

Prospects and Pitfalls of E-NAM

What is e-NAM?

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

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- It is managed by Small Farmers' Agribusiness Consortium (SFAC) under Department of Agriculture, Cooperation & Farmers' Welfare.

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- The NAM Portal provides a single window service for all APMC related information and services.

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- It currently links 450 APMCs from across 13 states, different commodities including staple food grains, vegetables and fruits are currently listed in its list of commodities available for trade.

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- Traders and exporters need to get themselves registered with the portal to access its services.

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- This includes commodity arrivals & prices, buy & sell trade offers, provision to respond to trade offers, among other services.

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What was the mechanism prior to e-NAM?

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- Agriculture marketing is administered by the States as per their agri-marketing regulations.

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- Under which, the State is divided into several market areas, each of which is administered by a separate Agricultural Produce Marketing Committee (APMC) which imposes its own marketing regulation (including fees).

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- This fragmentation of markets, even within the State, hinders free flow of agri commodities from one market area to another without commensurate benefit to the farmer.

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What is the working mechanism of e-NAM?

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- Under e-NAM willing States to accordingly enact suitable provisions in their APMC Act for promotion of e-trading by their State Agricultural Marketing Board/APMC.

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- States to undertake reforms prior to seeking assistance under the scheme in respect of

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1. Single license to be valid across the State.

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2. Single point levy of market fee (i.e. on the first wholesale purchase from the farmer will be charged).

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3. Provision for electronic auction as a mode for price discovery.

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- Only those States/UTs that have completed these three pre-requisites will be eligible for assistance under the scheme.

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- Besides the State Marketing Boards/APMCs must enable the promotion of the e-auction platform.

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- The States will need to ensure that the mandis that are integrated with NAM makes provision for requisite online connectivity, hardware and assaying equipments.

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- The payment to the farmers will be provided to the farmers with valid license linked with Aadhaar through DBT by state APMCs.

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What are the advantages of e-NAM?

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- A unified market through online trading platform, both, at State and National level and promotes uniformity, streamlining of procedures across the integrated markets.

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- E-NAM removes information asymmetry between buyers and sellers and promotes real time price discovery.

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- It uses estimations based on actual demand and supply, promotes transparency in auction process.

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- It allows farmers to access a nationwide market with prices commensurate with quality of his produce.

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- It also allows online payment and availability of better quality produce and at more reasonable prices to the consumer.

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What are few challenges e-NAM is facing?

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- State agricultural departments have been finding it difficult to convince all stakeholders like farmers, traders and commission agents to move to the online platform.

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- The platform is not fully functional in any State as there are no scientific sorting/grading facilities or quality testing machines.

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- Lack of technical expertise and internet facility at the State Agricultural Departments has also delayed the setting up of grading/assaying facilities.

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- The huge share of the trade recorded in the e-NAM portal was actually carried out offline and the values were fed into the portal to make it look like genuine online transactions.

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- This completely defeats the purpose as the main objective of an online auction portal is to help price discovery.

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Source: The Indian Express, Business Line

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