Ryots shrug off cash blues, accept online payments

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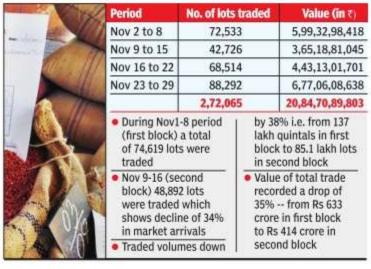
Demonetization has hindered trading activities in agricultural markets across the country but Karnataka, a pioneer in the IT sector, has managed to minimize the damage, thanks to the automation of Agricultural Prod u c e M a rk e t C o m m i t t e e (APMC) markets.

Data provided by the state agriculture marketing department revealed that a record number of farmers are using the unified marketing platform (UMP) run by Rashtriya e-Market Services (ReMS), a joint venture of the state and NCDEX Spot Exchange Ltd to sell their produce. About 152 of the 158 APMC markets have been linked to UMP in the state.

Arrival of bulk commodities such as green gram, black gram, Bengal gram, groundnut, paddy, cotton, copra, onion, coconut, rice, dry chilli and arecanut has eased after far mers began accepting cheques and RTGS payments from processors and exporters, and the price spike after initial shortages post-demonetization also encoura g ed far mers to come to mandis, officials said.

Manoj Rajan, managing director and CEO, ReMS, said traded volumes had come down by 38% and the value of total trade by 35% in the first week after demonetization.

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"But things improved after the cash-based system was largely replaced by financial instruments and it is now close to returning to normalcy," Rajan added.

In the current month, trade value recorded around Rs 2,275 crore and the number of lots sold in the APMC market is roughly around 3 lakh, comparatively the same over the same period last year.

"In fact, the last week of November saw an increase of 13% growth over the

first week of November," Rajan said.

Data of day trading in APMCs indicated that small farmers have supplied about 75% of the lots in the range of one quintal to five quintals, using the online platfor m. Nearly 30 lakh farmers have registered for online payment in APMCs. "After demonetization, market participants became cautious and far mers were skeptical about bringing their produce, while traders and commission agents were not fully participating in the markets, owing to the liquidity crunch.

Though farmers still ask for cash, they have started accepting cheque payments and are also ready for online payments," Rajan said.

"Online payments in agriculture markets will gain further momentum if banks provide support by opening extension counters at markets and enable farmers to withdraw cash," he added.