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# Ryots shrug off cash blues, accept online payments

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Demonetization has hindered trading activities in agricultural markets across the country but Karnataka, a pioneer in the IT sector, has managed to minimize the damage, thanks to the automation of Agricultural Produce Market Committee (APMC) markets.

Data provided by the state agriculture marketing department revealed that a record number of farmers are using the unified marketing platform (UMP) run by Rashtriya e-Market Services (ReMS), a joint venture of the state and NCDEX Spot Exchange Ltd to sell their produce. About 152 of the 158 APMC markets have been linked to UMP in the state.

Arrival of bulk commodities such as green gram, black gram, Bengal gram, groundnut, paddy, cotton, copra, onion, coconut, rice, dry chilli and arecanut has eased after farmers began accepting cheques and RTGS payments from processors and exporters, and the price spike after initial shortages post-demonetization also encouraged farmers to come to mandis, officials said.

Manoj Rajan, managing director and CEO, ReMS, said traded volumes had come down by 38% and the value of total trade by 35% in the first week after demonetization.

## DEMONETIZATION AND AGRICULTURE MARKETS IN KARNATAKA



Period	No. of lots traded	Value (in ₹)
Nov 2 to 8	72,533	5,99,32,98,418
Nov 9 to 15	42,726	3,65,18,81,045
Nov 16 to 22	68,514	4,43,13,01,701
Nov 23 to 29	88,292	6,77,06,08,638
	<b>2,72,065</b>	<b>20,84,70,89,803</b>

- During Nov1-8 period (first block) a total of 74,619 lots were traded
- Nov 9-16 (second block) 48,892 lots were traded which shows decline of 34% in market arrivals
- Traded volumes down by 38% i.e. from 137 lakh quintals in first block to 85.1 lakh quintals in second block
- Value of total trade recorded a drop of 35% -- from Rs 633 crore in first block to Rs 414 crore in second block

“But things improved after the cash-based system was largely replaced by financial instruments and it is now close to returning to normalcy,” Rajan added.

In the current month, trade value recorded around Rs 2,275 crore and the number of lots sold in the APMC market is roughly around 3 lakh, comparatively the same over the same period last year.

“In fact, the last week of November saw an increase of 13% growth over the

first week of November,” Rajan said.

Data of day trading in APMCs indicated that small farmers have supplied about 75% of the lots in the range of one quintal to five quintals, using the online platform. Nearly 30 lakh farmers have registered for online payment in APMCs. “After demonetization, market participants became cautious and farmers were skeptical about bringing their produce, while traders and commission agents were not fully participating in the markets, owing to the liquidity crunch.

Though farmers still ask for cash, they have started accepting cheque payments and are also ready for online payments,” Rajan said.

“Online payments in agriculture markets will gain further momentum if banks provide support by opening extension counters at markets and enable farmers to withdraw cash,” he added.