Prospects and Pitfalls of E-NAM

What is e-NAM?

\n\n

\n
- 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.
\n
- It is managed by Small Farmers' Agribusiness Consortium(SFAC) under Department of Agriculture, Cooperation & Farmers' Welfare.
\n
- The NAM Portal provides a single window service for all APMC related information and services.
\n
- It currently links 450 APMCs from across 13states, different commodities including staple food grains, vegetables and fruits are currently listed in its list of commodities available for trade.
\n
- Traders and exporters need to get themselves registered with the portal to access its services.
\n
- This includes commodity arrivals & prices, buy & sell trade offers, provision to respond to trade offers, among other services.
\n

\n\n

What was the mechanism prior to e-NAM?

\n\n

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

- 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.
\n

\n\n

What is the working mechanism of e-NAM?

\n\n

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

\n\n

\n
1. Single license to be valid across the State.
\n
2. Single point levy of market fee (i.e. on the first wholesale purchase from the farmer will be charged).
\n
3. Provision for electronic auction as a mode for price discovery.
\n

\n\n

\n
- Only those States/UTs that have completed these three pre-requisites will be eligible for assistance under the scheme.
\n
- Besides the State Marketing Boards/APMCs must enable the promotion of the e-auction platform.
\n
- The States will need to ensure that the mandis that are integrated with NAM makes provision for requisite online connectivity, hardware and assaying equipments.
\n
- The payment to the farmers will be provided to the farmers with valid license linked with Aadhaar through DBT by state APMCs.
\n

\n\n

What are the advantages of e-NAM?

\n\n

\n
- A unified market through online trading platform, both, at State and National level and promotes uniformity, streamlining of procedures across the integrated markets.
\n
- E-NAM removes information asymmetry between buyers and sellers and promotes real time price discovery.
\n
- It uses estimations based on actual demand and supply, promotes transparency in auction process.
\n
- It allows farmers to access a nationwide market with prices commensurate with quality of his produce.
\n
- It also allows online payment and availability of better quality produce and at more reasonable prices to the consumer.
\n

\n\n

What are few challenges e-NAM is facing?

\n\n

\n
- State agricultural departments have been finding it difficult to convince all stakeholders like farmers, traders and commission agents to move to the online platform.
\n
- The platform is not fully functional in any State as there are no scientific sorting/grading facilities or quality testing machines.
\n
- Lack of technical expertise and internet facility at the State Agricultural Departments has also delayed the setting up of grading/assaying facilities.
\n
- 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.
\n
- This completely defeats the purpose as the main objective of an online auction portal is to help price discovery.
\n

\n\n

\n\n

Source: The Indian Express, Business Line

\n