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NATIONAL AGRICULTURE MARKET: A NEW REFORM IN AGRICULTURAL MARKETING



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ABSTRACT

In 1950 Agricultural Produce Marketing Committee (APMC) was enacted for the purpose of unremitting the exploitation of farmers from the leech hands of money lenders and middlemen. But in India still farmers are suffering in the hands of money lenders and middlemen in the markets. So, to protect the farmers from all these problems Hon'ble Prime Minister Narendra Modi has launched National Agriculture Market (NAM) it is also called as e-National Agriculture Market (eNAM) on 14th March 2016, on the occasion of 125th Birth Anniversary of Dr. B.R. Ambedkar. The National

Agriculture Market (NAM) has facilitated a platform to the farmers to sell their produce electronically to the traders across country. In India 2477 principal agricultural markets and 4843 sub-markets are operating to buy and sell agricultural produce, out of them only National Agriculture Market (NAM) is covered 585 markets. But in Karnataka, Karnataka Government has already implemented e-mandi and it enabled farmers to sell the agricultural commodities through online to the various traders across the country. In Karnataka e-mandi concept has been implemented in 155 main markets and 354 sub-markets across the state. In other states there is no any electronic market for agricultural commodities, even some states do not have APMCs. Now the farmers of other states also sell their produce to the traders across the country and they can also get better price for their produce because, farmers can fix their own price for their produce, low costs and there is no menace of middlemen. Through this study an effort has been made to provide brief picture of National Agriculture Market (NAM), its functioning, benefits and problems before National Agriculture Market (NAM).

KEYWORDS :NAM, Functioning, Benefits, Problems.

INTRODUCTION:

Marketing is a combination of management tasks and decisions aimed at meeting opportunities and threats in a dynamic environment in such a way that its market offerings lead to the satisfaction of consumers' needs and wants so that objectives of the enterprise the consumer and society are achieved (Cant, et.al. 2007). Marketing is managing profitable customer relations and meeting human and social needs (Philip Kotler, 2009 and 2012). Marketing means understanding and responding to customer needs (Rajan Saxena, 2009). Marketing is a total system of interacting business activities designed to plan, price, promote and distribute need-satisfying products and services to existing and potential consumers (Ramaswamy and Namakumari, 2009).

The development of an efficient marketing system is important in ensuring that scarce and essential commodities reach different classes of consumers. Marketing is not only an economic link between the producers and consumers; it maintains a balance between demand and supply. The objectives of price stability, rapid economic growth and equitable distribution of goods and cannot be achieved without the support of an efficient marketing system (Acharya and Agarwal, 2011).

In India 58 percentage of population is depended on the agriculture for their livelihood and still the farmers are depended on the middlemen and suffering in the menace hands of money lenders to sell their produce, due to lack of financial resources and inputs for their agricultural activities. Before launching of National Agriculture Market (NAM) and e-mandi, farmers were used to sell their produce to the traders within the APMC or in their villages. Due to this interference of middlemen and lack of other markets knowledge farmers are not getting profit as reward for their hard labour and they are not getting even good price for their produce. To get rid of from all these problems Ministry of Agriculture has launched National Agriculture Market (NAM) an electronic platform to sell agriculture produce electronically to the various traders across the country. Through this electronic portal farmer can sell their produce directly to the traders by mentioning their produce quality, by quoting their price and other specifications.

OBJECTIVES OF THE STUDY

- 1.To understand the National Agriculture Market (NAM)
- 2.To Know the status of National Agriculture Market (NAM)
- 3.To study the benefits and problems of National Agriculture Market (NAM)

METHODOLOGY

For the study of the National Agriculture Market (NAM), the data was collected from various websites, Newspapers and referred relevant reports.

ABOUT NATIONAL AGRICULTURE MARKET (NAM)

National Agriculture Market (NAM) is an electronic platform which facilitates to farmers to sell their agricultural produce to the traders across India by linking 585 regulated markets under one roof. NAM portal provides all the information related to regulated market of the country such as, commodity arrivals, prices, buy and sell offers, provision to respond trade offers and other services related to market. Due to agricultural produce sell through online will reduce the transaction cost and it leads increase in the profit of the farmers.

Agriculture marketing is monitored and regulated by the states according to the agricultural

marketing regulations. Every state (except in some states) has several market areas and each market is administered by a separate Agricultural Produce Marketing Committee (APMC) which has its own regulations including market related fees. The disintegration of market checks free flow of agricultural produce from one area to another area and numerous handling charges and various levels of marketing charges lead to increasing in the prices of commodities for consumers and reduce the profit to the farmers.

The main objective of National Agriculture Market (NAM) is to get rid of from all these problems and to increase the profit of the farmers by facilitating a unified online agricultural market both at state and national level through promoting uniformity, streamlining of procedures of the integrated markets, removing of information barriers between buyers and sellers, promoting real time price discovery on the basis of actual demand and supply, transparency in auction process, better prices for produce and online payment to the farmers and lastly making availability of quality produce at reasonable prices to the consumers.

National Agriculture Market (NAM) is being deployed in selected 585 regulated wholesale markets in States/UTs desirous of joining the e-platform. Small Farmers' Agribusiness Consortium (SFAC) is operating the National Agriculture Market (NAM) as the implementing agency with technical support from the Strategic Partner (SP). 400 mandis will be integrated by March 2017 and remaining 185 by March 2018. Department of Agriculture, Cooperation and Farmers' Welfare (DACFW) is meeting expenses on software and its customisation for the States and is providing it free of cost. DACFW is also giving a grant as one time fixed cost subject to the ceiling of Rs.30.00 lakhs per Mandi (other than to the private mandis) for related equipment / infrastructure in 585 regulated mandis, for installation of the e-market platform. State Governments will suggest names of APMCs where this project would be initiated.

COMPONENTS OF NATIONAL AGRICULTURE MARKET (NAM)

- + A national e-market platform for transparent sale transactions and price discovery initially in regulated markets. Willing States to accordingly enact suitable provisions in their APMC Act for promotion of e-trading by their State Agricultural Marketing Board/APMC.
- + Liberal licensing of traders / buyers and commission agents by State authorities without any pre-condition of physical presence or possession of shop /premises in the market yard.
- + One license for a trader valid across all markets in the State.
- + Harmonisation of quality standards of agricultural produce and provision for assaying (quality testing) infrastructure in every market to enable informed bidding by buyers. Common tradable parameters have so far been developed for 25 commodities.
- + Single point levy of market fees, i.e. on the first wholesale purchase from the farmer.
- + Provision of Soil Testing Laboratories in/ or near the selected mandi to facilitate visiting farmers to access this facility in the mandi itself. M/s. Nagarjuna Fertilizers and Chemicals Ltd. is the Strategic Partner (SP) who is responsible for development, operation and maintenance of the platform.

OBLIGATIONS OF STATES FOR SUCCESSFUL IMPLEMENTATION

In order to facilitate both - unification of market and online trading, it is necessary for the States to undertake reforms prior to seeking assistance under the scheme in respect of

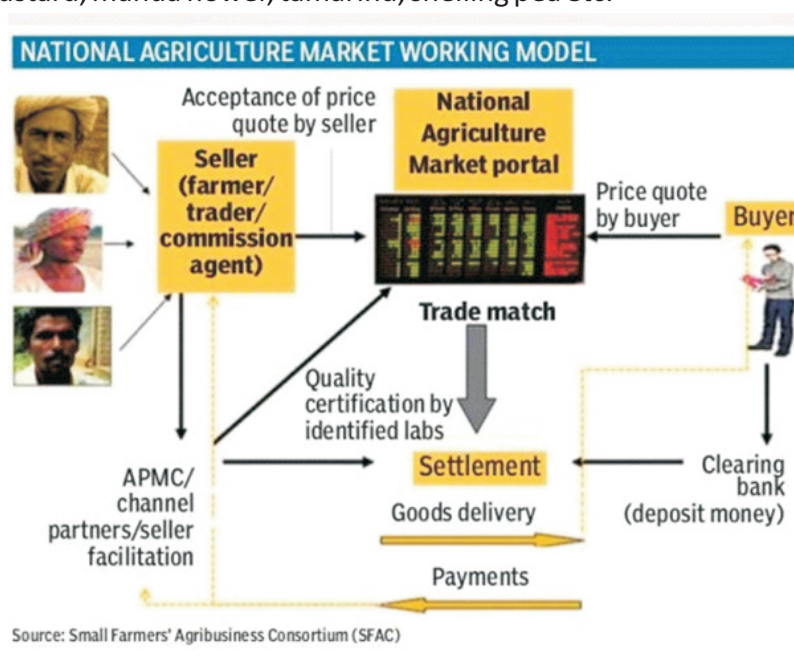
- i. A single license to be valid across the State
- ii. Single point levy of market fee and

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

Only those States/UTs that have completed these three pre-requisites will be eligible for assistance under the scheme. The States must ensure that the reforms are carried out both in letter and spirit through appropriate and unambiguous provisions in the APMC Acts and rules. Besides the State Marketing Boards/APMCs must enable the promotion of the e-auction platform. The States will need to ensure that the mandis that are integrated with National Agriculture Market (NAM) makes provision for requisite online connectivity, hardware and assaying equipments.

Commodities Covered under National Agriculture Market (NAM)

Totally 25 commodities can be traded through National Agriculture Market (NAM) in 21 markets which are connected. The commodities include: chana (black gram), castor seed, paddy, wheat, maize, turmeric, onion, mustard, mahua flower, tamarind, shelling pea etc.



BENEFITS OF NAM TO THE FARMERS

The following are the benefits can be expected by the farmers

1. It decreases the restrictions of APMCs and thereby increases the mobility of the farmers.
2. It facilitates the farmers to sell their produce across the country according to their Choices.
3. The real time price will be discovered.
4. It reduces the transaction costs, due to decrease in the multiple handling and multiple levels charges.
5. The price will be fixed according to quality of the produce. In physical transactions middlemen used to fix same price for both quality produce and non-quality produce
6. The payment directly credited to the account of the farmers through online. In case of physical transactions the farmers may get delay in the payment due to interference of middlemen.
7. It ensures common procedures for issue of licenses, levy of fee and movement of produce.

BENEFITS OF NAM TO OTHER STAKEHOLDERS

1. For local traders, National Agriculture Market (NAM) will provide access to larger national market for

secondary trading.

2. For bulk buyers, processors, exporters, National Agriculture Market (NAM) will enable direct participation in the local mandi trade, reducing intermediation cost.

3. Stable prices and availability to consumer.

4. For mandis, National Agriculture Market (NAM) benefits in terms of reduction in book keeping and reporting system, which are generated automatically.

5. Better monitoring and regulation of traders and commission agents.

6. Completely transparent system which eliminates scope for intentional/un-intentional manipulation of tendering / auctioning process.

7. Improvement in the market fee collection by means of accounting all the transactions that are taking place in the market.

8. Reduction in manpower requirements as tendering / auctioning process takes place through the system.

9. Analysis and forecasting of the arrivals and prices and availability of the activities of each APMC on the website directly.

PROBLEMS OF NATIONAL AGRICULTURE MARKET (NAM)

The following issues may weakened the successful operation of the National Agriculture Market (NAM), they are:

1. It is not simple to farmers due to illiteracy and Poor awareness of digital knowledge

2. Most of the farmers do not take their produce to APMC, they sell to the nearest traders who are available in villages and to the trader who has provided financial assistance and other resources.

3. There is no state or national price to follow uniform price, this makes difference in prices.

4. For the successful implementation of the National Agriculture Market (NAM), APMC Act of each state has to be amended and modified. But the states which have already amended their APMC Act yet to make changes for allowing the sale of fruits and vegetables through online, due to this price cannot be stabilised.

5. In practice the APMCs do not show interest to amend and modify their existing Act and some states do not have APMCs.

6. Unavailability of grading standards for agricultural produce and the farmers sell their produce as-is-where-is basis.

7. Commodities with similar standards nationally are very few.

8. Some agricultural produce are highly perishable.

9. Unwanted intermediaries involved in the process in the NAM.

10. In 2013, 11 states have deregulated the fruits and vegetables (perishables) excluding from the purview of the APMC Act and this will be helpful to corporate houses which are running super markets.

11. If farmers get better price in National Agriculture Market (NAM), they sell their produce, if they don't get better price they cannot bring back their produce due transportation cost and they need to be stored, all the APMCs are not having storage facilities.

12. National Agriculture Market (NAM) now covered only 25 commodities, but farmers who produce other than this 25 commodities again they will be controlled by the money lenders and middlemen.

13. Only bulk producers can sell their produce through National Agriculture Market (NAM), the small producers sell their produce in villages only due to high transportation cost.

RECOMMENDATIONS

- 1.Right now only few farmers are selling their produce at APMCs, but remaining farmers are selling their produce in the villages itself. So, farmers should be self-sufficient in getting inputs, fertilisers and easy finance from the banks and financial institutions with a minimum formalities. Government should provide proper market infrastructure in rural areas also. Then all farmers are able sell their produce at APMCs
- 2.Providing digital literacy and proper training to the farmers through Raithra Samparka Kendras about National Agricultural Market (NAM).
- 3.Creating awareness among the farmers about National Agriculture Market (NAM).
- 4.Avoiding unnecessary persons in the process of electronic trading of agricultural produce.
- 5.Fixing national or state level price for agricultural produce with the co-operation of concerned state and APMCs.
- 6.Providing electronic platform to all the commodities through National Agriculture Market (NAM), because presently National Agriculture Market (NAM) is provided electronic platform at 585 markets out of 7320 (2477 Principal Markets and 4843 sub-markets) and that to only 25 commodities. Therefore, its scope is very less.
- 7.Fixing of uniform grading and standards for the agricultural produce throughout the country.
- 8.Providing all the basic infrastructural facilities related to National Agricultural Market in all the APMCs.
- 9.Appointment of genuine assistants/helpers in the APMCs to assist the farmers in selling their produce electronically otherwise they may cheat the farmers.
- 10.Strict official supervision should be there at APMCs, where transactions held through electronically and they should be knowledgeable about the National Agriculture Market (NAM).
- 11.Banks should also often create awareness about banking transactions and about various available agricultural finance opportunities to the farmers.
- 12.If NAM will be effectively launched in the states where APMCs are not located and this will be wonder step for those states to digitalise agricultural market.

TABLE -1
STATE-WISE LIST OF MANDIS FOR PILOT LAUNCH

| Sl. No. | State | APMC | District | Commodity Proposed |
|---------|-------------------------|--------------------------|-----------------|------------------------------|
| 1 | Gujarat | Patan | Patan | Castor Seed |
| 2 | | Botad | Bhavnagar | Chana (Black Gram) |
| 3 | | Himmatnagar | Sabarkantha | Wheat |
| 4 | Telangana | Tirumalgiri Bhavnagar | Nalgonda | Paddy |
| 5 | | Nizamabad | Nizamabad | Turmeric |
| 6 | | Badepally | Mahboobnagar | Maize |
| 7 | | Hyderabad | Hyderabad | Onion |
| 8 | | Warangal | Warangal | Maize |
| 9 | Rajasthan | Ramganj Mandi | Kota | Chana (Black Gram) |
| 10 | Madhya Pradesh | Karond, Bhopal | Bhopal | Chana (Black Gram) |
| 11 | Uttar Pradesh | Sultanpur | Sultanpur | Wheat |
| 12 | | Lakhimpur | Lakhimpur Kheri | Wheat |
| 13 | | Lalitpur | Lalitpur | Wheat |
| 14 | | Bahraich | Bahraich | Wheat |
| 15 | | Saharanpur | Saharanpur | Wheat |
| 16 | | Mathura | Mathura | Wheat |
| 17 | Haryana | Ellanabad | Sirsa | Mustard |
| 18 | | Karnal | Karnal | Wheat |
| 19 | Jharkhand | Pandra, | Ranchi | Mahua Flower and Tamarind |
| 20 | Himachal Pradesh | Fruit Mandi, Solan | Solan | Shelling Peas |
| 21 | | Dhalli, | Shimla | Shelling Peas |

Source: www.enam.gov.in

TABLE -2
STATUS OF PROPOSAL FROM STATES WHICH HAVE BEEN GRANTED
IN PRINCIPLE APPROVAL AS OF APRIL 2016

| Sl. No. | State /UT | No. of Mandis | Proposal Cost (Rs. in crore) | Max. Admissible Assistance (Rs. in crore) |
|---------|------------------|---------------|------------------------------|---|
| 1 | Gujarat | 40 | 27.86 | 12 |
| 2 | Maharashtra | 30 | 16.74 | 9 |
| 3 | Telangana | 44 | 13.264 | 12.165 |
| 4 | Jharkhand | 19 | 5.92 | 5.7 |
| 5 | Chhattisgarh | 5 | 2.58 | 1.5 |
| 6 | Madhya Pradesh | 50 | 35.21 | 15 |
| 7 | Rajasthan | 25 | 18.8 | 7.5 |
| 8 | Chandigarh-UT | 1 | 2.01 | 0.3 |
| 9 | Haryana | 54 | 38.62 | 16.2 |
| 10 | Himachal Pradesh | 19 | 5.7 | 5.7 |
| 11 | Uttar Pradesh | 66 | 32.94 | 19.8 |
| 12 | Andhra Pradesh | 12 | 3.88 | 3.6 |

Source: www.enam.gov.in

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