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Online trade helps APMCs avoid demonetisation blues

The ReMS has started negotiations with Banks to tie up with APMCs for online mode of payment. Around 13 lots of Rs 6.8 lakh have been deposited in bank accounts of farmers, commission agents and the market fee has been paid to APMC's settlement accounts.



(Representational image)

Bengaluru: Demonetization has adversely affected agricultural produce markets across the country, however in Karnataka which has adopted online marketing in 152 APMCs, trade volumes registered 13% growth in the last week of November.

Soon after the Prime Minister announced demonetisation of Rs 1000 and Rs 500 notes on November 8, the trade volume had come down by 39% from November 9 to 15 in the APMCs. During this period APMCs traded 42,726 lots of agricultural produce valued at Rs 365 crore, said Managing Director and CEO of Rastriya e-Market Service (ReMS), R. Manoj.

According to statistics of ReMS, during the period before demonetisation, APMCs traded in 72533 lots valued at Rs 599 crore. After demonetization, there was a fall in trading by 39%. From November 16 to 22, the market has slowly recovered with trading of 68,514 lots valued at Rs 443 crore. Normalcy returned to the market with trading of 88,292 lots

valued at 677 crore. From November 23 to 29, there was a 13% increase in trading, Mr Manoj explained.

The reason for the increase in trading during the predemonetisation period was predominantly cash-based payment, whereas post demonetization, the mode of payment has changed to cheques due to the cash crunch. Traders and commission agents encouraged farmers to go for online transactions which would help to increase trading, said Mr Manoj.

ReMS analyzed that post demonetisation of high value notes, traders have started making online payments in Tiptur market. Around 13 lots of Rs 6.8 lakh have been deposited in bank accounts of farmers, commission agents and the market fee has been paid to APMC's settlement accounts.

The state has made huge preparations wherein 29 lakhs farmers have been registered on the online platform and a massive stakeholders education programme was held in 11,000 villages. The environment is conducive now to start online payments, he explained. To assess the ground realities about mode of payment in APMCs and address the problem, ReMS has sent a questionnaire to traders and commission agents in APMCs.

Even a few banks have come forward to encourage online payment in APMCs and also install ATM in APMCs. The ReMS has started negotiations with Banks to tie up with APMCs for online mode of payment.