A standard implies a prototype, a model, a pattern or example."[1]

Standardisation may be applied in numerous directions. The chief of these are weights and measurements, grades and packages. Standardisation of grades means the fixation of a uniform yardstick for measuring important differences in quality. There is no single weapon so strong in eradicating marketing evils as standardised grading. " By providing a common language it widens the area of the marketability of products, engenders greater competition and thus raises the tone of prices and production. It facilitates an orderly adjustment between supply and demand. It enables the individual producer or the organised group to despatch produce directly to the most favourable market and thus reduces waste of duplication

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1. K.R. Kulkarni : Agricultural Marketing in India, Vol.I (1959) p.74.

in marketing services, particularly in handling and transport. If properly enforced, it makes fraudulent practices and mis - representation by middlemen difficult." [2]

STANDARDISATION ASPECT IN BIDI TOBACCO TRADE:

Coming to the marketing of tobacco in this context, standardisation right from the stage of production till the marketing stage is a feature conspicuous by its absence. Thus Nipani Tract in general and Nipani Town in particular are deveid of this important auxiliary marketing service which now-a-days is considered to be vital for a systematic and organised marketing of any commodity.

A detailed analysis of this absence of standardisation reveals the following aspects :

1) no standardisation of weights, measurements and terms of trade;
2) no standardisation of the quantity (especially of anagad and Jarda tobacco) in the containers;
3) total absence of standardisation and grading of tobacco in any form.

An enquiry into the nature and causes of these deficiencies follows:

STANDARDISATION OF WEIGHTS, MEASUREMENTS AND TERMS OF TRADE:

Till the first decade of the present century, as the practice of purchasing the "mots" from Mahars on bazar days was common, there did not exist any definite system of weights and measurements for purchase of anagad in the Town. The second decade saw a beginning of the use of some weights but without any definite

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2. R.S. Srivastava : Agricultural Marketing in India and Abroad; P. 143.

standards. The anagad tobacco was quoted for every Bengali Maund equivalent to 40 seers; but often the actual weight of the measures used exceeded it.[3] A systematic effort to standardise these was made for the first time in 1920 by the Nipani Merchants' Association. But this move was unable to eradicate the secret use of old and non-standardised weights by some of the merchants.

The attempts of the Association were limited only to bringing uniformity in the weights used for trade in different commodities. So far as tobacco trade was concerned the practice of deducting varying proportions of total weight of tobacco on account of stalks and stems, earth, air, dust, and tare, which was a feature growing and getting popular rapidly, was left untouched, till, as long as 1937, when an all-sided approach to this problem was made. The reason was obvious. Since 1930 the process of transformation in the channels of trade had begun with the entry of well-to-do classes in the tobacco trade, so that the Mahar community began to lose its hold on and privilege in the trade. In the interest of uniformity in all respects, in January 1937, the Nipani Merchants' Association resolved to follow the marketing practices as below :-

1. <u>Weights</u> : 1 Seer = 80 tolas.
   1 maund = 40 seers. } (for anagad tobacco)

   The rates were quoted in Bengali Maunds.

2. <u>Discounts</u> : For every Maund of 40 seers, 5 seers were accounted for stalks & stems, earth, dust etc., so that ultimately a Maund would make of 45 seers.

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3. A story of a strange practice is told. A person from Khadaklat, a village 9 miles from Nipani, commonly known as 'Jokari', used to keep his one leg in one pan and weigh the tobacco in the other; the quantity required to lift the leg and balance the weight of both the pans, was considered equivalent to one maund !

3. Discounts for Tare. 2½ seers per bag, and 5 seers per bodh to be deducted. In case of purchases from open lots[4], discount for stalks etc. was only 3 seers per bodh.

Notwithstanding the above resolution, the traders did not adhere strictly to it. If at all, the traders did their best in getting margin in weight on some novel pretexts like deductions for air (" hava soot") and/or for difference in balance (" kata soot"). Moreover, the practice of deducting more on account of tare in case of bodhs and bags either patched or packed by a separate piece at the top, was not uncommon. And, in fact, the tare deductions determined by the Association themselves were much favourable to the trading commonuity; they allowed a net margin to the trader at least of one seer per bag and two seers per bodh. Such a system of favourable margin continued for 16 years till January 1954.

All this account suggests that the effort of the Merchants' Association in 1937 was merely a superficial show to evolve a general standardised system of marketing. The non-adherence to these resolutions and also following secretly different methods in the interest of personal gain, were mainly responsible for not evolving any truly standardised framework that could be enforced on the traders. A further history till todate will do nothing but to strengthen this inference with even greater force.

With a view to making improvement in trade practices due to agitation in the market against the 1937 resolution, the Merchants' Association, resolved in January 1954 : -

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4. Particularly since the middle of the thirties till the early fifties, with the entry of the new classes in the tobacco trade, the village merchants began to accumulate at their place tobacco from the surrounding areas. The lots were not filled in bodhs, but kept open in heaps spread on bamboo mats. As such, open heaps were well sorted and hence contained less proportion of stalks and earth; therefore, less deductions on their account.

1. Weights :

i) a seer is equal to 80 tolas and the rates of anagad tobacco shall be quoted on 20 seers unit ;

ii) in case of Jarda, Jardi and Dura tobacco, a seer shall be equal to 80 tolas and the rates shall be quoted on 16 seers unit;

iii) regarding whole leaf tobacco ("Hatpan") and leaf bundles ("Pendi"), the system shall be the same as for anagad tobacco.

2. Deduction for tare :

i) 1½ seers per gunny bag (with or without mouth patch) and 3 seers per bodh (with or without mouth patch). Except this deduction, no other deductions of any sort shall be allowed;

ii) each bale of hatpan or pendi with ordinary coir should be given a deduction of 4 seers per bale but in case the bale is tied with ropes, the tare deduction should be 6 seers per bale. In case there is difference of opinion, the seller and the purchaser should deduct the actual tare weights of the bales concerned. Except these tare deductions, no other deductions shall be allowed.

Now, the remarkable change made in that part of the Resolution pertaining to tare deductions, aptly suggests the confession by the trading community of the favourable margin they enjoyed during all the 16 years in the past and even before. Because, without any change in any of the external conditions, the volume of deductions on account of tare has been brought down to 3 seers per bodh, in place of 5 seers per bodh, and that too for a bodh with or without mouth patch, which, again, is a significant fact. The exploitation before 1937 is not amenable to any accounting as no definite general practice was in vogue; the field was fully open for the traders and the extent of margin was left to their discretion. But since 1937 and

till 1954, the Resolution offered a gentlemanly was of a treatment favourable to themselves.

Surprisingly enough, the new Resolution made no reference as before to discount on account of stalks & stems, dust and air. This ommission could safely be taken to mean, in a general way, that the existing practice would be continued. This actually happened.

With the introduction of the metric system of weights and measurements, the Association, in October 1960, finalised the metric conversion as : -

i) Anagad tobacco : rates to be quoted for 20 Kgs. unit.

ii) Jarda, Jardi and Dura tobacco : rates to be quoted per Kg.

iii) Natpan, Pendi : same as anagad tobacco.

iv) tobacco dust, stalks and granule : rates to be quoted per quintal.

2. Tare discount : As before in all cases, with the only change that " Kilogram " was to be read in place of "seers".

This resolution made no fundamental change in the old situation, except the indications in metric terms.

Hence, to date, though the resolutions on paper have attempted to ertablish standard practices of trade in tobacco in Nipani market, in actual practice much deviation is observed. Certain prominent reasons account for the half-hearted achievements of the Merchants' Association. First and foremost is that the Association has never stood up as a really ~~x~~ representative body of all the traders due to the passive attitude of many traders. This is well reflected in the fact that, at least till 1960, all the traders were not members of the Association. A solid proof can be cited in the last paragraph of the pamphlet of the October 1960 Resolution, which appeals the non-members traders to be members without delay. Because of this the Association never became a powerful and all-pervasive body to implement its resolutions

effectively. Moreover, every trader during all these years was overwhelmed with self-interest and was fully plunged in reaping profits during and after the World War II. A foreeful implementation of the Resolutions would have been a hurdle in their own cause. As a result, the approach remained only half-hearted and the result was less than satisfactory.

Notwithstanding all this scathing criticism of the approach and attitude of the Merchants' Association, it must be admitted that during all these years it was the only agency in Nipani Town which made attempts to standardise certain marketing practices. Though the attempts were at bottom coloured with self-interest, they were inter-twined and intermixed also with a motive, though short of satisfaction, to systematise the business conditions in the Town. It can, therefore, definitely be said that, had the Nipani Merchants' Association been a strong and powerful body, the achievements would have been considerable and the present problems of auxiliary services in marketing would not have existed at all.

In spite of these shortcomings, the traders in the Town generally pursue the practices laid down in the 1960 Resolution. As the trade in the Town is mostly in Jarda, Jardi and Dura tobacco, and as there exists a trader-to-trader relationship, normal course of standard weights has to be followed. Since the middle of the last decade, with a rapid decay of the institution of commission agents, transactions in anagad tobacco in Nipani Town also were set on a rapid decline, and the field of this exchange had been shifted almost to the Rural Circle; purchase of anagad tobacco at the villages is the order of the day.

With a change of this type in the structure of marketing, there did not occur any satisfactory change in the attitude of the traders so far as standardisation issue was concerned. The old system of diverse conditions of exchange continued; in fact, it has been continued by the Nipani traders, as it affords them an opportunity of margin and comparative gain in every village.

Since the emergence of the village traders as well as commission agents, every village in the Tract has come to follow its own trade practices. Surprisingly enough, in spite of a radical change in the systems and channels of marketing, the traditional framework of trade conditions has remained almost unaltered. A brief idea of this diversity and its extent can be had from the following Table :-

Table 1.

(P.T.O.)

Trade conditions of marketing of anagad tobacco in important villages in Nipani Tract (1964.)

Sr.No.	Village.	Trade conditions.			
		A Md.equivalent to (Kgs.)	Tare Discount (Kgs)	Discount per bodh for stalks earth etc. (Kgs.)	Cash discount % (Rs.)
1.	Akol.....				
2.	Galatga.....	17	3	1-2	10
3.	Bhoj.....	20	5	2-3	12
4.	Soundalga...	20	5	2½-5	7
5.	Kurli....	20	5	1½-3	10
6.	Kognoli...	20	5	2-3	7
7.	Adi.....	18	5	2-6	10
8.	Kodni.....	18	3	3	10
9.	Jatrat....	18	3	3	12
10.	Yarnal....	20	3	3	10
11.	Khadaklat...	22	3	1-2	10
12.	Pattankudi....	24	5	1-3	7.31
13.	Kanagala...	22	3	2-5	7
14.	Bhivashi...	18	3	2½-4	10
15	Yamagarni...	18	3	2-3	10
16	Nagnur (Bhivashi)..	18	3	2	10
17.	Padlihal...	17	3	1-2	10
18.	Arjuni....	22	3	2-3	5
19.	Sadalga....	24	5	3-6	10

Source: Compiled from the information collected through field survey.

A brief account also of how this type of diversity in trade conditions leads to advantages to the traders, will be of interest. At the very outset it is to be noted that the same conditions existed even before October 1960. The 1960 Resolution did nothing but replacement of the word " seer " by " kilogram "; same was logically the case with these trade conditions. This type of conversion has become a source of margin, because, though the quantity of tobacco equivalent to a maund increased due to the use of Kilograms in place of seers, the general level of rates quoted did not change proportionately. As a result, the merchant can get a pure margin of at least 1 to 1.5 Kgs. per maund at approximately the same price as before. The practice still continues. To add further, such a changeover in equivalence of maund from seers to kilograms has not taken place in an uniform manner even. Barring a few exceptions in which case an approximate reduction has been made, in rest of the cases seers have been equalled with kilograms. Note the details in the following Table : -

Table 2.

Nature of change in maund equivalence in some of the villages in Nipani Tract.

Village	Maund equivalence in seers till 1960	Maund equivalence changed in Kgs. in 1960.
1. Akol, Galatga, Mamadapur, Padlihal, Lakhanapur.....	18 seers	17 Kgs.
2. Bhoj....	22 "	20 "
3. Soundalga, Kognoli, Kurli..	20 "	20 "
4. Adi....	20 "	18 "
5. Pattankudi, Walki....	24 "	24 "
6. Khadaklat, Sankanwadi, Navalihal, Kuthali, Dhulgunwadi, Nainglaj..	22 "	22 "
7. Yarnal, Shirguppi....	20 "	20 "
8. Kanagala, Manoli, Konankeri, Hasur.....	22 "	22 "

Source: Compiled from information collected through field survey.

Eventhough such a moderate change has been carried on in case of maund equivalence at least for some of the villages, in all other respects, namely, tare discount and discount for stalks, stems earth, air etc., there has been shown an attitude of uniformity by equalising perfectly seers with kilograms ! This method of conversion has definitely allowed an advantage of at least 0.20 to 0.50 Kgs. per bodh to the trader.

The total effect of this establishment of metric system can, therefore, be summarised as below : -

In conversion of maund equivalence from seers to kilograms, the estimated margin to the trader is 1 to 1.5 Kgs. per maund.

The anagad tobacco contained in a bodh varies from 40 to 75 Kgs. normally.

Therefore, considering the Nipani trade condition that 20 Kgs. make a maund, the margin of the trader per bodh has varied from approximately 2 to 5 Kgs. .....(A)

Now, on account of conversion of different other deductions from seers to kilograms, the advantage to the trader, as estimated, is at least 0.20 to 0.50 Kgs. per bodh.....(B)

Adding (A) and (B), total gain to the trader has been 3-6 Kgs. per bodh depending on the anagad content.

If the price of anagad is taken to be Rs. 2.50 per Kg., the gain in monetary terms can well be put to Rs. 7 to 15 per bodh.

Apart from this net gain through changeover of the system of weight since 1960, a surplous is accrued also from the higher than normally agreed deductions on different accounts. For instance, deductions from tare. Eventhough the 1954 Resolution of the Merchants' Association fixed it to 3 seers per bodh in place of 5, in a number of villages a common practice is to deduct 5 seers; and since 1960, it was continued further with deductions of 5 Kgs. per bodh, as against 3 Kgs. as was modified.

Same is the case with deductions for stalks & stems, earth and air. Till 1954, the practice was to deduct 5 seers per bodh. The 1954 and 1960 Resolutions have conveniently omitted a reference to this aspect. This means, since then the traders were left to deduct the quantity " on merit ". As a result, for some villages, prominently Akol, Galatga and the roundabout, a very negligible proportion is deducted. The reason is that the tobacco is of a standard quality and the cultivators prepare their lots only after a careful sorting of stalks & stems and earth contents as far as possible, so that the lots are generally clean. In other villages, usually such discounts go to the extent of 3-6 Kgs. per bodh; they are fully to be decided by the trader. As no option is left to the cultivator-seller, it is obvious that the trader-buyer will turn the bargain to his advantage. The cultivator, finding this, is inclined to keeping a larger proportion of stalks, stems and earth in the lots in order to finally balance his receipts through high deductions. The trader, in turn, on finding more quantity of this factor, demands more discount, and thus has been created a vicious circle. The ultimate benefit always leans towards the buyer-trader, no doubt.

The additional monetary gain available is also enhanced by different rates of " cash discount " fixed for different villages. An overall effect of all these divergent terms of trade is that the trader is able to get a pure margin of at least Rs. 10 per bodh. This is a loss to the cultivator, which is mainly due to the absence of standard trade practices and a system of organised marketing.

To add more, this system of divergent practices leads to accruing widely different prices for tobacco of normally the same grade. It is a general practice that if the maund quivalent in a village is higher, the price offered for almost the same grade

also is somewhat higher. But this is, in fact, a prima facie enhancement of the price, as actually, if the rate is converted to express it in terms of the standard unit of a maund of 20 Kgs., many a time, the rate is lower. Take for instance, for a seller in a village the rate quoted may be Rs. 60 for a maund of 20 Kgs; in another village, for approximately the same quality of tobacco, it may be Rs. 70 per maund of 24 Kgs.; the latter rate may seem to be higher, but actually it is Rs. 58 per maund of 20 Kgs. Such things happen in a number of cases. The effect of the result of different trade conditions is given below : -

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(1) Village : PATTANKUDI

Trade Terms : Maund : 24 Kgs.
Tare discount : 5 Kgs. per bodh.
Discount for stalks etc. 3 Kgs. per bodh
Cash Discount : Rs. 7.31 %

Price offered : Rs. 75 per maund ..
i.e. 3.13 per Kg.

We suppose that the weight of 2 bodhs of tobacco comes to 100 Kgs., and proceed on this assumption .

100 Kgs....weight of 2 bodhs

less 16 { Tare.....10
{ Stalks etc. 6
16

84 Kgs. net weight of tobacco to be valued that is, 3.5 maunds @ 24 Kgs. a maund.

Value in money terms @ Rs. 75 per maund	.....	Rs. 262.50
Less cash discount @ Rs. 7.31 %.....		Rs. 19.18
Net value paid for 84 Kgs...		Rs. 243.32

Therefore, payment per Kg. : Rs. 2.89.

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(2) Village : KHADAKLAT.

Trade Terms : Maund : 22 Kgs.
Tare discount : 3 Kgs. per bodh
Discount for stalks etc. 3 Kgs. per bodh
Cash discount : Rs. 10 %
Price offered : Rs. 72 per maund
i.e. Rs. 3.27 per Kg.

2 bodhs weighing 100 Kgs.
Less: Tare 6 Kgs.
stalks 6 Kgs.

12 Kgs. 12 Kgs.
88 Kgs. net weight of tobacco to be valued
that is, 4 maunds @ 22 Kgs. a maund.....

Value in money terms @ Rs. 72/= per maund.....	Rs. 288.00
Less Cash discount @ Rs. 10 %.....	Rs. 28.80
Net amount for 88 Kgs..	Rs. 259.20.

Therefore, payment per Kg. Rs. 2.94.

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(3) Village : SOUNDALGA.

Trade Terms : Maund : 20 Kgs.
Tare discount : 5 Kgs. per bodh
Discount for stalks, etc. : 4 Kgs. per bodh
Cash discount : Rs. 7 %
Price offered : Rs. 70 per maund...

i.e. Rs. 3.50 per Kg.

2 bodhs weighing ..... 100 Kgs.
Less Tare 10 Kgs.
Stalks etc. 8 Kgs.

18 Kgs. 18 Kgs.
82 Kgs. net weight to be valued
that is, 4.1 maunds @ R 20 Kgs. a maund.....

Value in money terms @ Rs. 70 per maund.....	Rs. 287.00
LESS, Cash discount @ Rs. 7 %.....	Rs. 20.09
Net amount payable for 82 Kgs.	Rs. 266.91

Therefore, payment per Kg. : Rs. 3.25.

Village: JATRAT

Trade Terms :

Maund : 18 Kgs.
Tare discount : 3 Kgs. per bodh.
Discount for stalks, etc. : 3 Kgs. per bodh
Cash discount : Rs. 12 %
Price offered : Rs. 70 per maund
i.e. Rs. 3.90 per Kg.

	2 bodhs weighing.....		100 Kgs.
LESS	Tare	6 Kgs.	
	Stalks..etc.	6 Kgs.	
		12 Kgs.	12 Kgs.
			88 Kgs. net weight of tobacco to be valued...

that is, 4.9. maunds @ 18 Kgs. a maund....

Value in money terms @ Rs. 70 per maund.....	Rs. 343.00
LESS, cash discount @ Rs. 12 %.....	Rs. 41.16
Net amount payable for 88 Kgs.	Rs. 301.84

Therefore, payment per Kg. Rs. 3.43.

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(5) Village : AKOL

Trade Terms :

Maund : 17 Kgs.
Tare discount : 3 Kgs. per bodh.
Discount for air only, 1 Kg. per bodh.
Cash discount : Rs. 10 %
Price offered : Rs. 80 per maund
i.e. Rs. 4.70 per Kg.

	2 bodhs weighing.....		100 Kgs.
LESS	Tare.....	6 Kgs.	
	Air.....	2 Kgs.	
		8 Kgs.	8 Kgs.
			92 Kgs. net weight of tobacco to be valued.

that is, 5.4 maunds @ 17 Kgs. a maund.

Value in money terms @ Rs. 80 per maund.....	Rs. 432.00
LESS, cash discount @ Rs. 10 %.....	Rs. 43.20
Net amount payable for 92 Kgs.	Rs. 388.80.

Therefore, payment per Kg. Rs. 4.23.

In all the above illustrations, the price quotations are taken to be those that have prevailed in normal course for the best quality tobacco of the village. So far as the general characteristics of the best quality tobacco in these villages, except Akol, are concerned, they stand on approximately equal footing. Eventhen, due to variation in trade terms, the realised price per kilogram in each village differs widely.In case of Akol, its advantage is mainly on account of its superior quality, and country wide reputation. Some farms inother villages also can produce equally best tobacco, but fetch lower returns to the cultivator for not having the reputation enjoyed by Akol. This is the reason why in the above illustration, the payment for Akol tobacco is markedly high. Leaving this apart, the symptoms of widely varying prices for almost similar quality tobacco are found in the traditional variations in the terms of trade. As a result, on the one hand, the trader is able to enjoy a monetary advantage, and on the other, the cultivator-seller many a time accrues returns less than just. Obviously, the remedy lies in standardising the terms of trade.

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STANDARDISATION OF QUANTITY IN THE CONTAINERS :

This aspect is closely knit with the one discussed above. It will be observed that the total quantity of tobacco in different forms contained in bodhs and bags is not uniform. For instance, the bodhs of anagad tobacco vary between 40 Kgs. and 75 kgs. usually. In certain cases, bodhs of 30-35 kgs. of anagad are observed. Similarly there is no uniformity in case of bodhs of jarda tobacco, which weigh between 65 to 85 kgs. per bodh normally. The sellers of anagad tobacco fill the bodhs to their maximum capacity so that less quantity in total will go by way of discount for tare,

stalks, stems, air earth etc. While taking the weighments, it is a common practice with the traders to make the pan having the bodh so heavy as to allow a margin of weights of at least 1.5 to 2.00 kgs. per bodh.So, if the bodh is of less weight, say 40-50 kgs. , a loss per bodh to the seller will be comparatively more. Thus, this practice of getting a margin through weight works for a loss to the cultivator-seller, as well as to the trader-seller of Jarda tobacco.

If such a loss is to be avoided, the best way is to standardise the total weight of the bodhs of both anagad and Jarda tobacco. For this, the weight of the tare also should be reasonably fixed. It may well be attempted to fix the total weight somewhere between 65-70 kgs. for a bodh of anagad tobacco and 75-80 kgs. for a bodh of Jarda tobacco, including the weight of the tare in both the cases. For all the times, at the time of subsequent weighments, the total weight may differ slightly, for reasons of handling and climatic changes; but this will not cause much deviation from the standard.

Coming finally to Jardi lots, though a wide margin is not observed, the fact is common that there is no standardisation here also. Major portion of the Jardi preparation is exported, and for which gunny bags of two types are used. Gunny bags with " black strip" contain 40-45 kgs. of Jardi tobacco, while those with " green strip " contain 50-55 kgs. In this context also it can be considered convenient if a particular pattern of gunny bag is used, and that the quantity filled in is uniform.

Thus, standardisation of the volume of tobacco in any form in the container is deemed necessary to eradicate one of the loopholes in the present system of marketing, and also in the interest of paying the way for organised and orderly system of marketing of bidi tobacco at different levels.

STANDARDISATION AND GRADING OF BIDI TOBACCO :

So far as grading of bidi tobacco is concerned, the real position is that the spirit is lacking. The traders contend that grading is impossible. The truth is that no serious attempt has been made so far either by the traders or by the Government in this field.

Of course, the Government with the Indian Standards Institute has established standards and grades for different types of tobacco used for various purposes. Ever since 1937, Tobacco Grading & Marketing Rules are in force. But much of the efforts are directed to tobacco meant for exports, and pertain more to cigarette tobacco. During all these years the efforts in the field of bidi tobacco are almost nil. An instance of the nature and extent of this effort is given below.

Table 3.

Certain physical and chemical characteristics of cured bidi tobacco leaf produced in India.

(P.T.O.)

Table 3.

Certain physical and chemical characteristics of cured bidi tobacco leaf produced in India.

Type	Colour	Texture	Size		Nicotine			Ash			Sand		
			Length	Breadth	Max.	Min.	Mean.	Max.	Min.	Mean.	Max.	Min.	Mean.
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Nicotiana Tabacum : A) Gujarat	Greenish to yellowish-brown with characteristic brown spots	Thick but not coarse	12" to 15"	5" to 9"	3.78	2.30	3.13	23.81	16.55	18.91	4.86	0.67	2.66
B) Nipani	Greenish yellow to orange & light brown sometimes with characteristic brown spots.	do	12-18"	6-9"	5.01	2.96	3.90	21.24	16.00	18.60	1.69	0.27	1.07
Nic.Rustica: Nipani Pandharpuri.	Light to dark brown	Thick & slightly coarse.	over 12"	6-9"	8.12	4.03	6.54	17.05	13.20	15.75	4.20	1.44	3.83

Source: Compiled from Appendix XLIV, pp. 224-226, of 'Marketing of Tobacco in India', (1960), issued by the Agricultural Marketing Adviser to the Government of India, Nagpur.

In its efforts the Government has gone thus far and no farther. In no way an attempt has been made to use the findings for establishing an uniform and orderly system of marketing. And in doing so, it can be said, the Government has, as if, shirked its responsibility over to the natural course of development. But the fact remains that the establishment of standards and grades is a feature difficult to attain without the active interest and help of the Government through its research departments.

It, however, appears that an attempt has been made in this direction by the Beedi Tobacco Research Station of the Institute of Agriculture, Anand (Gujarat). It was felt, as early as 1953-54 that the physico-chemical composition of leaves of the tobacco plant determines the quality of the produce and consequently its gross market value. Hence, the Indian Central Tobacco Committee sanctioned a scheme for three years, beginning from 1954-55, to study the physical and chemical characteristics of bidi tobacco with a view to grading the produce, if possible. The committee had subsequently sanctioned an extension of the scheme for further period of three years, i.e. upto 1960-61.

The main findings of the Research Station[5] can be briefly stated as under:-

A) Physical features :-

1) Among the physical features of bidi tobacco, leaf thickness, spangle development, leaf structure, lustre and colour are important ones in determining the quality of the produce.

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5 Beedi Tobacco Research Station and Institute of Agriculture, Anand (Gujarat) : Annual Reports of 1956-57, 1957-58 and 1958-59.

2) The quality of the produce, as indicated by the value assessment seems to have maximum relation with spangle devebpment, which is further dependent upon leaf thickness, exposures to sunshine, etc.

3) Regarding the spangle development on individual leaves, the top 5 leaves out of total eleven had more spangle development as compared to the remaining lower leaves.

4) As regards the smoking strength and valuation as determined by expert tobacco merchants, the top leaves are comparatively stronger in smoking strength and hence valued more than the lower ones.

5) Estimation of spangle development in the bulk samples of tobacco is very difficult.

B) Chemical features : -

1) It seems the upper leaves of bidi tobacco, which fetch a higher price, are rich in nitrogen, sugars, chlorine, potassium and eather extract, but poor in total ash, silica, starch, organic acids, calcium, magnesium and sodium.

2) Nicotine content when compared leafwise shows very little difference. It is interesting tonote that while the physiological strength of bidi smoke goes down considerably from top to bottom leaves, there is a very small decrease in the nicotine content of the leaves.

3) Attempts to find out a correlation between nitrogen content and price and calcium content and price : -

a) In case of nitrogen content and price, a significant positive correlation has been found in 1958-59 for tobacco in both the Gujarat and Nipani Areas, so that the price increases with the increase in nitrogen content, and decreases with a decrease.

b) In case of calcium content and price, no definite conclusion could be reached, as, in 1958-59, a negative correlation was observed for Gujarat tobacco, and a positive one for Nipani tobacco.

Now, in spite of all these achievements, we find a number of important lacunae in the approach of the Institute, if tested in the light of the objective of the Scheme. The main points are : -

1) The Scheme of studying the physical and chemical characteristics of bidi tobacco has been stopped since 1961-62. Should this mean a failure on the part of the Institute to explore means and methods of gradation ? It is a general feeling that had the efforts been continued further, substantial results would have been obtained.

2) On consideration of the aspects of the actual research work, the efforts seem to be directed mainly to the analysis of the various chemical elements in the upper five leaves versus the rest of the lower ones. But this type of approach does not give any solution to the practical problems, because, when we actually refer to the trade samples, they contain the produce of all the leaves together and not separately. Therefore, in order to derive something of practical utility, they should have further proceeded, on the lines of their findings, to the examination of various trade samples from prominent belts from Gujarat and Nipani Areas.

3) An attempt has been made to find out the type of correlation between nitrogen and price and calcium and price. Indeed, this is one of the significant advancements; but no effort is made to explore the trade characteristics(flavour, aroma, strength, or anything else) indicated by these chemical elements. A common trader or cultivator will not be able to find any meaning out of

the present results. Unless a practicable and meaningful interpretation is available, the analysis will not help in devising any systematic and practicable grades and standards. The future efforts, anywhere, should be pursued from this point of view.

In standardisation, the contribution of the Tobacco Research Station, Nipani, is zero. Till todate the Station is busy in exploring ways and means of better cultivation and precautions for avoiding pests and other diseases. Lack of necessary and sufficient staff for this purpose, as also for undertaking chemical analysis are the causes of the one-sided development of the Station. Under the present circumstances, the Station will require at least a couple of years to develop its other complementary organs, unless otherwise specially attended to.

Now, as we have inferred already that standardisation and grading of bidi tobacco is a task not impossible, we have to lay down ways and means by which it can be made possible . Of course, the task is not easy to accomplish as a number of problems are involved. The most important factor determining the quality of bidi leaf is the strength. A better quality bidi tobacco should give a strong and aggregable smoke. For practical purpose, this strength can be laid down through laboratory tests, by getting the results of nicotine content. If we follow the results of laboratory test as are given in Table 3 above, the approximate ranges of grades based on nicotine content only may be laid down as below : -

Table 4

Possible gradation on the basis of nicotine content in bidi leaves of original Nipani tobacco.

Grade	Approx. range of Nicotine content
I	4.51 - 5.00 %
II	4.01 - 4.50 %
III	3.51 - 4.00 %
IV	3.50 % and below.

The laboratory results have pointed out that in case of tobacco from Nipani region the minimum and maximum proportions of Nicotine content stand at 2.96 and 5.01 % respectively. So these limits can well be taken to form the lowest and the highest grades of tobacco. On this basis, generally four grades may be established. To start with, it will be proper if the range values are equally spread. Tobacco leaves, therefore, may be branded as of Grade I if the nicotine content exceeds the limits of 4.51 %. The higher the proportion, the stronger the smoke. Next grade can be taken to form the range of 4.01-4.50 %. Grade III will correspond to 3.51-4.00 %. The leaf having nicotine content below 3.50 % will be branded as of the fourth grade.

Here, a note of caution will have to be taken into account. Apart from usual quality tobacco, strips in the Nipani Area but outside the Nipani Tract (Kolhapur and Sangli Districts) grow bidi tobacco of "Nipani Pandharapuri" variety. It is different from the original Nipani tobacco in that it is a specie of the main genus Nicotiana Rustica, and is much stronger in smoke. Original Nipani tobacco is of the Nicotiana Tabacum variety, and nicotine content is comparatively less. But this does not mean that the

" Nipani Pandharpuri" variety is superior in grade; because, though strength in smoking is an important quality; it is not 'the' quality. Equally important with it are the colour, flavour, texture and keeping quality. The Pandharpuri variety falls much short in all these respects and hence is always inferior in quality. Therefore, a separate gradation for this variety will have to be determined; the lines will be the same as above.

Thus, in the initial stage of establishment of some grades and standards, it will be convenient to have a comparatively wider margin limits and the number of grades also limited to a few; later on, more specific range limits and additional grades can be evolved. The initial attitude is to start with ~~xxx~~ something.

The factor next in importance is the colour and keeping quality of the leaf. Generally, in case of original Nipani tobacco, the colour is golden-yellow to orange-and-light brown sometimes with brown spots spread on the surface of the leaf. The leaves of the fresh crop depict the best colour, greenish-yellow with characteristic brown spanglings. If the leaves, in course of time, are capable of changing their colour to yellowish orange similar to saffron colour, the tobacco stands in merit and fetches a better price. On the contrary, in due course, if it turns out to be reddish, it is of inferior quality, and with passage of time, this type of tobacco gets on deteriorating in quality. But as regards the former, keeping of tobacco for a longer period enhances its quality. To speak of the tobacco in the Tract with particular instances, the experience points out that all tobacco does not conform fully with the standard of keeping quality. The

produce of some villages particularly[6] has been voted best in quality; the others[7] do not have a high standard and are inferior in grade so far as keeping quality of the leaf is concerned. This type of grouping of villages on the basis of experience suggests some sort of correlation with the geographical conditions, especially, soil conditions.

Another consideration is the texture of the leaf. The leaf should be thick but not coarse so that it may not become powdery when being made into bidi flakes. If the leaf is not thick, it yields less returns in the form of flakes. Moreover, it is subject very quickly to climatic changes and gets reduced in quality especially in humiditous climates. Such a leaf turns reddish in due course. Thus, it seems that keeping quality of a leaf is, to some extent, connected with the texture.

The demand and price of any type of bidi tobacco depends also on the flavour and aroma it has. In fact, this is a quality which goes jointly with the strength aspect. In the Tract, Akol tobacco has its merit over and above all because of this quality. It has a very sweet aroma and pleasing flavour. Other villages in the Akol belt do possess this quality, but not to the degree equal to Akol. At present, there is no other test to understand the degree of flavour and aroma in the tobacco but to get a smoking test. Many a time, this factor is given more consideration than the strength of the leaf, when transactions take place. For establishing an objective test for grading, therefore, again a

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6. Akol, Galatga, Bhoj, Padlihal, Kognoli, Khadaklat, Pattankudi, Jatrat, Mamadapur, etc.

7. Generally the villages in the South and South-West of Nipani Town, except the Kanagala belt.

laboratory analysis for exploration of the ingredient leading to flavour is deemed necessary. There is every possibility that the proportion of ash revealed in the chemical analysis may have some influence on the flavour; the lower the proportion, the better the characteristics.

To sum up, grading of bidi tobacco in the Nipani Tract will come to be made along the following lines :

Table 5

Possible lines of approach for gradation of bidi tobacco in Nipani Tract.

Grade.	Strength determined by Nicotine content.	Flavour & Aroma determined by Ash	Keeping quality determined by Nitrogen content.	Colour as observed.	Texture & Body as observed.
I	4.51 _5.00 %	16_17 %	The more the proportion, the better the quality.	Greenish yellow with charact eristic brown spanglings.	Thick to medium, but not coarse.
II	3.91 _4.50 %	17_18 %		do	do
III	3.51 _3.90 %	18_19 %		Yellowish to ~~xxxx~~ dark brown.	do
IV	below 3.50 %	above 19 %		Mixed depicting reddish colour	Thick to medium, but slightly coarse.

This is merely a tentative line of approach; the exact specifications wi l have to be laid down only after a painstaking laboratory test. It is the only way by which an objective case

for gradation and standardisation can be built up. And therefore, extensive work by the technical staff of the Government and active interest by the various Government agencies is a dire necessity; pending this, there is no other go but to continue the present mess.

Practically, to start with, attempt should be limited to the gradation of anagad tobacco. Once an orderly system in this case is evolved, there will be no difficulty in having gradations for Jarda tobacco. The lines of approach do not differ basically. But, for evolving a system of standardisation and grading, the principles on which General Standards in the U.S.A. have developed[8] can be kept in view; they are :-

1. A standard must recognise significant gradations in the quality of the entire supply of the commodity concerned.
2. The limits of the grade must be broad enough to avoid unnecessary technicalities.
3. Grades must conform as far as possible to trade practices and reflect trade and consumer preferences.
4. The grading system must be co-extensive with the marketing ladder; that is, it should hold good from the farm up to the processors or retailers.
5. A grading system should be simple and practicable.

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8. Kitchen C.W. : Standardisation and Inspection of Farm Products : " 1964 Year Book of Agriculture " U.S.D.A., Washington, pp. 667-683.

All this will be possible soon if the Tobacco Research Station of Nipani is developed properly by making available to it the necessary equipment and staff. Because, as has been fully analysed, the technical work of establishing and prescribing grades should be conducted on uniform lines. It, therefore, brings us to the logical conclusion that the administration and enforcement of the scheme should be the function of the State, and there should be no official lethargy and routine procedue e involved in supplying the Station with necessary laboratory equipment as also adequately paid and well qualified staff. To popularise grading, free provision of the grading service has a much greater justification. In short, the problem should not be viewed from a narrow standpoint. Its far-reaching repercussions not only on the field of marketing but on production and general economy should be realised. Any expenditure that promotes grading will more than justify itself.

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MARKET INTELLIGENCE : AN IMPORTANT AUXILIARY SERVICE :

For the establishment of an orderly system of marketing standards and grades are basic; but their utility and importance are realised fully only if they are supplemented by the provision of market intelligence services. The dissemination of market information upto all sections of people concerned has a merit, as it serves as a guide for future policy not only to the traders at different levels but also to the cultivators. The news of stocks and prices of different varieties, if available regularly, or, at least periodically, decision as to releasing or restricting of the future supply can be taken in order to fetch a better price. In fact, every seller has his " reservation price " for his stock, and his judgement and reservations can be sound enough if a

consistent and credible market news is available. Thus, this service acts for smooth working of the channels of supply and demand in the market by regulating the market prices.

It seems that in Nipani Tract, this vaulable aid to the marketing system is totally absent. The present system of marketing is at the root. Village purchases of anagad tobacco, absence of standardisation of trade practices, and total dependence on personal factors cause the market imperfectness. There has been no scope, under the circumstances, for a clear knowledge of the prices or price level. As a result an important source of collection of price data is lost.

Under the conditions, the cultivator and the trader are devoid of information from time to time about the stocks and the prices in the market. So their actions are not in conformity with the natural process of sales at the 'reservation prices', but sales according to the dictations of the buyers, may be a trader buying anagad tobacco or an exporter-trader buying Jarda tobacco. The seller remains at the mercy of the buyer; his choice is limited, his voice is restricted. Hence, the channels of supply and demand are not harmonious. The cultivators of a village or the traders dealing in Jarda tobacco get the price position only from side-sources, especially from fellow-cultivators or fellow-traders, and friends. It has no meaning and no utility. Such an information cannot always be taken to be reliable. Thus, the trade in bidi tobacco, and the activities of the cultivators of bidi tobacco are going on almost blindly, without any planning and without any vision of the future. Neither the Merchants' Association of Nipani, nor the Agricultural Produce Market Committee, Nipani, nor any other private or public

agency has been able to harp on this problem and devise any scheme.

The provision of market intelligence devices in the Tract requires the fulfilment of certain preconditions. First and foremost is the determination of grades and standards. The line of approach has already been laid down. Once this is achieved, there will be no obstable in determining an exact unit of price; and quotations regularly as per grade will quickly make sense to anybody concerned.

Another equally important improvement necessary is the eradication of the practice of price fixation under cover, which breeds an atmosphere of secrecy and reservedness. This can be attained only by open marketing system governed by auction sales at fixed centres in the Tract,

Once these two hurdles are overcome, a regular system of dissemination of market information can be evolved :-

1. Every marketing centre in the Tract should display on boards the information such as arrivals of tobacco of different grades, the prices prevailed in the immediate past, total quantity of tobacco produced in the jurisdication of the centre,stocks unsold, and so on.
2. They should also provide similar information for other centres also.
3. The Nipani Merchants' Association as also the Agricultural Produce Market Committee should display the information of all the centres fully, as the Town happens to be the assembling centre.

4. The information should be sent to the newspapers regularly for publication. The Agricultural Produce Market Committee should publish a quarterly bulletin reviewing the trade conditions and laying down the future course of activity.

5. The scheme should be applicable not only for sale and purchase of anagad, but for transactions of bidi tobacco in any of its forms.

In all these efforts, not only the Agricultural Produce Market Committee should be active, but the Merchants' Association also should play a prominent role. It should work in close collaboration with the Market Committee and seek whatever benefits possible for its members. In this, the traders will not be the losers; the only change that will occur will be that they will not be the only beneficiaries.

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CHAPTER IX — COSTS AND MARGINS IN MARKETING.

Three stages of marketing :

It has been observed in the course of discussion in earlier Chapters that the marketing of bidi tobacco in Nipani Tract starts with the sale of anagad tobacco by the cultivator and ends with the sale of jardi mixture by the exporter-trader. During this course, the raw produce is assembled by the trading class, processed into jarda and/or jardi tobacco, and the final jardi blending is used locally or exported to upcountry customers. This general trade channel involves marketing of tobacco at least at three stages, which can be broadly distinguished as under :

1. Producer's Market : This relates to transactions in anagad tobacco, which, under the present conditions, take place at the village level; the founctionaries in the market are cultivator-sellers and the traders.

2. Assembling Market: this relates to transactions in jarda tobacco, which, under the present conditions, take place mainly at Nipani and casually at some villages; the business is between the local trader and the exporter-trader.

3. Export Market: this relates to transactions in jardi tobacco, which, under the present set-up, take place mostly at Nipani; the parties are the exporter-trader and the upcountry customer.

It is to be noted that at all these stages, the transactions are done only in wholesale and that there are no retail transactions

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involved. [1]

Factors influencing the price of bidi tobacco :

Though we have distinguished three stages of marketing, there are no different sets of factors influencing the price in each of the markets. In fact, there exist certain factors which are present in each 'market' and have an important bearing on the price finalised. They are the key factors. Hence, instead of enumerating the factors influencing price in each 'market' we shall take a general review and avoid repetition.

For the purchase of anagad tobacco, the traders approach the cultivator-sellers; for transactions in jarda tobacco, the local traders approach the exporter-traders for sale; and for transactions in jardi mixtures, the exporter-traders approach the upcountry customers. All the transactions take place on personal examination of the samples. Smoking test is applied, the intesity of demand for the smoke of a particular taste and flavour is taken into account, and the price is quoted. In the settlement of price, the balance is always tilted on the side of the buyer.

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1. Bidi tobacco, by the very nature of the commodity, has been subject to wholesale trade in this Tract. So far as anagad tobacco is concerned, nearly 97-99% of the produce is available as marketable surplus. Hence, the sale by a small cultivator to the extent of two or three bodhs also can be treated as wholesale transaction, the term "wholesale" being interpreted to connote "sale of the major portion of the total produce". In case of jarda and jardi tobacco, the consignment happens to be of greater quantity, supply and demand being concentrated. As most of the tobacco assembled in the Tract goes finally to bidi factories, retail sales of tobacco are rare.

Reputation of the product plays a significant role in price quotations. For instance, the produce of Akol has the widest reputation as quality tobacco not only in this Tract but all over the country. The product has gained this merit since decades, and hence tobacco of any grade from this region fetches at least 10% excess returns. Of course, this does not mean that other regions in the Tract cannot produce tobacco of comparatively equal quality. It is the traditional want for and yearlong faith in Akol tobacco that has made it rank in the market. Therefore, under normal conditions, the best quality tobacco from other villages has fetched a price between Rs. 3.25 and 4 per kilogram, while that from Akol region has fetched between Rs. 3.75 and 4.50 per kilogram. Same is the case with lower varieties.

There is no auction sale. After examining the samples, the price is settled under cover with finger indications. Thus, the final price in the transaction is a result of the bidding by a seller confronted with a single buyer only, and not of the market demand and supply during g a given period of time. There is no open market price at any stage.

Consequences of this are more than one, which, in their own way, contribute to market imperfections. More important is imperfect knowledge of the market. Secret underhand dealings do not give any exact idea, especially to sellers, of the buyers' requirements. Furthermore, the sellers remain in complete darkness as to the trend of market prices at any time. The supply, therefore, is channelled not in response to market conditions, but according to the sellers' impressions about market situation. Absence of any type of standardisation aids this greatly. Lack of any standard grades leads to arbitrary pricing on the basis of subjective assessment

of the quality.

The personal relationship between the buyer and the seller also has its impact on price. The sellers prefer one or the other buyer because they might be getting some advance from him for cultivation or trade purpose, securing money payments promptly and without undue delay, realising favourably better returns due to intimate and long personal or business contacts, and so on. The traders, on their side, prefer the sellers who are ready to wait for payments or who are prepared to let the trader offer the price and deduct the trade discounts at their discretion. At the export level, most of the traders have long relations with their upcountry customers, and, as such, maintenance of good relations with them attains paramount importance, so that trade facilities play a significant part in the ultimate price quoted. The fairplay of these considerations under any situation indicates the price outcome, with the only result that there are as many prices of tobacco as the buyer-and-seller relationships!!!

Thus, in bidi tobacco trade in Nipani Tract, the 'level' of price has no meaning whatsoever. It is doubtful, therefore, how far the price-results of such a situation will serve the purpose of any authority intending to lay down any price policy for bidi tobacco. Notwithstanding this, it may be taken as an approximation and as a point to start with.

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COSTS AND MARGINS IN MARKETING :

We now turn to a study of the various items of cost incurred throughout the course of marketing, and the extent of margin elicited by important functionaries. The following points are basic to our study :

(1) We will be following the three-stage pattern of marketing as laid down earlier.

(2) As regards prices, though a systematic and largely reliable data is not available, we shall proceed with the 'average prices' which will be fairly representative of the market condition existing during a period of time.

Here we note particularly that the relationship between prices at the different stages depends largely upon the services performed at each stage plus the time and distance involved as the commodity moves from one stage to another. Hence, the points at which processing, storage, grading, etc. take place, have definite bearing upon prices and price margins.

With this understanding, we shall take the 'average prices' as under:

Producer's Market : average price of anagad tobacco : Rs. 2.50 per kilogram.

Assembling Market : average price of jarda tobacco : Rs. 3.25 per kilogram.

Export Market : average price of jardi mixture : Rs. 4 per kilogram.

The figures represent average of prices during 1960-64.

(3) Nipani Town has the position of key trading centre; therefore, it will serve as the most convenient reference point for study of costs and margins.

Let us now go into details.

COSTS AND MARGINS IN PRODUCER'S MARKET :

In the Producer's Market, the cultivator is the seller of his raw produce, i.e., anagad tobacco. He sells his produce on his own responsibility. The traders in the villages and from Nipani are the buyers of his product. We have to see what the cultivator realises on marketing of tobacco, and finally, what is the net income that he derives from the cultivation of tobacco.

(1) Cost of Marketing :

The following Table gives details about the cost of marketing anagad tobacco at the village level :

Table 1

(P.T.O.)

Table 1.

Per kilogram cost of marketing of anagad tobacco incurred by the cultivator-seller in the Producer's Market (1963-64)

Items of cost		Rs.	%
1. Tare, in excess of 2.5 Kgs. per bodh	.....	0.02	2.9
2. Stalks, stems, earth, air, etc.	.....	0.14	20.3
3. Cash discount ..	.....	0.39	56.5
4. Cartage and Hamali ..	.....	0.01	1.5
5. Discount on balance ("Kata Soot")	.....	0.01	1.5
6. Discount on cartage ("Gadi Soot")	.....	0.02	2.9
7. Other deductions (weighment charges, deficiency due to refraction in weighment, etc., @ 1 Kg. per bodh)....	.....	0.10	14.4
	Total..	0.69	100.0

Source: Compiled from the data collected through field survey.

Observations :

1. Tare : The item refers to the deduction of weight on account of the container. The standard weight of a bodh of anagad tobacco is 2.5 kilograms, but the traders indulge in deducting excess of weight on this account in spite of the weight fixed by the Central Excise Authorities. In many cases, the deduction is 3 kilograms per both,[2] and in some cases, it is 5 kilograms. Therefore, the excess of weight deducted is a loss to the cultivator seller; this amounts to 2.9% of the cost of marketing.

2 The Merchant's Association has fixed 3 kilograms per bodh.

2. Stalks, stems, etc. : There is no standard quantity decided for deduction on account of stalks, stems, earth, air, etc.; the traders have been given discretion, and thereby a source of margin. The traders get the opportunity to set aside a comfortable margin under the pretext of more stalks, etc. The total cost on this account is Rs. 0.14 per kilogram, or, 20.3 % of the total marketing cost. If due reward is made for the justifiable discounts, the cost may fall even by 50 % so that there is a possibility of saving at least Rs. 0.07 per kilogram.

3. Cash discount : In trade, cash discount is an allowance for punctuality in payments. But in tobacco trade in the Tract, the device has come to be abused. There are no rules for cash discount, and there exist no standard rates of discount; the rate varies from 5 to 12 % as per trade conditions of each village. Contrary to the spirit of the privilege, not more than 30 % of the sellers get full payment immediately. Usually, the payments are delayed as far as possible, and, at times of payments, they are in instalments ranging between Rs.50 and 500 generally. All this means that the benefit on account of cash discount goes largely to the trader rather than the cultivator-seller. The Table indicates the alarming proportion of it (56.5 %) in the total cost of marketing. In cases of delayed payments, therefore, there is every ground for dispensing fully or partially with this item. A saving of at least 50 % of the existing amount (i.e., Rs. 0.20 per kilogram) is possible, if a proper regulation regarding the period of money payment and the rate of discount is formed, and followed strictly.

4. Kata Soot : This deduction is demanded on the pretext of correcting any inaccuracies in weighment of the consignment.

In fact, the demand seems to be quite notorious, when, while weighing every bodh, the traders are quite vigilant in seeing that the pan containing the bodh overbalances the other pan. The allowance on this account, therefore, seems to be redundant.

5. Gadi Soot : It is contended by the traders that in transporting the consignments from the place of purchase to the warehouse, some weight is lost; 'Gadi Soot' is an allowance for this loss. But, in fact, this claim seems to be superfluous as it is the full responsibility of the trader to bear any loss that may occur once the sales take place.

6. Other deductions : These are not taken directly, but are available in course of weighment of the lots. Particularly important is the margin available to the trader due to refraction in weighment. It is a common practice to make the pan containing the bodh heavier than the other one. In this, it is not difficult to get a margin of at least one kilogram per bodh. The cultivators, thus, lose at least Rs. 0.10 per kilogram.

In view of the above observations, it is clear that the cultivator-seller has to pay some unjustifiable charges for marketing his anagad tobacco. Our results have been put together in the following Table.

Table 2.

(P.T.O.)

Table 2.

Unjustifiable cost incurred by the cultivator-seller in selling anagad tobacco (1963-64)

Items of Cost		Cost (Rs.)
1. Tare (in excess of 2.5 kilograms per bodh)		0.02
2. Stalks, stems, earth, etc.	....	0.07
3. Cash discount ...	....	0.20
4. Discount on balance (Kata Soot) ..	....	0.01
5. Discount on cartage (Gadi Soot) ..	....	0.02
6. Other deductions ..	....	0.10
	Total..	0.42

Thus, in the total cost of marketing, i.e. Rs. 0.69, the superfluous cost amounts to Rs. 0.42 per kilogram, or 60 % of the total marketing cost. This is no small an amount for the cultivator.

(2) Margin to the cultivator :

In the Producer's Market, the cultivator-seller invites our main attention. When we set on to calculate the benefit that the cultivator gets on marketing of his produce, we have to consider the 'net' benefit he derives from the production and sale of tobacco. This means that a study of the cost of production of tobacco is necessary before coming to any inference on 'net' benefit to the cultivator. We take that first.

The following Table gives the details regarding per kilogram average cost of production of bidi tobacco :

Table 3.

Per kilogram cost of production of bidi tobacco (1963-64)

Items of cost		Rs.	%
1. Seedlings	.....	0.04	2.6
2. Manuring :			
(a) Green manure .....Rs. 0.06 (3.5 %)			
(b) Cowdung ..... 0.35 (22.0 %)		0.60	37.5
(c) Mixtures ..... 0.19 (12.0 %)			
3. Labour	.....	0.61	37.9
4. Bullocks and Implements	.....	0.16	10.4
5. Pesticides and Insecticides ..	.....	0.12	6.5
6. Land maintenance...	.....	0.03	2.4
7. Interest on finance ..	.....	0.05	2.8
	Total..	1.61	100.0

Note : 1. Wherever possible, with minimum of error, attempt has been made to account for the imputed cost of various items belonging to the owner of the land; for instance, seedlings, manure, labour, bullocks & implements.

2. No allowance could be made for the imputed cost of self-capital in the cultivation of tobacco, as the cultivators were unable to furnish information as to approximately how much of it has been utilised for tobacco purpose.

3. The data represents the group of owner-cultivators, cultivating the land with family labour, supplemented by hired labour, if necessary.

Source : Compiled on the basis of data collected through field survey.

Thus, the per kilogram average cost of production comes to Rs. 1.61. Manuring and labour seem to form three-fourths of the cost.

Now we are in a position to estimate the 'net' benefit available to the cultivator. The particulars in this context follow :

Table 4

'Net' benefit to the cultivator from the production and sale of tobacco (1963-64).

Particulars		Rs.
1. Price of anagad tobacco		2.50
2. Less :		
(a) cost of production, as per Table 3:	Rs. 1.61	
(b) cost of marketing, as per Table 1 :	Rs. 0.69	
	Rs. 2.30	2.30
3. 'Net' benefit to the cultivator		0.20

The cultivator gets, according to our inference, Rs. 0.20 as net income on production and sale of one kilogram of tobacco. This is an average. In individual cases, the volume of benefit will depend on ..(1) the cost of production per acre, (2) the yield per acre, and (3) the price fetched by the product. Price is the most important factor. From the observation of the individual cases that were surveyed, it seems that in some of the lands in Akol-Mamadapur Padalihal belt, the net benefit has been over Rs. 2 per kilogram of anagad tobacco, and nearly 40 % of the receipts in the nature of net benefit, as the price of the product exceeded Rs. 4.25 per kilogram.

Before concluding our discussion of costs and margins in Producer's Market, we have to point out that though the net benefit to the cultivator is only Rs. 0.20 per kilogram, on average, there is scope for increasing it by Rs. 0.42, if some of the unfair costs of marketing are eliminated by establishing organised and regulated markets for tobacco.

** ** **

COSTS AND MARGINS IN ASSEMBLING MARKET :

The assembling market is characterised by accumulation of anagad tobacco from different sources, processing it into jarda tobacco, and selling it to the exporter-trader. Here, both the parties in the business are traders; therefore, the buyer-trader has limited chances of getting margins which are superfluous, on some or other pretext.

(1) Cost of marketing :

The cost incurred by the trader in Assembling Market has been calculated in Table 5 which follows :

Table 5.

(P.T.O.)

CHAPTER X

MARKETING FINANCE.

Finance has an important bearing on every aspect of marketing of any produce. It is on the availability of the volume of finance from different agencies that the pattern of marketing is determined. Generally, the term " marketing finance " is used to connote the amount of funds required for the movement of crops from the primary producer to the final user of the commodity in one form or the other. To provide the necessary and sufficient finance for a smooth turnover of the product through the various stages is an important function of marketing.

Before discussing the nature and extent of finance in tobacco trade in Nipani Tract, we wish to make it clear that our main concern is with " marketing finance ", and that " production finance " has been left out of the purview of our discussion. Secondly, as Nipani Town happens to be the major assembling and distribution centre in the Tract, we shall take account of the financial matter in Nipani market only.

Monetary turnover on tobacco in Nipani Market.

When we turn to estimate the approximate volume of monetary turnover on tobacco in Nipani market, we proceed on the basis of our earlier estimates of the total turnover of tobacco in quantitative terms.[1] A detailed account is given below :

Table-1

(P.T.O.)

1. Chapter II : Table 9

Table 1a

Monetary turnover on tobacco in Nipani Market (1962-63).

Category of Licensees	Total No. of Licensees.	Quantity handled..... Anaged (Kgs.)	Jarda (Kgs.)	Jardi (Kgs.)	Kadi (Kgs.)	Tobacco dust, dura, kadi rahal, etc. (Kgs.)	Total turnover (Kgs.)
L 5 licensees							
Class I	61	64,31,940	90,37,137	5,39,220	36,297	4,57,435	1,65,02,659
II	58	13,00,913	9,46,400	1,03,230	2,14,185	2,09,326	27,76,054
III	27	2,56,351	54,715	15,243	700	6,900	3,33,909
IV	38	1,36,914	-	-	-	-	1,36,914
L 2 licensees	22	70,000	40,000	-	-	-	1,10,000
Total	206	81,96,118	1,00,80,252	6,57,693	2,51,812	6,73,661	1,98,59,536
Monetary value at the average rate of (Rs. per Kg.)		2.50	3.25	4.00	0.15	Kadi Rahal, Rs. 0.75 (1,10,000 Kgs.) Rest: Rs. 2.50	
Total value in money terms (+ Rs.)		2,04,90,295	3,27,60,819	26,30,772	37,772	14,91,653	5,74,11,311.

Notes: 1. The total quantity of turnover for each category of licensees and the total number of licensees, have been adopted here as are indicated in Table g 9 (Ch.II), and relate to the year 1962-63.

2. For calculating the total money value of the quantity handled, in each case, the price per kilogram has been taken so as to correspond to the average price for the period 1960-64. This is to guard against over-estimation or under-estimation of the average annual turnover in the market.

Source: Compiled on the basis of the figures obtained through field survey.

The turnover in quantitative terms indicates multiple handlings during the course of the trade. Therefore, payments against each of such transactions in the market must be taken into account to estimate the monetary turnover. Hence, it can be said that the average arrivals of nearly 150 lakh kilograms of tobacco in Nipani market give rise to transactions worth Rs. 574 lakhs, as per our calculations in the Table above.

Sources of Finance :-

This estimation leads us to examine the ways and means by which the traders meet their financial requirements.

There is no denying the fact that all the marketing functionaries engaged in the assembling and distribution of the product, right from the cultivator to the dealer in the export market, depend, to a greater or lesser extent, on outside finance to carry on their own operations. Normally, the producer does not hold his produce long, nor does he undertake processing activity. But when he decides to do processing of some or other nature, prior to the disposal of his lot, he does require some amount of finance. A few of the well-to-do cultivators do engage themselves in processing activity on the strength of their own finance, and dispose of their produce in the form of jarda tobacco. Most of the farmers sell their tobacco in unprocessed form, and as such, they do not require any finance for 'marketing'. Moreover, an average producer does not require money to move his crop to the local market as the sale of his tobacco takes place in his own village.

The real problems of marketing finance are connected

with the business in assembling and export markets. Let us see the nature of the problems and the sources of finance in this sphere of market.

Heavy Credit - a salient feature :-

As for the assembling and export markets, since the upcountry customers prefer to buy the produce in large quanti- - ties and in conformity with their current requirements, it is the bigger exporter-trader who bears the major burden of carrying the investment from the time the tobacco is sold by the producers or other traders until it is finally taken off the market by the upcountry customers. Hence, we observe a preve- -lence of the agents and sub-agents in the marketing set-up. These functionaries work on their own trading and processing licence, but depend solely on their financiers. The formation of "rings" - a latest development in tobacco trade in Nipani market - works in a similar manner for the exporter-traders. Therefore, the decisions and actions of the exporter-traders cause widescale influence on all aspects of marketing of tobacco, financial matters remaining no exception. The exporter-traders have realised that a policy of heavy credit to upcountry customers has become an essential feature of their business. This has put them under financial pressure as large amount of money has remained locked and flows very slowly. As a result, the exporter - traders are unable to meet their financial obligations to the fellow-traders and the producers immediately or without undue delay. The wayout is sought in making payments by instalments according to their own financial means, and not the urgency and need of the recipient trader or cultivator. When the local traders are thus deprived of easy payments,

they, in their turn, follow the same procedure while dealing with the fellow-traders and the cultivator-sellers. The local traders make full payment to those sellers who refuse to sell in case of delayed payments, and pay in instalments to those who are prepared. It is the seller-trader relationship and the reputation of the trader in the village which determine how far credit facility will be available from the cultivator-sellers. In spite of this facility from the cultivators, the traders experience severe financial strigency, and hence have a recourse to the banks and private money-lenders. Anyway, heavy credit has become a salient feature of tobacco trade in Nipani Tract, and has its effects on the market. An idea of this credit amount can be had from a factual study which follows.

(A) Credit from Producer's Market :

In the Producer's Market, nearly 60% of the payments are done without delay; for the remaining 40 %, the traders are able to get a credit for an average period of 6 months, and thus save the actual use of cash to that extent. During this six month period also, payment to the grower-seller is made in petty instalments only when hard pressed for. Some better-placed producers get their amount even after six months; they retain their money with the traders almost interest - free, and on a tacit understanding of getting the amount back when necessary. The extent of credit from the Producer's Market can be known from the following account:

Table 2.

Credit available to the trader from Producer's Market.

(1962-1963)

1. Total quantity of anagad tobacco purchased from all sources : 80,18,166 Kgs.;valued @ Rs. 2.50 per Kg.	Rs. 2,00,45,415.
2. Less 60 % of the value paid in cash or promptly without delay	Rs. 1,20,27,250.
3. Therefore, credit available from the producers	Rs. 80,18,165.

Source :- Compiled from the data collected through field survey.

Thus, the cultivators indirectly advance Rs. 80 lakhs; and more important, the credit is costless!

(B) Credit from the fellow-traders :-

In the Assembling Market, the credit system is widely prevalent. According to our estimates, hardly 20 % of the amount is paid within a month of the transactions; 75 % of the remaining is paid, of course, in instalments, within a year; and the rest remains overdue even after a year. An idea of the volume of business in the Assembling Market is given in Table 3 in order to come to the final figure of credit available during this course.

Table - 3

(p.t.o.)

Table 3.

Volume of business done in the Assembling Market. (1962-63).

Category of Licensees.	No. of licensees selling locally.	Quantity (in Kgs.) sold locally :					
		Anagad.	Jarda.	Jardi.	Kadi.	Kadi Rahal.	Miscellaneous.
L5 Licensees:							
Class I.	48	1,07,952	33,97,920	4,59,408	6,144	720	2,70,912
II.	42	-	9,12,144	12,684	3,234	98,321	29,610
III.	19	-	1,38,100	-	684	-	3,423
IV.	38	-	93,676	-	-	-	874
L2 Licensees	22	70,000	40,000	-	-	-	-
Total	169	1,77,952	46,36,810	4,72,092	10,062	99,041	3,04,819
Monetary value calculated at the average rate of (Rs. per Kg.)		2.50	3.25	4.00	0.15	0.75	2.50
Total value (Rs.)		4,44,880	1,50,69,633	18,88,368	1,059	74,280	7,62,048
Aggregate volume (Rs.)		1,82,40,718					

Source: Compiled on the basis of the figures obtained through field survey.

It seems from Table 3 that out of 206 licensees, 169 sell some quantity of tobacco, and in some form to the traders at Nipani. A major Portion of the quantity sold locally is in the form of Jarda tobacco. The aggregate value of the business in Assembling Market comes to Rs. 182.40 lakhs. Now on this basis, our estimate of the Credit available in this business is given in Table 4.

TABLE 4.

Credit Available from the fellow -traders.

(1962-63)

1. Aggregate value of business in the Assembling Market, as per Table 3 above	Rs. 1,82,40,718.
2. Less 20 % of the amount paid within a month	Rs. 36,48,144.
3. Therefore, credit available from the fellow-traders	Rs. 1,45,92,574.

Source :- Compiled from the data available through field survey.

Thus, credit from fellow-traders amounts to Rs.145.92 lakhs. In this market, transactions being between traders, the credit facility is not available without cost. Actually, the interest rate moves around 6-8 %, and is chargeable only after one month of the transaction. The traders in the Assembling Market, by that way, are at a monetary loss; because, they have to borrow money from other sources at a rate not less than 10 %. The trader accepts the differential loss by consoling himself that he has earned less profit.

Agencies providing money finance :

(1) The banking institutions :-

In Nipani, in 1964, there were in all 8 banking institutions, and seven of them advanced money for tobacco trade. The composition of the banks was :

State Bank of India	...	1
Scheduled Banks	...	4
Co-operative Banks	...	3

According to our estimates for 1963-64, these banks together provided approximately Rs. 100 lakhs. The share of the State Bank of India did not exceed 10 % because of its judicious policy of lending and strict adherence to the framework of rules. The four scheduled banks provided nearly 85 % of the estimated amount. In their case, lending for tobacco used up the major portion of their loanable funds. Out of the three co-operative banks, the Belgaum District Central Co-operative Bank did not extend credit for tobacco purpose. The share of the remaining two banks was very negligible - not more than 5 %.

As regards the methods of giving loans, advancing of money on pledge of goods is much in vogue. The Belgaum District Central Co-operative Bank has been a pioneer institution in this context. It undertook this job since the thirties; about Rs. 3 lakhs were advanced on stocks of tobacco in 1935-36. The Bank continued this activity till 1959, when it had to stop it totally due to specific restrictions imposed by the Reserve Bank of India on the lending activities of the District Central Co-operative Banks.

The banks make advances only to those about whose standing, means and respectability they are fully satisfied. A credit or loan limit is fixed commensurate with the financial position of the borrower, subject to the condition that the stocks are pledged with the bank. The value of the stocks pledged is carefully ascertained and verified by the managers through their brokers by reference to the ruling market prices. Commonly, jarda tobacco is offered for pledging, as it can be retained in the godowns for a longer period. It is only during the harvest season that enagad tobacco is offered as pledge; but the banks insist on retiring the loans before the onset of the monsoons, as enagad tobacco gets reduced in quality and value due to moisture contained in the stalks and stems; in case of jarda tobacco, this does not happen if carefully preserved. Normally 50 % of the value of the pledge is advanced as loan, though, at times, the scheduled banks reach the limit of 60 %. The reason for this lower proportion is mainly the risk involved. In this part of the country, tobacco is considered as a " bad commodity ", so far as loan against stocks is concerned, due to instability of prices and possibility of quality deterioration with slight change in climatic conditions.

As has been said, the loans against stocks of enagad tobacco are of short-period duration; they are taken by the trader to meet the seasonal difficulties of finance, at least to some extent. Advances against jarda tobacco are demanded especially since April, and continue till June; they are heavy in May and June. Due to financial stringency in the market, the lots remain with the bank for a period varying

between 5-7 months. The repayments start after Diwali, when the lots are taken out for sale or further processing and despatching the upcountry customers. Therefore, usually, October to December is the period of retirement of loans taken during the harvest season. This does not mean that no loans are contracted hereinafter. In fact, the activity goes on constantly; the pledged goods are not released all together, nor the borrowing activity is undertaken at a stretch. The pledging and releasing activities go on according to the requirement of the borrowers. Even after Diwali, therefore, the traders use bank facilities, though the volume of advance is much less than that in the post-harvest period.

Interest is charged at a rate of 7¼ to 10 %. The rate charged by the State Bank of India is the lowest, viz. 7¼ %; the other banks follow a policy of varying rates, ranging between 8½ - 10 %. The interest is debitable to the borrower's account. The traders have also to pay premia to the insurance company through bank, on account of the fire insurance for the goods pledged. The premium is determined on the basis of the condition and type of the warehouse in which the goods are stored, and the volume and market value of the goods. Further, some banks charge the borrowers a nominal amount for 'services offered ' from time to time for keeping additional stocks or removing a part of the previous one, or for Central Excise supervision, and so on. The banks do not maintain any godowns of their own for this purpose. The goods are pledged in the warehouses of the customers under the " lock and key system " and rent-free.

The banks also offer clean advances on the security of the assets of the borrowers. The State Bank of India does not entertain this practice in the interest of sound banking. The proportion of such advances to the total loans for tobacco is nearabout 20 %, though one of the scheduled banks has a larger proportion. This method of borrowing is followed especially at the beginning of the main season - in March - when the traders need money for the purchase of the new produce.

Due to the prevalence of credit system in the trade, the traders always have a financial difficulty, and to meet their requirements arising out of overtrading, they utilise the banking facilities to a maximum extent. For this, they follow such ways as concurrent borrowings from different banks on the same security. This, no doubt, increases the risk in banking, when there already exists enough risk in advancing even on the pledge of tobacco.

Whatever may be the form of lending, the banks are fully aware of the risk involved in the activity. Up to this time, there has been no instance of bank's position badly affected due to the failure of a customer to repay the amount. Even then, one of the scheduled banks has had a bitter experience, and therefore, had discontinued advances against stocks of tobacco for quite some time, though it has resumed the activity once again.

Eventhough, the major portion of loan operations by the banks relates to advances for tobacco, the banks are not willing to extend additional resources for this purposes mainly

for two reasons : firstly, high degree of risk involved, and secondly, very low rate of velocity of circulation of bank advances. If any improvement occurs in these matters, larger funds will be available for trade not only from the Scheduled banks but also the State Bank of India.

(2) Shroffs and Money-lenders :-

The estimated amount of finance available from this group is near-about Rs. 60 lakhs. In Nipani, there are only a couple of professional and licensed bankers doing the money-lending business. A Multani from Bellari also invests his funds in this market. These professional money-lenders provide nearly Rs. 40 lakhs. The remaining amount comes from the shroffs, non-professional money-lenders and relatives.

Lendings by this group are fully in the form of clean advances, and are for a maximum period of one year. In any case, at the end of the year, the account in full along with interest must be settled. Fresh requests may be entertained only thereafter. As is customary with this class of lenders, the rates of interest are exorbitant, and range from 12 to 24 %.

(3) Co-operative Societies :-

Already a reference has been made to the contribution of the co-operative banks. As regards, co-operative societies, there is no such society in Nipani which provides credit for trade.

12.

(4) State Warehouse :-

The Office of the State Warehouse has been instituted at Nipani in 1963. It issues Warehouse Receipts for getting money from the banks. But it is not authorised to issue receipts on the warehouse of tobacco of any kind. A Bill to the effect has been introduced in the Parliament in the Budget Session of 1965. Anyway, for the present, tobacco dealers are devoid of the warehouse facility.

(5) Self-finance of the traders :-

It is very difficult to give a strictly correct idea of the capital investment of the traders in tobacco trade, for want of correct information from every licensee as well as their unwillingness to give out their own figures. However, an attempt has been made by us to estimate a probable figure on the basis of the estimates made earlier in this Chapter. The following Table gives an idea :-

Table - 5

Self-finance of the traders in Nipani Market.

(1962-63)

1. Estimated monetary turnover on tobacco in Nipani Market		Rs.	574 lakhs.
2. Less :- Finance available from other ways and means :-			
(a) Banks and Shroffs & money lenders ...	Rs. 160 lakhs		
(b) Credit from the cultivator, sellers & fellow-traders ...	Rs. 226 lakhs		
	Rs. 386 lakhs		386 lakhs.
3. Therefore, the amount attributable to the capital account of the traders ...		Rs.	188 lakhs.

Thus, it seems that traders' investment in tobacco business is about Rs. 188 lakhs.

Now, it will be possible for us to bring together our results of the observations so far, and conclude on the nature and extent of the marketing finance. The following Table gives a consolidated picture of the sources of finance, the amount provided by that way and its share in the aggregate.

Table - 6

Marketing finance in Nipani Market : Agencies and their share (1962-63).

Financing agencies.	Rs. in lakhs	% in total
1. Banks	100	17.4 %
2. Shroffs & Money lenders	60	10.5 %
3. Credit from the producers	80	14.0 %
4. Credit from the fellow-traders	146	25.3 %
5. Traders' self-finance	188	32.8 %
Total	574	100.0 %

The Table reveals that :-

(a) Only one-third of the financial requirement comes from the capital resources of the traders, which means over two-thirds of the business is financed by market measures like borrowing and credit facility; this shows a strikingly heavy dependence on outside possibilities;

(b) market credit has assumed a significant proportion in the business : nearly 40 %, considering credit from the cultivators and the fellow-traders;

(c) this type of composition of marketing finance has led to a perpetual character of the credit system, and majority of transactions remaining in the form of necessary book entries, with the ultimate result that money circulates very slowly and hence acute financial position in the market.

The Wayout :

In order to improve the monetary condition in the market, the transactions at all levels should be based on cash payments as far as possible. This is the best way out, but perhaps not the most convenient from business point of view. And therefore, a convenient measure will be the imposition of a time-limit for making payments, and fixation of discounts for cash payments and delayed payments. The period of credit should not be more than six months in case of the traders. This scheme will apply to the transactions taking place after a pre-determined date. For liquidation of past dues, the traders will remain at full liberty to settle their accounts with mutual consultation, convenience and understanding. It has to be emphasized here that the health of a market depends not only on regular payment against transactions with the agriculturist producers but also against business done between traders as well. It has been a general experience that when one trader fails to honour his commitments, the morel of the whole market is affected. Moreover, the extension of non-regulation of credit encourages over-treding in the market itself.

The success of the scheme depends on a precondition. The

Nipani Merchants' Association and the Marketing Committee should not only be active but also strict in observing the rules and regulations. Every merchant also should understand it his duty to obey and practise strictly the directives of the Association. If any breach is noticed, the Merchants' Association should be strict and strong enough to take the necessary disciplinary action without fear and favour. The Merchants' Association of Jaysingpur wields such a power and has its voice in the trade. It is to be remembered that giving of credit facility for a period not over six months will cause no disturbance to, or diversion of, the trade, if implemented cautiously, sagaciously and unitedly.

CHAPTER XI

REGULATED MARKETING.

The aim of any efficient system of marketing should be to narrow down, as far as possible, the gap between the producer's selling price and the consumer's buying price. It is a known fact that innumerable charges collected by the several agencies functioning in the existing system of marketing, get added to the price paid to the producer and charged ultimately to the consumer, or get reduced in the price payable to the producer out of the price obtained from the consumer. It is found that regulated markets under proper conditions help to ensure narrowing this gap. These markets facilitate the marketing activity by providing fair opportunities both to the buyers and sellers to strike the bargains and to complete transactions. The promotion of this end should, therefore, be as much the duty of the merchants as of the agriculturists.

When, between the buyer and the seller, one is unable, for one reason or the other, to discharge one's responsibility to the satisfaction, and when the other group is ready to exploit the opportunity to the fullest advantage, it becomes essential for the state to intervene in the general interest by facilitating a fair deal. The means with which the state can very effectively do so is the regulation under which those using the market are required to behave themselves and perform their functions. Under these regulations also is created an authority to ensure that these regulations are effectively

observed. Thus, such legislations manifest following important features :

1. Regulation of market practices.
2. Licencing of market functionaries.
3. Clear definition of market charges, reduction of excessive charges and prohibition of unauthorised additions to them.
4. Use of standard weights and weighments only.
5. Sale by open auction or open agreement.
6. Arrangements for settlement of disputes regarding quality, weighment, deductions, etc.
7. Arrangement for the display of reliable and up-to-date market information in the market yard.
8. Appointment of market committee fully representative of growers, traders, local authorities and government.
9. Control by the government over the markets and market committees.
10. Levy and collection of market cess, and creation of a Market Fund.

Case for regulation of tobacco trade :

The problem of organisation and regulation of any trade occurs when there is observed an absence of a fair and reasonable deal between the buyers and the sellers. It is on this ground that a strong case can be made in favour of establishing an orderly system of marketing of tobacco in any of its forms, by purposeful intervention by the government and regulating the dealings. The nature and extent of unfair practices, costs and margins at every stage of transactions,

3.

and auxiliary services in marketing, all have been fully analysed in the previous Chapters; they emphasise the need for state regulation.

It should, however, not be mistaken that we plead for regulation in the interest only of the cultivator class. Our analysis in previous chapters has pointedly laid stress on the effect of present trade pattern on the trading class also. It is obvious, from what the traders themselves have expressed often, that they also do not like to have the chaotic conditions in the market. In unorganised markets of the villages in and outside the Tract, traders have felt the need for evolving uniform practices for conduct of their business. While in the better-organised markets like Nipani, the traders have voluntarily seized the initiative for imposing restrictions on themselves, and have adopted a set of rules for the conduct of their business. The formation of the Merchants' Association is a concrete manifestation of this will. At all the levels of marketing of tobacco, therefore, the need for the creation of an agency, which can create confidence in both the traders and the agriculturists, promote fair practices, and assure a square deal to all the users of the market, becomes obvious.

PROGRESS OF LEGISLATIVE MEASURES :

Till the States Reorganisation in 1956, Nipani Tract constituted a part of the Old Bombay State, and, as such, the Bombay Agricultural Produce Markets Act, 1939 was in force, throughout the area. The salient features of the Act may be noted as below :

The Bombay Agricultural Produce Markets Act, 1939 :
Salient Features :1

1. The most significant achievement of the Act was the extension of regulation to a large number of agricultural commodities. The schedule to the Act enumerates as many as 71 commodities in the groups of fibres, cereals, pulses, oilseeds, narcotics, gul, sugar & sugarcane, fruits, vegetables, animal husbandry products, condiments, spices, etc., and grass & fodder.

2. After holding an enquiry of objections and suggestions, if any, the State Government declares the area specified to be a market area for the purposes of this Act, and the market proper and the market yard according to the provisions in the Rules.

3. Establishment of a market committee consisting of not less than 12 and not more than 15 members for each market. Of the total membership, one-third would represent the agriculturist, one-third the traders, and of the remaining one-third, one member would be the representative of local bodies and the rest nominated by the Government.

4. No one is allowed to do business in the market area without obtaining a licence from the market committee.

5. Making rules for the purposes of carrying out the provisions of the Act; they may provide for or regulate :

(a) the election and nomination of members;

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1 Cf.: Government of Bombay, Legal Department : Bombay Act No.XXII of 1939 : The Bombay Agricultural Produce Markets Act, 1939.

5.

(b) the powers to be exercised and the duties to be performed by the market committee;

(c) election of the office-bearers, their term of office, and filling of casual vacancies of the members;

(d) the management of the market, maximum fees which may be levied by the market committee;

(e) conditions of issue and renewal of licences, and the fees to be charged therefor;

(f) standardisation ofthe weights and measures and the weighing and measuring instruments;

(g) trade allowances in the market;

(h) the provision of facilities for the settlement of any dispute in the market;

(i) the regulation of advances, if any, given to agri--culturists by brokers, commission agents or traders;

(j) the prevention of adulteration of the agricultural produce;

(k) grading and standardisation of the agricultural produce;

(l) the manner in which auctions of agricultural produce shall be conducted and bids made and accepted in any market.

6. The creation of a Market Committee Fund and its use for the betterment of the market.

7. Power of Provincial Government to call for proceedings of market committee and to pass orders thereon.

8. Power of Provincial Government to amend the schedule specifying the itms of agricultural produce.

6.

9. Repeal of the Bombay Cotton Markets Act, 1927.

The Mysore Agricultural Produce Markets Bill, 1962 :

With the advent of the States Reorganisation in 1956, the borders of the erstwhile Mysore State were enlarged so as to bring within the territories from Bombay, Madras, Coorg, and Hyderabad States, and as such, there have been in force five different Agricultural Produce Markets Acts. With a view to bringing uniformity, the Markets Bill was ready for taking up in 1959, but it could not be introduced. A fresh attempt was made in 1962 by introducing a Bill to that effect, and now the Bill is being considered by the Select Committee of the Legislature. A general idea of the proposed legislation can be had from the "Statement of Objects and Reasons"[2]

" This Bill is intended to provide for a uniform law relating to the better regulation of buying and selling of agricultural produce and the establishment of markets for agricultural produce throughout the new State of Mysore repealing and replacing the following Acts which are in force in the several areas :

(1) The Bombay Agricultural Produce Markets Act, 1939 (Bombay Act 22 of 1939) as in force in the Bombay Area;

(2) The Madras Commercial Crops Market Act, 1933 (Madras Act 20 of 1933) as in force in the Madras Area and as in force in Bellary District;

2. Government of Mysore: The Mysore Gazette :Bangalore, Saturday March 30, 1963, 9 Chaitra, 1885: No.47 : pp. 23-24.

(3) The Coorg Agricultural Produce Markets Act, 1956 (Coorg Act 7 of 1956) as in force in the Coorg District;

(4) The Hyderabad Agricultural Market Act, 1939 F (Hyderabad Act 2 of 1939 F) as in force in the Hyderabad Area;

(5) The Mysore Agricultural Produce Markets Act, 1939 (Mysore Act 16 of 1939) as in force in the Mysore Area.

The Bill has been prepared taking into consideration the suggestions of the Government of India that there is need for reorienting the pattern of regulation of markets so as to effectively regulate the sale and purchase of agricultural produce.

Among other things, provision is made in this Bill for--

(i) defining 'agricultural produce' to include all produce of agriculture, animal husbandry, apiculture, horti--culture or pisciculture, forest produce and any other produce, live-stock and poultry;

(ii) notifying the intention of Government to regulate the purchase and sale of agricultural produce in specified area and declaration of market area and of market yard;

(iii) establishment of market committees for trading in specified kinds of agricultural produce and also separate market committees within the same market area for trading in any particular kind of agricultural produce;

(iv) representation on the market committee to purchasers

of agricultural produce, representatives of the purchasers' co-operative societies, representatives of Co-operatige marketing and processing societies, municipalities, taluk boards and the Central Warehousing Corporation;

(v) levy and collection of market fees by the market committee;

(vi) constitution of market committee funds and Central Market Fund;

(vii) Conferring borrowing powers on market committee;

(viii) appointment of Government servants as Secretaries, Assistant Secretaries, Technical Accounts and Audit Staff of Market Committees to ensure efficient administration and control of markets;

(ix) inquiry of inspection by the Chief Marketing Officer; and

(x) supersession of market committee for failure to perform duties."

In the proposed legislation, a number of commissions and omissions have been pointed out. But, still the Bill is taking shape, and hence there is scope for improvements.

REGULATED MARKETING IN NIPANI TRACT :

Till the States Reorganisation in 1956, Nipani Tract constituted a part of the old Bombay State. The erstwhile Government of Bombay had an intention of regulating tobacco trade not only in the Nipani Area, but all over the Charotar Area also since 1943, but it could not do so till 1956. The inability was attributed partially to the conflicting

nature, in certain respects, of the Marketing Act and the Central Excise Act. For instance, the Market Act required the transaction to take place in the 'market proper', which means that the goods have to be physically transported to the 'market'. But, as the movement, storage and disposal of tobacco is strictly governed by the Central Excise Act, the seller has to face following problems:

(1) a Transport Permit from the Excise Department has to be secured for transporting the goods to the 'Market';

(2) the seller has to see that the weight of the consignment is not reduced during the course of marketing; but there is every possibility that due to handling and taking out some quantity by way of samples, the sellers may be required to face the enquiries of the Excise Department and furnish a'satisfactory' explanation;

(3) if the goods are not sold on the day, they should be stored till the next auction; but the excise Rules do not allow storage at a place other than a bonded warehouse; in the absence of such a provision at the market place, the seller has to take the lot back to his home, and for which he will be required to take a fresh Transport Permit.

Such was the nature of the difficulties. Notwithstanding this, the Expert Committee on the Review of the Bombay Agri--cultural Produce Markets Act, 1939, remarked:

" We find that trading in the Guntur market in the Andhra State has been regulated since the beginning of 1951. In spite of the representations of the merchants to

the comntrary, we do not think that the administrative difficulties are not unsurmountable. On the other hand, the public interest demands the extension of the benefit of this social legislation to the tobacco grower who has suffered for generations from exploitation by the dalal. We, therefore, recommend the regulation of tobacco which is one of the major cash crops under the Act, should not be delayed any more."[3]

Due to the States Reorganisation in 1956, the Nipani Tract -- a part of Nipani Area -- was merged in the newly formed Mysore State, so that the old Bombay Government could not implement the recommendation of the Committee, and it was left to the newly formed Mysore Government to look into the matter and take necessary steps. Though a change in the authority occurred, the Mysore Government continued to apply the provisions of the Bombay Agricultural Produce Markets Act, 1939 for the area disintegrated from the Bombay State, and continues to do so still. Till 1963, the Mysore Government did not take any steps for the regulation of tobacco trade.

Nipani Market Committee and regulation of tobacco Trade :

The Agricultural Produce Market Committee of Nipani came into existence in August 1956. The " Market Area " under its control is the revenue area of the Chikodi Taluka of the Belgaum District. The "Market Proper" constitutds an area lying within a radius of 5 miles from Nipani, comprising

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3 Government of Bombay : Report of the Expert Committee on the Review of the Bombay Agricultural Produce markets Act, 1939; (1956): pp. 10-11.

22 villages, while the existing bazar locality in the Nipani Town makes the "Market Yard" for its purpose. With effect from February 1958, it went on to regulate dealings in jaggery, groundnuts and chillies.

The first effort to regulate the tobacco trade in this jurisdiction was made with effect from March, 1963. A circular was issued by the Market Committee, under its bye-laws, requiring the functionaries :-

(1) to take licences from the Market Committee as prescribed below :

Table 1.

Licence fees prescribed for tobacco traders, etc.

Class of Licensee	Quantity	Licence Fee(Rs.) for -- Traders	General Commi--ssion Agents
I	Dealing in more than 800 quintals	150	100
II	400 - 800 quintals ...	100	75
III	200 - 400 " ...	75	50
IV	100 - 200 " ...	50	25
V	Below 100 " ...	15	10
	Brokers	Rs. 50	
	Assistants	2	
	Trucks	5	
	Cartman	1	
	Hamals	1	

Source : The Agricultural Produce Market Committee, Nipani.

and accordingly the traders were required to take a licence separately for tobacco, though they had already taken a licence for other regulated commodities, if they were dealing in any;

(2) to pay market fees (cess) @ Rs. 0.25 per Rs. 100 worth of tobacco, to be recoverable from the sellers only;

(3) to recover from sellers only, a commission (if he is a commission agent) of Rs. 3 per Rs. 100 of sale proceeds of tobacco;

(4) to follow the market charges as below :

Table 2.

Hamali charges on tobacco as prescribed by the Market Committee

Hamali Charges	Per Bodh	Per Bag	Payable by
1. Unloading, stacking, placing in & removal from the pans and loading in the cart in the Market ...	Rs. 0.10	0.05	sellers
2. Transport from Market to Godown ..	0.10	0.05	"
3. Unloading from cart and stacking..	0.10	0.05	"
4. Placing in the pans	0.05	0.03	"
5. Removal from the pans	0.05	0.03	buyers
6. Shifting to other places in the Godown	0.05	0.03	owner
7. Pouring for processing	0.03	0.02	"
8. Refilling after processing ...	0.20	0.12	"

N.B. : If any of the operations are performed by the Agriculturist-Seller himself, relative charges for such operations should not be charged in the Patti (sale note).

Source: The Agricultural Produce Market Committee, Nipani.

(5) to charge the godown rent @ Rs. 0.12 per bodh and Rs. 0.06 per bag per month, only if stored for more than one month;

(6) to calculate the deductions on account of container of tobacco at the rate prescribed by the Central Excise Department,

and to charge no other deductions in kind;

(7) to fix the price of tobacco in all its forms only in terms of one kilogram.

But this effort of the Market Committee for regulation of tobacco trade, was met with severe and united opposition from the merchant community. They launched their opposition on the grounds given below :

(1) Tobacco should not be declared a regulated commodity in Chikodi Taluka, unless it is so declared in the neighbouring production and trading area, viz., Hukeri, Gokak and Athani talukas of the Belgaum District, and Kolhapur District, lest the trade should divert to the neighbouring areas.

(2) As the regulation has been extended to one more commodity, viz., tobacco, there is no need to have a separate licence, and pay a separate licence fee for dealing in tobacco. The purpose of the licence is to permit under control business in the market area. Licence fee cannot be a source of profit to the Market Committee.

(3) No cess should be taken on the stocks of tobacco in hand, as the transaction in their respect has been completed before the date of the commencement of regulation, i.e., 1-3-1963.

(4) Transactions done outside the market area are not governed by the bye-laws of the market committee.

(5) Licences should be granted on the basis of a flat rate.

(6) Re-sale by merchants to their customers should not be subjected to the Act.

(7) Trade allowance of 5 % of the weight should be granted to the merchants.

The Market Committee was reluctant to deviate from its stand. In consequence, the traders resorted to legal steps to prevent the Market Committee from enforcing its notification. On grounds of discrepancies in the provisions of the Act (Bombay Act, 1939) and the Rules (Bombay Rules, 1941), the Civil Court of Chikodi, under a civil suit, issued an injunction restraining the Market Committee from proceeding against any merchants dealing without the necessary licence from the Market Committee. The order of the Court was based on the following judgement of the Supreme Court of India in 1961, in a parallel suit :

> " In conclusion, we hold that the challenge made by the petitioners to the constitutionality of the main provisions of the Act (Bombay Agricultural Produce Markets Act, 1939) and of the provisions in Rule 64 fails; but the challenge in respect of (i) the provisions in Rule 53 on the ground that they are ultra-vires section 11, there being no maximum fee prescribed by the State Government, and (ii) the provisions in Rules 65, 66 and 67 on the ground that they are ultra-vires the provi--sions in Section 5A read with the proviso to Section 4(2), succeeds. As, however, we have held that the market in this case has not been properly established, the market committee cannot enforce any of the provisions of the Act or the Rules or the Bye-laws framed by it and cannot issue licence till the market is properly established in law.

We, therefore, allow the petition partly and direct the respondents not to enforce any of the provisions of the Act, the Rules and the Bye-laws against the petition--ers with respect to the market till the market is properly established in law for this area under section 5AA, and not to levy any fees under section 11 till the maximum is prescribed under the Rules."[4]

As the constitution of the Market Committee was Challenged, the Committee could not execute its notification as regards tobacco; it could not regulate the trade in other commodities also, so that the functioning of the Market Committee of Nipani came to a virtual standstill.

It is to be remembered in this context that though the existence of the Market Committee was indirectly challenged by the above judgement of the Supreme Court in 1961, the Market Committee continued to function till March 1963. It is the trade opinion that had the Committee taken a compromising stand on regulation of tobacco also, it would not have invited the consequences.

On this fate of the Market Committee of Nipani, no speedy steps were taken by the Mysore Government to establish a constitutionally instituted Market Committee, by amending the necessary provisions in the Rules. The first notification of amendment was issued as late as end of October, 1964, and the Bombay Agricultural Produce Markets Act, 1939 came into its

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4 In the Supreme Court of India: Petition No. 129 of 1959: Mohd. Hussain Culum Mohd. of Ahmedabad Vs. the State of Bomaby.

own again with the Bombay Agricultural produce Markets (Mysore Second Amendment) Rules, 1964, with effect from 9th March, 1965. Accordingly, the Market Committee had issued a fresh notification on improved lines. Even then, a tussle is reported.

In the meanwhile, the Mysore Agricultural Market Bill, 1962 has been introduced, and is still going through various formalities.

Pre-conditions of effective regulation of tobacco trade :

The aim of any marketing legislation is, as it should be, to improve the pattern and conditions of trade of any commodity, without causing any serious upheavals. One of the important instruments to ensure this is the application of the legislative measure so as to cover all the area under production and trade. This avoids any sort of diversion of trade to non-affected areas, while at the same time leaving the functio--naries with no other alternative but to comply with the legal framework. Hence, this can be said to be a pre-condition for the success of the regulation.

In this light, we can consider the case of regulation of bidi tobacco trade in Nipani Tract. The Nipani Area, as we have already described, comprises the Satara, Sangli and Kolhapur Districts of the Maharashtra State and a the Belgaum District of the Mysore state. The Government of Maharashtra has included tobacco in the list of the commodities to be regulated, but there has been no active regulation anywhere

in the State, and hence, the tobacco trade in Maharashtra has remained unregulated.

On the other hand, the Market Committee of Nipani is attempting to take up the regulation of tobacco. The case as it stands is that the regulation of tobacco has been effected only for Chikodi Taluka in Belgaum District, while the neighbou--ring talukas remain outside the purview of the implementation of the provisions of the Act. The Market Committee of Nipani, therefore, will have no control over the transactions in these outside areas. No plans of regulating tobacco trade in the neighbouring areas are in the making. Even within the jurisdi--ction of the Market Committee a well-designed plan and pattern of regulation is necessary. This is mainly because, the transactions in anagad tobacco take place in villages and not at Nipani proper.

The Market Committee does not think of any necessity of simultaneous enforcement of the Act even in the neighbouring regions as a necessary precondition, on the grounds of the provision in Rule 53(3) in the Bombay Agricultural Produce Markets Rules, 1941. The contents of the provision are :

> " No fees shall be levied on the agricultural produce brought from outside the market area into the market area for use therein by the industrial concerns situated in the market area or for export, and in respect of which a declaration has been obtained in Form IV.
>
> Provided that if such agricultural produce brought into

the market area for export is not exported or removed therefrom before the expiry of 20 days from the date on which it was brought, the market committee shall levy and collect fees on such agricultural produce from the person bringing the produce into the market area at such rates as may be specified in the bye-laws. "[5]

But the provision manifests certain lacunae, leaving a good scope for legal complications, The complications may arise from some such activities of the traders as below :

(1) Transactions concluded outside the market area under the jurisdiction of Nipani Market Committee will remain outside the regulation of the Committee.

(2) It will be possible for the traders to bring such goods to Nipani for processing, while at the same time avoiding the levy of market cess. This may happen in two ways :

a) According to the provision given above, exemption from market fees is possible, if the goods brought into the market area are used by 'industrial concerns'. In case of Nipani, as the case stands, a number of processing houses come under the purview of the Factory Acts, to the effect that they can be considered as 'industrial concerns'. The remaining licensees will try their best to be in this group and thus escape the market fees.

b) Again, exemption from paying market fees is granted provided the imported product is exported before the

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5 Government of Bombay : Agricultural Produce Markets Rules, 1941; Rule 53(3).

expirty of 20 days. The petty merchants will try their level best to complete as much processing work as possible within this period and export before the expirty date.

Therefore, the only way to bridge the loopholes is to cover the neighbouring areas also by the Act.

Furthermore, a simultaneous effort to move the Maharashtra Government to undertake regulation of tobacco in their territory is also necessary. Because, though the Nipani area is spread over two States, it represents a single unit so far as the tobacco trade is concerned. As the Area is a contiguous terri--tory, a serious distortion in trade can be avoided if the Maharashtra Government also takes measures to regulate the tobacco trade. If the measures of the Mysore Government remain unilateral, there is every possibility, in the initial stages, of the trade being diverted to the Maharashtra State. It is feasible due to the vicinity of the boundary of the Maharashtra State at a distance of only one mile from Nipani. The traders may seek a resort in the provisions of the Rule cited above, and indulge in activities detrimental to the social move. At least some of the traders may erect temporary sheds outside the boundary line, and make purchases within the market area, but ask the sellers to give the delivery at this new market, to make it appear that the transaction has taken place there. The existence of the Central Excise will, no doubt, impinge additional respo--nsibility on them, but they will not mind it in an effort to superimpose their will. Thus, all that is indicated is that

Nipani market is on the border of Mysore and Maharashtra States, and unless market regulations are similar in the two States, possibility of evasion exists. Therefore, a joint effort on the part of these two Governments will help in strengthening the working of the Market Committees in both the States, in their efforts to regulate the tobacco trade.

* * * * *

FUTURE PATTERN OF REGULATION OF TOBACCO TRADE :

In this course, we shall firstly consider the long-term desirable pattern of institutions and practices in marketing of tobacco, and then lay down short-term measures to be undertaken during transitional phase.

THE LONG-TERM PATTERN :

(1) Market Area and Market Yards :

For Nipani Tract -- a part of Chikodi Taluka -- Chikodi Taluka will form the 'Market Area', and Nipani Town the 'Principal Market' with its special market yaard for actual transactions. Throughout the Tract will be established 'Subsidiary Markets' for making the regulation effective and convenient to all; Kanagala, Khadaklat, Galatga and Soundalga will be such Markets in the Tract. In the circumstances, no transactions will take place at the village level. As the marketing centre for every village will be within a reach of 4 to 5 miles at the most, there will be no hesitation and inconvenience on the part of the producer-seller in taking his

lot to the marketing centre. This set-up can be used for the marketing of other regulated commodities also.

With such an institutional pattern, there will be devised also a machinery to look into the details of regulation. The Market Committee of Nipani will be in an overall charge of the regulation activity. Under its authority, a network of Unit offices will be created to look after the working in the Subsi--diary markets. This will alleviate the burden of only one office in the Principal Market, and make the work of organisation and regulation more effective. The Unit offices will remain in constant contact with the Nipani Office as well as the rest of the Unit Offices. Such an inter-connection will provide full information to each centre about the marketing position and trend in rest of the markets. The producer-sellers and traders will, thereby, get the market information reliably and without difficulty.

At this juncture comes up a point of organizational structure: Whether there should be a separate Market Committee for tobacco. The Expert Committee on the Review of the Bombay Agricultural Produce Markets Act, 1939, is favourable to such an establishment, as is evident from the excerpt below :

> " We have already mentioned that the problems of marketing of tobacco are not analogous to those of other commodities. The interests affected may not also be the same. We, therefore, recommend that separate Market Committee should be established for exclusively regulating the tobacco trade. At the same time, we are of the view

that these Market Committees must have sufficient resources to discharge their duties and responsibilities under the Act."[6]

But, in view of the marketing and institutional pattern proposed by us, we do not find any such need. There will be sufficient staff available at all the marketing centres, and with an increase in the volume of arrivals, the Market Committee can strengthen the staff, if need be. In Nipani Tract, the work of regulation of trade in commodities other than tobacco is comparatively limited, and does not invite a separate institutional structure from the financial point of view. Therefore, for many years to come, there is no need of any separate institution for tobacco regulation.

(2) The Method of Sale. :

The co-operative societies of the villages will have a role to play in this regard. All the produce of the village will be channelled for marketing through the respective co-operative societies, so that the money payments will be done to the owner not directly but through the society.

The consignments brought to the marketing centres will be properly graded and arranged for sale according to grades. The samples of the lots will be available for inspection and examination to the traders. The sale will take place by open auction, and generally the highest bid will rule. Physical presence of the consignments will help in avoiding disputes

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6 Government of Bombay : Report of the Expert Committee on the Review of the Bombay Agricultural Produce Markets Act, 1939 : (1956); P. 135.

on the quality and contents. The buyers will take the weighments of the lots on the very day and lift them on making full payment. For settlement of transactions, the parties will adhere to the terms of trade determined by the Market Committee. The representative of the co-operative society concerned will manage all the responsibility of the sale of the goods.

The Co-operative societies will not only undertake the sales operations, but also to regulate the flow of the stocks from the respective villages according to the market trend. If the seller is in urgent need of cash, the societies will make necessary arrangements, either on their own accord or with the help of the State Warehouse, of providing a proportionate amount of advance. This work will be facilitated if the State Warehouse provides at least one properly constructed warehouse at each centre.

(3) Method of payment

The problem of payment is to be viewed from the point of view of the stability of the market as a whole and not in the restricted interest of the agriculturist alone; for, without a stable market, the agriculturist cannot expect to get a fair price. Since the payment against all the transactions is linked with the market stability, it will be necessary to regulate all the payments in the market.

The general trade opinion favours transactions on cash payment. In case of the payment of anagad tobacco, according to our scheme outlined above, as the marketing operations will

be done through the co-operative society, the buyers will make payments to the society which will channel the amount to the owners of the lots by recovering its own dues, if any. This practise will have a merit of avoiding the present-day experience in marketing : the cash payment to the farmer is made mainly with a view to conforming to the bye-law rather than to the spirit underlying it; in several cases, this is done by book entries by adjusting the sum payable against the sale to the loan account or, where the farmer is not a borrower, by showing the payment to him as well as the receipt of deposit from him simultaneously.

THE TRANSITIONAL PHASE :

The pattern laid down above is the one which should emerge ultimately in tobacco trade. But, a large number of complications exist before a complete change is brought about. The necessary legislative measure will have to be taken, institutional structure to be created, warehousing and storage facilities to be provided, grades and standards to be established, existing credit problems to be dealt with, and so on and so forth. Therefore, a sudden changeover is neither feasible nor desirable. The successful implementation will need a very cautious policy and the process of transition will have to be spread over five to ten years.

During this transitional phase, the Government and the traders should together launch an intensive drive for overcoming the difficulties; of course, the initiative should come from the Government. A scheme outlining the steps follows :

1. The Mysore Government should give a serious thought to the matter of regulation of tobacco trade and provide the necessary legislative tools as quickly as possible. It is surprising that the Mysore Agricultural Produce Markets Bill, 1962 has still remained in the process of enactment. This time-consuming system should be drastically cut short. Let the Market Committee start its new venture on the basis of a fully revised and comprehensive legislation rather than the old one.

2. The Mysore Government should, further, make the provisions of the Acts and Rules effective throughout the State of Mysore, while simultaneously securing the co-operation of the Maharashtra Government in the implementation of the regulation programme.

3. The Market Committee of Nipani should start the work of regulation in a cautious manner in order to avoid any retaliatory move on the part of the traders. Hence, to start with it should require the traders only to get the licence from the Market Committee on payment of moderate fees. It is to be remembered that already the traders do hold a licence from the Central Excise Department, hence, they need not be required to pay any exorbitant fee for getting a trading licence from the Market Committee. The amount of the licence fee should reflect the capacity of the trader to pay. Accordingly, the licence fee may be charged in the following manner :

Table 3

Licence fee for trading in tobacco and other regulated Commodities

Category of the licensee	Licence Fee
1. Trade in tobacco only :	
(A) Class I and Class II licensees	Rs. 75
(B) Licensees in other Classes	30
2. Trade in other regulated commodities	50
3. Trade in tobacco and other regulated commodities :	
(A) Class I and Class II licensees of tobacco ...	125
(B) Licensees in other Classes of tobacco	80

Note : Central Excise Department's classification of tobacco licensees is to be followed in this context.

4. The Market Committee should, then, finalise the marketing practices in consultation with the Merchants' Association, Nipani. This effort should be concerned with :

(a) fixing of common terms of trade for transactions in anagad tobacco;

(b) Standardising, as far as possible, the quantity in the containers;

(c) Making it obligatory not to take any other or excessive deductions; and

(d) sending a copy of every sale note to the Market Committee on the prescribed form.

5. While making these changes, a simultaneous effort should be made to finalise the location of the Market Yard for Nipani and see that the necessary legal formalities are completed

speedily. The active interest of the Government of Mysore, again, will be deemed necessary in this connection.

6. Then should follow the work of giving shape to the Warehouse Yard in the manner outlined in the chapter on the warehouses. As a result, the State Warehouse will be able to utilise its available finances for the purpose intended. It should be borne in mind that since the establishment of its office at Nipani in 1963, a large portion of its available funds have been diverted to other regions for want of a regulated market and a Market Yard.

7. When all this is being done, the Government should utilise its research laboratories, with the help of the Central Government, for pursuing vigorously the problem of establishment of standards and grades for bidi tobacco. If the problem is taken up immediately, useful results, at least in rudimentary forms, will be available by the time the necessary ground for their implementation is prepared. The research work will get a mementum if the Tobacco Research Station of Nipani is equipped with necessary material, men and money.

Till the grades are established, the purchase operations should continue on the basis of examination of samples in the present manner. But the sales should take place by open auction. To make this effective, the co-operative societies in the respective villages should come forward as marketing societies also. The producer-sellers, most of whom are generally the members, should not deal with the traders individually, but

through the society. It will be the responsibility of the society to complete the auction and see that the weighment is taken at the earliest and the general trade conditions are followed in preparing the sale note and making the payment. Thus, will be ushered in a system of organised sales, but at the village level as at present. This will be a preparatory stage.

8. About payments, lifting of lots by the traders on payment of cash should be insisted upon by the co-operative societies. Much of the burden in breaking the present-day vicious circle of payments rests basically on how far the co--operatives function. Practically, the responsibility is not beyond their capacity. It requires no additional financial investment. The only work they should do is to convince the producer-sellers of the utility of their service.

During the transitional phase, an approach on the lines given above will make the Market Committee achieve its goal without widescale disturbances in the market.

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CHAPTER XII

OPERATION OF THE CENTRAL EXCISE DEPARTMENT.

MAIN FEATURES OF THE CENTRAL EXCISE ADMINISTRATION :

The main aim of the Central Excise Department is to control and regulate the movement of tobacco in such a way that it will be possible to collect revenue without any opportunity for evasion of duty. It is the authority meant for the collection of excise revenue only, and deals with all the matters, including the adjudication of unlawful cases. The rules and regulations have, therefore, been framed from this point of view, and modified from time to time as the experience needs.

The following are the main features of the Central Excise Administration regarding tobacco :-

1. Registration of all growers and the licensing of all curers (except those exempted by the Collector under specific provisions), wholesale dealers, brokers, commission agents, warehouse-keepers and manufacturers.

2. Prohibition of transactions in tobacco save by registered growers or by licensed persons and except on declared land or licensed premises.

3. Obligation on licensees to keep records and make returns.

4. Prohibition of movement of unmanufactured tobacco, except under authorised documents.

5. Periodical inspections, test weighments and other preventive checks; collection, verification, comparison

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and analysis of documents.

6. Penal action in respect of breaches of the Act and Rules.

In order to keep a strict vigilance on the movement of tobacco right from beginning, a complicated and extensive machinery has been created. A broad frame of it has already been given earlier in Chapter II. The job of the Department becomes of real significance particularly in production areas. Because, if a proper idea of the quantity produced at the end of the crop-season is to be available, it becomes necessary for the Department to account for it from time to time during the period of the growth of the crop; only then there remains less scope for evasion of excise duty by illicit transport of the goods. Such an accounting at different stages in the course of production involves a good deal of field work by the official staff.

The officials of the Rural Circle have to get declaration from the growers about their plantation, acreage under the crop, and expected yield. The Inspectors and the Sub-Inspectors are required to move to every field to confirm the authenticity of the declarations. Further, when the crop is matured, they have to get the figures of estimated yield, tally the figures with the initial ones, and in case of glaring difference, get the explanation from the grower, and thus verify the estimates declared by the growers. If the grower fails to submit any info--rmation about damage to crop on any account leading to vast diff--erence in the ultimate yield, which is statutory obligation on him, he is liable to pay the duty equivalent to the difference

between the yield accrued and the declared yield. The Preventive and Intelligence Officers also have to conduct, check measure--ments while the Deputy Superintendent and Superintendent also are required to conduct random sample surveys as per provisions in the Departmental Rules. And finally, the Inspectors and - Sub-Inspectors have also to conduct crop cutting experiments in certain representative fields or plots to ascertain the declared expected yields in the region. Apart from this extensive survey work, the officers have to inspect the requisite registers of the growers and curers. The small growers (that is, those cultivating tobacco in land below 5 hectares) have to give only oral declaration to the officer concerned, who has to keep a full record of it. In case of curing, those professional curers who cure tobacco of 40 quintals or more quantity are termed as large curers and are required to maintain registers. They have to give every detail as to wherefrom the lots were collected and how they were disposed of. A complete course of movement of tobacco collected by them is traced therein. The field officers are required to keep a strict control and vigilant eye at this stage. All this is deemed necessary to account for every gram of tobacco produced and prevent the growers/curers from underhand and illicit dealings. Besides all this, the Inspectors and Sub-Inspectors have also to attend the warehouse job in the Rural Circle, wherever and whenever the processing work is carried on. Thus, in their case, the job involves an extensive field work along with the usual office duty.

According to the Excise Rules, the field officers have to be present personally for weighment on the arrival of fresh lots from outside, have to sanction permission before

taking the lots for processing, issue transport permits for transfer of bodhs and bags from one warehouse to another, conduct periodical checks to confirm that the processing is carried on of the same lots permitted for and no other ones, confirm the entries in the respective registers indicating the quantity and proportions of by-products, see that the proportions registered are within reasonable limits, issue documents for exports to other places, allow the disposal of dust and unusable tobacco in his presence, and so on. The really time-consuming job is attending to cases of storage losses. On finding such instances, which are many and frequent, they have to conduct enquiries, get explanations, submit reports to the higher authorities and then dispose of as per instructions. Considering the fact that every month almost 50-60 such cases are dealt with in the Town, the pressure of the work will be realised. This is a broad line of the work the field officers have to do for every licensee and for his every warehouse. Over and above this, they have to do the work of submitting returns, and reports, conducting enquiries and providing explanations whenever any matter comes up.

In addition to the work concerned with tobacco, the officials of the Department have to look after the production and movement of other excisable products also; in Nipani Tract this work relates to the production of cotton textiles on power looms, soap manufacture, edible oils, wireless sets, etc., the number of commodities and the nature of administration depending on the government policy. The Department has also to execute the provisions in the Gold Control Order.

5.

INCONVENIENCES VISITED BY THE TRADERS :

(1) Non-availability of the field officers at the time necessary

A common point of complaint, especially in the Town, is that the Inspectors and the Sub-Inspectors are not available to the traders quickly during the marketing season. They are not available because the number of claims waiting on them are so many and so varied that it is physically impossible for any to be available to every licensee to suit his convenience. As the things stood in 1963-64, a total of 16 field officers in the Town had to look after 316 licensees and/or warehouses of tobacco, one licensee manufacturing internal combustion engines, 3 manufacturers of cloth on power looms, one manufacturer of soap, one licensee assembling wireless sets, 16 licensed dealers of gold, and 12 licensed goldsmiths, in the Town.

Under the present system of regulation and control, this is too high a number to be handled satisfactorily, especially in peak hours. It does not lead to a smooth and speedy movement of goods. The traders cannot despatch goods without permission, cannot destroy useless by-products without permission and presence of the officer, cannot take the lots for processing without permission, in short, they cannot go a step ahead without the officer ! Such a step-to-step vigilance is the reason of heavy work on the officers and their inability to cope up with the demands on their part by the licensees. This is one of the reasons why the trading class is antagonistic of the Central Excise Control; the traders feel that the control is too rigid and unnecessarily harassing.

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As a way out, the traders have many points to suggest: increasing the official staff of the Department and devising a system of general control, are the two important suggestions. The traders are aware of the difficulties in enhancing the present number of the officials, and, therefore, stress that the best measure would be the replacement of the present " system of step-to-step control " by a " system of general control and surprise checks ". They suggest that the traders should have some freedom to manage their affairs within the present framework of regulations; that is, let the traders adhere to holding of necessary documents, maintaining of the requisite registers, observing the rules regarding giving a bond, stacking of lots in the warehouse, segregation of processing lots in the warehouse, etc., etc. But while observing the necessary procedure, let them be relieved of frequent sanctions of the Excise Officers. Once the lots are weighed and registered in the presence of the officer, the next stage of contact is for verification of the position after processing of the various lots; because, the officer needs to know the outcome of the processing of every lot and has to confirm that the proportions of the by-products gained are within the reasonable limits prescribed. The permission of the officer will be required after this, that is, when the goods are to be despatched to other places. Thus, the officer's presence and permission will be reduced to normalcy -- only at the time of entry and exit of the lots. It is likely to offer opportunity to unscrupulous traders to play mischief; but this loophole can be bridged by surprise visits and checks by the officers. In this case the Department should be strict enough and punish the defaulters severaly. The licensees will be prepared to accept such an alternative, nay,

they will have to be prepared themselves in their own interest, if they are relieved of present inconveniences in this context. Such a system will relieve the Excise staff of a good deal of its present job. With some freedom from control, the Government should have no cause to fear of loss of revenue, if the provi--sion of sudden and surprise checks and heavy penalty in case of breach of law, are enforced with prudence and sagacity.

Once this is done, the present staff for each sector can better concentrate on looking after the group of licensees in their care. It requires no change in the existing arrangement of sectors and their allotments. Every officer in each sector can be attached to not more than 20 licensees and/or warehouses, so that he can attend to at least one every day; rest of the time he can devote for his office work.

When such a change is proposed, it carries with it another change -- weighment of all the fresh arrivals in the Town in the respective warehouses of the licensees instead of in the "Tobacco Market", as at present. The weighments at this place are done only to meet the shortage of the officers in season times. Only three or four officers are able to manage the job. But, for this, the trading community is put into hardship. They have to carry their purchases during season period firstly to the Tobacco Market for initial weighment and registration in the respective books. The Tobacco Market does not exist except by name and open space; there are no protective sheds, as such, the traders have to take precaution of protecting their consignments from sudden summer rains. The difficulty will be overcome if the system of weighment at the Tobacco Market is discontinued. As it was a provision for

the convenience of the Excise Department, the fundamental change proposed above does not necessitate its continuation any longer. The traders will be relieved of waiting for their turn in the Market and of fear of rains. In the premises of their own warehouses, they can provide easily and quickly for any such contingencies even though they are required to wait for a day or so due to peak-load of work on the officers. The officers also can make it convenient to allow the entry by taking weighments at their earliest convenience.

If we recall at this juncture our suggestion of a "Warehouse Yard", fully described in the Chapter on the "Warehouses", an additional and workable wayout will be available to relieve the Excise staff of their burden. At present, the warehouses in the Town have been scattered. The officers have to spend much time in going from one warehouse to another far off. The proposed warehouse Yard will not pose this difficulty because, then the Excise office will be located in the heart of the area in which all the warehouses will be clustered. Such a concentration of warehouses is convenient also from the point of view of control as strict vigilance is possible.

(2) Rate-structure of the excise duty :

Another point of great importance is the structure of rates of the excise duty. The rates of duty payable on various components of the raw tobacco, processed or semi-processed, are not uniform; they vary according to the variation in tariff classification. The tariff makes a distincion between flue-cured and other than flue-cured tobacco, and assessment of the

latter is based on its physical form. Tobacco is assessable to duty as soon as it is cured. The Nipani tobacco falls in the latter group of the tariff classification, hence a rate structure of the excise duty. Accordingly, all forms of tobacco dust, raws capable of passing through a sieve of 25 or more uniform circular or square apertures per linear inch, stems larger than 6.35 m.m., and all varieties cured in whole-leaf form and packed or tied in bundles, hanks or bunches or in the form of twists or coils, are assessed at the lower rates specified. Further, tobacco is cleared from curer's premises, curer's private store-room or a warehouse, free of duty if it is used for agricultural (manurial) purposes. Refuse of tobacco or tobacco, which has been damaged or has deteriorated in storage to an extent rendering it unfit for consumption or manufacture, is similarly cleared for destruction.[1] Taking into account the various components of bidi tobacco in processed and unprocessed form, the tariff classification and the rate structure in 1964 - 65 can be given as follows :-

TABLE 1.

.... (Contd. on next page)

1. The type of tariff classification is the effect of the recommendations of the Tobacco Expert Committee (1956-57), appointed by the Ministry of Finance(Dept, of Revenue) Government of India, on the recommendation of the Taxation Enquiry Commission, 1953-54.

TABLE 1.

Rate structure of excise duty according to tariff classification in the financial year 1964-65.

Tariff Classification	Details of the Group.	Rate per Kg. (Rs) Basic Duty	Special Duty	Addl. Duty	Total
415	1. Tobacco Kadi larger than 6.35 m.m. 2. Whole-leaf	1.60	0.32	0.06	1.98
	3. Butts	0.22	0.04	0.02	0.28
415	Tobacco dust passing through sieve, having not less than 25 uniform circular or square apertures per linear inch, and made of wire of 27 S.W.G. having a diameter of 0.417 m.m.	1.20	0.24	0.06	1.50
416	1. Anagad tobacco 2. Jarda tobacco 3. Jardi tobacco 4. Kadi Rahal 5. Dura passing through sieve having less than 25 uniform circular or square apertures per linear inch and made of wire of 27 S.W.G. having a diameter of 0.417 m-m-	2.25	0.45	0.44	3.14

Source : Central Excise Office, Nipani

This type of rate structure has given wide discretionary powers to be used by the Central Excise Collectors and has led to discriminating advantage to one area over the other under different Collectorate. For instance, most of the tobacco in the Nipani region is collected in the form of anagad, and is used mainly for bidi; hence the Jardi preparations from it have to be cleared at the higher rate of duty, viz., Rs. 3.14 per Kg.

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As against this, the whole-leaf tobacco, which is generally used for chewing purpose, is cleared at the lower rate of Rs.1.98 per Kg., but once this is done, the Excise Authorities do not see whether it is used actually for the same purpose or not. Reportedly, it is a practice in the neighbouring Collectorate and in some places in Gujarat and Calcutta to utilise such duty-paid tobacco for bidis. Though this type of tobacco is not quite suitable for bidi mixtures, it is not totally bad. Similar is the case with stalks and stems; they are crushed into Rahal (Granule) by machines, after clearing at the lower rate and then mixed in the Jardi blendings for the manufacture of bidis. In the same fashion, advantage is taken of tobacco dust and dura. As per rule, if the product is nearer to tobacco dust, a marginal case, but does not pass from a sieve of 25 or more apertures, it has to be cleared at the full rate of duty. Such a marginal quality is almost similar to tobacco dust which can be cleared at a lower rate.

Apart from this differential advantage and discriminating treatment, the present system of assessment of excise duty has resulted in inducing the trading class to indulge in malpractices. Every effort is made by the traders to get the lots on margin cleared under concessional rate. There is no particular way of doing this. To meet this loophole, the Authorities have to be more vigilant, meaning thereby stricter scrutiny of the books, frequent checks of the stocks, periodical enquiries, and thus, more work. Every effort needs to be made to prevent the licensee from unnecessarily reducing the form of the substance so as to get it cleared at lower rate;

otherwise there is a financial loss to the Government. At the root of the trouble is, of course, the rate structure.

As a solution of this problem the trade opinion seems to be in favour of introducing a flat rate of duty on tobacco and its components in any form and for any purpose. But, if a careful thought is given to this consensus it cannot be fully endorsed, even after admitting its simplicity, convenience and practical utility. Because, prima facie, it may lead to equality of treatment, but basically it will maintain differential dis--advantage. For instance, take the case of the whole-leaf; the duty is paid on the leaf as a whole with its butts also; and after processing it into Jardi tobacco, there is a loss of at least 5-7 % due to waste by-products like Kadi dust and earth. But as already the duty has been paid even on this portion, the trader is not able to recover the amount of duty paid on the waste material; and in the ultimate analysis he will be paying nearly 16-20 paise more duty per kilogram on the useful by-products, if it is subject to payment of full duty at the present rate of Rs. 3.14 per Kilogram. Same is the case with stalks, stems and butts; nearly 50-55 % is waste by-product after processing. Allowance will have to be made for such losses in the processing. And it is for this reason, primarily, the traders do not take anagad tobacco for processing on payment of duty. As such, a totally uniform flat rate of duty cannot be a workable solution.

The Taxation Enquiry Commission (1953-54) also did not favour such a flat rate of duty. Following is the relevent

excerpt from the Report :-

" The principal ground urged for a flat rate is the ease with which it can be administered. ... The issue is ... whether the differential rates for unmanufactured tobacco serve any economic purpose. It is argued that the justification for imposing a higher rate of duty on bidi tobacco is that it provides a smoke for more sophisticated people and is consumed largely by working classes in urban areas. On the other hand, it has been impressed upon us by some trade interests that if the differential tariff involves any economic principle of ability-to-pay, it is entirely misplaced in the case of tobacco. The use of a particular form of tobacco for consumption depends more on habit than on price.

It is not possible to endorse or to reject either point of view as no scientific investigations have been carried out regarding the class by class consumption of the various forms of tobacco. It is, however, difficult to agree that in a poor country where tobacco is consumed extensively by all classes, the price of the form of tobacco chosen for use will be entirely irrelevent. A proper consideration, in our opinion, will be the proportion of the duty to price in the case of cheap and costly varieties. ... The effect of a flat rate will be felt particularly in a period of falling prices when the duty may have to be reduced. With a different tariff it will be possible to adjust the burden for the use of different varieties on the basis of the trends of

their consumption. With a flat rate, the reduction, in such circumstances, has to be uniform for all varieties." 2

The best way will be a resetting of the tariff classification and the rate structure so as to patch up the loopholes under the existing system. A tentative structure is given below :-

TABLE - 2

Possible lines on which the present tariff classification can be modified.

1. Anagad, Jarda and Jardi tobacco. 2. Kadi Rahal 3. Bura (any size) 4. Tobacco Dust (Passing through any sieve)	Full rate of duty : i.e., Rs. 3.14 per Kg. as at present.
Whole-leaf tobacco	A slightly lower rate to allow for the reasonable loss in processing.
1. Tobacco Kadi 2. Butts.	A common lower rate to be determined, may be Rs. 1.98 per Kg., as at present.

This line of approach is based on a general pattern of a flat rate for similar categories. The new group of tariff classification will, then, include a major portion of tobacco in its different forms. It will keep out the present difficulties and complaints about discrimination and differential advantage. Presently, it is a practice with many traders to manipulate the proportions of the by-products. The Officers have to guard against such manipulations, and in case of doubts,

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"2. Government of India : Report of the Taxation Enquiry Commission, Vol. II : P. 297.

have to supervise the lots partially or even fully. A change in the tariff classification will help in curbing the manipu--lations. This rearrangement, then, will not require the Officers to be particular about every detail, they will be able to complete their work quickly, and being relieved of frequent checks and challenges, they will be able to attend to the genuine requirements of the licensees promptly.

The other change proposed is regarding the rate of duty on the whole-leaf. As is indicated in the Table above, the margin of difference should be kept such that it will compensate for the loss of money from obtaining a reasonable propor--tion of useless by-products. It may be a lower rate in fact, but in the real sense, the duty calculated on the Jardi mixture prepared from whole-leaf will approximately conform with that on the Jardi mixture prepared from anagad tobacco. Here also, the Officers need not worry as to where and for what purpose the final product goes. Such an upward revision will thus fall in line with the general flat rate, while simultaneously meeting successfully with the existing malpractices. The observations of the Tobacco Expert Committee are important in this context :

> " While the possibility of use of whole-leaf varieties after suitable manipulation for bidi purposes cannot be altogether ruled out, it has to be remembered that such tobacco can be used in bidis only after conversion into graded flakes and, even thereafter, only by ad--mixture with other tobacco on a small, localised scale."[3]

3. Government of India, Ministry of Finance (Department of Revenue) ..Report of the Tobacco Expert Committee (1956-57); P. 91.

16.

The Committee further observes :

" It has been suggested by several witnesses that although a classification based on physical form of tobacco would be preferable to the present method of classifi--cation (based on capability of use), proper safeguards to revenue through misuse of whole-leaf tobacco after clearance at the lower rate of duty would best be provided by a reduction in the present gap between the lower and higher rated duties. It was urged that such a reduced margin would effectively discourage the processing of whole-leaf varieties, as hardly any margin of profit would then be left. We would therefore recommend that Government may consider the feasibility of a reduction in the gap between the higher rated and lower rated duties. This would further reduce chances of misuse of whole-leaf tobacco for manufacture into bidis after payment of duty and would also give some relief to broken leaf grades. "4

A final aspect of revision is bringing the rate of duty on butts and stalks & stems on par making it one group. A lower rate of duty can be prescribed for this group.

Thus, such a modified three-tier rate structure has advantages more than one. It will bridge the existing loopholes in trade, assure a healthy course of trade, relieve the traders from frequent and rigorous enquiries from the Department, free the staff from pressure of work, quick disposal of official

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4. Op. Cit.; p. 98.

responsibilities to the licensees, and less possibility of evasion of excise duty.

(3) Miscellaneous :

Apart from these important points, there are many more raised by the traders to point out their inconveniences. They are : not more than three lots are to be taken for processing at a time; limits on percentage loss in processing and storage; three-year limiting period for storing tobacco without payment of duty or necessity of destruction; time limits on transport of consignments; non-publicity of changes in Rules; etc., etc. Most of these complaints seem to be coloured by the general human apathy for any controls and regulations. It is indicated by the Excise Authorities that these requirements are the result of experience, and that the Government have either introduced new sections or amended the old ones on getting new experience.

In spite of this, if the traders have any real grievances, the Central Excise Rules have always kept the doors open for mutual contact and consultations. There is a recognition of the necessity and importance of knowing the point of view of the traders and, therefore, a provision in the Rules for holding periodical conferences with the traders by the Excise Authorities. At such meetings the officers are advised to resolve the difficulties and/or inconveniences experienced by the trade, and dispel any misunderstandings that may have cropped up, eliminating thereby tendencies at ventilation of grievances through outside sources. The responsibility of holding such conferences has been put on such high grade Officers as Superintendent and Assistant Collector;

they are required to hold such conferences whenever occasions demand, but not less than once a quarter.

In this context, the Central Excise Authorities put forth their experience. The say that the traders are not utilising the facilities provided for communicating their grievances and getting them redressed to their advantage. The main reason is lack of concerted and group action on the part of the traders. It is the habit with the traders to approach individually, and get their difficulties solved. Every trader remains careless of the difficulties of every other trader in connection with the Central Excise. The Merchants' Association also has not done anything for the traders in this context. The Association being not a registered body, the Excise Department cannot establish reguler contact with it. This is the reason why the Central Excise cannot make the trading community knowledgeable about new legal developments, nor can understand the traders' points of view or grievances. Even then, as a convenient way out, the Superintendent and the Assistant Collector decided to meet the trade representatives periodically. One year's experience in this respect was discouraging and disappointing, the Authorities expressed.

Conclusion :

In case of the Central Excise Administration, the present system of step-to-step control has to be replaced by a system of general control and surprise checks. This will be effective if the tariff structure is modified so as to approximate more to the flat rate of duty in the given manner. If this is done, the Department will have an opportunity to come much nearer the trader and elicit his full co-operation.

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CHAPTER XIII

POSSIBILITIES OF IMPROVEMENT.

In the course of the marketing of a product, if there happens to be any imbalance in the forces working on the sides of buyers or sellers, more often than not, recourse to a combined action is suggested by the aggrieved side. Establish--ment of co-operative societies and semi-government institutions plays a prominent role here. Attempt is made to eliminate the alleged existence of a large number of intermediaries function--ing to the detriment of the interest of the primary producer, on the one hand, and the final consumer, on the other, and thus to establish, as far as possible, a direct link between the producer and the consumer. Such an effort has its merit particularly in the case of those products of agriculture which do not require any processing and manufacturing activity; in their marketing, therefore, the services of the intermediate functionaries can be eschewed even totally. But there exists also another group of agricultural products which require a good deal of processing and manufacturing activity before putting in the hands of the final consumer; in their case, the final product is something different from the produce originally procured, which, in fact, stands as the raw material. Here, thus, comes in the assembling of the produce, and finally using it in the manufacture of a finished product. But, in such a case, a direct link cannot fully be established between the producer and the consumer as the functionaries existing at different essential stages in the course cannot be dispensed with. These agencies, of course, cannot be considered,

in the stricter sense, as middlemen existing unnecessarily and as one who can be dropped out leaving the link undisturbed. The question is not of these agencies, but the ones existing in-between the channel -- between production and final processing, final processing and the manufacture of a finished product, and manufacture and final consumption. There exists a scope to minimise, as far as is essential and possible, the number in the channel.

Coming to bidi tobacco, it is a commodity falling in the latter group as described above. The raw produce -- that is, anagad tobacco -- is required to be processed into jardi blend before using in the bidi; tobacco forms an important component of bidi. Even though the raw produce goes for purposes of chewing, snuff or hookah, processing and some or other sort of manufacturing activity is indispensable. If so, let us see to what extent there exist unwanted middlemen in the channels and how far they can be eliminated in the interest of the producers, the essential functionaries and the ultimate consumer of the finished product.

Here, it is to be remembered that, the scope of our study does not permit us to go beyond the disposal of the product after the final stage of processing, mainly jardi tobacco. Therefore, our efforts will be directed towards the scrutiny of marketing channels during the course of assembling the product and its distribution in different forms as a processed product.

Case for Producers' Co-operatives in Primary Market :-

In one of the previous chapters, we have described the evolution and working of the channels of marketing of bidi tobacco in Nipani Tract. It has been noticed in that context that so far as the distribution of processed tobacco for manufacture purpose is concerned, the present approach of the exporter-traders is to have a direct contact with the upcountry customers, rather than to deal via the upcountry commission agents. Moreover, the exporter-traders themselves have long--standing relations with their upcountry customers, especially, bidi manufacturers, and those who have not so, are not at any greater disadvantage in the bargaining. Therefore, it seems that for export purpose there is no need of any trade association to counterbalance the forces from outside. The existing agencies are sufficiently strong in preserving their interests, if they work with restraint and wider outlook.

The attention, now, can be given to the assembling side involving a number of functionaries at different levels. First in this line comes the cultivator-seller. Presently, this class has been overpowered by the trading class in marketing its raw produce, mainly because it deals individually. The result is an unfair reward to the cultivator. The cultivator will be able to improve upon this if he takes recourse to the co-operative society in his village, or, if not, in the neighbouring village. As a detailed plan has been laid down elsewhere, it is sufficient here to reiterate the point that the producer must be made to channel all his produce only through the co-operative society.

As a more beneficial way can be suggested the sale of

tobacco by the producer not in the form of anagad but in the form of jarda tobacco. This will retain to him the margin earned by the primay process or, and, at the same time, improve his bargaining position. The following Table gives an idea as to the comparative advantage that the cultivator will be able to get:-

T A B L E - 1

Comparative advantage to the cultivator on selling tobacco in the form of jarda (1963-64)

(A) **Net receipts on sale of tobacco in anagad form** (Assuming as usual 100 Kgs. of anagad filled in two bodhs) :			
1. Gross value of 100 Kgs. of anagad @ Rs. 2.50 per Kg.		Rs. 250.00	
2. LESS : Cost of marketing @ Rs. 0.69 per Kg.		Rs. 69.00	
3. Net receipts		Rs. 181.00	181.00
(B) **Net receipts on sale of tobacco in Jarda form** (Assuming as usual that 85 Kgs. of Jarda tobacco has been accrued from the anagad) :			
1. Gross receipts from 85 Kgs. of Jarda tobacco prepared @ Rs. 3.25 per Kg.		Rs. 276.25	
2. LESS :			
a) Licence fee: L.2-Class V : 5.00; L.5-Class IV : 1.00			
b) Cost of processing anagad into jarda tobacco ...	7.05		
c) Cost of marketing jarda	32.54		
Total ...	Rs. 45.59	45.59	
		Rs. 230.66	
3. ADD :			
a) Interest received from the buyer on account of deferred payments @ Rs.6 % on gross returns for an average period of 6 months	Rs. 8.29		
b) Income from by-products	3.00		
	11.29	11.29	
		241.95	241.95
(C) **Comparative advantage on selling tobacco in Jarda form:**			
(1) Net income as per (B)		Rs. 241.95	
(2) LESS : net income as per (A) ...		Rs. 181.00	
		60.95	60.95

5.

Source : Compiled from the data collected through field survey.

Thus, it seems that the cultivator-seller has a definite advantage in selling his tobacco in the form of jarda rather than anagad. As per our results, for 100 Kgs. of anagad tobacco, in general, the excess gain is of Rs. 61. Hence, it will be advisable for the producer-seller to sell his produce in the form of jarda rather than anagad tobacco.

But there are some difficulties :

1. Every producer will have to maintain his own warehouse for his temporary purpose, which brings in some difficulties : the producer may not have his own place to use as a bonded warehouse; he will have to pay rent, if to hire one; he cannot use the warehouse for any other purpose once the work is done; and so on.

2. The producer will be required to invest some money unnecessarily in the processing material which will remain idle for a long time, and in payment of rent for the warehouse, as many people are without a sufficient accommodation for living. Suitable buildings for a bonded warehouse will not be available sufficiently, and hence will add to the problem.

3. The producer has no financial standing to undertake the type of change proposed. Already many of them are depending on loans and advance receipts from traders and co-operative societies during the course of the year, so that they are always under pressure from the financing agencies.

Therefore, though sale in the form of jarda tobacco is more advantageous, undertaking of this activity individually by

every producer is difficult. However, the substantial producers can undertake the job as they have means to do that and capacity to wait for a better bargain. A few of such producers in Nipani Tract do follow this practice.

As regards the large number of small farmers, the difficulties can be solved by providing the facility of processing by the co-operative societies. The society can maintain a couple of warehouses, or, at least one, to begin with, to be used by members for processing of their tobacco on payment of necessary charges. This way the difficulties posed earlier can be removed. But a new problem will come up. As the warehouse will be provided only for processing purpose, the owner-producer will have to take in his possession all the accruable by-products immediately after the processing work is completed, to make a room for the next claimant. There is no possibility that he will be able to dispose of the same immediately. He will be required to wait for some time to make a good bargain. To meet with such a difficulty, the co-operatives should provide storage facilities, concomitant with providing the processing facility. This will save the producer from observing certain Central Excise formalities if he were to move his lots elsewhere for storage. The Co-operative society will not be required to construct big buildings for storage prupose as a large volume of the processed tobacco will be marketed without much delay. If all the producers follow the practice of selling their output only after processing it into jarda tobacco the present system of transactions in anagad tobacco will give way to dealings in jarda. If a producer wants to wait for some time with the hope

to get a better price, he may retain his stock in the warehouse of the society, if he has no financial difficulty. Alternatively, he can wait for a better bargain, and, at the same time, meet his ~~ff~~ financial difficulty, by availing of the warehouse facility of the State Warehouse. The State Warehouse, thus, serves a convenient link in our scheme.

A point regarding the setting up of the warehouses. It will not be possible for every co-operative society to shoulder the financial responsibility, if it were to have a warehouse under its own command. Hence, it will be better if the process--ing and storage facility is offered by a combined action of the neighbouring two or three villages. A co-operative Processing Unit for these villages can be instituted at a convenient place. The ownership of the Unit will be collective and will vest in the co-operative societies in the villages joining the venture. ~~Bmt~~ By that way, the members of the respective co-operative societies will get the facility of processing and storage. The State Warehouse can construct its warehouse buildings at such centres.

The outcome of the developments on the lines given above will be :

1. The co-operative societies at the village level will emerge as processing - marketing societies.
2. Sales in the form of jarda tobacco will come in vogue.
3. This will gradually increase the chances of the producer-seller coming in direct contact initially with the exporter-trader, and later on with the bidi manufacturer. The latter eventuality is, of course, very remote, and will have to wait for the time when the co-operatives grow size

-grow strong enough to undertake bulk processing of jarda tobacco into jardi mixture and its marketing, which is the requirement of many upcountry customers.

Producers' Co-Operation in Assembling and Export Markets : experience and possibilities :

Long back, there had been an attempt to channellise the produce through the Co-operative society of the producers. The following extract speaks about it :

" At Nipani a co-operative sale society operated for more than twelve years in the thirties. The opposition from the local workers, the difficulty of obtaining payments soon after sale and the absence of any system of grading and proper storage facilities, were largely responsible for its failure. There seems to be a consensus of opinion that special difficulties exist in the working of tobacco sale societies, there being no definite grades and standards for tobacco for internal trade, which makes it difficult to assess the value of the material deposited with the society for sale. Most of the sales of tobacco are done on credit with individuals and firms from distant markets and it is difficult to ascertain their position and to judge the extent of credit that may be given to them. A business of this nature necessarily involves several risks and a number of co-operative sale societies which deal in other agricultural commodities do not like to include tobacco in their list. Even if they do, they are likely to meet with failures under the existing system of marketing, unless special precautions are taken, particularly

with regard to credit transactions and storage facili--ties. It appears that uniform market practices and introduction of grades and standards are the two most outstanding needs for the development of co-operative sale in tobacco. " [1]

The extract explains the ill-fate of the only co-operative sale organisation of the producers. There has been little improvement in this condition since then. Therefore, if any such organisation comes into existence, it will face unsurmountable difficulties in bringing about any change in the marketing position, in the face of the strategic control exercised by the exporter-traders. The co-operative sale and purchase society will have to start with much capital if to work in competition with the exporter-traders. In spite of this, the society will be unable to compete with the substantial traders, as it will not afford to give enormous trade facilities and wait for money. The co-operative society will, thus, be handicapped in its functioning. [2]

In face of the exporter - traders' efforts to gain monopoly power, the interest of the producers can be protected by establishing at Nipani an Apex co-operative society of the producers. This organisation will serve a useful link at higher level to the processing - Marketing units at the village level.

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1. Government of India : Agricultural Marketing in India :Report on the Marketing of tobacco in India; 1953 (second edition); pp. 131-32.

2. The Shirol Taluka Co-operative Tobacco Purchase and sale Soci--ety, Jayasingpur (Dist.Kolhapur) had a similar experience. In the year of its establishment (1960-61), it dealt in tobacco. But due to a very unsatisfactory response even from the culti--vators in channelling their tobacco through the society, the society, from the second year, undertook dealings in jaggery, groundnuts,etc. In case of tobacco, the problem of trade facilities brought difficulties.

All the Co-operative Processing - Marketing Units in the Tract will be the members of the Apex Society, and will, thus, provide the initial capital. The additional financial help, if necessary, may be sought from the Government. The Society will, then, be of such great vitality and monetary strength that it will be able to exert its influence on the market by its own policies; otherwise, it will be relegated to a secondary position because of the exporter - traders' monopolistic control over the market.

The Society will purchase anagad as well as Jarda tobacco from the producers through the primary societies. Large - scale accumulation will facilitate bulk processing into jardi mixtures. The society will do its business, as far as possible on cash payments. It is certain that the producers and local traders will follow those who offer cash payments. As the Society will have sufficient amount at its disposal to meet the requirements, other traders will be forced to follow the practice of cash payments, lest they should forgo the lots.

In case of export trade also, the society will be in a capacity to insist on a credit of not more than six months. Eventhough other exporter-traders continue with their present policy, this will cause no adverse effect on Nipani market. In fact, the rival traders will not be able to pursue their policy for a longer period due to the very existence and active functioning of an influential body in the form of the Apex Society. It is definite that the superior quality of Nipani tobacco will help in maintaining the level of demand for it,

in spite of the implementation of the proposed changes. The bidi manufacturers will get themselves adjusted to the new changes. The establishment of the Apex Society will, thus, usher in speedily the era of a system of cash payments in the course of assembling of tobacco, while shortening the period of credit in the course of its distribution.

It is sure that if only the cultivators insist on cash payments for their anagad tobacco, and channel their produce through the co-operatives to make it effective, the expected results may not be visible fully, and, sooner or later, the traders may take some retaliatory measures. Therefore, in order to realise the aim, a policy of double attack is preferable, the effective attack from the other side coming in the garb of the Producers' Apex Co-operative Society at Nipani.

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CHAPTER XIV

SUMMARY AND CONCLUSIONS.

Our investigation pertains to the various problems connected directly and incidentally with different aspects of processing and marketing of bidi tobacco in Nipani Tract. The region of our study, conveniently termed as " Nipani Tract", is Nipani Town and 60 villages surrounding it. This region has a countrywide reputation as the producer of quality tobacco for bidis. Nipani Town forms the nucleus of the region, assem--bling and distributing the produce. The traders in Nipani, during all these years have established their contacts with customers all over India, and a trader has transcended the boundaries of the country and has established contacts with Ceylon. All this has been possible for the traders in the Tract only because, though in " Nipani Tract " yield per acre of tobacco is comparatively less in relation to that in " Charotar Area " of Gujarat, the quality of the produce is superlatively good. This is an asset for " Nipani Tract ", which has helped in retaining Nipani as an important market of bidi tobacco in spite of tough competition from rival markets.

The factual description of the Tract points out that Nipani Town is a Centre of assembling, processing and distributing bidi tobacco, and hence a Town studded with warehouses and processing houses, and a place inhabited by stalwarts in the business, while the rural area surrounding

the Town is mainly a tobacco growing " area. In this light, Nipani Town plays a special role so far as the subject under investigation matters.

Looking to the development of Nipani Town as a centre of processing and marketing of bidi tobacco, it has been observed that though bidi tobacco was transacted in the region even before 1900, it is during the nineteen thirties that tobacco trade began to gain paramount importance in the market. By this time a change in the mode of marketing had taken place; transac--tions in the form of anagad tobacco figured in place of those in the form of 'pendis', while smoking test was substituted for chewing test. With the advent of the Central Excise Administra--tion, the traditional 'mot' system disappeared. Since nineteen fifties the traders began to approach the cultivator-sellers, when the case was otherwise previously, and since then the practice became a peculiar feature of the system of marketing in Nipani Tract. The result was a declining proportion of arrivals in Nipani market; on the contrary, every village became, in a way, a 'market' of bidi tobacco. This was the period when the practice of delayed payments and credit system became common. At the same time, the traders started getting more margin from the upcountry customers by giving attractive credit facilities to them. There prevailed unhealthy and cut-throat competition in the race for getting upcountry customers. The developments have driven the whole trade of the Tract into such a vicious circle that the traders, by their individual action, are unable to get out of it. The benefits of combined efforts are known to them, but many are not willing to co-operate for that, lest they should forgo their lion's share. Anyway, the present stage of the development of

the market does not reflect the signs of healthy development.

Processing of bidi tobacco : Main features :

1. A study of the processing of bidi tobacco has revealed that from the point of view of the cost of processing, the direct method -- processing of anagad into Jardi mixture is advantageous. It is due to saving of labour cost, both for processing purpose and on account of hamali charges.

2. The warehouses in Nipani have been scattered throughout the Town and hence create certain specific problems of vital nature. Not only that a large number of them are hired premises, but many of them are not fully suitable for processing work; the Authorities seem to be negligent in enforcing the necessary - legislative measures.

3. From among the labourers engaged in the warehouses, the 'hamals' are economically better-placed than the workers engaged in the actual work of processing. Women predominate the warehouse workers. Over 50 % of the labour is drawn from the neighbouring villages. Work in the warehouse is the backbone of their income. Their work is full of toil and trouble. Generally they do not have either any financial stake to fall back upon, or any helpful supplementary source of employment during off-season. There has been no trade union organisation among either the hamals or the warehouse workers of both. Recently some efforts have been made in this direction.

Marketing of Bidi Tobacco : Main features :

1. There has been no standardisation of measures, the terms of trade and quantity in the containers. This has been a very good basis for the traders to get marginal advantages as

best as they can.

2. There has been a total absence of the standardisation and grading of bidi tobacco. This has made the process of marketing a business of opportunities, exploitation, uncertainty and instability.

3. The marketing pattern seems to be akin to a monopolistic competitive market characterised by product differentiation. Such a situation has been sharpened and hence perverted by the concentration of marketing power in few hands and within a couple of 'rings'. The method of price fixation leaves the market in darkness as to the 'level' of price in the market. This vitiates any attempt at visualising the future course of business as well as cultivation of the crop.

4. The study of costs and margins in marketing indicates that the lion's share of profits is swallowed by the exporter-traders, and the intermediary traders have to console themselves with nominal gains. The cultivator-seller has to incur a large amount of money as unjustifiable cost, which reduces the net benefit available to him.

5. Credit system has led to acute financial condition in the market so that money is very lethargic in movement. The traders, therefore, have to rely heavily on outside sources and possibilities by paying exorbitant rates of interest.

6. The market does not show any signs of proper organisa--tion. The market is neither regulated, nor the attempts at regulation have succeeded so far. The relations between the traders and the Market Committee of Nipani do not seem to be cordial.

of problems existing presently in the marketing of tobacco would have been nowhere !

7. Similarly, there does not exist happy relationship between the traders and the Central Excise Administration. The method of Central Excise regulation and the tariff classification leave a good number of loopholes, leading to a rigid control.

8. There are co-operative societies in most of the villages, but all of them are credit societies, and do not undertake marketing activities.

9. The Merchants' Association, though existing for years together, is almost defunct in fulfilling its role so far as improvement in the marketing conditions of tobacco matters. In fact, till recently, the Association never stood up as a really representative body of all the traders, and the members never gave their full-hearted support for bringing the resolutions into practice. Hence, the Association never became a powerful and all-pervasive body to implement its resolutions effectively. Had the Association been a strong and powerful body, the achievements would have been considerable, and a large number of problems existing presently in the marketing of tobacco would have been nowhere !

10. The only satisfactory feature of marketing of bidi tobacco in Nipani Tract is that the number of intermediaties existing presently in the channels of assembling and distribution is not problematic.

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<u>Future lines of action</u> :

1. As far as possible, the direct method of processing

-- that is, processing of anagad into jardi mixtures -- should be followed in the interest of reducing the spread of price between the one realised by the cultivator-seller on the one hand, and the exporter-seller on the other.

2. An immediate programme should be launched to establish a Warehouse Yard at a place away from the populated part of the Town. Otherwise, there is every possibility that the resources available through the State Warehouse for provision of warehousing facilities would be diverted to some other neighbouring area, and Nipani might lose the gains. The establishment of a Warehouse Yard has advantages more than one, and it will be an important step in changing the a face of the Town.

3. In the meanwhile, the Labour Office has to give particular attention to improving the conditions of warehouses so as to guarantee the labourers satisfactory conditions of work as far as possible.

4. For meeting the seasonal peakloads of demand from the customers, efforts should be made to get legal sanctions for overtime work in the warehouse, within the framework of the Labour and Factory Acts; this is not impossible.

5. For improvement in the living conditions of the labour class a fillip should be given to the starting of some supplementary opportunities of employment in the Tract. Establi--shment of certain small-scale and village industries can be contempleted in this context : e.g., preparation of chilly-powder (as Nipani is a good market for chillies); toy-making and furniture-making industry (as clay and wood are conveniently

available from the near-by regions); snuff-manufacturing for export; production of nicotine sulphate, and extraction of chemicals from tobacco dust, etc., etc.

6. The efforts to form a trade union organisation are not going on according to a carefully thought-out programme. Though there is a case for improvement in the conditions of work and wage, we afraid, the present approach may strain the labour-employer relationship, and do the labour more harm than good. The leaders, therefore, need to follow a rational policy which will really work for the cause of the labourers.

7. The efforts to standardise the market practices should be speeded up. Uniform measures and terms of trade throughout the Tract (and outside, if possible) and standardisation of the quantity in the containers are basic to any reform in the - marketing of bidi tobacco trade in the Tract.

8. The grades of tobacco should be finalised in due course. This matter can be given due attention, if the Tobacco Research Station of Nipani is developed properly by making it available the necessary equipment and staff. The administration and - enforcement of the scheme of grading should be the function of the State, and there should be no official lethargy and routine procedure involved in supplying the Station with necessary men, material and money. To popularise grading, at a later stage, free provision of the grading service has a much greater - justification. In short, the problem should not be viewed from a narrow standpoint. Its far-reaching repercussions not only on the field of marketing of tobacco but on its production

and the general economy of the region should be realised. Any expenditure that will promote grading will more than justify itself.

9. A system of cash-payments or quick payments had to be introduced. This is the only remedy for improvement of the health of the economy. The initiative lies in the hands of the prominent exporter-traders. But, if they shirk off this respon--sibility there is a case for a co-operative action with strong government support, in the form of an Apex Co-operative Society at Nipani.

10. The co-operative societies in the villages can play an important role by undertaking marketing of tobacco.

11. The cultivator-seller has an advantage in selling his produce in the form of Jarda tobacco, and hence should follow the procedure, if and when possible. But this cannot be a remedy for the majority of the producers under present conditions. Hence, the case for Co-operative Processing Units at important places. The co-operative societies will, then, function as processing-marketing societies.

12. In enforcing the Market Act, the Agricultural Produce Market Committee of Nipani, has to follow a sympathetic policy so as to secure maximum possible co-operation of the traders. It is not that the traders are against the implementation of the Market Act; they are against the forceful and inconsiderate manner of its implementation. A policy of compromise has to be followed by the Market Committee. The Government of Mysore should discard its lethargy in providing the necessary legislative measures.

13. In case of the Central Excise Administration, the present system of step-to-step control has to be replaced by a system of 'general control and surprise checks'. This will be effective if the tariff structure is modified so as to converge more to the flat rate of duty in the given manner. On this achievement, the Department will have an opportunity to come much nearer the trader and elicit his full co-operation.

14. The Merchants' Association of Nipani has to play an important role in bringing about a change in the marketing conditions : e.g., standardisation of market practices, dissemination of market information, enforcement in spirit the resolutions of the Association, quick payments of money, establishing contacts with the Market Committee and the Central Excise Department, and serving as a link institution in the interest of the traders, etc., etc. The Association should be strict and strong enough to take the necessary disciplinary action against the defaulter without fear and favour.

In conclusion, an approach on these lines will help in rejuvenating the tobacco trade in Nipani Tract and regaining the strength of the market.

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