



National Agriculture Market (e-NAM) - Benefits and Challenges

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Abstract:

e-NAM is an online marketplace designed for trading agricultural products in India, connecting farmers, traders, and buyers through a digital platform. The National Agriculture Market (e-NAM) serves as an electronic trading hub, aiming to establish a standardized national market for agricultural commodities.

The Small Farmer Agribusiness Consortium (SFAC) leads the implementation of e-NAM under the Ministry of Agriculture and Farmers Welfare, Government of India. By aggregating Agricultural Produce Market Committees (APMCs) across the nation, it fosters pan-India trade in agricultural products. This initiative provides farmers with better prices through a transparent auction process that prioritizes product quality and ensures timely payments online. It also streamlines agricultural marketing by simplifying market processes, bridging information gaps between buyers and sellers, and enabling real-time price discovery based on current demand and supply.

The concept of a unified market for agricultural produce in India is both timely and necessary. However, significant challenges remain, including fragmented supply chains, numerous intermediaries, high transaction costs, limited infrastructure, inadequate market information, and a lack of economies of scale. An ICT-driven common market for agricultural produce has the potential to tackle many of these issues, thereby enhancing price discovery for farmers and ensuring they receive fair compensation for their products.

Keywords - National Agriculture Market (e-Nam), Agricultural Produce Market Committees (APMCs)

Introduction:

The National Agriculture Market, popularly known as e-NAM, is an innovative electronic trading portal introduced by the Government of India on April 14, 2016, by Prime Minister Narendra Modi. This initiative's main goal is to combine the existing Agricultural Produce Market Committees (APMCs) across India into a single national market, enabling smoother trading of agricultural goods. e-NAM is designed to empower farmers by enhancing price discovery and minimizing the influence of intermediaries, ensuring they receive fair compensation for their products. Managed by the Small Farmers'

Agribusiness Consortium (SFAC) under the Ministry of Agriculture, e-NAM strives to promote transparent transactions, facilitate better price determination, and broaden the marketplace for farmers.

Conceptual Background of e-NAM:

The scheme was launched in the country by the Prime Minister on Thursday 14th April 2016 on the birth anniversary of Dr. Babasaheb Ambedkar. e-NAM aims to establish a national market for agricultural products through an online platform. This enables farmers to sell their produce anywhere in the country. Currently, farmers typically sell their goods at Agricultural

Produce Market Committees, where different states impose varying tax regulations. This fragmentation makes the system chaotic and inefficient for farmers. By integrating the country into a common online marketplace, e-NAM facilitates nationwide trade in agricultural commodities, offering improved price discovery through a transparent auction process based on the quality of produce, along with timely online payments.

Objectives of the Research:

1. To study the conceptual background of e-NAM
2. To study the objectives and features of e-NAM .
3. To study the how does e-NAM work ?
4. To study the advantages and challenges facing e-NAM.

Research Methodology:

For this research study, data related to the stated objectives was collected, and relevant literature on the topic was reviewed. The literature was gathered by visiting various libraries, as well as by accessing records from several government offices. Additionally, secondary data was obtained from various websites, reference books, and research journals focusing on commerce, management, marketing, and agriculture.

Objectives of e- NAM:

- 1) To unify state and national markets through a comprehensive online platform that enables trade in agricultural commodities across India.
- 2) To simplify marketing and transaction processes, ensuring consistency across markets nationwide to enhance their efficiency.
- 3) To create improved marketing opportunities for sellers (farmers) and buyers (traders).
- 4) To establish quality testing facilities that empower buyers to make informed bidding decisions.

- 5) To encourage price stability and guarantee that quality products are readily available to the end consumer.

Key Features of e-NAM:

1) Unified e-Market Platform: e-NAM offers a one-stop service for all APMC-related information and services, such as commodity arrivals, quality assessments, and pricing. This integration fosters consistency in agricultural marketing by streamlining procedures across interconnected markets.

2) Transparent Online Trading: The platform facilitates clear sale transactions and price discovery through a competitive and transparent online system. This minimizes the role of middlemen, enabling farmers to obtain better prices for their produce.

3) Real-Time Price Insights: e-NAM empowers farmers with real-time price insights that reflect current demand and supply, allowing them to make smart choices about when and where to sell their crops.

4) Simplified Licensing: With e-NAM, traders and buyers need only one trading license that works across all markets in the state, making the process much easier for everyone involved.

5) Quality Assurance Testing: e-NAM provides essential quality testing facilities for various commodities, ensuring that buyers can make informed bids, and farmers can achieve better prices for their goods.

6) Online Payment Integration: The platform integrates with numerous online payment systems, such as RTGS/NEFT, debit cards, internet banking, and mobile payments through UPI with BHIM, ensuring farmers receive their payments quickly and securely.

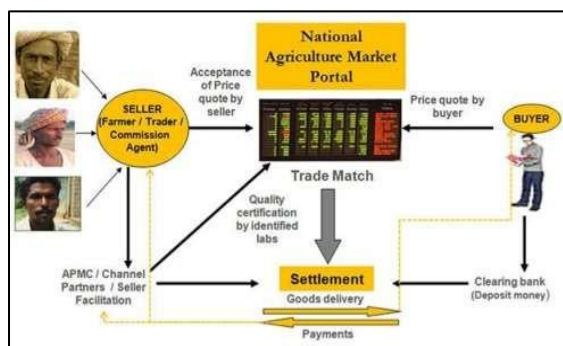
7) Convenient Mobile App: e-NAM offers a user-friendly mobile application available in multiple languages, enabling farmers and traders to bid and complete transactions effortlessly.

8) Market Insights: The platform offers detailed market insights, showcasing a variety of buy and sell trade offers to support stakeholders in making well-informed decisions.

9) Assaying Services : e-NAM integrates quality testing facilities in every market, allowing buyers to bid with confidence based on reliable assessments.

10) Performance Dashboard: A Management Information System (MIS) dashboard provides valuable insights into each market's performance, presenting data on commodity arrivals and trading statistics.

e- NAM Model:



Multiple Stakeholders and transactions.
(Source: <http://sfacindia.com>)

How does e-NAM work?

The administration of agricultural marketing in India is managed by individual states, in accordance with their specific agri-marketing regulations, as agriculture and markets fall under state jurisdiction per the Indian Constitution. Each state enacts its own Agricultural Produce Market Committee (APMC) Act, which includes a diverse range of provisions.

This situation has led to a lack of uniformity, resulting in fragmented agricultural markets where each state operates independently. Furthermore, each state is subdivided into multiple market areas, each overseen by its own Agricultural Produce Marketing Committee (APMC), which sets distinct marketing regulations. This fragmentation—existing even at the state level—impedes the smooth flow of agricultural commodities across markets.

The repeated handling of agricultural produce, along with various mandi charges, increases prices for consumers without providing proportional benefits for farmers. To address these issues, the e-NAM initiative aims to create a unified market through an online trading platform that functions at both state and national levels.

To facilitate seamless operations under e-NAM, certain amendments to the agricultural marketing laws of states are necessary. These include:

1. Enabling electronic trading
2. Issuing single trading licenses that are applicable in all mandis within a state
3. Implementing a single-window system for transaction fees
4. States and Union Territories must meet these prerequisites to qualify for support under the program.
5. Additionally, State Marketing Boards/APMCs are encouraged to promote e-auction platforms.

States must ensure that mandis are connected to the National Agriculture Market (NAM) through proper internet infrastructure, hardware, and assaying equipment. Payments to farmers will be processed through Direct Benefit Transfer linked to valid licenses and Aadhaar via state APMCs.

Recent Developments and Achievements of e-NAM:

Since its launch, e-NAM has made impressive progress in reshaping agricultural trade in India:

1) Mandi Integration: As of March 2023, 1,389 mandis from 23 states and 4 union territories have joined the e-NAM platform, fostering a more interconnected agricultural market.

2) User Registration: The platform boasts over 1.77 crore farmers and 2.53 lakh traders registered, showcasing its extensive acceptance and use among agricultural participants.

3) Trade Volume: A remarkable ₹91,000 crore worth of agricultural produce has been

traded through e-NAM, with projections suggesting a surge to ₹1 lakh crore soon, highlighting the platform's expanding role in agricultural marketing.

Benefits of e-NAM:

1. Unified National Market: e-NAM fosters a unified national market by connecting existing APMC mandis, empowering farmers and traders to engage beyond their local markets. This integration minimizes market fragmentation and promotes consistency in agricultural marketing practices.

2. Transparent Online Trading: The platform supports a clear bidding process, allowing farmers to access competitive prices for their products without intermediaries. This level of transparency ensures fair transactions and cultivates trust among all stakeholders.

3. Real-Time Price Discovery: e-NAM offers farmers up-to-the-minute insights on commodity prices and arrivals, empowering them to make smart choices about the optimal timing and location for selling their products. This functionality helps achieve better price realizations based on real demand and supply dynamics.

4. Lower Transaction Costs: By facilitating direct dealings between farmers and buyers, e-NAM cuts out the middlemen, significantly lowering transaction costs. This streamlined approach benefits both producers and consumers through more efficient supply chains.

5. Expanded Market Access: Farmers can tap into a national marketplace, broadening their customer reach and discovering more lucrative selling options. This increased accessibility plays a crucial role in boosting farmers' income levels.

6. Efficient Payment Methods: The integration of electronic payment systems such as RTGS, NEFT, and BHIM UPI guarantees quick and safe transactions. Payments are made directly into farmers' bank accounts, significantly reducing delays and enhancing their financial stability.

7. Quality-Based Pricing: e-NAM includes mechanisms for quality certification,

enabling prices to accurately reflect the quality of the produce. This encourages farmers to focus on producing high-quality goods while allowing buyers to make educated purchasing choices.

8. Streamlined Processes and Improved Efficiency: The platform standardizes processes across integrated markets, which diminishes information gaps between buyers and sellers. This leads to more efficient operations and a more transparent auction process.

9. Empowerment of Farmer Producer Organizations (FPOs): e-NAM allows FPOs to sell their products directly from collection centers, bypassing the need to transport them to APMC mandis. This capability alleviates logistical burdens and grants FPOs greater control over how they market their produce.

10. Unified Information Access: The platform acts as a one-stop service for all APMC-related information, encompassing commodity arrivals, prices, and trade offers. This centralized resource equips stakeholders with the information necessary to make well-informed decisions.

Challenges Facing e-NAM:

Unfortunately, the rollout of e-NAM has faced several hurdles that impede its overall effectiveness.

1. Digital Literacy and Awareness: One of the biggest hurdles to adopting e-NAM is the lack of digital literacy among farmers. Many are not fully aware of the platform's advantages and struggle to navigate its features. This knowledge gap makes it tough for them to effectively use e-NAM for their marketing needs. Research indicates that farmers have pointed out insufficient information flow and a complex selling process as major concerns.

2. Infrastructure Deficiencies: To function effectively, e-NAM needs solid infrastructure, which includes dependable internet access, electricity, and quality assessment services. Unfortunately, numerous mandis are missing key components like grading and testing

facilities, which are vital for ensuring consistent produce quality. The absence of these resources limits the platform's efficiency and trustworthiness.

3. Resistance from Stakeholders: Getting traditional stakeholders—such as farmers, traders, and commission agents—to embrace the online platform has proven difficult. Many are deeply rooted in conventional trading practices and wary of the digital system, causing hesitation around adopting e-NAM. This pushback presents a significant barrier to the platform gaining wider acceptance.

4. Quality Assessment Challenges: For e-NAM to effectively support inter-state trade, there needs to be a trustworthy method for evaluating produce quality. Sadly, numerous mandis lack scientific sorting and grading facilities, creating doubts for traders from various regions about the quality of produce without physically inspecting it. This shortcoming limits the platform's potential to operate as a genuine national market.

5. Payment and Transaction Issues: Online payment delays and the lack of trained staff to assist with e-NAM transactions are considerable issues. Farmers often need immediate cash to cover their expenses, but the online payment process has been sluggish and unreliable, leading to frustration among users.

6. Institutional and Policy Constraints: Implementing e-NAM necessitates changes to state APMC Acts to allow for electronic trading and unified licensing. However, slow policy notifications and insufficient orientation at the state level have hindered the platform's rollout. Institutional challenges, including policy complexities and governance issues, have further complicated the implementation process.

7. Logistical and Operational Challenges: Traders face several operational challenges in adopting e-NAM, including high transportation costs, managing unsold produce, and a shortage of computer operators. These factors discourage traders

from fully engaging with the platform, limiting its overall effectiveness.

Conclusion:

e-NAM marks a vital advancement in modernizing agricultural marketing within India. By tapping into technology to create a unified marketplace, boost transparency, and enhance efficiency, e-NAM brings a host of advantages that support the growth of the agricultural sector and the welfare of farmers.

This initiative is set on transforming the landscape of agricultural marketing in India. Although the platform has made remarkable progress in areas like mandi integration, user registrations, and trade volumes, it still faces several challenges. It's essential to tackle issues concerning infrastructure, stakeholder engagement, regulatory alignment, and quality assessments for e-NAM to unlock its full potential and provide the greatest benefits to our agricultural community.

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