

E-NAM – A PRAGMATIC APPROACH IN MARKETING OF AGRICULTURAL PRODUCTS

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ABSTRACT

A unique project launched by the Indian government in April 2016 called e-NAM. It unquestionably aids in boosting farmers' incomes and enhancing the agricultural marketing industry. Secondly, e-NAM supports real-time price discovery based on current demand and supply standardization in agriculture marketing, the elimination of information asymmetry between buyers and sellers, and the promotion of procedures throughout interconnected markets. In order to improve pan-India commerce in agricultural commodities, better price determination through transparent auction processes based on quality of produce, combined with on-time online payment, the government began to interconnect the APMCs throughout the nation through a shared online market platform. The goal, NAM's vision, mission, need, how it operates, process flow, and benefit are explained in this article.

KEYWORDS: *Agricultural Marketing, e NAM, Buyers, Sellers, Integration*

INTRODUCTION

India is primarily an agricultural nation and one third of its people work in or is dependent on agriculture. Since the start of history, agriculture has been the primary engine in driving the Indian economy. The National Gross Domestic Product (GDP) is around 17% influenced by agriculture (PIB, 2022). In India, there are several organizations, involved in marketing of agricultural produces like, Commission for Agricultural Costs and Prices, Food Corporation of India, Cotton Corporation of India, Jute Corporation of India, etc., (Nidhi et al., 2017). Additionally, there are institutions dedicated to the marketing of rubber, tea, coffee, tobacco, spices, and vegetables. Nevertheless, farmers in India tend to encounter a great deal of difficulty in marketing their products due to a plethora of intermediaries, defective weight & scale, illiteracy and disunity, a lack of storage and transportation facilities, a shortage of financial resources, a lack of standardisation, a lack of market awareness, distress sales, and corrupt mandi policies are mostly the problems that exist. As a result, the Government of India implemented a plan in 2016 as under the XII five-year plan to integrate and automate agricultural marketing in India by launching the Electronic National Agricultural Market.

SFAC (Small Farmers Agribusiness Consortium), which is directly supervised by the Central Government through the Department of Agriculture Cooperation & Farmers' Welfare, is the organisation that promotes the Electronic National Agricultural Market (e-NAM), a project funded by the Government of India. In the current market structure, there are numerous licence, logistics, and infrastructure requirements. In addition, the farmer gets a very small proportion of the price due to a prolonged chain of middlemen and is forced to sell their produce at particular mandies, restricting them from

receiving a higher price. Government of India developed National Agriculture Market Portal (e-NAM) to link mandies (markets) in various states of the nation in order to address these issues with the marketing system.

Initially, 21 markets from 8 states were linked to the e-NAM portal. As of right now, 585 markets from 16 states and 2 UTs are connected to the e-NAM network. This enables farmers, traders, and buyers to trade commodities online, increases the price at which farmer produce is fixed, and execute and provide services for efficient marketing. For all APMC-related information and services, such as commodity arrivals and pricing, buy-and-sell trade offers, the ability to respond to trade offers, etc., this portal offers a single window service.

OBJECTIVES OF E-NAM

The Objective of e-NAM Is Listed Below;

- To integrate markets across the country through a common online market platform and to facilitate trade in agricultural commodities.
- To streamline marketing / transaction procedures and make them uniform across all markets to promote efficient functioning of the markets.
- 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 agricultural commodities, transparency in auction process, prices commensurate with quality of produce, online payment etc. that contribute to marketing efficiency;
- To establish quality assaying systems for quality assurance to promote informed bidding by buyers.
- To promote stable prices and availability of quality produce to consumers.

Need for e-NAM

All APMC-related information, including commodity arrivals, pricing, buy-sell trading offers, and its response and other functions, is offered by e-NAM. It regulates the continuous movement of goods through the online market, reduces transaction costs, and minimizes informational asymmetry. Removal of market fragmentation within a single state, which inhibits the free flow of goods between markets, enhances the movement of products through the supply chain, and reduces wastage. Provide a standard marketplace for commodities to support farmers, traders, importers, exporters, and processors. By offering an e-auction based on actual demand and supply, e-NAM encourages price discovery and gives farmers access to the national market.

Main two reforms required under e NAM are a single license which is to be valid across the state and a single point for the levy of the market fee at the point of transaction irrespective of buyer's location.

Process Flow of e-Market

- In e-markets, all related activities starting from gate entry receipt to farmer (registration of farmer's name, commodity name, bank account number, lot number and quantity) to allocation of commission agent, bidding by each trader, selection of highest price bidder and announcement of final bid winner with sale price are done online.

- Traders can bid from 9.30 am to 1.30 pm, and final bidders will be announced by 1.30 pm. After e-auction, the system notifies the highest bidder for each lot.
- Notified information will be disseminated through announcement, scrolling on TV screen in the market and by SMS to farmers, traders and commission agents regarding the price, name of the farmer, trader and commission agent^{5, 6}. If a farmer accepts the price, sale bill will be generated, and money transfer and delivery will take place by 2.30 pm.
- Money transfer is done from trader's account to exchange account and in turn will be transferred to farmer's account after deduction of commission and other charges.
- E-permit will be generated online by 2.30 p.m. on the same day.

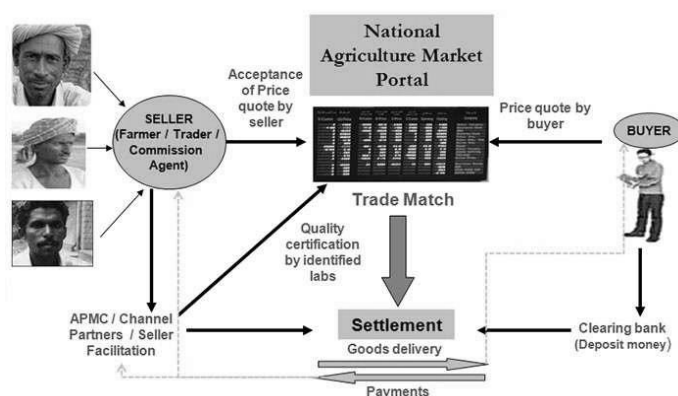


Figure 1: Process flow chart of e-market.

ADVANTAGES OF E-NAM

For Farmers

E-NAM enables numerous options for buying and selling produce, which fosters fair competition in the market. It gives farmers access to a countrywide market where pricing are determined by the quality of the produce producers produce. For farmers, it guarantees better returns.

For Traders

For buyers, processors, and exporters engaged in secondary trade, E-NAM enables access to wider national markets. Bulk merchants, processors, exporters, etc. can participate in direct trading at the mandi level, which minimizes their costs associated with intermediaries. The buyers' market prices are also minimized. Better produce is accessible to customers at more reasonable rate.

For Mandies

A reduction in bookkeeping and reporting system as they are now generated automatically. Enhanced governance and control over traders and commission dealers. A completely open platform that renders it impossible to manipulate the tendering / auction process, either intentionally or unintentionally. The manpower requirement is decreased because of the tendering/auction process conducted through e-NAM. It can be used to forecast prices and delivery schedules. On the government website, the functions of each APMC are transparent.

HINDRANCES AND CHALLENGES IN IMPLEMENTATION OF E-NAM

Setting up NAM is not an easy task which faces numerous hindrances and challenges in its proper implementation in India are as follows

Constitutional

State governments have the authority to enact laws pertaining to agricultural markets, and under normal circumstances, the central gov't is not allowed to impose any regulations on the states in this area. Many of these states do not meet the fundamental requirements set forth for the development of NAM through their separate APMC legislation.

Assaying and Grading Infrastructure

A key challenge for online trading of agricommodities is the absence of assurance on the quality of the commodity as most of agricultural commodities are perishable and highly perishable. Though Indian Government is providing funds to set up assaying facility, but all mandies connected with e-NAM today do not have the infrastructure for grading and assaying. Less than half of these markets have covered market yards for auction and only a few of those have electronic weighbridges. An e-trading system cannot function properly without other necessary mandi specific infrastructure and NAM funds won't cover anything apart from the hardware needed for the e-platform.

Licensing

In order to promote the inter mandi state trade unified single trade licensing is a must which is valid throughout the country. But till date only a handful of states have agreed to recognize the trading licenses issued by respective states authorities. As a result, online inter-mandi transactions are permitted only in 10 states.

Single-Point Levy

Payment of mandi charges by harmonizing the marketing levies of all the states is needed. Most states are unwilling to alter market levies because that would cause loss of revenue.

Quality

There is no uniformity in the quality standards of farm goods in different states. Also, only few mandies have put in place appropriate sorting, grading and assaying (quality testing) facilities that would enable informed bidding by buyers. There is also lack of proper warehouses for the safe upkeep of the sold items. .

Storage Infrastructure

There is a lack of proper and sufficient scientific storage facilities for the produce. Approximately 10 to 20 per cent of the produce is eaten away by rats every year due to unscientific storage. During peak arrivals, farmers need storage to wait till they get proper prices for the produce, but storage capacity is available only to approximately 30 per cent of the need.

Harmonization of Grades and Standards

The success of e-NAM requires assaying facilities in different markets to ascertain quality traits (Chand 2016). Trading on the virtual platform requires a strong and well-established grading and standardizing system. Harmonization of quality standards of agricultural produce and provision for assaying (quality testing) infrastructure in each market to enable informed bidding by buyers required Besides this, disseminating and communicating the same with market participants

need to be in place for harmonization of quality standards across the states, which in turn will result in increased number of participants.

Integrating Value Chains

Technology can contribute to creating the system by synchronising value chain activities into layer-wise process (e-NAM is supposed as a marketing system that facilitates the post-production supply chain of farm produce. It is required to work for the inclusion of farming communities and farm operations into other segments of the marketing chain like storage, logistics. A correlation between value chains of the producer, market channels, retailer and consumer and integration of value chain system (secondary activities such as research, development, front-line demo, extension work, market information) are required to be developed.

Synergy of Network Organization and Market Services

The success of e-NAM depends on the delivery of services in an optimal way. There is a requirement for a synergy of network organization and market agencies like warehousing and collateral management agencies, financial institutions, logistic providers, diverse and discursive groups of clientele, public and private organization are to be integrated to provide customized services. These services include assaying and grading of the crop produce, price poling and information dissemination, warehousing and disposal and commodity based structured financing.

CONCLUSIONS

E-NAM is a milestone initiative which certainly helps in strengthening the agricultural marketing sector and increasing the farmers' income. About 11 per cent of the wholesale mandies in the country are under eNAM. E NAM is still at nascent stage. The most important challenge in front of Government of India is to integrate each and every mandi of country, setting up assaying labs in each mandi, provide logistics and other support systems for inter-mandi and inter- state trade, capacity build-up of market participants, create infrastructure and institutions facilities and persuade farmers for greater participation in e-trading on eNAM. Farmers will be in a position to take full advantage of eNAM when it will fully operate throughout the country and make online payments gateway easier to make transfers faster

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