

1. The aim of creating a truly unified NAM with an efficient price discovery mechanism is still a far-fetched dream. Critically examine. (250 words)

**Answer:**

**Background:-**

- Single national agriculture market (NAM) was launched in 2016 in the country, with a view to enable farmers to get a better price and for consumers to pay a lower price for agri-produce, a win-win situation at both ends of agri-value chains.
- It was launched with the goal of formulating a unified national market for agricultural commodities by integrating Agriculture Produce Marketing Committees or APMCs across states in India.

**Success:-**

- Quite commendably, as on March 2018, all targeted mandis, i.e., 585 that are in 16 states and 2 UTs, (Chandigarh and Puducherry), have been integrated with the NAM-platform.
- Government has also sanctioned 75 lakh to each mandi to set up facilities for cleaning, grading and packaging of produce. The funds are welcome especially because assaying of produce is an important aspect of the e-NAM concept itself. The plan of a single national agricultural market based on an electronic platform is an excellent one.
- e-NAM was to help farmers find the best possible price for their produce by expanding the market nationally and eliminating middlemen.
- The highlight of the scheme is the single point levy of market fees, i.e. on the first wholesale purchase from the farmer.
- The provision lets farmers to showcase their produce in nearby markets and facilitate traders from anywhere to quote price.
- The portal enables harmonisation of quality standards of agricultural produces and provision for assaying (quality testing) infrastructure in every market that will pave way for informed bidding by buyers.
- There will be liberal licensing of traders or buyers and commission agents enabled by state authorities without any precondition of physical presence or possession of shop /premises in the market yard.
- Under the scheme, a provision of Soil Testing Laboratories in or near the selected mandi (market) has been set up. This will help visiting farmers access the facility in the mandi itself.

**Criticism:-**

**States role:-**

- Only 10 States have amended the law to allow e-mandis since the national roll-out ten months ago.

- Most of the reported transactions are intra-mandi. Inter-mandi and inter-state trading on the platform are minimal. What this means is that the states on e-NAM have not been able to provide farmers with better price discovery in other mandis of the same state or across states.
- E-payment facility is not available in most mandis, and that there is no competitive bidding reported in these states. This clearly implies that the monopoly of the APMCs continues unabated even in the 18 states/UTs, and the aim of creating a truly unified NAM with an efficient price discovery mechanism is still a far-fetched dream.
- **Infrastructure:-**
  - Even as the Centre works with States to persuade them, infrastructure such as reliable third-party certification for the produce in every mandi and robust computer systems, including uninterrupted web connectivity, need to be put in place.
- **Middlemen influence:-**
  - The hold of the middleman, who often is also the financier of the farmer against a pledge of the produce is not completely broken.
- **The challenges posed by present day APMCs :-**
  - Fragmentation of State into multiple market areas, each administered by separate APM
  - Separate licenses for each mandi are required for trading in different market areas within a state. This means that there is limited first point of sale for the farmer.
  - Licensing barriers leading to conditions of monopoly
  - Opaque process for price discovery
  - An overwhelming majority of farmers still rely on the same broken system of markets under APMC, which is monopolistic and rent-seeking, with high commissions, especially for perishables.
- Fruits and vegetables, where there often are prices fluctuations, are yet to be included in the NAM platform
- Country's two biggest mandis Azadpur (Delhi) and Vashi (Mumbai) have not yet agreed to come on board
- NAM does not say anything about interstate taxes and levies
- **Dominance of cash:-**
  - Critical link was creating an electronic payment system that would allow the buyer credit the proceeds directly into the farmer's bank account. But this has not taken off, and farmers continue to be paid in cash
  - Physical trading is still taking place even in mandis that are integrated with e-NAM.
- **Only a fraction are covered and constraints in calculations:-**
  - The 585 mandis brought only 90.5 lakh farmers onto the platform, which is less than 7% of the 14 crore Indian farmers.

- Close to 17 MMTs of quantity is reported to have been traded on the platform. But, this value is only about 2% of India's total value of agricultural output.
- Besides, this value is also artificially inflated by adding the value of MSP-procurement operations by states like Haryana.
- By including such transactions made at fixed prices (MSP) by a fixed buyer (procurement agency) onto the e-NAM platform, the true spirit of e-NAM, i.e. of free and competitive marketing, fades.

### **Way forward :-**

- **Following steps need to be taken in a concerted manner :-**
  - Unyielding focus on agri-market reforms starting with basics of assaying, sorting, and grading facilities for primary produce as per nationally recognised and accepted standards
  - Creating suitable infrastructure at mandi-level (like godowns, cold storages, and driers) to maintain those standards
  - Bringing uniformity in commissions and fee structures that together do not go beyond, say 2%, of the value of produce
  - Evolving a national integrated dispute resolution mechanism to tackle cases where the quality of goods delivered varies from what is shown and bid for on the electronic platform. This would require significant investments, and changes in state APMC Acts.
- Roping in the private sector for investments would create jobs and promote efficient agri-value chains.
- For the e-NAM network, which presently caters to 25 key commodities, purchasing at the MSP price should be made statutory.
- Buying the produce from farmers below the MSP should be made illegal. The 'model price' that these markets offer should therefore be replaced with MSP.
- Instead of amending the APMC Act to take out fruits and vegetables from its activities, and eventually ending up with dismantling the regulated mandis, the focus should shift to expanding the network. Against the existing 7,000 APMC markets, India needs 42,000 regulated mandis.

## **PRACTICE QUESTIONS**

### **Answer the following Questions**

1. Mere construction of toilets to achieve ODF status will not lead to improvement in access to basic sanitation for Indians. Critically Examine. (250 words)
2. Getting affordable power to every Indian household needs sustained efforts. Comment in the light of achieving the feat of electrifying all Indian villages. (250 words)