

BENGALURU

APMC trade volume is down 38 per cent



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Demonetisation prompts move to cheque and online payments

BELAGAVI: The currency crunch resulting from denomination has hit trading in Agricultural Produce Marketing Committee (APMC) markets across Karnataka, bringing down the volume of trade by a sharp 38 per cent.

While the volume of commodities transacted fell from 137 lakh quintals during November 1-8 to 85.1 lakh quintals from November 9-16, the value of the total trade went down from Rs. 633 crore to Rs. 414 crore during the same period.

The cash-based system was largely replaced by financial instruments during the demonetisation period, reveals a survey conducted by the Rashtriya e-Market Services (ReMS), a joint venture of the State and NCDEX Spot Exchange Ltd.

“Farmers are sceptical of bringing their produce for sale to AMPCs while traders and commission agents are not fully participating in the markets leading to an adverse impact on normal transactions,” Manoj Rajan, Managing Director, and CEO, ReMS, and Additional Secretary, Agricultural Marketing Department, told *The Hindu*.

Though 152 out of 158 APMC markets in Karnataka have rolled out online unified markets’ platform, a bulk of transactions with farmers is by cash.

ReMS, which has conducted the survey and analysed market data in the week preceding demonetisation and a week after that, revealed that during November 1-8, a total of 74,619 lots were traded against 48,892 lots during November 9-16, showing a decline of 34 per cent in market arrivals. About 75 per cent lots varied from one quintal to five quintals.

The survey also shows that the pre-demonetisation period was dominated by cash-based payment system to farmers while the post-demonetisation period is seeing a shift to other payment methods.

Owing to the liquidity crunch, payments to farmers have been made largely through real time gross settlement (RTGS) and cheques. “I think post-demonetisation, online payments in markets will gain momentum,” said Mr Rajan.

Surge in online sales

Data analysis in APMC markets revealed that small farmers are using the online marketing platform to sell their produce. Analysis of the 16-day trading in APMCs indicated that small farmers have supplied about 75 per cent of the lots in the range of one quintal to five quintals using the online platform.

A total of 29 lakh farmers have been registered for online payment in APMCs.

Now that traders and commission agents have started paying in bank cheques, as an immediate measure, Manoj Rajan, Managing Director, and CEO, ReMS, and Additional Secretary, Agricultural Marketing Department, wants banks to open extension counters at markets to enable farmers to withdraw cash.

He said banks and financial institutions can launch a series of commodity pledge schemes, either to individual farmers or a group of farmers.

Prices nearly stable

There was no major change in the prices of commodities in the 16-day period. However, in some markets, prices of some commodities shot up.

Maize prices moved up by 10 per cent in Hubballi and Gadag while there was a marginal increase in prices of Bengal gram in Bidar, cotton in Raichur and onion in Hubballi and Raichur, Mr. Rajan said.

Prices tur dal declined by 10 per cent in Kalaburagi and groundnut by 15 per cent in Davanagere. Prices of potato went down five per cent in Bengaluru.