

Price Dissemination Project

(A xith five year plan project of government of India)

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Introduction

It is envisaged in the XIth Five year Plan of Government of India that the Spot and Future Prices of Commodities should be made available to the farming communities across the country to enable them to take rational and informed decision about cropping pattern and Marketing strategies to increase their Farm Income. The dissemination of price information is expected to help various hedger groups, especially farmers, in their pre-sowing and post harvest decision making process and hedging their price risks in the market. It is expected that the enforcement of farmers with price information will improve their bargaining power vis-à-vis traders and will enable them to fetch better price for their produce.

Research Methodology:

The study is based on analysis of secondary data collected from records of the FMC. The collected data has been analyzed and interpreted with simple statistical tools for drawing conclusions.

Price Dissemination Project - In brief:

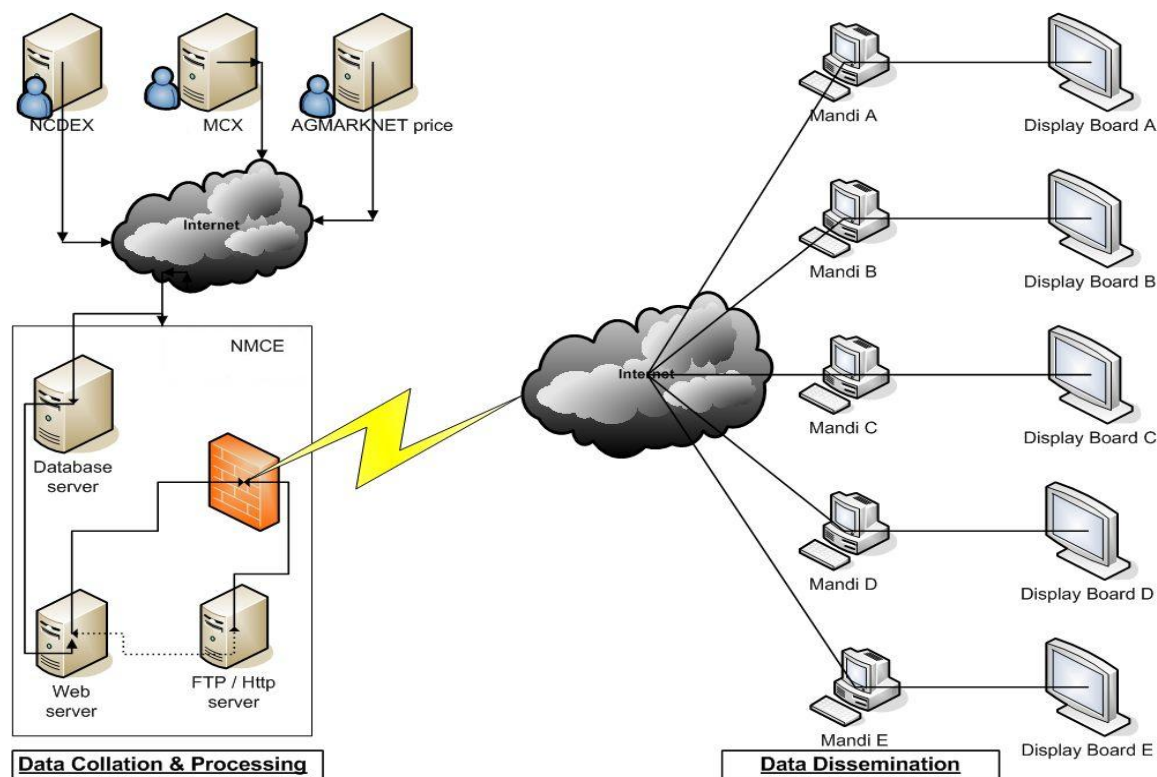
■ The Price Dissemination Project envisages **placement of electronic price ticker boards** in mandis / APMCs which are networked under the AGMARKNET project for the display of physical and futures prices of agricultural commodities.

The project would be implemented during the 11th Plan, with the objective of covering all the APMCs networked under the AGMARKNET project, which at present is around 2500.

The project would be implemented by the FMC and the five National Exchanges – MCX, NCDEX, NMCE, ICEX and ACED&CE – in coordination with the project team of AGMARKNET and NIC under the overall guidance of FMC.

■ The National Exchanges would upload physical market prices (AGMARKNET prices and spot prices) and futures prices of agricultural commodities discovered by the Commodity Exchanges on a real time basis into a central server at the Exchange from where it would be transmitted to the APMCs via the internet / leased line. These prices would be available on PCs placed in the APMC's premises. The futures and spot prices of the three Exchanges and the spot prices of AGMARKNET would be run on price tickers placed in the APMC premises connected to the APMC PC in the local language.

Network Diagram & Data Flow



■ The operation of the ticker board at the Mandi level would be handled by the Mandi authority.

Details of Display Board:

The details of display board are as follows:

- Two line Display Board for displaying Spot & Futures prices of Commodity Exchanges & Spot prices of AGMARKNET in the following format:

Commodity Name	Exchange /AGMARKNET Spot Prices (Scrolling)
Exchange Name	Future price of three Exchanges (Scrolling)

- The specifications of the Board are as follows:

Board Size : Approx 1.5 feet height x 7 feet width
View Distance : About 50 meters
Display Color : Red and Amber color

Ticker Boards installed have been shown below.

- Information in Regional Language for easy understanding to common man
- Display the price information of Agricultural commodities relevant to state.

The project has been implementing in different phases. Under Phase-I (2008-09) of the project 180 Price Ticker Boards have been installed in various APMCs of the country, and a total of 797 (705+92 =797) Price Ticker Boards have been proposed to install under Phase-II (2009-10) of the project. Below statement shows the progress made under Phase-II as on 30th September, 2011. It is proposed to install 1500 Price Ticker Boards under Phase-III of the project during current financial year.

Implementation of the Project:

The Project was initiated in 2008-09 and 865 Price Ticker Boards have been so far installed in APMCs spread over 22 States of the country as part of the project. State wise, Exchange wise details of the

Table - A
STATE-WISE PROGRESS UNDER PHASE – I, PHASE –II AND PHASE- NER AS ON 30th SEPTEMBER, 2011

Sl. No.	Name of the State / UT	AGMARKNET Markets	Phase-I - 2009-10 (Completed)	Progress as on 30 th September, 2011 (Ph-II &NER)	Cumulative Total
1	Punjab	199	-	39	39
2	Uttar Pradesh	257	1	32	33
3	Jharkhand	26	16	5	21
4	Himachal Pradesh	39	13	1	14
5	Haryana	150	-	84	84
6	Bihar	58	2	-	2
7	Madhya Pradesh	267	28	71	99
8	Rajasthan	166	3	65	68
9	Chattisgarh	73	11	27	38
10	Maharastra	346	30	130	160
11	Orissa	91	3	6	9

12	J&K	31	1	-	1
13	Uttarakhand	21	9	-	9
14	West Bengal	56	3	7	10
15	Gujarat	319	58	-	58
16	Karnataka	171	-	155	155
17	Andhra Pradesh	334	-	-	-
18	Tamil Nadu	190	-	24	24
19	Kerala	92	-	-	-
20	Goa	10	-	-	-
21	Delhi	9	2	-	2
22	Pondicherry	2	-	2	2
23	Chandigarh	1	-	1	1
24	Andaman Nikobar	-	-	-	-
25	Lakshadweep	-	-	-	-
26	Dadra & Nagar Haveli	1	-	-	-
27	Daman & Diu	2	-	-	-
	NORTH EAST				
28	Assam	23	-	23	23
29	Sikkim	7	-	-	-
30	Meghalaya	11	-	-	-
31	Mizoram	9	-	-	-
32	Tripura	21	-	5	5
33	Manipur	5	-	5	5
34	Arunachal Pradesh	15	-	-	-
35	Nagaland	14	-	3	3
	Total	3016	180	685	865

Note: One (1) Ticker Board installed in Chandigarh (UT) has been treated as part of the total number of 85 Ticker Boards installed in the State of Haryana as communicated by MCX.

It can be observed from the above Table-A that a total of 865 Electronic Price Ticker Boards have been installed by the lead Exchanges in 22 states of the country.

Table – B

**STATEMENT SHOWING EXCHANGE-WISE TARGETS AND PROGRESS UNDER
PHASE-I,
PHASE-II AND PHASE -NER AS ON 30th SEPTEMBER, 2011**

Name of the Exchange	Phase-I - 2009-10 (Completed)	Phase-II Targets - Revised as on 20th Nov	Progress as on 31st August, 2011	Cumulative Progress
MCX	60	235	235	295
NCDEX	60	235	235	295
NMCE	60	235	179	239
Total (Phase-II)	180	705	649	829
NORTH EAST	-	-		
MCX	-	23	10	10
NCDEX	-	23	23	23
NMCE	-	23	-	-
ICEX	-	23	3	3
Total (NER)	-	92	36	36
Grand Total (Ph-II + NER)	180	797	685	865

It can be observed from the above statement (Table – B) that the Exchanges MCX and NCDEX have installed a highest number of Ticker Boards and completed the targeted installation. Installation of Ticker Boards by the lead Exchange NMCE is slow when compare with the other two.

As regards North East Region, the Exchange NCDEX has successfully completed the target installation of 23 Ticker Boards. The Exchanges NMCE and ICEX have not even started installation of Ticker Boards. The causes may be lack of infrastructure in the APMCs available in those States allotted to them.

Table – C

**STATEMENT SHOWING ALLOTMENT OF STATES TO EACH EXCHANGE
FOR IMPLEMENTATION OF THE PROJECT**

The re-allocation of States among participating Exchanges in Price Dissemination Project Co-ordination Committee meeting held on 12-04-2011 was as follows:

Exchange	States
MCX	Punjab
	Uttar Pradesh
	Madhya Pradesh
	Jharkhand
	Himachal Pradesh
NCDEX	Haryana
	Rajasthan
	Chattisgarh
	Maharashtra
	Jammu and Kashmir
NMCE	Gujarat
	Karnataka
	Tamil Nadu
	Kerala
ICEX	Andhra Pradesh
	Bihar
ACE	Goa
	Delhi (NCR)
	Uttarakhand
	Orissa
	West Bengal
	Societies of HAFED (Haryana)

Exchange	North East States
MCX	Tripura
	Manipur
NCDEX	Assam
	Meghalaya

NMCE	Sikkim
	Mizoram
ICEX	Arunachal Pradesh
	Nagaland

Difficulties facing by the Exchanges during implementation of the Project:

It is noticed that the lead Exchanges have been facing various difficulties in

various States during implementation of the project. Below table describes the problems facing by the Exchanges during implementation of the project.

Table - E
STATEMENT SHOWING THE STATE-WISE DIFFICULTIES FACING BY THE EXCHANGES IN IMPLEMENTING THE PRICE DISSEMINATION PROJECT AS ON 30th NOVEMBER, 2010

Exchange	State	Difficulties facing
MCX	Madhya Pradesh:	1. Configuration of Computer System not compatible. 2. Non-Availability of Internet 3. Electricity problem 4. Non-availability of Computer Operator
	Bihar	1. In principle permission from the State Government not received.
	Haryana	1. Not sufficient response from Mandi Board. However HAFED seeking permission for participation.
	North East: (Tripura & Manipur)	1. Only 5 Mandis are having proper infrastructure system in the state of Tripura
NCDEX	Maharastra,	1. Difficulty in obtaining filled in checklists from the identified Mandis 2. Other than oral re-assurances, no formal response from State Mandi Board.
	Orissa	1. Filled in checklists from the identified Mandis not fully obtained.

		2. Other than oral re-assurances, no formal response from State Mandi Board.
	West Bengal	1.Filled in checklists from the identified Mandis not fully obtained. 2. Other than oral re-assurances, no formal response from State Mandi Board.
	Rajasthan	1. Mandis are opposing as the State Government of Rajasthan has banned “display of futures prizes” Note: NCDEX attached copy of a letter received from Ramgunj APMC, Rajasthan.
NMCE	Reply yet to be received	Reply yet to be received
ICEX	Reply yet to be received	Reply yet to be received

Note: Currently the Exchanges are implementing the project in these States only and hence they have forwarded the difficulties facing by them in these States only.

Video conferencing with officials of the State Governments for finding solutions:

In order to resolve the above difficulties and to accelerate the progress under Price Dissemination Project, the Ministry had decided to discuss with officials of the State Governments with the help of Video Conference to find solutions to the bottlenecks in the implementation of the project.

GPRS based Price Ticker Boards:

Since many of the APMCs / Mandis are lacking of infrastructure facilities such as Electricity, PC, Internet, operator etc., for installation of conventional Price Ticker Boards, it was decided to install GPRS based Price Ticker Boards during implementation of Phase-III of the Project. The Forward Markets Commission and Exchange

Financial:

The total cost of the project would be borne by Forward Markets Commission and lead Exchanges in the ratio of 65%:35%.The portion of cost of the Exchanges would be shared amongst themselves. Cost of one Electronic Price Ticker Board is Rs. 1, 08, 000 (exclusive of taxes) approximately.

Benefits:

Benefits to Farmers:

The Indian farmer typically decides on his next cropping pattern based on the current year’s prices of various crops (assuming soil and climatic conditions as given). Online dissemination of prices under Price Dissemination Project will make him aware and help in realizing the best price for their produce via

1. The price knowledge strengthens the Bargaining Power of the Farmer

2. It helps him in deciding the cropping pattern and grows those crops that have reasonably good demand in the near future and hence realize better price

Thus it provides the following benefits to him.

- Best possible prices for the produce at that time
- Better investment in improving farm productivity
- Improved production and marketing decisions
- Improved bargaining capacity of the farmers

Benefits to traders:

- Futures prices help to take buying and selling decisions in time

Benefits to exporters:

- Availability of futures prices in advance helps them quote a realistic price and thereby, secure export contracts in a competitive global market.

Conclusion:

To conclude, dissemination of prices can provide useful inputs to farmers for decision making during pre sowing and post harvest period. Information of prices can improve the bargaining capacity of the farmers and reduce the monopoly of the middlemen at the agricultural produce markets and mandis. This would enable the farmers to get best possible prices for their produce. Dissemination of futures prices would go a long way in improving farmer's awareness and the existence of the futures markets.

References:

1. <http://www.pdpindia.info/>
2. <http://www.fmc.gov.in/>
3. Records of the FMC.
4. <http://www.fcamin.nic.in>

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