

Cotton Market**Jarilla Rightly Priced?**

The Bill to place cotton, including ginned and unginned cotton and "cotton seed, in the list of commodities which might be Centrally controlled has been passed by the Central Legislature this week without discussion. Seed cotton which had escaped control last year and enabled mills which had escaped control last year and had, incidentally enabled mills to buy the same at far above the ceilings fixed for lint, thus comes into the orbit of control. So far, therefore, as the sanctity of ceilings for the next season, (1949-50) is concerned, it will be respected and the forward markets as well as spot quotations will have to remain on a par, never, exceeding the fixed ceilings. This is a healthy change in that it has eliminated one of the escape routes through which the black market in raw cotton made a triumphant entry and prospered.

What has been difficult to understand is the cryptic hint which the Minister of Industry threw about the future of control. He is reported to have said that "whether cotton would continue to be controlled or not would depend on the circumstances, which might change from time to time."² Is one correct in imagining that if the circumstances change so much, say in August, as to guarantee a free flow of supplies whether from domestic or foreign sources, cotton control would be unceremoniously lifted? Indeed, things have been moving so rapidly and in such a manner that a record increase in the supplies of world cottons is strongly suggested. At the moment the cotton world is

waiting with bated breath for the estimate of American cotton acreage which will come out early in July and for the shape of the crop in August. If, indeed, the American crop approaches the record size of 1937 or even exceeds the last season's crop by a fair margin, the cotton price structure may well begin to reel under the pressure of burdensome supplies. Should such a situation arise, India's cotton control may not necessarily become an anachronism; but prices 'would tend to beat and pierce through floor than to touch the ceiling. It is this possibility that lends significance to the Minister of Industry's reference to the future of cotton control.

There are many on this side of India, particularly those who are interested more in cotton futures than in spots, who feel that an injustice has been done to the growers of Jarilla in that the ceilings and floors for Jarilla have not been raised. The question really was whether these prices should be lowered with a view to stimulate the growth of foodgrains. In fact this was the proposal which had made the C.P. Government very uneasy. It was not without reason that the Minister for Agriculture to the C. P. Government had disputed the claim, at the Delhi Conference of Agricultural Ministers, that the prices of cotton had any relationship, with the prices of foodgrains or 'vice versa'. Shri K. B. L. Setfi, Chief Secretary to the C.P. Government, while addressing a Press Conference last week after the announcement of Government of India's price decision, confirmed the suspicion that the

Government of India were seriously thinking? or lowering down the prices of basic Jarilla cotton. He said: "The position taken up by the Provincial Government was that any reduction in the basic rate of Jarilla would be unjustified and that the lumping of certain improved varieties of long staple cotton grown in this province, namely, Buri and Cambodia and other locally developed varieties like H.420 with Jarilla, was intrinsically unfair."

All the points raised by the C.P. Government have been accepted by the Government of India through their new price announcement. Basic Jarilla prices have not been reduced; they have been maintained intact. Buri and Cambodia have been classed separately and given a higher price range and as regards C. P. No. 1 and 2 cottons, the Government of India have granted, on the representations of the C.P. Government, Rs. 25 more per candy in the ceilings. Thus while the C.P. Government, whose business it is to safeguard the interests of the Jarilla grower, have reason to feel satisfied with the 'Government of India's price decision, is it not a little surprising that the cotton merchant, broker, speculator and clerk in Bombay should express disappointment and raise their voice

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a protest against the maintenance of Jarilla 'ceilings'?

The total area under cotton in C.P. and Berar is about 2.9 million acres from which about 2.3 lakh bales of medium staples and 1.3 lakh bales of short staples were raised last year. The textile industry in the Province required about 1.9 lakh bales out of which about 10,000 bales have to be imported from outside. The C.P. Government have now decided to encourage the growth of long and medium staple varieties as far as possible. To this end, they have procured seed of improved varieties which will be adequate for sowing about 1.7 lakh acres. More of improved seed is being secured. If so much more of improved seed is sown, the farming community is likely to benefit to the extent of an additional Rs. 53 lakhs. It is precisely such a constructive measure that may help India in her Onward march towards qualitative self-sufficiency in cotton. That C.P. and Berar are competent to take up the responsibility for switching over to improved varieties was demonstrably proved when with the start of the grow-more-food campaign, the whole Province switched over to Jarilla in place of short staples within one season. In Bombay there are rumours that all outstanding in the existing Jarilla contracts (July and September 1949) may be compulsorily squared up at fixed rates. Indeed, it is ridiculous to continue the contracts when no business is actually passing and existing commitments are few and far between.

It is reported* that the new contract is being discussed at the moment by the market authorities. Rumour has it that opinion, favours the removal of weightage and acceptance of the principle of upcountry delivery.

Sponsors as some of the cotton men are of the farmers' interests, it is odd that they should accept these suggestions' since the same may be exploited by the market bears to their own advantage. In fact what is needed is the provision for protection of the farmer if the prices swing towards the floor.

Strange as it may appear, we are experiencing both a cotton famine and a relative glut of cotton at the same time. According to the figures released by the Textile Commissioner, consump-

tion by Indian Mills of raw cotton between September 1948 and March 1949 was 19,79,000 bales against 14,12,000 bales last year, showing an increase of 19 per cent. Stocks of Indian cotton stand at about 10 lakh bales against 9.8 lakh bales last year.

The only deterrent to increased consumption is the policy of the mills to close down one shift under one pretext or another but not on account of lack of cotton. So consumption in future months may well decrease for lack of demand for cloth.

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