



## E-Platform for National Agricultural Market

**Dr. Surender Singh Charan**

*Professor, Department of Economics, SPNKS Govt. PG College, Dausa, Rajasthan, India*

**Abstract:** *National Agriculture Market (eNAM) is a pan-India electronic trading portal which networks the existing APMC mandis to create a unified national market for agricultural commodities.*

*Small Farmers Agribusiness Consortium (SFAC) is the lead agency for implementing eNAM under the aegis of Ministry of Agriculture and Farmers' Welfare, Government of India.*

### **VISION**

*To promote uniformity in agriculture marketing by streamlining procedures across the integrated markets, removing information asymmetry between buyers and sellers and promoting real time price discovery based on actual demand and supply.*

### **MISSION**

*Integration of APMCs across the country through a common online market platform to facilitate pan-India trade in agriculture commodities, providing better price discovery through transparent auction process based on quality of produce along with timely online payment.*

**Keywords:** *E-platform, national, agricultural, market, farmers, trade.*

## **INTRODUCTION**

National Agriculture Market (NAM) is a pan-India electronic trading portal launched on 14<sup>th</sup> April, 2016 completely funded by Central Government and implemented by Small Farmers Agribusiness Consortium (SFAC). NAM portal networks the existing APMC (Agriculture Produce Marketing Committee) / Regulated Marketing Committee (RMC) market yards, sub-market yards, private markets and other unregulated markets to unify all the nationwide agricultural markets by creating a central online platform for agricultural commodity price discovery. The scheme envisages deployment of a common e-market platform of 585 selected<sup>1</sup> regulated wholesale agriculture market yards by March, 2018. The common electronic trading portal will be called as e-NAM.[1,2,3]

### **Objectives**

1. 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.
2. To streamline marketing / transaction procedures and make them uniform across all markets to promote efficient functioning of the markets.
3. 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.
4. To establish quality assaying systems for quality assurance to promote informed bidding by buyers.
5. To promote stable prices and availability of quality produce to consumers.



## **Beneficiary:**

Farmers, Mandis, Traders, Buyers, Processers and Exporters.

## **Benefits:**

Transparent online trading with enhanced accessibility to the market. Real time price discovery for better & stable price realization for producers. Reduced transaction cost for buyers. Availability of information on e-Nam mobile app about commodity prices. The details of price of commodity sold along with quantity are received through SMS. Quality certification. More efficient supply chain & warehouse-based sales. Online payment directly to the bank accounts of the farmers.

Small Farmers' Agribusiness Consortium (SFAC) is designated as Lead Agency, to roll out the NAM in partnership with a Strategic Partner (SP), which will be responsible for developing, running and maintaining the proposed e-marketing platform.

National Agriculture Market (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 will 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.

## **SOME BASIC FACTS ABOUT NATIONAL AGRICULTURE MARKET (NAM)**

### **Scheme Design**

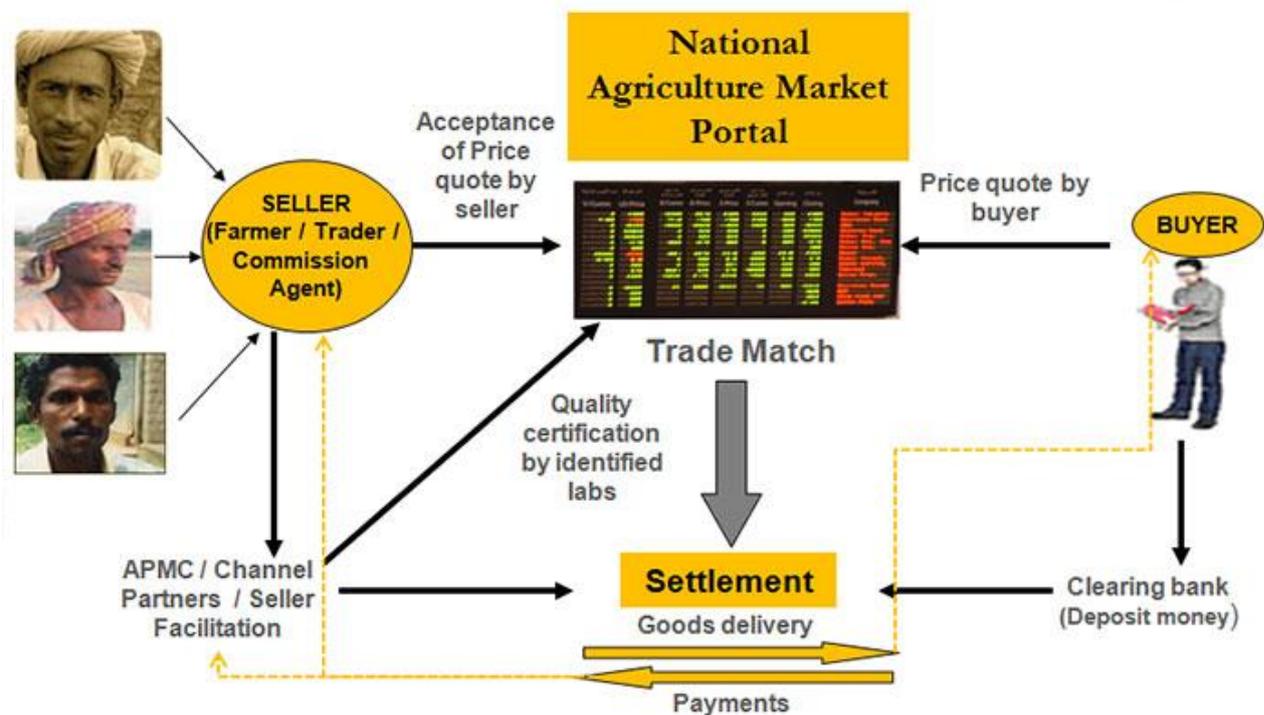
It is the objective to usher in reform of the agri marketing system and to provide farmers / producers with access to markets across the country. The scheme envisages implementation of the NAM by setting up of an appropriate common e-market platform that would be deployable in selected 585 regulated wholesale markets in States / UTs desirous of joining the e-platform.

### **National Agriculture Market Scheme Features[5,7,8]**

- A National e-market platform for transparent sale transactions and price discovery in regulated markets, kisan mandis, warehouses and private markets. Willing States to accordingly enact provision for e-trading in their APMC Act.
- 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.
- One license for a trader valid across all markets in the State.
- Harmonization of quality standards of agricultural produce and provisions of assaying (quality testing) infrastructure in every market to enable informed bidding by buyers.
- Restriction of agriculture Produce Marketing Committee's (APMC) jurisdiction to within the APMC market yard / sub yard instead of a geographical area (the market area) at present.
- Single point levy of market fees i.e. on the first wholesale purchase from the farmer.

SFAC will implement the national e-platform and will cover 400 and 185 mandis during 2016-17 and 2017-18 respectively. SFAC will develop, operate and maintain the NAM platform with technical support from the Strategic Partner viz. M/s Nagarjuna Fertilizer and Chemicals Limited, who have been selected through an e-procurement process.[9,10,11]

## Agriculture Market Working Model



### Benefits of Trading on NAM

- Transparent Online Trading
- Real Time Price Discovery
- Better Price Realization For Producers
- Reduced Transaction Cost For Buyers
- Stable Price and Availability to Consumers
- Quality Certification, Warehousing, and Logistics
- More Efficient Supply Chain
- Payment and Delivery Guarantee
- Error Free Reporting of Transactions
- Enhanced Accessibility to the Market

### DISCUSSION

National Agriculture Market or eNAM (where e is to be construed as electronic or digital) is an online trading platform for agricultural commodities in India. The market facilitates farmers, traders and buyers with online trading in commodities.<sup>[1]</sup>

The market helps in better price discovery and providing facilities for smooth marketing of produce. The market transactions stood at ₹36,200 crore (equivalent to ₹480 billion or US\$6.0 billion in 2022) by January 2018, mostly intra-market. Over 90 commodities including staple food grains, vegetables and fruits are currently listed in its list of commodities available for trade.<sup>[2]</sup>



The eNAM markets are proving popular as the crops are weighed immediately and the stock is lifted on the same day and the payments are cleared online. In February 2018, some attractive features like MIS dashboard, BHIM and other mobile payments, enhanced features on the mobile app such as gate entry and payment through mobile phones and farmers database is helping adoption even more. The present trading is done mostly for intra-market, but in phases, it will be rolled out to trade in inter-market, inter-state, creating a unified national market for agricultural commodities.

## History

It was launched by the Ministry of Agriculture, Government of India. The electronic market pilot across India was launched on 14 April 2016 by Prime Minister of India, Narendra Modi. The Portal is managed by Small Farmers' Agribusiness Consortium (SFAC) with the technology provider, NFCL's iKisan division. A similar project was initiated by the Congress government in the State of Karnataka, during UPA tenure and had been a great success. NDA government has rolled it out nationally.[12,13,15]

## About

On the eNAM platform, farmers can opt to trade directly on their own through the mobile app or through registered commission agents.

The eNAM is linked with 1000 markets (APMCs) in 18 states and 2 union territory, with over 50 lakh farmer membership in 18 states.<sup>[3]</sup> The market is helping traders and exporters in procuring quality products in bulk, at one place and ensure transparent financial transactions.

The Government plans to connect over 22,000 GrAMs, local farmers markets, with the platform. To provide better grading and assaying services, the Agriculture Department is looking at looping in AGMARK for better certification.

## Technology

The trading is done online, with trading computers or through an eNAM mobile application is available on Android for farmers and traders to bid and complete a transaction on the app, available in 8 languages. The MIS dashboard was introduced in February 2018, to give a greater insight into the performance of each market (mandi) in terms of arrival and trade in commodities.[17,18,19]

The payment network RTGS/NEFT, debit card and internet banking was also integrated into the app. In 2017 mobile payment, Unified Payment Interface (UPI) facility through BHIM support was added in the app.<sup>[4]</sup> Kotak Mahindra Bank (KMBL) has been selected as a digital payments partner by the National Agriculture Market (eNAM). KMBL will enable and facilitate online transactions for all stakeholders on the eNAM platform, including farmers, traders and farmer producer organizations (FPOs). Under this initiative, Kotak Mahindra Bank will provide payment, clearing and settlement services on the eNAM platform to facilitate trade between a buyer and seller of agri produce. Kotak Mahindra Bank has integrated its payment system and portal directly with the payment interface of eNAM, to enable quick and safe transactions for agri participants who have joined the platform.<sup>[5]</sup>

The mobile phone gate entry, integration of farmers database and e-learning module is available. The agents are mostly using the eNAM mobile App for trading on behalf of farmers. The critical operation of gate entry from e-NAM mobile app helps facilitate the farmers to do advance gate entry on mobile app, which in turn will reduce a lot of time for farmers coming into the market and will bring huge efficiency and facilitate smooth arrival recording at the gate. A new feature has been introduced for farmers, where they can see the progress of their lot being traded and also real time bidding progress of price will be visible to farmers on their mobile app.



## Adoption

The six States with the most eNAMs as of March 2021 are Uttar Pradesh – 125 (Lead by Mr. Anshul Sharma from SP Team), Madhya Pradesh – 80, Haryana - 81, Maharashtra – 118, Gujarat – 122, Telangana – 57 and Punjab - 37 (Lead by Ajay Bansal from SP Team).

## Objectives

- 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.
- One license for a trader valid across all markets in the State.
- Harmonisation 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 25 commodities.
- Single point levy of market fees, i.e. on the first wholesale purchase from the farmer.
- Provision of Soil Testing Laboratories in/ or near the selected mandi to facilitate visiting farmers to access this facility in the mandi itself. M/s. Nagarjuna Fertilizers and Chemicals Ltd. is the Strategic Partner (SP) who is responsible for the development, operation and maintenance of the platform. The broad role of the Strategic Partner is comprehensive and includes the writing of the software, customizing it to meet the specific requirements of the mandis in the States willing to integrate with NAM and running the platform

## Implementing Agency

Small Farmers' Agribusiness Consortium (SFAC) is the lead promoter of NAM. SFAC is a registered society of the Department of Agriculture, Cooperation & Farmers' Welfare (DAC&FW) under the Ministry of Agriculture and Farmer Welfare. SFAC through open tender selected Nagarjuna Fertilizers and Chemicals Ltd / Ikisan Division as 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 ₹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 NAM. 470 mandis are planned to be integrated by March 2017 and the remaining by March 2018.[20,21,22]

## Funds Allocation

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 ₹200 crores to the newly created ATIF. With this fund SFAC will implement NAM for three years from 2015-16 to 2017-18. Each market is given ₹30 lakhs by the department.

## RESULTS

### Advantages for various stakeholders

- Farmers: They can sell products without the interference of any brokers or middlemen thereby making competitive returns out of their investment.



➤ **Traders:** Traders will be able to do secondary trading from one APMC to another one anywhere in India. Local traders can get access to the larger national market for secondary trading.

➤ **Buyers, Processors & Exporters**

Buyers like large retailers, processors or exporters will be able to source commodities from any mandi in India thereby reducing the inter-mediation cost. Their physical presence and dependence on intermediaries will not be needed.

➤ **Consumers**

NAM will increase the number of traders and the competition among them increases. This translates into stable prices and availability to the consumers.

➤ **Mandis**

There will be a reduction in bookkeeping and reporting system as it will be generated automatically. Monitoring and regulation of traders and commission agents become easy. Transparency in the process eliminates the scope of manipulation of tendering/auctioning process. Market allocation fee will increase due to an accounting of all transactions taking place in the market. It will reduce the manpower requirements as the tendering/auctioning process is carried out electronically. For instance, the system declares the winner of lots within a few seconds. It eliminates information asymmetry as all the activities of an APMC can be known directly from the website.

➤ **Others**

NAM aims to improve the marketing aspect of the agriculture sector. With one license for the entire state and single point levy, an entire state becomes a market and the market fragmentation within the same state gets abolished. It will improve the supply chain of commodities and reduces wastages.

Other agriculture schemes launched by Modi regime

**Agriculture initiatives schemes launched by the Narendra Modi regime are:<sup>[6]</sup>**

- 2020 Indian agriculture acts
- Atal Bhujal Yojana
- E-NAM, for online agrimarketing
- Gramin Bhandaran Yojana for local storage
- Micro Irrigation Fund (MIF)
- National Mission For Sustainable Agriculture (NMSA)
- National Scheme on Fisheries Training and Extension
- National Scheme on Welfare of Fishermen
- Pradhan Mantri Kisan Samman Nidhi (PMKSN) for minimum support scheme
- Pradhan Mantri Krishi Sinchai Yojana (PMKSY) for irrigation
- Paramparagat Krishi Vikas Yojana (PKVY) for organic farming
- Pradhan Mantri Fasal Bima Yojana (PMFBY) for crop insurance

## CONCLUSION

Since the launch of the economic reforms in 1991, the disparity between growth rates of output in agriculture and non-agriculture sectors has risen sharply. The average annual growth rate for five



years in agriculture hovered around a long-term growth trend of 3% whereas growth rate of non-agriculture sector increased steadily from around 6% during the early 1990s to 10% during 2004–05 to 2008–09, and 7.5% during the recent five years. An important reason for this is that the price incentive offered by the agricultural market in the country did not improve, as these markets remained fragmented, inefficient and dominated by low scale and multiple middlemen.

It is observed that after implementation of the Agricultural Produce Marketing (Regulation) Act (APMRA) in various states during 1960s and 1970s, no major reform in the agricultural market has been implemented (Chand 2012). The APMRA brought radical changes and significant improvement in almost all aspects of marketing of farm produce (Acharya 2004). This has been a major driving force behind the achievements of the Green Revolution phase. However, many gains brought by APMRA to improve competitiveness of agricultural markets got diluted over time and market infrastructure did not keep pace with volume of market arrivals. The facilities provided in markets remained not only inadequate, but also deteriorated in many cases. Excessive intermediation worked to the disadvantage of producers and consumers, and favoured only middlemen.[23]

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