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National Agricultural Market in India:

long way to solve the agri-marketing conundrum

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National Agricultural Market is one big initiative taken by the government in the recent past which is expected to be able to surmount the obstacles and challenges of agricultural marketing. Till date, 417 mandis *across 13 states have been integrated with e-National Agricultural Marvet (NAM) portal against the target of integrating 585 markets by March 2018. Still, it has to go a long way as many of the key activities which are essential for NAM are not in place. Particularly, assaying needs extra efforts to make it operational along with e-auctioning which is still not taking place as required, and storage facilities for commodities after sale.*

Key words: Agriculture, Agri-marketing, Farmers, National market

AGRICULTURAL marketing in India is considered to be plagued with numerous inefficiencies and ill-practices ultimately affecting the poor farmers of the country. In spite of so many initiatives taken by the government, still farmers and farming both are in distress. In agricultural marketing farmers are protected and get better prices for the product abide *by APMC Act*. This Act is defeated as the regulations lead the markets to be restrictive in nature.

The government came up with few amendments in due course, one was model *APMC Act, 2003*, which was adopted by different states in varying degree. Still the question of apt means for transferring the benefits to farmers remain unanswered. Consequently, on April 14, 2016, Horible Prime Minister of India launched e-trading platform universally quoted as National Agriculture Market (NAM). It is believed to benefit the farmers by way of providing broader and transparent price discovery mechanism for the produce by removing price asymmetry across markets. So far, 417 *mandis* across 13 states are live on e-NAM. In Telangana, 44 APMC *mandis* are registered under this game-changing initiative of Government.



Chilli and onion brought in Malakpet (Hyderabad) market for sale

Before looking into the benefits which are believed to be accrued from NAM implementation, it is important to see the problems engulfing the existing marketing system.

Farmers bring the produce either in their own or hired vehicle, enters the market and keep the produce on the bidding platform, which is offered for sale by open auction through the commission agent. Commission agent already gratifies the farmer by offering credit, so that farmer approaches him to sell the produce. The system of open auction is limited with only few traders participating in bidding. Cartelization among the traders is believed to be one of the reasons. Again, if farmer is not satisfied with the price, the lot will be re-auctioned the next day. This means the farmer has to stay in the *mandi* for the next day, with the hope of fetching better price for his produce. Though the commission agent makes arrangement for farmer's boarding



Comparative advantages of National Agricultural Marketing

and lodging in his premise, farmer usually does not get the price as expected in majority of the cases.

NAM is launched with a belief that the problems in the existing system will be eliminated in this model. Price discovery through e-platform will ensure fair price to the farmers.

The whole framework as envisaged in NAM can be broadly divided into four parts:

- Gate entry and registration,
- Assaying and related activities,
- e-Auction, and
- Sale and settlement including Storage

A study conducted by the National Academy of Agricultural Research Management, Hyderabad in APMC *mandis* at Malakpet (Hyderabad), Karimnagar, Thirulmalgiri, Nizamabad, Warangal, Suryapet and Badepally has tried to cast some lights on the implementation progress.

Gate entry and registration

The portal provides the provision of e-entry of the commodity lot along with vehicle and farmers' registration and finally generating print out of lot code. This set of activities has been found to be carried out in all the selected *mandis*.

Assaying and related activities

This group of activities is one of the vital pillar for NAM initiative to be successful, and includes sample collection, assaying and standardization thereof. NAM model permits buyer from other *mandis* to bid for a lot without being present physically in the *mandi* where auction is going on. It means system should have such a built-in mechanism which guarantees the quality of the lot for which an outstation trader bids. So, assaying and standardization becomes vital. However, from the survey visits to these *mandis*, the facilities were not found to be operational in almost all the markets, except Nizamabad APMC. Though the assaying instruments have been procured but are not used in many cases. Various factors may be playing role in making the assaying non-functional. Designated third party agency should be engaged for assaying. This will ultimately build trust among other *mandi* traders for quality. Still the trading is confined to traders present in the *mandi*. Traders found to be saying "How can I bid for a commodity without seeing with eyes"?

e-Auction

NAM provides for electronic and online auction of the commodities. The integration of gate entry, registration, weighment and assaying results are the prerequisites for e-auction. The *mandis* are required to undertake the integration of all these stated activities with the e-NAM portal. Then only the existing practice of data entry after auction might be upgraded to real time price discovery enabling e-auction to take place. It is true that the traders have apprehension regarding the quality of commodity, if traded in other *mandi*. But that can be overcome after the e-National agricultural market (NAM) portal is fully functional.

Sale and settlement including storage

As of now e-auction is not taking place in any of the *mandis* studied, sale and settlement requirements are also not likely to be followed. For instance, farmers are being given manual receipt instead of generating sale receipt. This clearly indicates that e-auction is still a half-baked concept for all the stakeholders. Suppose, e-auction takes place and if other *mandi* trader buys a lot, storage with maintaining the proper quality is a biggest challenge in the existing set up of *mandi* infrastructure. So the question is 'Are the *mandis* in a position to assure the buyers of the quality parameters of the commodity being traded'.

SUMMARY

For the National Agriculture Market dream to realize on ground, the interest of all the stakeholders must be taken care of. Be it the farmer or the traders. Farmers need higher price, which can be achieved, if more buyer across *mandis* participate. On the other side, the buyers i.e., traders of other *mandis* must get the guaranteed products for which they bid.

For this, reliable assaying and storage are the thrust areas which cannot be ignored. It is expected that this model will lead to a new vista for logistics industry including both warehousing and transportation, thus creating a ripple effect in secondary agriculture.

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