



eNAM: CONNECTING LINK TO THE DOMESTIC INDIAN AGRICULTURAL MARKETS

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Abstract

The Government thinks about the importance of agricultural sector for strengthening the developing Indian economy. As majority of the population nearly 65 percent depends up on agricultural and its allied sector, for their sustainable livelihood. The role of agricultural sector cannot be replaced by any others. By concerning the importance of agricultural sector, the GOI launched electronic National Agriculture Market (eNAM) portal on April 15, 2016. The main theme of eNAM Portal is to link the domestic markets over the states which creates pan-India market platform for the farmer to sale his farm produce anywhere in the country by overcoming the state barriers. eNAM provides a single window service for all APMC related information and services; it is also trading 90 different commodities. NAM is a “virtual” market but it has a physical market (Mandi) at the back end. And it mainly focuses on to get better price for their farm produce. The government have been reached of linking total 585 mandis on the eNAM platform as on 23rd march, 2018. As on now 73.50 lakh farmers, 1.01 lakh trader’s and 53163 middlemen/arhatias were registered. Through eNAM 1.52 MT of produce was traded. The total value of traded produce was Rs. 36, 275 Crores. The drawback regarding eNAM is the synergy of network organization and market services. eNAM offers the opportunity to access a larger national market for secondary trading. Therefore the internet based eNAM is aimed at integrating the mandis to help both farmers and buyer by providing them data of produce available, its quality and the price being offered at bidding markets and thus, it ensures transparency in buying and selling of farmer’s produce across the country.

Key words: eNAM, APMC (Agricultural Produce Market Committee), Mandi, trade portal.

Introduction

NAM is envisaged as a pan-India electronic trading portal which seeks to network the existing APMC and other market yards to create a unified national market for agricultural commodities. NAM is a “virtual” market but it has a physical market (mandi) at the back end. NAM is not a parallel marketing structure but rather a device to create a national network of physical mandis which can be accessed online. It seeks to leverage the physical infrastructure of the mandis through an online trading portal, enabling buyers situated even outside the State to participate in trading at the local level. It is necessary to create NAM to facilitate the emergence of a 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 market, 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 licenses 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 agricultural 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. The NAM electronic trading platform has been created with an investment by the Government of India (through the Ministry of Agriculture & Farmers’ Welfare). It offers a “plug-in” to any market yard existing in a State (whether regulated or private). The special software developed for NAM is available to each mandi which agrees to join the national network free of cost with necessary

customization to conform to the regulations of each State Mandi Act. States interested to integrate their mandis with NAM are required to carry out following reforms in their APMC Act) Specific provision for electronic trading. b) Single trading licenses valid for trading in all mandis of the State) Single point levy of transaction fee. NAM basically increases the choice of the farmer when he brings his produce to the mandi for sale. Local traders can bid for the produce, as also traders on the electronic platform sitting in other States. The farmer may chose to accept either the local offer or the online offer. In either case the transaction will be on the books of the local mandi and they will continue to earn the transaction fee. In fact, the volume of business will significantly increase as there will be greater competition for specific produce, resulting in higher transaction fees for the mandi. The national level platform has been developed by the Ministry of Agriculture & Farmers' Welfare, which will also bear the maintenance costs. As stated above, the integration costs for local mandis and customization of software, training etc. will also be paid for by the Ministry of Agriculture & Farmers' Welfare as a one-time grant at the time of accepting the mandi in the national network. Thereafter, the running costs of the software at the local level, staff costs for quality check etc. will be met from the transaction fee to be generated through the sale of produce. The intention is to avoid any upfront investment by the mandi when it integrates into NAM, and also enable it to support the running cost through additional generation of revenue. Agriculture ministry has added six new features in the National Agriculture Market (e-NAM) platform to make it more users friendly. This includes MIS dashboard for better analysis, BHIM payment facility by traders, mobile payment facility by traders, enhanced features on mobile app such as gate entry and payment through mobile, integration of farmer's database and eLearning module in e-NAM website. During the trade, facility of viewing the assaying certificate is made available to traders on the mobile app. Now, online payment by trader (buyer) can also be done from e-NAM mobile app through debit card and net banking. "This will help buyers to transfer the payment directly through the app and make it easier for traders in online payment to farmers. Also, SMS alert to farmer on receiving payment in their bank account will be sent thereby helping farmers in getting information of payment receipt". Currently, e-NAM portal facilitates direct online payment to farmers through RTGS/NEFT, debit card and internet banking. Facilitation of Unified Payment Interface (UPI) through BHIM is another milestone in easing out payment to farmers which will also reduce the payment realization time from buyers' account to the pool account

and in turn disbursement to farmers. Further, a new website has been developed with improved and more informative features like live status of markets of e-NAM based on gate entry, latest information on events, dynamic training calendar etc. Also e-Learning module in Hindi language has been designed and incorporated in the website so that various stake holders can learn online about how to operate the system and continuously get trained on the system at their convenience. MIS Dashboard based on business intelligence will provide a greater insight into the performance of each mandi in terms of arrival and trade. "This will help the mandi board officials and APMC secretary to compare the performance of each mandi on daily, weekly, monthly/quarterly and year-on-year basis. This will also enable officials and mandi secretary in doing actual trade analysis from commodity level to state level operation. This will also be beneficial for the mandi board and mandi secretary in planning and coordinating their operation post historical analysis". Also, e-NAM has been integrated with central farmer database so that the registration process becomes easier and Identification of farmers can be done easily on arrival at the mandi gate which will increase the efficiency and reduce queue time. "This will help in managing the load at the gate more efficiently during peak time in *Rabi* and *Kharif* and reduce waiting time for farmers at the entry gate". e-NAM website is now available in eight different languages (Hindi, English, Gujarati, Marathi, Tamil, Telugu, Bengali and Odia) while the live trading facility is available in six different language (Hindi, English, Bengali, Gujarati, Marathi & Telugu).

Operation of NAM platform

Ministry of Agriculture & Farmers' Welfare, Govt. of India has appointed Small Farmers' Agribusiness Consortium (SFAC) as the Lead Implementing Agency of NAM. SFAC will operate and maintain the NAM platform with the help of a Strategic partner selected for the purpose.

Various Agencies which are participating in functioning of e-NAM

- Small Farmers' Agribusiness Consortium (SFAC) is operating the NAM as the implementing agency with technical support from the Strategic Partner (SP).
- Directorate of Marketing and Inspection (DMI)
- National Informatics Centre (NIC)
- Strategic Partner (SP)
- State Governments / UT Administration
- State Agriculture Marketing Board (SAMB) / Directorate of Agricultural Marketing

- Agriculture Produce Marketing Committee/Regulated Market Committee (APMC/RMC).

Benefits of NAM

- ❖ e-NAM is envisaged as a win-win solution for all stakeholders.
- ❖ NAM promises more options for sale at his nearest mandi.
- ❖ For the local trader in the mandi, NAM offers the opportunity to access a larger national market for secondary trading. Bulk buyers, processors, exporters etc.
- ❖ It benefit from being able to participate directly in trading at the local mandi level through the NAM platform, thereby reducing their intermediation costs.
- ❖ The gradual integration of all the major mandis in the States into NAM will ensure common procedures for issue of licenses, levy of fee and movement of produce.
- ❖ In the near future we can expect significant benefits through higher returns to farmers, lower transaction costs to buyers and stable prices and availability to consumers.
- ❖ The NAM will also facilitate the emergence of integrated value chains in major agricultural commodities across the country and help to promote scientific storage and movement of agricultural commodities.

Major constraints on implementation of E-NAM

In equalities in Grades and Standards: The success of e-NAM in improving competitiveness and integrating Pan India market will require assaying facilities in various markets to ascertain quality traits. Harmonization of quality standards of agricultural produce and provision for assaying (quality testing) infrastructure in every market to enable informed bidding by buyers will be required. Besides this disseminating and communicating the same with market participants need to be in place for harmonization of quality standards across the state, which in turn will result in increased number of participants.

Synchronizing value chains: Technology can contribute to creating the system by synchronizing value chain activities into layer-wise process (Dey 2015). e-NAM perceived as a marketing system that will facilitate the post-production supply chain of farm produce. Integration of value chain system also includes secondary activities such as research, development, front-line demo, extension work, market information. Cross learning from

dairy and food processing industry where value chain integration have helped in optimal value realization needs to be adopted by the progressive state where e-NAM is already operational.

Integrated development of market participants:

E-NAM requires farmer linkages for selling produce. The Farmer Producer Organization (FPO) needs to be strengthened on Organizational skills, working in teams, interpersonal communication, work allocations, online payments and transaction, pledge finance etc. the farmers need to understand changes in markets and preparing produce by grading and assaying for e-NAM. Traders and market agents need to be trained on adoption of grades, assaying, bidding, online payments, sale procedure, produce handling, dispute settlement etc.

Lack of coordination of market agencies and market services:

There is a need for a synergy of network organization and market agencies like warehousing and collateral management agencies, financial institutions, logistic providers training and extension organizations As markets are transforming towards on digital phase, diverse and discursive groups of clientele, public and private organization need to be integrated to provide customized services.

Monopolistic of Rural Markets:

There are states in India where Panchayat markets are in conflict with the APMCs in terms of handling business even with poor infrastructure. The States have parallel acts and markets are in coexistence is finding difficult to integrate markets with e-NAM. The markets which have dysfunctional and inaccessible for long are now required to set up online portal and testing labs to get started for e-NAM.

Issues with states regarding eNAM rules and regulations:

as state market rules are differs from eNAM rules and regulations. So it is very difficult to accepting eNAM by states.

Poor literacy rate of market performers: As eNAM is a computer portal based service which is difficult to use and understand by the stakeholders, because most of the market performers are illiterates.

Pathways to integrate Farmers to e-market

1. Linkages with Market and Good governance and innovations
2. Enabling market connectivity through market information
3. Producer organization to offer vital link to market
4. Market-Led Extension and capacity building

5. Linking rural periodic markets by upgrading them as PRAM
6. Adopting Model Agriculture Produce Livestock Market Act (2017).
7. Warehouses and silos to be declared as market points.

Current scenario of eNAM

The government have been reached of linking total 585 mandis on the eNAM platform as on 23rd march, 2018. As on now 73.50 lakh farmers, 1.01 lakh trader's and 53163 middlemen/arhatias were registered. Through eNAM 1.52 MT of produce was traded. The total value of traded produce was Rs. 36,275 Crores and it is also trading 90 different commodities.

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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