

Inter-State Agri Trading via e-NAM

What is the issue?

- Inter-state trade of farm products in mandis (wholesale markets) through the e-NAM (electronically linked national agriculture market) is gathering pace.
- But it calls for agri-reforms on part of the states, for the platform to function as intended.

What are the recent developments with e-NAM?

- Under the eNAM, launched in 2016, agri-trading was initially allowed within a mandi and later inter-mandi within a state was permitted.
- So far, 10 states are offering inter-mandi trade within their states.
- Now, inter-state trading via e-NAM mandis has started, and 8 states are now offering this via 21 e-NAM platforms so far.
- Rajasthan is the first state to start inter-state trade with more than one state, establishing trade link with Gujarat, Maharashtra and Madhya Pradesh through e-NAM.
- Over 14 commodities like vegetables, pulses, cereals, oilseeds, spices among others have been traded in a short span of time, and volume is also picking up.
- Inter-state trade on e-NAM aims to remove barriers of movement of agriculture produce and to increase income through appropriate monetisation of farmers' produce.
- The details on logistic providers are also being provided on the e-NAM portal to traders from outside the state, to facilitate transportation after trading.

Why is it welcome?

- 585 mandis operated by Agricultural Produce Marketing Committees (APMCs) in 16 states and 2 Union Territories have been linked with e-NAM.
- But the platform has been used so far only to transact business within the same mandis or, in some cases, between the mandis of the same states.
- This had denied the farmers the opportunity to earn a higher income by selling their produce at the best prices available anywhere in the country which was the prime objective of e-NAM.
- So the inter-state trade through the e-NAM platform can go a long way in addressing these concerns.

What are the shortfalls to be addressed?

- The pre-requisites for the success of e-NAM were clearly spelt out in the proposal for establishing a common agricultural market for the country.
- But most of these are yet to be fulfilled by the states by suitably amending their agri-marketing laws.
- **Licensing** - The foremost among the pre-conditions is a single trading licence valid throughout the country.
- Only a handful of states have agreed to recognise the trading licences issued by other states.
- In many cases, the trading licences are merely mandi-specific.
- As a result, even within the states, online inter-mandi transactions are permitted only in 10 states.
- **Levy** - Single-point payment of mandi charges by harmonising the marketing levies of all the states is needed.
- Most states are unwilling to alter market levies because that would entail loss of revenue.
- **Quality** - There is no uniformity in the quality standards of farm goods in different states.
- Also, only few mandis 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.
- **Mechanism** - e-NAM mandates the business to be conducted only through the APMC markets' electronic platforms.
- These markets are known for their inefficiencies and malpractices, which may tend to creep into e-marketing as well.
- Besides, the APMC mandis are dominated by middlemen who could manipulate even online trading in the absence of an effective market regulator.
- The APMC monopoly over the marketing of all the agricultural produce needs to end to ensure fair price discovery.
- Online trading through the e-NAM platform should also be permitted from any public or private sector market that meets the necessary conditions.

Source: Business Standard