

Karnataka agriculture markets go online, allow farmers better value for their produce

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Farmers in Karnataka are smiling. For ages, they were at the mercy of traders and commission agents who dictated prices, even for premium produce. But suddenly now, the world has become their marketplace. Among the early movers in implementing agriculture market reforms, the state has connected 157 of its 162 agri markets to the United Markets Platform (UMP), a portal that facilitates online bidding for produce. Consequently, Tiptur's prized copra (dried coconut kernel) is this year a bestseller in faraway China.

To bring efficiency and transparency, the Siddaramaiah government in January 2014 set up the Rashtriya eMarket Services Private Ltd (ReMS) as a public-private partnership (PPP) with the national-level NCDEX e-Markets Ltd to offer technology and management solutions to modernise primary agri markets and operate e-platforms on par with commodity markets.

Under the new system, farmers bring produce to the markets, where commodities are auctioned online. Srikanth Kelahatti, a farmer-turned-commission agent in Tiptur, says the new system has broken the old nexus where agents monopolised the trade. "Now, farmers can get the best price in the country," he says.

Over 34,000 traders from Karnataka, Andhra Pradesh, Maharashtra, Kerala, Haryana, West Bengal and Delhi have registered to trade on UMP. It already has a base of 4.2 million producers in Karnataka. Bulk institutional buyers, including Cargill, ITC, Reliance, Godrej and PepsiCo, have joined the platform.

"The bidding starts at 9 am and is open till 3 pm. Transactional SMS alerts are sent to all participants of the trade, helping take instant decisions. Farmers dissatisfied with the price can reject it," says Manoj Rajan, managing director and CEO of ReMS.

Early indicators show an increase in transparency. Farmers get computerised bills and SMSes indicating the total value of their produce; and increased arrivals in markets have meant more bids per lot from within and outside Karnataka.

Farmers are also benefiting from real-time prices. An analysis of 20 commodities, including Byadgi chilli, Bengal gram, tamarind, black gram and tur dal, shows a 15-45 per cent price increase. Farmers like Shivakumar from Anchanahalli village in Mandya are thrilled. "We're no longer being conned," he says.

UMP also facilitates warehouse-based sale of produce at a modest commission of 10 paise for every Rs 100 transacted. The Karnataka government, too, earned Rs 52.6 crore in revenues in the past fiscal through this.

Rajan says farmers' bank accounts are now being integrated with UMP to allow direct payments, and the state government is talking to banks for cash credit to registered traders. "Online payments will be taken up in a phased manner," he says.