

THE HINDU BusinessLine

Karnataka agri markets see higher volumes despite drought hurting farm output

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Rising collections

(Market fee collected from APMCs by Karnataka Govt in ₹ cr)

Year	Market fee	% rise over previous year
2014-15	400.66	4
2015-16	453.28	13
2016-17	511.00	13

Surging arrivals

In tonnes

	Dry chilli Bydagi*	Paddy Raichur*
2014-15	86,179.6	81,516.8
2015-16	98,394.2	81,836.0
2016-17	1,18,767.5	1,02,966.3

*Market

Seeking better prices, AP, Telangana farmers bring in paddy, chilli

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The electronic trading platforms in the agriculture markets of Karnataka have caught the attention of chilli and paddy growers in neighbouring States such as Andhra Pradesh and Telangana, who are seen increasingly bringing their produce to the markets here, seeking better prices.

The trend, evident from the increase in traded volumes of commodities such as paddy and dry chilli has fetched higher revenue in terms of market fee for Karnataka, where consecutive droughts over the past couple of years have shrunk the farm output.

The collection of market fee, presently 1.5 per cent of the transaction value recorded at the APMC market yards of Karnataka, has registered a 13 per cent annual increase over the past two years, exceeding the ₹500-crore mark in FY17. The rise in market fee collection is mainly on account of the growing instances of farmers from AP and Telangana bringing their produce such as paddy, chilli and cotton to sell in the Karnataka markets, said Manoj Rajan, MD and CEO of Rashtriya e-Market Services (ReMS).

ReMS, a joint venture between the Karnataka government and NCDEX Spot Exchange, has automated the APMC mandis in the State by rolling out the unified markets platform (UMP) over the past three years.

About 157 of the 162 markets in Karnataka, a pioneer in implementing agri-market reforms, are connected by the UMP, where bidding for farm produce takes place online.

“The rollout of UMP as part of the agri market reforms has enhanced the transparency in the price discovery mechanism in the State, attracting farmers’ interests from the neighbouring States,” Rajan said.

For example, the Byadgi APMC has been attracting dry chillies from AP. Similarly, the market in Raichur, which borders both AP and Telangana, has seen an increase in inflow of paddy from those States.

Recently, when Andhra witnessed a price crash in dry chillies, the price of the spice commodity in the Byadgi market was trading at relatively higher levels, attracting the produce from AP. The chilli market arrivals increased 21 per cent in Byadgi, the key market for the spices crop, over last year.

Rajan further explained that the transparency has improved with computerised billing and dissemination of price information through SMS to the farmers. Besides, the APMCs could be attracting more farmers within Karnataka itself, thereby contributing to growth in market fee through increased transaction volumes.

“Farmers could be bringing more of their produce to the APMC markets now,” said TN Prakash Kammaradi, Chairman of the Karnataka Agricultural Prices Commission.

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