

COCOON MARKET

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INTRODUCTION

Market is a regular gathering of people for the purchase and sale of provisions, livestock, and other commodities.

A Cocoon market is a place where the buyers and sellers are required to transact cocoons by open auction under the regulations of law.

Karnataka state in India is producing as much as 43% of the total quantity of silk. Salubrious climate and profuse sunlight in this part of the country proved to be congenial for mulberry cultivation and silkworm rearing. In spite of the effort to introduce B.V. breeds, rearers prefer F_1 hybrid between, Pure Mysore with Bivoltine breeds. Because of the hardiness of the F_1 hybrids, rearers successfully harvest the Cocoons and hence the lucrative prospects of this crop, prompted many farmers to take up this with great enthusiasm.

The silk industry in India is essentially in the decentralized private sector. However a prompt effort for proper organization of this industry was done in 1970s when in Karnataka, the Government established Cocoon markets by Legislation. The Cocoon markets of Karnataka are one of the best markets for the sale/purchase of cocoons. A series of prompt effort by the administrators has resulted in the highly organized dealing of cocoons has observed in the present day without affecting the rearers and reelers.

EARLY METHOD OF TRANSACTION

The rearers rather generally innocent, more so during the early 20th century. Their innocent nature was open to exploitation by the will minded middlemen. In the absence of any regulated markets by the government the rearer had to sell his Cocoons in the "Private Markets" by people with no scruples.

The Modus operandi of the private market operators were collecting information regarding the rearing crops of that area. Then they were visiting the rearers at the time of mounting and agree to purchase cocoons, if they were satisfied that the worms were good, and pay an advance loan to them, thus forcing them to bring the cocoons only to them. Once the farmer came to these markets, he was at the mercy of the buyers and the buyers start striking a bargain for

cocoons until rates were agreed upon. There was no open auction and the rearer had no say as for as the rate for his cocoon concerned. The rearers were unaware that cocoons are being weighed with faulty balances.

This practice had an (only) advantage that the silkworm rearer had a ready buyer. On the other hand this practice has double disadvantages to the rearer. Firstly, because he was under the necessity of selling cocoons before moths are emerged. Secondly by accepting a loan the rearer also lost freedom of sale of cocoons to others. Lastly, for the remaining balance he had to wait for 15-30 days and he will get the money with difficulty after many visits to the market operator.

The cocoons thus purchased from rearer by the market operator was in turn sold to the reelers or seed preparers at an exorbitant price. Thus the private market operator stood to gain very much at the expense at both buyer and seller. There was no judicial sanction against this type of marketing.

NEED FOR REGULATED COCOON MARKETS

The Transaction of such an important commodity had to be regulated in the interest of both the seller and buyer. So the establishment of cocoon markets became obvious, because the above disadvantages prevail in a state not organized for sale of cocoons. It can only be remedied by organization of Cocoon market.

When the Cocoon markets were promulgated by law in the early 1970s the reelers challenged it before the Supreme Court on the ground that it violates freedom of trade. However the Court upheld the validity of the law and the cocoon markets have come to stay since 1973. At present about 80-90% of the total Cocoon Production is estimated to be transacted in cocoon markets. Following the example of Karnataka, The States of Andhra Pradesh, Tamil Nadu have also established the Cocoon markets. Thus the cocoon markets are established to subserve the following functions

1. To provide a convenient meeting place for buyer and seller.
2. To announce publicly the prevailing market rates for raw silk in the silk exchanges.
3. To provide an incentive for sorting of cocoons and marketing them at rates corresponding to the quality and

4. To encourage cash transaction, correct weighment and fair dealing.

COCOON MARKETS IN KARNATAKA

The Cocoon markets are established in the Karnataka by enforcing an act known as **The Karnataka silkworm Seed, Cocoon and Silk yarn (Regulation of Production, Supply, Distribution and Sale) Act 1959**. Soon after the enactment of the act, the Govt. in 1961, established four sericultural divisions at Chamarajanagar, T.Narasipura, Ramnagaram and Chikkaballapura for the organization of Cocoon markets.

There are at present 42 markets functioning throughout the State. The markets are of two types based on the type of Cocoons that is transacted there. They are:

1. Seed area markets:

Separate seed area is ear-marked in the state for the production of pure indigenous Mysore Variety as well as Bivoltine variety. The separate seed areas are made with the main intention that to keep the female parents of pure Mysore race, free from the disease pebrine.

The seed area markets can be further classified into two types.

- a. Multivoltine seed area markets.
- b. Bivoltine area seed markets.

a. Multivoltine Seed area Markets:

In these markets the transaction is in between the Seed rearers and seed producers of private and government sector.

There are 8 markets in this seed area. They are Kempanahally, Kunigal, Magadi *etc.*,

Even though Cocoon transaction goes on as per the act, due to certain problems faced by the rearers' of the Multivoltine seed area few modifications are amended over the seed legislation act. The common cry of these area rearers is the less rate given to the Cocoons on the contrary to this the commercial hybrids and Bivoltine rearers use to get more price with same involvement. So a bonus of Rs.10/- per Kg of Cocoons is given to the rearers by amending the act.

b. Bivoltine Seed Area Markets:

Here the transaction of Bivoltine seed cocoons take place between the

seed rearers on the one hand and LSP's and government organization on the other hand. There are two Bivoltine seed area markets. They are Attibele & Anekal

The fixation of price to the Bivoltine Cocoons is by general assessment of the Cocoons.

2. Commercial Area Markets:

The Commercial area markets are those markets where the Cocoons used for reeling purpose are transacted. Here mainly the transaction is between the silkworm rearers and the reelers Government agencies also purchases Cocoons here. These markets are classified as the Class I and Class II markets based on the Quantity of Cocoons transacted. The Class I market is headed by an officer of the rank of Asst. Director of Sericulture and the Class II market by an S.E.O. (Sericulture Extension Officer). There are 32 cocoon markets involved in the transaction of reeling Cocoons in the state out of which 13 Class I and the remaining are Class II.

Previously most of the Cocoon markets were housed in private buildings which had inadequate space. So it was decided to strengthen the infrastructure of some of the markets which required immediate attention and where huge transaction carried out. Further, to avoid trampling of Cocoons during auction, special Cocoon metallic basins have been supplied in which the Cocoons are placed during transaction. There are stifling chambers are installed in some of the Cocoon markets. They are Kolar, Chikkaballapura, Ramanagara, Kollegala, T. Narasipura *etc.*,

The salient features of the "THE KARNATAKA. SILKWORM SEED, COCOON AND SILK YARN (REGULATION OF PRODUCTION, DISTRIBUTION, SUPPLY AND SALE) ACT 1959.

It is obligatory on the part of the Government, to ensure supply of Disease free layings, to provide training facilities and to ensure fair trade of reeling cocoons and silk yarns , These were brought under the control of legislation viz., The Mysore silkworm disease control Act 1943. The Mysore Silkworm seed (control and Distribution) Act 1952. The Mysore Silkworm seed and cocoon (Regulation of Production, supply and Distribution) Act 1959. Later these Acts, mended as The Karnataka Silkworm seed, Cocoon and yarn (Regulation of

Production, Supply, Distribution and sale) Act 1959.

1. This act extends to the whole of the Karnataka State.
2. This act regulates the sale or purchase of cocoons for reeling as well as seed.
3. This act regulates the conditions and manner governing transactions relating to sale or purchase of cocoons in a cocoon markets.
4. This act made provision for the constitution of Market Committee.
5. This act allowed to establishment of development and price stabilization fund.

REGULAR PROCEDURE OF TRANSACTION

The regular procedure of cocoon transaction in a cocoon market is as follows:

1. Both farmer and reeler should have license issued by Dept. of sericulture, Govt. of Karnataka, to transact cocoons.
2. Cocoons produced by any licensed rearer should be transacted only at Govt. cocoon markets.
3. First the cocoons brought by the farmer to the cocoon market, issued a bidding slip in triplet. After auctioning, in the triplet one will be issued for reeler or LSPs one is issued to rearer, one is kept by the marketing officer.
4. Cocoons are kept on the stands provided for auctioning.
5. Immature cocoon lots will be rejected by the department personnel.
6. Department personnel will inspect each lot for quality and fix base price on visual examination.
7. Reelers or LSPs will start bidding in presence of market officials and rearer. Recently, some Class I Cocoon Markets have adopted e-auctioning of cocoons, which gives more transparency/publicity in cocoon transaction.
8. The highest bidder will have to take the approval of rearer of that lot, in presence of market officials and put their respective consent signature.
9. In case the farmer is not satisfied with the price offered he can opt for second auctioning.
10. If the both parties agree, the cocoons, will be weighed in presence of reeler and farmer and put their signatures on the bidding slips for weighment.

11. The reelers has to deposit in cash the total amount incurred for cocoons purchased and 1% market fee on total transaction.
12. The rearer in turn gets the money from specified counters in the market, the officials pay to the rearer by deducting 1% market fee on total transaction.



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