

Farmers grow smarter to beat note ban woes

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Farmers in Karnataka have taken to trading via the Unified Market Platform (UMP) of Rashtriya e-Market Services (ReMS) easily even as demonetisation has hit business across the country.

ReMS managing director and CEO Manoj Rajan said there was initial scepticism among farmers. “The pre-demonetisation period had a predominantly cash-based payment system to farmers whereas post-demonetisation, new methods have been adopted.”

“The payments now are by cheques and RTGS facility. In some instances payments are deferred. Payments are by cash in a few cases. There is also part payment in cash and part in financial instruments,” Rajan said.

Karnataka has 158 APMC (agricultural produce market committee) yards and 153 of them transact online through UMP provided by ReMS, a joint venture between the Department of Agricultural Marketing and NCDEX e Markets Limited.

Diversified uses

Unified Market Platform enables automated price discovery mechanisms and post-auction process (weighing, invoicing, market fee collection, accounting, payment of proceeds directly to farmers and e-permit generation) in agriculture markets.

“UMP has clearing and settlement module, which enables direct payment from the accounts of traders to those of farmers. Traders purchasing multiple lots have to transfer to one single clearing and settlement account of APMC. UMP automatically trifurcates the whole amount into three components and transfers to the accounts of the farmer concerned, commission agent and market committee. We have piloted online payments in three markets. Gadag was the first market where we started online payments in May 2015, followed by Tiptur in June and Hubballi in July,” Rajan said.

Transactions done

Within two-and-a-half years of its inception, ReMS has done transactions worth Rs 34,000 crore. “We have had commodities valued at Rs 2,300 crore transacted last month in our markets. The agri-market ecosystem of Karnataka has a base of 33,000 buyers and 17,000 commission agents. Traders from seven states have taken trader licences from the department of agricultural marketing and more than 100 institutional and bulk buyers use our markets,” he said.

“The Karnataka model of agriculture reforms brings in transparency in market operations. Simplified licensing conditions enables buyers anywhere in the state (or country) to participate in the market. The wide reach of the electronic platform leads to price quotes that factor in broader demand-supply information,” he said.

“When demonetisation was announced, farmers, doubting sales and payments, hesitated to bring their produce to the markets, while traders and commission agents did not fully participate in the markets. Trade picked up subsequently. The last week of November has seen an increase of 13% growth over the first week of November. The trade in the current month is around Rs 2,300 crore,” he said.