



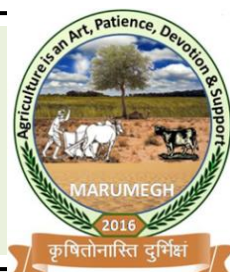
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NATIONAL AGRICULTURE MARKET: STATUS AND CHALLENGES

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National Agriculture Market (NAM) is a pan-India electronic trading portal that connects the existing APMC mandis to create a uniform national market platform for agricultural commodities. It provides all the information and services through a single window system. This online platform contains information about commodity arrivals and prices. This also includes buy and sell trade offers and provision to respond to trade offers among other services. This online system reduces the transaction cost and provides uniform information related to prices. Agriculture marketing is administered by the states as per the marketing regulations, based on which state is divided into several market areas. These markets are 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 levels of mandi charges ends up escalating the prices for the consumers without commensurate benefit to the farmer. NAM solves the various problems by creating a unified market through online trading platform, both at state and national level. It promotes the uniformity, integrates different markets, removes the information asymmetry among different markets and promotes real time price discovery based on actual demand and supply. It promotes transparency in auction process and provides national market for the farmer. This online payment provides more transparency, quality and more reasonable prices to the consumers.

The agriculture sector continues to be a critical segment of India's economy in terms of employment and income generation. The majority of India's population is engaged in agriculture and allied sectors. Government of India is committed to the welfare of the farmers and the Budget 2016-17 makes an explicit announcement to double the income of the farmers in the country by the year 2021-22. Agriculture being primarily a state subject, Government of India believes that both the Centre and States need to work together to realize this goal.

Objective of e-NAM

- (i) To integrate markets first at the level of the states and eventually across the country through a common online market platform, to facilitate pan-India trade in agricultural commodities.
- (ii) To streamline marketing/transaction procedures and make them uniform across all markets to promote efficient functioning of the markets.
- (iii) To promote better marketing opportunities for farmers / sellers through online access to more buyers / markets, removal of information asymmetry between farmer and trader, better and real-time price discovery based on actual demand and supply of agri-commodities, transparency in auction process, prices commensurate with quality of produce, online payment etc. that contribute to marketing efficiency.

(iv) To establish quality assaying systems for quality assurance to promote informed bidding by buyers.

(v) To promote stable prices and availability of quality produce to consumers.

Components of e-NAM

❖ A national e-market platform for transparent sale transactions and price discovery initially in regulated markets. Willing states to accordingly enact suitable provisions in their APMC Act for promotion of e-trading by their State Agricultural Marketing Board/APMC.

❖ Liberal licensing of traders / buyers and commission agents by state authorities without any pre-condition of physical presence or possession of shop /premises in the market yard.

❖ Harmonization of quality standards of agricultural produce and provision for assaying (quality testing) infrastructure in every market to enable informed bidding by buyers. Common tradable parameters have so far been developed for 69 commodities.

❖ Single point levy of market fees, i.e. on the first wholesale purchase from the farmer.

Why is e-NAM necessary?

It is necessary to create NAM to facilitate the emergence of common national market for agricultural commodities. Current APMC regulated market yards limit the scope of trading in agricultural commodities at the first point of sale (i.e. when farmers offer produce after the harvest) in the local mandi, typically at the level of Taluka / Tahsil or at best the district. Even one state is not a unified agricultural market and there are transaction costs on moving produce from one market area to another within the same state. Multiple licences are necessary to trade in different market areas in the same state. All this has led to a highly fragmented and high-cost agricultural economy, which prevents economies of scale and seamless movement of agri goods across district and state borders. NAM seeks to address and reverse this process of fragmentation of markets, ultimately lowering intermediation costs, wastage and prices for the final consumer. It builds on the strength of the local mandi and allows it to offer its produce at the national level.

Conditions for joining e-NAM

States interested to integrate their mandis with NAM are required to carry out following reforms in their APMC Act.

- a) Specific provision for electronic trading.
- b) Single trading licenses for all the mandis of the state.
- c) Single point levy of transaction fee.

Benefit to key stakeholders in e-Nam:

1. Farmers, traders and buyers processor and exporters are key stakeholders in e-NAM.
2. For farmers NAM provides more options for selling produce and making competitive returns. For traders NAM will provide access to larger national market for secondary trading.
3. Buyer, Processor and Exporters: NAM will enable direct participation in local mandi trade, reducing intermediation cost.
4. For bulk buyers, processors, exporters, this platform helps the stakeholders to directly participate in trading at local mandi by reducing intermediation costs. the integration of all the different mandis in the states into NAM will ensure common procedures for issue of licenses, levy of fee and movement of produce. This will provide significant benefits through higher returns to farmers, lower transaction costs to buyers and stable prices and availability

to consumers. The NAM will also assist the emergence of integrated value chains in major agricultural commodities across the country and help to encourage scientific storage and movement of agri-commodities.

Mandis Enrolled

455 mandis across 13 states are connected on e-NAM platform as on 31st July 2017. Uttar Pradesh has maximum mandis connected to the online platform.

Commodities approved

There are about 69 agricultural commodities approved in online transaction on e-NAM. Different commodities have different quality parameters given to them

Challenges Faced

1. Non-uniform Quality standards across various States specifically in case of Horticulture produce is a hindrance in promotion of inter-mandi and inter-State trade. The harmonization of Quality standards across the States is need of the time
2. States are required to establish the appropriate quality testing facilities equipped with the trained manpower and suitable assaying equipments. DMI is providing the required training to the staff of e-NAM mandis for quality assaying through their regional Agmark Laboratories.
3. In order to promote the inter-MANDI and Inter State trade, States are required to promote the issue of Unified trade licenses in sufficient numbers to the traders. Till date, very few traders have applied for unified licenses.

References

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