

Karnataka shows the way on unified national agri market

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The platform integrates 51 markets and aims at covering all the 155 main yards



Owing to changing agricultural marketing environment, establishing a national market for agricultural and horticultural produce is one of the focus areas of the government.

Absence of uniform regulations in States for the Agricultural Produce Marketing Committee (APMC) Act and lack of similar taxation system are considered to be major hurdles in establishing a common market.

Indicating that the popular GST (Goods and Service Tax) will be implemented, the government is set to achieve market integration across the country. GST will play an important role in unifying the markets across the nation.

It is also expected that this will boost trade among States. However, trading in agriculture and horticulture produce could get excluded if States do not come forward to create a facilitating environment..

Strategy of Karnataka

At a time when many States have not been able to reform their APMC Acts, Karnataka has taken initiatives that were not conceptualised even under the model Act. The focus of the Karnataka Government has always been on improving the regulation, enhancing the efficiency of market, promotion of processing, export and facilitating infrastructure for agriculture and horticulture.

The State has also set an example in formulating and practicing one of the best governance systems in agricultural marketing.

Major initiatives

One of the major initiatives taken by Karnataka to implement market reforms in the agricultural marketing sector is establishment of Rashtriya e-Market Services Limited (ReMS), a joint venture of Karnataka Government and NCDEX Spot Exchange Limited.

It was the Agricultural Marketing Reforms Committee 2013, headed by Manoj Rajan, Additional Secretary (Market Reforms), Government of Karnataka, who emphasised the importance of leveraging technology in agricultural marketing system.

Accordingly, with the establishment of ReMS the State has set an example of market integration.

The ReMS claims to offer complete technology and management solution for modernising markets in state and operating the markets at a par with international practices.

The unified market platform has integrated some 51 markets so far. It aims at covering all the 155 main market yards as well as 354 sub-yards.

From the day of its launch (February 22, 2014), 7.5 lakh lots of trading has been done on the platform with 45 lakh bids being made.

Range of services

Transactions on the platform are worth Rs. 15,000 crore. It has accommodated lakhs of farmers, 31,473 traders and 17,149 commission agents for all the 92 regulated commodities.

The services offered on ReMS are beyond imagination for most of the APMCs in the country. ReMS offers automated auction and post auction process (weighing, invoicing, market fee collection, accounting, payment of sale proceeds directly to farmers), assaying facilities in markets, facilitate warehouse-based sale of produce, facilitate commodity funding to benefit all stakeholders, price dissemination, secondary market development and capacity building for stakeholders.

Reaping the benefits

Some of the major benefits of the platform are: single licensing system, increased competition, easy and fast trading, better price discovery, etc.

Under this new initiative, traders are allowed to participate in auctioning at all APMCs in the State with a single licence.

Participants such as businessmen, traders, millers, etc. from other States as well are allowed to participate in online auctions.

This has resulted in better price discovery which is determined by considering demand and supply equation not only of Karnataka but also in other States.

The other benefits which are reaped through this unique initiative are increased arrival of commodities (diversion of trade from open market to APMCs), real time monitoring of prices across the State, transparency in operations such as weighing, pricing, billing, etc. and better quality maintenance of the produce.

The platform also facilitates users to track the integrated markets of specific commodities.

For example, an user can access the information about Tur (Arhar) in the markets of Raichur, Gulbarga, Chitradurga and Tumkur online.

In the next phase of its reform, the State is looking forward to establish a system of transfer of money to the accounts of farmers directly.

Lesson for other states

The ReMS is capable of accommodating large number of transactions. Other States can also reform their agricultural marketing framework to become a part of this revolutionary step. In anticipation of implementation of GST, States have to initiate to unify the market which later can be integrated into national market.