

THE HINDU BusinessLine

‘There is a better price realisation for farmers under the UMP’

April 12, 2016

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Karnataka, a front-runner in agricultural market reforms, has implemented the online auction system through a Unified Market Platform (UMP) in over 100 markets over the past two years. UMP has streamlined market functions and has also brought in transparency in price discovery.

Post-market reforms, the farmer's share in the end consumer's rupee has increased, says Manoj Rajan, MD and CEO of Rashtriya e-Market Services Pvt Ltd (REMS), a joint venture between the Government of Karnataka and NCDEX Spot, which has rolled out the UMP under the public private partnership model. Excerpts:

What is the progress in the UMP rollout? By when do you expect all markets to go online?

A total of 105 markets spread across 27 districts had been brought under the UMP as of March 2016. About 42 lakh lots with a value of ₹19,106 crore and a total quantity of 1,863 lakh quintals have been transacted on the platform.

An e-permit system, that facilitates the movement of commodities within the State, has been introduced during the year, replacing the manual permit system. This allows all 157 markets in the State to update their stock and generate e-permits from the UMP. The remaining 52 markets will start transactions during this year.

What kind of an impact has UMP had on the farmers of Karnataka? Have they been able to realise their payments online?

The initial indicators of the reforms process have shown enhanced transparency in the price-discovery mechanism — farmers are getting computerised bills and SMSes indicating the total value of the produce. The increased arrivals in the markets and greater competition from traders within and outside the State have led to more bids per lot in the online bidding process.



Quality and price awareness among farmers has increased. There is a better price realisation for farmers compared to the prices prevailing in earlier years.

Post-reforms, farmers' share in the end consumer's rupee has increased in commodities such as pulses (tur and moong), chillies and copra, among others.

We have started a pilot on making payments directly to the farmer's account in three markets. As a primary step to online payment, the farmer's accounts are to be integrated with the UMP. A State-wide registration drive has started and till now we have 18 lakh farmers on the UMP.

Traders are now moving towards formal banking arrangements wherein they are provided with cash credit accounts. Online payments in other markets will be taken up in a phased manner.

How successful have you been in attracting buyers from outside the State?

Traders from Tamil Nadu, Andhra Pradesh, Maharashtra, Kerala, Haryana, West Bengal and Delhi have taken a unified trader licence with us to trade and participate in our online markets. We also have bulk institutional buyers such as ADM, Cargill, ITC, Reliance, Metro Cash & Carry, Godrej Agro, Pepsico India, Max hypermarket, Trinetra Super Retail registered with us.

Have other States shown any interest in the UMP being deployed by REMS in Karnataka?

Yes, many States have approached us and our achievements in agriculture marketing reforms have been recognised at the national level. Karnataka's Unified Agriculture Market model has become a guidepost for other States taking up reforms. As on date, Andhra Pradesh has integrated seven markets on our UMP.

How are you going about creating awareness among farmers to participate in these auctions?

A massive Stakeholder Education Program has been undertaken to create awareness of the benefits of the online markets to all stakeholders, (and to create awareness on) the importance of cleaning and grading produce before offering it to the market, availability of assaying facilities at markets, transparency of transactions on the UMP such as providing a computerised sale receipt and transfer of sale proceeds directly to the farmer's bank account.

This participative farmers' campaign has been initiated to cover 11,000 villages through 1,100 clusters to reach 2.5 million farmers.

What is the kind of increase in the value of transactions traded through this platform?

The value of commodities traded through the UMP has almost doubled to ₹12,597 crore in 2015-16 from ₹6,509 crore in 2014-15. However, the volumes transacted through the platform have registered a seven-fold increase to around 1,639 lakh quintals.

The e-marketing set-up was supposed to bring in newer concepts such as assaying (analysing) and grading. Any progress on that front?

We have commenced assaying services in 10 markets to cover a minimum 15 per cent of the arrivals in the market. We are taking adequate steps to publicise the importance of assaying. The results of assaying will be displayed in the UMP.

Assaying will be taken up in other markets in a phased manner. We have also taken up an ambitious programme of installing automated cleaning and grading machinery in our APMC markets, where the farmer's produce will be machine cleaned and packed before sale. The project is planned in 65 markets; we will be implementing this project this year. Warehouse-based sale will be taken up this year.

Orientation centres have been established to have a perpetual information dissemination centre for farmers. Price display boards have been established and basic facilities have been enhanced in the markets. We will also augment warehouse infrastructure.