

# E-NAM: One Nation One Market

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Agriculture is critical to every country's economic growth, predominantly in emerging and developing countries where most of the population relies on farming for a living. With the growth and improvement in technology in recent years, several ground-breaking and innovative solutions to solve the difficulties encountered by farmers in terms of market access, price discovery, and profitability have developed. The Electronic National Agriculture Market (e-NAM), for example, attempts to develop a single online platform for agricultural commerce across India through networking all Agricultural Produce Market Committee (APMC) mandis. This article will investigate the function of e-NAM, its implementation process, and the impact it has had on farmer profitability by investigating the platform's benefits and problems, as well as highlighting some success stories.

## Role of e-NAM

The Indian government launched the e-NAM platform in 14<sup>th</sup> April 2016 with the goal of integrating APMCs (Agricultural Produce Market Committees) across the country into a single electronic platform and to promote better marketing opportunities to farmers in selling their produce through online and transparent price discovery and online payment facility. The main purpose of e-NAM is to remove current obstacles to interstate agricultural trade and commerce, cut market inefficiencies, and boost farmers' income by assuring a fair and competitive price for their goods. The e-NAM aspires to empower farmers and build a more equitable, inclusive and efficient agricultural marketing system by giving accurate price information, access to a broader and expandable consumer base, and minimizing intermediaries. On April 2, 2020, new features of e-NAM were also launched which provides contactless remote bidding and mobile based anytime payment which ensures that traders need not to visit mandis or banks. The major crops traded on e-NAM portal are wheat, paddy, cotton, chilli, soyabeans, maize, potato, chana, tomato, groundnut, mustard seeds, guar seeds,

onion, turmeric, arhar, bajra, moong, castor seed, lentil, sweet lemon etc.

## Implementation Process

E-NAM is completely funded by the central government and is implemented by Small Farmers Agribusiness Consortium (SFAC), under ministry of agriculture and farmer's welfare. The implementation of e-NAM has been done gradually and in phases. Initially, 585 regulated markets were intended for integration with the network, out of a total of 6,900 APMCs in India. The procedure entailed digitizing critical market information such as commodity arrivals, quality and pricing, buy and sell offers and e-payment settlement directly into farmer's account. APMCs were expected to set up an e-NAM mandi portal, create a library of quality criteria, and offer physical infrastructure like as grading, weighing, and auction facilities. It promotes uniformity in marketing by streamlining the procedures across integrated markets, removing asymmetry in information between buyers and sellers. It also promotes real time price discovery based on the data of demand and supply.

The government gave financial support to states for infrastructure construction, training and capacity building programs, and promotional initiatives to ensure the platform's successful operation. The launch of the NAM App software program, which allows farmers to obtain and access real-time information on mandi pricing and trade statistics, additionally facilitated simplified transaction process.

## Objectives of e-NAM

- To integrate markets on single online market platform, first at state level covering all country eventually to enable pan-India trade in agricultural commodities.
- To promote efficient functioning of the markets through streamlining of uniform transaction procedures across all markets.
- To endorse improved marketing prospects for farmers/sellers by making more accessible markets and buyers to farmers, by removing

information asymmetry, real time price discovery based on actual demand and supply, transparency in auction process, price based on quality of produce and ultimately improving marketing efficiency.

- To establish quality evaluating systems for quality assurance to promote informed bidding by buyers and to promote price stabilization and availability of quality produce to consumers.

### **Impact on Farmers Profitability**

The establishment of e-NAM has had a substantial influence on the profitability of farmers throughout the country. The platform has significantly reduced marketing expenses by removing intermediaries and facilitating direct interactions between buyers and sellers. According to a National Council of Applied Economic Research (NCAER) report, e-NAM has helped farmers save up to 15% on transportation expenses while also reducing the number of middlemen engaged in the trade process.

In addition, the platform has also increased price discovery and transparency. Farmers previously had little access to pricing information, making them more vulnerable to exploitation by traders and dealers. E-NAM has solved this issue by supplying farmers with real-time market pricing information, allowing them to make well-informed decisions about when and where to sell their crops. This has resulted in higher price realization for their products, leading to enhanced profitability.

E- NAM helps in expanding market access for farmers. Farmers were previously limited to selling their goods in local mandis, which frequently resulted in overstocking and frequent price swings. Farmers are now able to sell their commodities to buyers in many different states via e-NAM network, which has helped them in reducing market risks through customer diversification. This expanded market reach has raised farmers' profit by encouraging farmers to use better production techniques to fulfill the quality criteria of distant markets.

Furthermore, e-NAM has aided in the integration of technology in the agriculture industry. The emergence of digital trade platforms has prompted farmers to embrace digital payment methods, minimizing their reliance on the cash-based

economy. The integration of e-NAM with e-NAMsatta, a pan-India electronic trading platform, has improved the trading experience even more by allowing for easier price discovery and online bidding.

### **Benefits and Challenges**

The e-NAM platform is extremely helpful to all parties. It provides various advantages to farmers, including increased price realization, broader market access, lower marketing expenses, and improved price discovery. It has also empowered farmers by providing them with real-time information, as well as reduced farmers' reliance on intermediaries. It reduces collusion of traders which helps in getting better prices to farmers. It increases market access through warehouse-based sales, which also help in reducing need to transport the produce to mandis. Farmers have 24/7 access to commodity price information on their e-NAM mobile app.

However, significant obstacles to successful e-NAM implementation and execution persists. Foremost obstacle was APMC framework itself as each state has its own APMC act, with different provisions in states which causes lack of uniformity and compatibility in markets and fragmented markets. There is challenge in alignment of nationwide APMC and states and also lack of awareness and adoption of e-NAM among key stakeholders is major obstacle. One significant barrier is opposition from middlemen and commission agents who fear a decline in their responsibilities and revenues as a result of the elimination of intermediaries. This resistance has occasionally resulted in demonstrations and pushback from various stakeholders, delaying the platform's smooth operation. Rural infrastructure and connection concerns are also a challenge. Providing smooth access to e-NAM is a huge problem in India, because a considerable share of the agricultural industry is situated in distant and impoverished regions. Limited internet access, a lack of energy, and a lack of expertise about digital platforms all impede efficient e-NAM adoption in these locations.

### **Success Stories**

Despite these obstacles, some success stories have emerged that demonstrate the positive impact of e-NAM on farmer profitability. Sivam Spices and Foods, a small-scale spice processor in the state of

Andhra Pradesh, is one such example. Prior to the establishment of e-NAM, the firm obtained raw materials through middlemen. Sivam Spices and Foods, on the other hand, was able to directly contact with farmers and get excellent products at competitive costs by using the e-NAM platform. This not only increased their profit margins but also allowed them to retain consistency in their product quality.

Vidyasagar from Telangana by selling through e-NAM has received benefit and stated that it was a never before experience of selling his produce walking away with more profit and hassle-free transaction on the same day of selling. Farmers now have more profit by reduction in intermediation charges.

#### Outcomes of e-NAM

- Single license for trading across all markets in a state
- Single point of market fee
- e-auction for transparent price discovery
- Uniform and continuous transfer of agricultural commodities
- Reduction in fragmented markets
- Improved supply chain and decreased post-harvest wastage
- Fair prices to farmers

#### Conclusion

The deployment of e-NAM has resulted in a paradigm change in India's agriculture marketing system. e-NAM will not only be beneficial to the farmers

for real-time price discovery and reduced intermediation, but also help in ensuring efficient supply chain, transparency and uniformity in quality standards. The platform has empowered farmers, decreased marketing costs, enhanced price discovery, and extended market access by employing technology. Farmers' experiences and success stories highlight how e-NAM has improved their profitability and livelihoods. To ensure the long-term viability of e-NAM, however, it is critical to overcome the implementation issues, such as intermediaries' opposition and infrastructural shortcomings. Adequate infrastructure development, capacity-building initiatives, and strong government backing are required to overcome these obstacles and improve the e-NAM ecosystem. Overall, e-NAM has emerged as an influential tool for reforming the agricultural sector, and its numerous advantages make it a must-have platform for farmers, traders, and other stakeholders. As digital technology advances, the potential for e-NAM to change agricultural commerce and boost farmer profitability grows, making it a crucial driver of rural development and economic growth. Although to ensure success of e-NAM, the government has to run awareness programs among key stakeholders like farmers, mandis, traders, banks for their participation and adoption in e-NAM.

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