

A Study on The Role of E-National Agriculture Market (e-NAM) in Increasing Farmers Income

PRAVEEN S KAMBAR¹, DR. KIRAN KUMAR P²

¹Research Scholar, Dept of Studies in Economics, Rani Channamma University, Belagavi.

²Assistant Professor, Dept. of Studies in Economics, Rani Channamma University, Belagavi.

Abstract— The government of India has targeted to double farmer's income by the year 2022. This was a challenging task due to high high population and more reliance on agriculture sector which mainly depends on climate and wheather. Moreover, the farmer's real income needs to grow at a CAGR of 10.4 per cent to meet the government's target. The Dalwai committee, in its report had estimated the average income of farmer at Rs 77,976 per year. In order to reach the ambitious goal one of important programme of the government of India is e-NAM. The National Agriculture Market (e-NAM) is a pan-India electronic trading portal which networks the existing APMC mandis to create a unified national market for agricultural commodities. And with the start of New Year 2019, the flagship program e-NAM has achieved another milestone by commencing inter-State trade between mandis of two different States. Movement to high-value crops, developing and exploiting the market for organic produce, creating farm export clusters, complying with international food-safety requirements, and doing away with multiple authorities for monitoring/regulating agricultural trade are the need of the hour to reduce agriculture distress. This paper tries to analyze the role of e-NAM in improving market conditions for farmers, importance of e-NAM scheme and challenges for the proper implementation of the scheme.

Indexed Terms- e-NAM, Farmers income, Agricultural marketing

I. INTRODUCTION

The agriculture sector is the backbone of the Indian economy, providing employment to a whopping 48.9% of the entire workforce in the country. This also constitutes 17-18% of India's Gross Domestic Product (GDP). Production of food grains: As per the Ministry of Agriculture, Cooperation & Farmers Welfare production of kharif food crops during 2017-18 is estimated at 134.7 million tonnes, as compared to 138.5 million tonnes and 135 million tonnes in 2016-17. India ranks second in overall agricultural

production, next only to China. But the country's exports hardly reflect its huge crop production diversity and potential to generate a significant farm Income. So, without an open and stable farm export policy, there's no predictability for farmers to access global markets and obtain the best possible prices for their produce. Earlier trade used to happen either within the APMC or between two APMCs situated within same state. But with e-NAM Issues such as reducing the cost of production, ensuring remunerative price for farmers, stopping wastage and ensuring alternative sources of income are being addressed. The very first Inter State transaction in tomatoes has been carried out between trader of Bareilly e-NAM APMC of Uttar Pradesh and farmer of Haldwani e-NAM APMC of Uttarakhand.

The government will emphasize on the growth prospects of the agrarian segment with an objective to bring about reforms in the market. This, in turn, would ensure that the key players, i.e., the farmers, benefit from better prices for their contributions. It should be noted that the government has been pushing to double the income of farmers and e-NAM platform promotes better marketing opportunities for the farmers to sell their produce through online competitive and transparent price system.

Objectives

The major objectives of the study are

- To understand the role and scope of the e-NAM in India.
- To know the significance of e-NAM in improving farmers income India.
- To analyze the various challenges for implementation of e-NAM.
- To provide few suggestions and way forward for e-NAM.

Research Methodology

The research paper on the title – “A study on the role of e-National Agriculture Market (e-NAM) in increasing farmers income” is based on descriptive-analytical method of research. The research is done on secondary source of information. This is an important topic of the Indian economy and hence, the author has relied more on newspapers, online learning sources, Journals and Magazines for collection of information related to recent facts and datas. The research paper tries to explore the new opportunities created by e-NAM in agricultural marketing and also the upcoming challenges for the implementation of the scheme.

Challenges Faced by Indian Agrarian Sector

The agricultural sector in the country is bogged down by several challenges that pose high risk to the growth of the industry. This includes the following factors:

- Farm holding that is fragmented.
- Low capital formation
- High input cost
- Lesser productivity
- Low price for produce which results in farmer debts
- Restrictions laid down by the agricultural produce market committee (APMC)
- Thinking that is supply-driven.
- Lack of connectivity with processing units

The risk associated with agriculture Marketing.

- a. Most farmers in the country are unable to reap the benefits of their hard labour as they get cheated by middlemen. Currently, APMC (Agricultural Produce Market Committee) is being followed which limits the scope of trading in agricultural commodities.
- b. The current state-level APMC laws permit - after crop harvesting by farmers, the first sale of crops to take place only in regulated market yards or mandis. It, thus, restricts the farmer's to just the traders licensed to operate in the mandi under the concerned APMC's jurisdiction.
- c. There are multiple transaction costs levied to move the produce from one mandi to another even within the same state. Multiple licenses are required to trade in different markets in the same state and not even a single state in India is a unified market.

- d. Farmers are often forced to sell at a distress prices in the closest mandi (market). This has led to an expensive and fragmented agricultural economy, increasing the gains for middlemen and minimizing the farmer's income.
- e. Horticultural crops such as onions and potatoes are often sold at varying rates in different states.

E-National Agricultural Market (e-NAM)

In April 2016 the Union Government launched pilot project of e-NAM scheme. The e-trading platform for the National Agriculture Market (e-NAM) is a pan-India electronic trading portal which seeks to network the existing physical regulated wholesale market (known as APMC market) through a virtual platform to create a unified national market for agricultural commodities. e-NAM is managed by the Small Farmers' Agribusiness Consortium (SFAC), which is a registered society of the Department of Agriculture, Cooperation & Farmers' Welfare (DACFW). e-NAM platform promotes better marketing opportunities for the farmers to sell their produce through online competitive and transparent price discovery system and online payment facility. It also promotes prices commensurate with quality of produce. The e-NAM portal provides single window services for all APMC related information and services. This includes commodity arrivals, quality & prices buy & sell offers & e-payment settlement directly into farmers' account, among other services.

Farmers can access the information on e-NAM easily through their mobile phones from anywhere. This online trading platform aims at reducing transaction costs, bridging information asymmetry and helps in expanding the market access for farmers. So far, 585 Regulated Markets of 16 States and 2 Union Territories have been integrated to e-NAM platform. The Government has also decided to integrate additional 415 markets by March, 2020. The government is planning to link all the 7,500 agricultural produce market committees (APMCs) along with the weekly and bi-weekly temporary markets across the country with e-NAM by FY 2022. Meanwhile, Karnataka has refused to join the initiative of the agriculture ministry

Table No. 1, Major States and list of Mandis (markets) integrated with e-NAM Platform

| S. No. | Name of the State | Number of Mandis integrated |
|-----------------------|-------------------|-----------------------------|
| 1 | Andhra Pradesh | 22 |
| 2 | Gujarat | 79 |
| 3 | Haryana | 54 |
| 4 | Madhya Pradesh | 58 |
| 5 | Maharashtra | 60 |
| 6 | Punjab | 19 |
| 7 | Rajasthan | 25 |
| 8 | Tamil Nadu | 23 |
| 9 | Telangana | 47 |
| 10 | Uttar Pradesh | 100 |
| 11 | West Bengal | 17 |
| *Total all over India | | 585 |

Source: www.eNAM.in, * All states of India

Table no. 3, Coverage of e-NAM scheme

| Sl. No. | Coverage area | e- NAM coverage |
|---------|-------------------|-----------------|
| 1 | States | 16 |
| 2 | Union Territories | 2 |
| 3 | Farmers | 1.11crore |
| 4 | Traders | 1.14 lakh |
| 5 | Mandis | 585 |
| 6 | Commodities | 90 |

Source:www.e-NAM.in

Vision

To promote uniformity in agriculture marketing by streamlining of 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.

Table No. 2, Number of Commodities Included in e-NAM

| Sl. No. | Commodity category | No. Of Commodities |
|---------|----------------------|--------------------|
| 1 | Food grains/ cereals | 19 |
| 2 | Oilseeds | 12 |
| 3 | Fruits | 24 |
| 4 | Vegetables | 36 |
| 5 | Spices | 11 |
| 6 | Misc | 22 |

Source: www.e-NAM.com

Key features

- A pan India e-trading portal to network the existing APMC and other market yards to create a unified national market for agri commodities.
- Provide a single window service for all APMC related information and services.
- Transparent online trading with enhanced accessibility to the market
- Promotes better marketing opportunities for the farmers to sell their produce through online competitive and transparent price system.
- Availability of information on e-Nam mobile app about commodity prices through SMS.
- Online payment directly to the bank accounts of the farmers.
- Quality certification, More efficient supply chain & warehouse based sales
- A combined national market for agricultural commodities - including onion, potato, apple, wheat, pulses, coarse grains and cotton.
- Facilitate transportation of commodities after trading through “Logistic providers” to promote inter State trade among e-NAM States.



Source: www.e-NAM.in

Significance of E-NAM

“e-NAM is not just a scheme but it’s a journey which aims to reach out to the last mile farmer and transform the way agricultural produce is sold”

-Sanjay Agarwal, Secretary, DA&FW

- a. The e-NAM platform will allow farmers to sell their produce anywhere in the country. While farmers will earn more, traders will have a wider choice and consumers can expect lower prices.
- b. A major objective of the common market is to iron out the price differentials that exist across the country, by curbing the tendency to hoard, which could lead to moderation of food inflation.
- c. A farmer in north India can sell his produce on the NAM to a trader in the west or south based on price. This will make a significant difference because there is no state or national price.
- d. Connecting e-mandis in states from corner to corner from the country with the online platform, the state governments have to amend their Agriculture Produce Market Committee (APMC) Act.
- e. The initiative will bring transparency that will greatly benefit the farmers. e-NAM would essentially be a common electronic platform allowing farmers to sell their crops to buyers anywhere in the country.
- f. e-NAM, holds the promise of increasing the earnings of the farmers by connecting them directly to the buyers across the country.
- g. The benefits to buyers, large retailers, processors or exporters — are obvious, as they can log into the platform and source from any mandi in India connected to it. They don’t need to be physically present or depend on intermediaries with trading licenses in those mandis.

Challenges

Some of the challenges for successful implementation of the e-NAM project are –

- a. To implement it, each State has to first amend its APMC Act to make a provision for electronic auction as a mode of price discovery, allow a single license across the State and have market fees levied at a single point. Currently, only 13 States have enacted the necessary amendments.

- b. While buyers would definitely gain from this portal same could not be clearly said about the Farmers as most farmers do not take their crop to the mandis; they sell off to the local merchants and agents or produce aggregator even before that.
- c. The National Sample Survey Office’s (NSSO) recently released ‘Some Aspects of Farming in India’ report shows almost 85 per cent of coconut growers selling their produce to retailers and dealers in their immediate neighbourhood. These ratios are well above 50 per cent in most crops. Thus, farmers lack the flexibility to even take their crop to the mandis.
- d. There are various hurdles in the inter-state movement of agricultural commodities such as standardized physical parameters for goods to be traded through e-NAM and primary processing at mandi level.
- e. The Farmers procure most of their Fertilizers, Fodder, and credit for seasonal agricultural operations from the local lenders and the credit and other inputs are given to the farmers on the condition that they will have to sell their goods to the local lenders or merchants.
- f. Another major challenge will be to bring in uniformity and rationalization in taxes as agriculture and marketing is a state subject.
- g. Some of the APMCs are “political platform of powerful and connected traders”. These traders own large tracts of land themselves. This nexus needs to be knocked off.
- h. In order to bring together both Buyers and sellers at a virtual space, adequate physical connectivity between the Farmer and retailer rural infrastructure like roads, warehouses and cold storage Infrastructure need to be improved simultaneously.
- i. Niti Ayog's review of e-NAM has found that many mandis are ill-equipped to access the quality of produce. Without which quality assurance could not be provided to potential buyers. It has also been reported at some places auctions were occurring in the old way and data was entered on the e-NAM portal after the transaction.

Suggestions

- a. The government should have centralized APMCs and put a cabinet rank minister to cater the commerce part of agriculture.
- b. Farmers can greatly benefit if they were to find ways for aggregating produce on their own,

bypassing the agents, dealers, local Bania and even the local mandi in the process.

- c. Farmer producer organizations and cooperatives can play a role in success of any ambitious virtual marketplace experiment.
- d. In order to reduce the role of Village Bania in the life of farmer, there is a need to improve the structure of formal source of credit, Fertilizers and other Agriculture inputs.
- e. Cultivation of pulses and millets receive more attention, not only because of their high protein and nutrition-dense characteristics, but also for their climate resilience and low carbon and water foot-prints growth of such crops needs to be encouraged.
- f. The government should also move from a “cereal-centric” policy focused on subsidized procurement and distribution of rice and wheat to a diversified mix of nutritious millets and legumes.

Ways Forward

States desirous of linking their mandis with e-NAM are required to carry out 3 marketing reforms in their APMC Act i.e. Single point levy of mandi fee, Unified trade license valid across all mandis of State and Provision of e-auction. After carrying out reforms, States are required to propose their wholesale regulated markets for integration with e-NAM platform based on States priorities, which are then considered by Government of India for integration.

States and UTs, which either do not have proper marketing regulation must identify Institution with legally enforceable guidelines, which will develop the appropriate physical infrastructure and put in place provisions required for e-trading on e-NAM platform including registration of both traders and farmers.

Therefore, mandi integration with e-NAM platform is an ongoing process. Government of India is pursuing with rest of States/Union Territories to propose their market integration after completing requisite provisions for which states need to cooperate.

REFERENCES

- [1] Amarender reddy (2018), “*Electronic National agriculture market: The way forward*” General Article Current Science, Vol. 115, No. 5, 10 September 2018.
- [2] J.P. Yadav, Abhishek Sharma (2017), “*National Agriculture Market: The Game Changer for Indian Farming Community*” International Journal of Scientific Research and Management (IJSRM), Volume 5, Issue 07, Pages- 5810-5815, ISSN (e): 2321-3418, Retrieved from: www.ijsrm.in
- [3] Neeraj Kumar (2016), “*NAM: Connecting farmers and traders*” Volume 11, Issue 2, e ISSN-2321-7987, December 2016, 61-62, Retrieved from- www.researchjournal.co.in
- [4] D.S. Kolamkar and A Subramanian (2015), “A Common Indian Agricultural Market?” Business Standard dated 28 May 2015.
- [5] e National Agriculture Market (eNAM) Manual for District 2017 e National Agriculture Market (eNAM) Manual for District Level Functionaries
- [6] Business News – Business Today › Can eNAM flip Indian farmers' fate? - <https://www.businesstoday.in/top-story/can-enam-flip-indian-farmers.../282538.htm> Sep 18, 2018
- [7] 7) The Hans India › More reforms in eNAM would benefit farmers - <https://www.thehansindia.com/posts/index/News-Analysis/...08...eNAM.../406810> Aug 28, 2018