

National Agriculture Market: The Game Changer for Indian Farming Community

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Abstract

With nearly 56 per cent of the population depending upon agriculture sector for their livelihood, the unification of markets both at State and National level is essential. Thus, last year Prime Minister launched National Agriculture Market portal (eNAM) on April 15, 2016, to connect e-mandies in several States. eNAM is an online inter-connectivity of e-mandies, aimed at marshalling the much needed agriculture marketing reforms to enable farmers to get better price of their produce. The Government's decision of creating this e-platform for farmers will remove inter-state barriers in moving farm produce and can be a game changer provided the requirements are fulfilled by states. These two most important requirements include amendment of the State Agricultural Produce Marketing Committee Act (APMC) Acts and physical logistic support to farmers which would enable them to move their crops, e-NAM has the potential to transform Indian agriculture from traditional to an entrepreneurial and a profit making venture.

Keywords: NAM, APMC,

Introduction

The Government realizes the importance of agricultural sector for the growth and development of the Indian economy. With nearly 56 percent of its population continuing to depend upon agriculture for their livelihood, the critical role of the sector cannot be repudiated. Agriculture sector is highly vulnerable to the uncertainties of nature that impact the crop enterprise at its production. Further, the sector is also exposed to the current weaknesses of the agriculture marketing system. The annual income of a farmer depends upon both yield and the price that his produce fetches. Government has rolled out a large number of programs to improve yield

levels on sustainable basis, it recognizes the need for creating a competitive market structure in the country that will generate marketing efficiency. Only when the market is integrated over time and space, can market efficiency be realized. This year's Union Budget has increased rural credit to Rs 10 lakhs crores for the next fiscal (2017-18) with the aim at doubling the income of the farmers in the next five years.

Integration of agriculture markets across the country through e-platform is seen as an important measure for overcoming the challenges posed by the present agri-marketing system namely – fragmentation of State into multiple market areas, each administered by separate APMC

(Agricultural Product Marketing Committee), multiple levy of mandi fees, requirement for multiple license for trading in different APMCs, licensing barriers leading to conditions of monopoly, poor quality of infrastructure and low use of technology, information dissymmetry, confound process for price discovery, high level of market charges, movement controls, etc. The need to unify the markets both at State and National level is, therefore, clearly the requirement of time, in order to provide better price to farmers, improve supply chain, reduce wastages and create a unified national market.

National Agriculture Market (NAM) is a pan-India electronic trading portal which networks the existing APMC mandis to create a unified national market for agricultural commodities. NAM Portal provides a single window service for all APMC related information and services. This includes commodity arrival & prices, buy & sell trade offers, among other services. While material flow (agriculture produce) continue to happen through mandis, an online market reduces transaction costs and information asymmetry. Agriculture marketing is administered by the States as per their agri-marketing regulations, under which, the State is divided into several market areas, each of which is administered by a separate Agricultural Produce Marketing Committee (APMC) which imposes its own marketing regulation (including fees). This fragmentation of markets, even within the State, hinders free flow of agri-commodities from one market area to another and multiple handling of agri-produce and multiple handling of

agri-produce and multiple levels of mandi charges ends up escalating the prices for the consumers without commensurate benefit to the farmer. NAM addresses these challenges by creating a unified market through online trading platform, both, at State and National level and promotes uniformity, streamlining of procedures across the integrated markets, removes information asymmetry between buyers and sellers and promotes real time price discover, based on actual process, and access to a nationwide market for the farmer, with prices compatible with quality of his produce and online payment and availability of better quality produce at more reasonable prices to the consumer.

Small Farmer's Agribusiness Consortium (SFAC) is the lead promoter of NAM, SFAC is a registered body of Department of Agriculture, Cooperation and Farmers' Welfare (DAC&FW) under Ministry of Agriculture and Farmer Welfare. SFAC through open tender selects a Strategic Partner (SP) to develop, operate and maintain the NAM e-platform. SFAC implements NAM with the technical support of SP and budgetary grant support from DAC&FW. DAC&FW meets the expenses on software and its customization for the States and is providing it for free. DAC&FW is also giving a grant as one time fixed cost up to Rs. 30 lakhs per Mandi (other than to the private mandis) for installation of the e-market platform. Around 6500 APMCs operate throughout the country of which 585 district level mandis in States/UTs desirous of joining are planned to be linked by NAMN. The Cabinet

Committee on Economic Affairs had approved a Central Sector Scheme for Promotion of National Agricultural Market through Agri-Tech Infrastructure Fund (ATIF). The government has allocated Rs. 200 crore to the ATIF. With this fund, SFAC will implement NAM for three years from 2015-16 to 2017-18.

Intentions of NAM:

- A national e-market platform for transparent sale, dealings and price discovery initially in structured markets. Willing states to consequently enact appropriate provisions in their APMC Act for promotion of e-trading by their State Agricultural Marketing Board/APMC.
- Liberal licensing of traders/buyers and commission mediators by state authorities without any pre-condition of physical existence or ownership of premises in the market yard.
- One license for a trader valid across all markets in the State.
- Organization of quality standards of agricultural produce and provision for assaying (quality testing) infrastructure in every market to facilitate informed bidding by buyers. Common tradable parameters have so far been developed for several commodities.
- Single point levy of market fees, i.e. on the first wholesale purchase from the farmer.
- Setting up of Soil Testing Labs in/or near the certain mandi to assist visiting farmers to access this facility in the mandi itself.

The comprehensive role of the strategic partner is ample and comprises writing of the software, modifying it to meet the specific requirements of the mandis in the states willing to integrate with NAM and running the platform.

- There is no State wise allocation under the Scheme. The scheme is applicable on All-India basis. However, desired states would be required to meet the pre-requisites in terms of carrying out essential agri-marketing reforms.

Benefits of NAM



- For the farmers, NAM assures more routes for sale. It would escalate his access to markets through warehouse based sales and thus prevent the need to transport his produce to the mandi.
- For the indigenous trader in the mandi/market, NAM offers the opportunity to access a larger national market for secondary trading.
- Majority buyers, processors, exporters etc. benefit from being able to take part directly in dealing at the local

mandi/market level through the NAM platform, thereby decreasing their Intermediation costs.

- The steady incorporation of all the main mandis in the States into NAM will ensure common ways for issuing licences, tariff or fee and movement of produce. In a period of 5-7 years, Union Cabinet assumes substantial benefits through greater returns to farmers, lesser transaction costs to buyers and stable prices and availability to consumers.
- The NAM will also facilitate the rise of value chains in major agricultural produces through the country and help to promote scientific storage and movement of agri goods.

Current Status of NAM:

It primarily targeted at integrating 21 mandis in eight state; Uttar Pradesh, Gujarat, Telangana, Rajasthan, Madhya Pradesh, Haryana, Jharkhand and Himachal Pradesh. Launched with a budget allocation of Rs. 200 crore, 25 key agri produces, including wheat, paddy, maize, onion, jowar, bajra, groundnut, potato, soyabean and mustard seed, were chosen for e-trading.

As per Press Information Bureau, Government of India, Ministry of Agriculture, 07-April-2017, so far, 417 markets from 13 states have been integrated with e-National Agriculture Market (e-NAM) against the set target of 400 markets by March. And as per the approved e/-NAM Scheme, 585 regulated mandis across the country

are to be integrated with the portal by March, 2018.

Challenges:

- Even if the structure looks simple, for farmers, it may not be as simple as expected. Most of the farmers have tradition of vending their produce to a local product aggregator then taking their crops to the mandis.
- Even if some farmers take them to mandis, their yield would be insignificant to motivate distant buyers bidding online. In this circumstance, the probability for better price discovery is quite partial.
- Quality differences in commodities at both the state and national level pose a challenge. For example, wheat in Punjab and Haryana is of medium quality whereas those from Madhya Pradesh and Gujarat are of higher quality.
- Electronic platforms like NAM would be a right platform only for trade standardized commodities and for the rest it may not be.

The Farmers can still resolve the above mentioned difficulties and obtain benefits if they can find ways to aggregate their produce on their own dodging local produce aggregator. In this, the cooperatives and farmer produce organizations can play a assisting role to aggregate commodities. Improvements are also required covering all facts of agricultural sector such as soil health, traditional farming, irrigation,

extension services, fertilizers among others to make the sector attractive. This will create a large number of employment openings; making sure surplus production of all commodities and operational functioning of NAM. Reforming agricultural markets requires sincere efforts and effective participation of all the stakeholders.

Responsibility of States for Effective Implementation: The states must make sure about the restructurings in their APMCs are carried out both in letter and spirit. To make the initiative efficacious, the states have to embark on the following reforms:

- Provision for electronic auction for price discovery.
- Provide a single license to be valid across the state.
- Provision for a single point levy of market fee.

It should also be noted that only those states/ UTs which live up to the above three conditions will be authorized for assistance under this scheme. The Government's decision to form National Agriculture Market (NAM) e-platform for farmers will eliminate inter-state obstacles in moving farm produce and can be a game changer provided the conditions are fulfilled by states. These two most important conditions include amendment of the state Agricultural Produce Marketing Committee Act (APMC) Acts and physical logistic support to farmers which would enable them to move their crops, e-NAM has the potential to transform Indian agriculture from traditional to an

entrepreneurial and a revenue making venture. But this will only be possible with auxiliary additions in infrastructure, easy credit disbursal and vigilant inspection and implementation.

Conclusion

Formation of the National Agriculture Market is a landmark initiative. It would provide the farmers more option of sale of their produce and increase the accessibility of market to farmers through warehouse based sale and obviates the need to transport the produce to the Mandis. For local traders e-NAM would provide an opportunity to access the National Market while for bulk and big traders it would provide an opportunity to directly participate in local Mandis and will reduce the intermediation cost. However, it will happen when e-Nam become fully operational throughout the country and the eventual goal of 'One Nation One Market' for agricultural produce will become a reality. Briefly, the recent initiatives certainly will help in strengthening the rural economy and would generate more rural employment. It would help in increasing productivity and in achieving goal of food security and inclusive growth in the country. Besides, these reforms in agricultural market will help India to meet the challenges posed by global markets in the era of globalization and liberalization.

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