

## **Electronic Tender System for Sale in APMCs in Karnataka**



*Display of Tender rates through website*

### **Background and Objectives**

Better price realisation for agricultural commodities is a strong incentive for the farmers to produce more. Many steps are being taken up by the Government of Karnataka towards this purpose. One such activity is to assure competitive price for the farmers' produce in the markets through Agricultural Produce Market Committees (APMCs).

The APMCs have been established in Karnataka under the Karnataka Agricultural Produce Marketing (Regulation & Development) Act, 1966. The main objective of APMCs is to bring in better agricultural and marketing practices in ensuring remunerative prices to farmers for their produce and their accurate weight. Attention is also given to timely payment of sale proceeds to farmers in addition to providing basic infrastructure facilities for trade of agricultural commodities.

Under sale through manual tender system, sometimes the arrivals of commodities in the markets are so huge that it takes up to evening or night to complete the process of trade. There are also possibilities of error while entering the rates in tender slips. Moreover, farmers have to wait for a long period especially

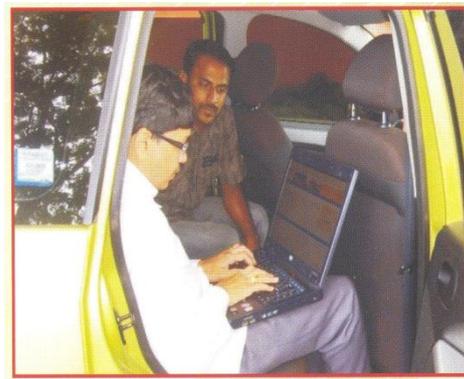
during heavy arrival period, due to delay in completion of trade transactions. To overcome these problems, Electronic Tender System of sale was introduced.

The Electronic Tender System of sale is a unique and innovative project involving adoption of modern technology at the primary wholesale market level aimed at ensuring fair marketing practices and competitive price for the farmers' produce.

## Intervention



Issue of Gate Pass to farmers



A trader quoting his rates while moving in a car

After the success of a pilot project at Mysore, Electronic Tender System has been taken up at 42 APMCs in the state during the years 2008-09 and 2009-10. During the first phase, the project was implemented in 18 APMCs at a cost of Rs.7.77crores during the year 2008-09, which included RKVY assistance of Rs.4.00 crores and the balance Rs.3.77 crores from concerned APMCs. The APMCs where the project was implemented in the first phase are Tumkur, Shimoga, Sagar, Chitradurga, Gulbarga, Sedam, Yadgir, Kanakagiri in Gangavathi, Bellary, Kottur, Bijapur, Haveri, Byadagi, Ranebennur, Hubli, Bagalkot, Sirsi and Kumta. During the year 2009-10, 24 more APMCs were taken up at a total cost of Rs.8.83 crores of which the RKVY component was Rs.7.00 crores

and the balance from concerned APMCs of Challakere, Bhimasamudra in Chitradurga, Hosadurga, Bhadravathi, Channagiri, Tiptur, Mandya, Arasikere, Sulya, Bailhongal, Saundatti, Ramadurga, Lakshmeshwar, Siddapur, Yallapur, Dharwar, Annigere, Gadag, Jevargi in Gulbarga, Surpur, Koppal, Bidar, Shahapur and Sindhnoor.

The project was implemented with the help of KEONICS – a State Government organization, which developed the necessary software required for the system to operate. Under the electronic tender system, farmers bring their produce for sale at the market yards through different means like trucks, carts, tractors etc. At the market gate details of the commodities including the name of the farmer, his address, name of the commodity, approximate quantity, name of the commission agent or trader's shop where the commodity will be displayed for sale are recorded in the installed computers. Each commodity is given an identity and the gate pass is given to the farmer. Thereafter the farmer takes the commodity to the commission agent or trader's shop. The licensed traders who are interested in buying the commodity are given a unique code number. The interested trader inspects the commodities displayed at the yard and quotes his best price through the computer system he is having at his shop or through computers in kiosks that are established in different places in the yard.

In this way the rates quoted by different traders for different commodities are collected at the central server located in the APMC office, which is connected to the input systems located in different places in the market yard either through cable or satellite. At the prescribed time a responsible officer of the APMC will open the system through a secret code given to him and the highest prices quoted for different lots of commodities appear on the monitor instantaneously. The print-out of this information is taken and circulated among all the farmers and traders and is also displayed on the notice board.

The information is also available in the website of the Department of Agricultural Marketing (<http://krishimaratahavahini.kar.nic.in>), for dissemination to all concerned. After acknowledging the rates, the farmer decides whether to sell his commodity or not; in case he agrees, an

agreement is made between the farmer and the commission agent after which the commodity is weighed and account settlement slip prepared. The farmer gets his sale proceed immediately and can go back home early. The trader who purchases the commodity takes delivery of the commodity. The APMC realises the market fee either from the trader or the commission agent, which is always paid by the purchaser of the commodity.

When the project was taken up at Mysore under the technical assistance of the National Informatics Centre, Bangalore as a pilot project, several problems, both administrative and technical cropped up. These were subsequently rectified and the system was finetuned. The farmers, commission agents and traders have realised the advantages of electronic tender system of sale and are welcoming its continuance and extension.



*Traders offering their tender rates through computer kiosk established in the market yard.*

## **Outcome**

The electronic tender system has brought transparency and confidence among the stakeholders in the system of sale. It has helped farmers to get competitive price for their produce. A study of 9 markets and 21 commodities has revealed that there has been an increase 20 percent in the arrivals of commodities and

the farmers are able to get an increase in prices for their commodities ranging from 4% to 50%. Further, there is a saving of time in completion of the process from 1 to 3 hours. The project has brought in accuracy in the system and removed the errors and mistakes in the prices quoted.

It has helped collection and maintenance of correct information of prices and arrivals of commodities and timely dissemination of such information. The Department has also realised increased income by the way of market fee without evasions. The system brought marketing reforms in the state, and behavioural changes among the farmers and market stakeholders by adopting modern technology.