

The Karnataka experience: Impressionistic evidence and implications for unified agricultural markets

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Scope of the study

- ▶ **Objective:**

- ▶ To understand the scale of the reforms undertaken in Karnataka's APMC mandis, and
- ▶ how the reforms have impacted various stakeholders.

- ▶ **Our interviewees:**

- ▶ Mandi officials
- ▶ Farmers
- ▶ Traders
- ▶ Commission agents
- ▶ Labourers

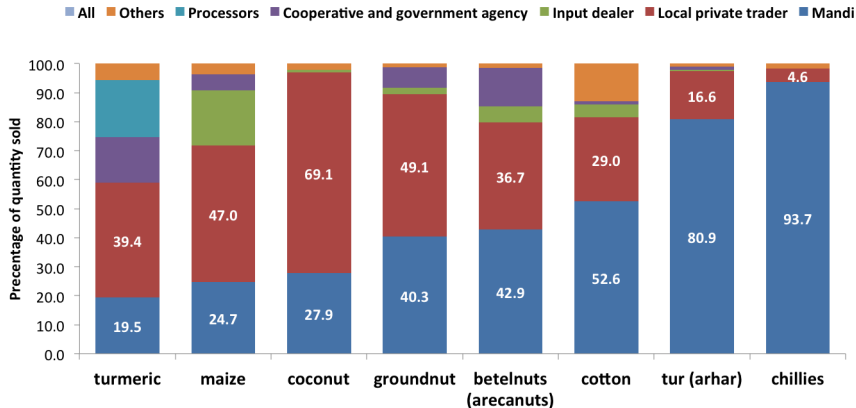
- ▶ **Choice of mandis:** Selected based on the degree of modernisation, variety of crops and geographies.

**But before we look into the Karnataka
experience,**

Contribution of different marketing channels in Karnataka

Karnataka Percentage distribution of quantity sold by agency for selected crops

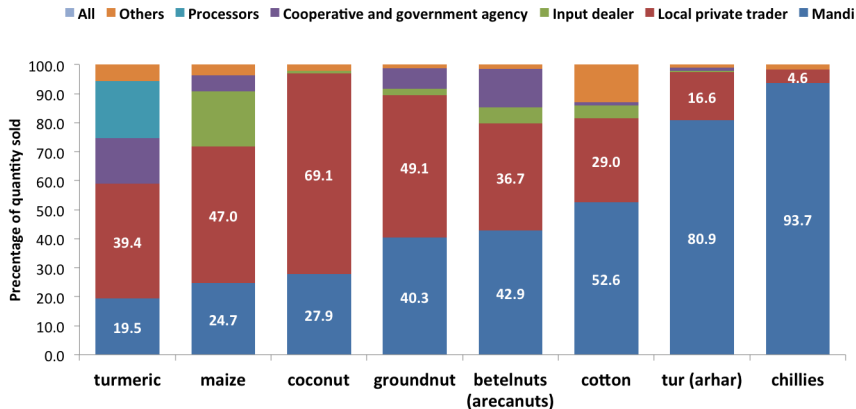
July- December, 2012 (NSS, 70th Round)



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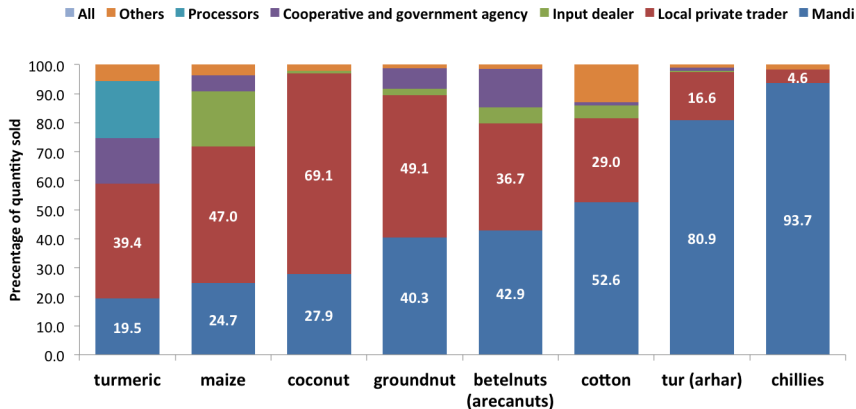


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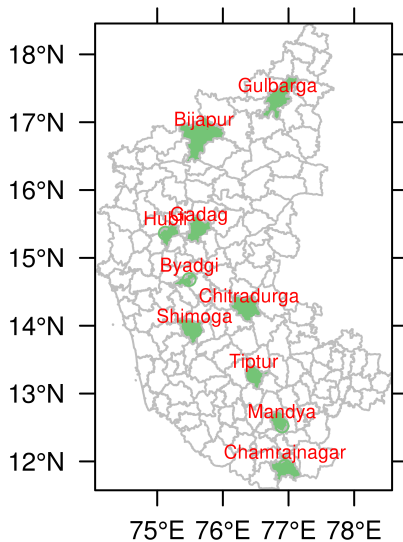
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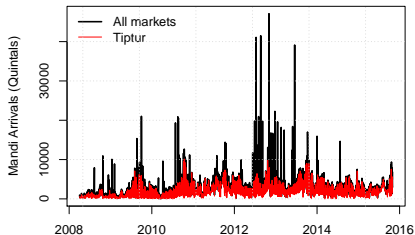
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The mandis we covered

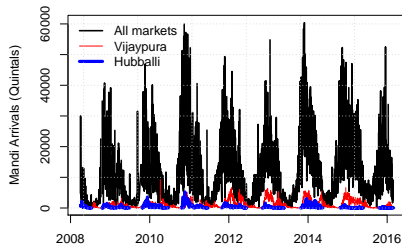


Representative-ness of sample *mandis* by arrivals

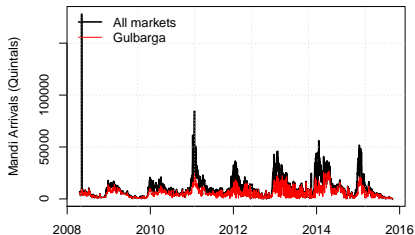
Copra



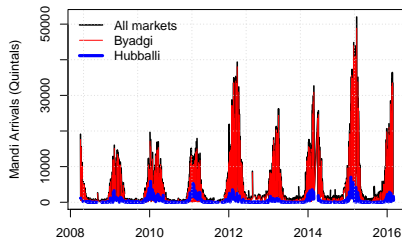
Cotton



Tur



Dry-chilli



Process flow of online mandi



Summary of current processes at sample *mandis*

► **Commodities traded:**

- Tur • Cotton • Gram • Chilli • Copra • Jaggery • Turmeric • Groundnut • Arecanut

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4. **Information dissemination:**

Mic: • Hubballi • Gadag • Byadgi • Tiptur

Printed slips: • Hubballi • Gadag •

SMS: • Gulbarga • Tiptur • Chamrajnagar

Screen: • Tiptur • Chamrajnagar

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► E-payment:

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2. Farmer's registration process going on in all the mandis.

Some observations

- ▶ Only **selected** commodities traded on e-platform. The decision is based on the total *arrivals* of the commodity in the mandi.
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- ▶ **Strong relationship** between farmers and commission agents; and commission agents and traders.
- ▶ Assaying instruments available in some mandis but mostly un-used.

Comments on the new trading system

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 4. A lot of the trading on non e-trading days.

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► Assaying

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3. **Trust** issues.
4. If made mandatory, can drive out registered trades from mandis.

Comments on e-payment

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- ▶ Commission agents **make the payment** to farmers within 2-3 days of trade.
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- ▶ **Issues in e-payment – Commission agents (CAs):**
 - ▶ Will eat into the commission of CAs.
 - ▶ No incentive for CAs to operate in the market.
 - ▶ CAs provide credit to farmers in times of need. Can banks / ReMS really replace commission agents?

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"Mr. Rudrahiya sets the price."

Implications for 'Unified Agricultural Markets'

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Most of the efforts are in the right direction, but challenges are many and need to be tackled on multiple fronts.

Thank you.

<http://www.ifrogs.org>