

## Agricultural Markets in Chhattisgarh: a comparative study of arrival commodity prices for wheat and mustard in Bhatapara and Rajanandgaon

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**Abstract:** A well-functioning agricultural sector is critical for economic growth and livable incomes in developing countries such as India. Prices in an agricultural market system can efficiently organize production by encouraging farmers to serve markets with excess demand and provide the quality and variety that consumers prefer. Though the state frequently plays a large role in market organization, the Government of India has been pressing State Governments for market reforms to address market inefficiencies. One such significant step has been the adoption of the National Agriculture Market Scheme, which promotes integrated markets across space and time in the country (e-NAM). The goals of e-NAM are multifaceted, including the creation of a national e-market platform for transparent sale transactions and price discovery in regulated markets, the liberal licensing of traders/buyers and commission agents by state authorities without any requirement of physical presence or possession of a shop/premises in the market yard, the creation of a single license for a trader that is valid across all markets in the state, and the harmonization of quality standards. This paper emphasizes on comparative study of arrival commodity price of wheat in Bhatapara and Rajnanadgaon.

**Keywords:** Agricultural Marketing System, e-NAM, price discovery, transparent sales transactions.

### 1. INTRODUCTION :

Agriculture is important for a country like India having more than 58 % of its population relying on agriculture as their main source of livelihood. Indian agriculture has increased productivity and thus emerged as a leader in the production of agricultural and allied products. However, farmers' standard of living has not improved significantly; this is due to the devil's involvement in produce marketing. The traditional marketing system in India has implications such as a highly fragmented market, an insufficient number of markets, insufficient marketing infrastructure, a high incidence of market fees/charges, post-harvest wastages, licencing restrictions, less remuneration to farmers, the costs of mediation, market information asymmetry, and insufficient credit facilities. The Indian government has made an effort to improve the plight of smallholder farmers by reforming inefficient agricultural markets through direct interventions, market-oriented strategies, and institutional procedures. Unfortunately, these interventions frequently failed to produce the expected outcomes, possibly as a result of broad macro objectives that neglected to take into consideration micro-level processes.

Agricultural markets are physical or digital gathering places for buyers, sellers, and middlemen to exchange goods. Sellers, purchasers, and intermediaries encounter several counter-party risks during the exchange process, including missed deliveries, poor quality, and late payments. Given the varying interests of different market participants, opportunism may be possible. State governments began passing Agricultural Product Marketing Committee (APMC) statutes in the 1950s to safeguard uneducated farmers from being taken advantage of by traders and commission agents. In order to reduce the uncertainties and dangers associated with the market process, this is done to secure fair prices for farmers, a reliable information flow on the market, enforce rules, and foster trust among various players.

A network of controlled wholesale markets handles the marketing of agricultural products (APMCs). Construction of well-designed market yards was viewed as vital for regulating the activities used in wholesale markets, and regulation and growth of agricultural produce markets were adopted as an institutional innovation. To assist primarily the purchasing and selling of agricultural commodities, the regulated marketing system is centred primarily around wholesale physical markets.

The eNational Agricultural Market (e-NAM) platform, which the Indian government created in 2016, combines 585 APMC physical markets to create a single national market by luring customers from all across the nation through electronic bidding. By doing this, many physical handlings at various levels and with various market costs are eliminated. It is a significant undertaking involving numerous institutions, including the central government, which provides a standard policy framework.

This paper systematically attempts to study and review the development in the e-NAM platform in Chhattisgarh and a comparative study of arrival commodity price of wheat in Bhatapara and Rajnanadgaon.

The study harnessed secondary data from various sources of literature on agricultural marketing, various government sources and official websites.

## **2. REVIEW OF LITERATURE :**

'Marketing of Mushroom in Haryana'(2005), Khatkar opined that the middlemen pocket a large portion of the consumer's rupee. As a result, he advocated for government intervention to protect farmers' interests by instituting cooperative marketing and processing of agricultural products. The price behaviour of agricultural products is an important aspect of a country's agricultural marketing. Agricultural commodity prices are generally reduced during the harvesting season. Several studies have revealed that a large number of middlemen are involved in various stages of agricultural marketing in India.

Kushankar Dey (2016) in paper titled 'National Agricultural Markets' , found that the NAM electronic trading portal (e-NAM) was recently inaugurated with a national awareness to connect more than 580 APMCs across the country in a specific time period. While traders do play a role in the blemish price discovery of food grains, particularly paddy/rice and wheat, greater inclusivity in trading and involvement is required. In other words, the benefits of a negotiated dealing system in terms of trading opportunities and associated services such as price and quality information on traded commodities may not accrue to small and marginal farmers.

## **3. AGRICULTURAL MARKETS IN INDIA :**

Agricultural marketing is commonly used to refer to all of the activities involved in the supply of farm inputs and output, including all operations related to the procurement, collection, grading, storing, food and agro-processing, transportation, financing, and selling of agricultural produce. All of these activities can be classified as pre-cultivation, cultivation, and post-cultivation, or as input and output marketing. Input marketing is primarily handled by the private sector, whereas output marketing is handled by the producers, i.e. farmers. Agricultural markets in India are governed by the Agricultural Produce Markets Regulation Acts (APMRA), which were passed by the majority of states in the 1960s and 1970s. The APMRA mandated that agricultural produce be sold only at designated regulated markets (mandis) via registered intermediaries governed by the Agricultural Produce Market Committee (APMC). There are currently 7,190 regulated wholesale markets in India that fall under the purview of the Act<sup>1</sup>. Although the Act has served its purpose in bringing order to agricultural markets over the past several decades, complacency and rigidity in evolving to meet current needs has resulted in widespread dissatisfaction among farmers. Several reforms to the APMC Act have been introduced over the years, the most recent and significant being the APMC Model Act (2003).

Agriculture marketing is managed by the states in accordance with their agri-marketing regulations. Each market area in the state is administered by an APMC market, which imposes its own marketing regulations, such as market fees and permissible commission charges levied by commission agents. This market fragmentation, even within a state, impedes the free flow of agricultural commodities from one market area to another. Multiple handling of agricultural

<sup>1</sup> [https://naarm.org.in/wp-content/uploads/2021/07/2020\\_eNAM\\_Report.pdf](https://naarm.org.in/wp-content/uploads/2021/07/2020_eNAM_Report.pdf)

commodities and multiple levels of market charges raise prices, with a larger share going to middlemen without benefiting farmers.

### 3.1 NATIONAL AGRICULTURAL MARKET (eNAM)

A national market for agricultural commodities is created by connecting the current APMC mandis through the pan-Indian electronic trading portal known as the National Agricultural Market (eNAM) was established on April 14th, 2016. The Government of India's Ministry of Agriculture and Farmers' Welfare has designated Small Farmers Agribusiness Consortium (SFAC) as the lead organisation for the implementation of eNAM. Any mandi that accepts to join the national network is given free access to the specific software created for e-NAM with the appropriate customization to comply with each State Mandi Act. With the advent of E-Marketing in various states, there is an increased need for capacity building among various stakeholders and institutions in the agricultural value chain. e-NAM is a paradigm shift that will result in new roles for Market Functionaries, traders, farmers, and others. Participation of various market functionaries and farmers, as well as service orientation of market officers, is required for the successful implementation of E-NAM.

In 2016, the eNAM was introduced in 585 APMC markets; now, all of them are operational, though with varying degrees of success. Most eNAMs suffer from implementation bottlenecks in the use of assaying systems because most farmers and traders do not use them due to technical difficulties in grading the produce. Some eNAMs only use an e-auction platform for e-actions and perform all other market-related activities manually. It has reduced the eNAM platform's full utilisation for its intended purpose of market efficiency<sup>2</sup>.

#### *Vision*

To remove information asymmetry between buyers and sellers, streamline processes across integrated markets, and encourage real-time price discovery based on current demand and supply in order to improve uniformity in farm marketing.

#### *Mission*

Integration of APMCs across the nation via a common online market platform to promote pan-India commerce in agricultural commodities, allowing for better price discovery through a transparent auction procedure based on the quality of the output as well as prompt online payment.

### 3.2 Objectives<sup>3</sup>

- To integrate markets first at the level of the States and eventually across the country through a common online market platform, to facilitate pan – India trade in agricultural commodities.
- To streamline marketing / transaction procedures and make them uniform across all markets to promote efficient functioning of the markets.
- To promote better marketing opportunities for farmers / sellers through online access to more buyers / markets, removal of information asymmetry between farmer and trader, better and real-time price discovery based on actual demand and supply of agri-commodities, transparency in auction process, prices commensurate with quality of produce, online payment etc. that contribute to marketing efficiency.
- To establish quality assaying systems for quality assurance to promote informed bidding by buyers.
- To promote stable prices and availability of quality produce to consumers.

<sup>2</sup>

[https://www.researchgate.net/publication/330540139\\_Electronic\\_National\\_Agricultural\\_Markets\\_Impacts\\_Problems\\_and\\_Way\\_Forward](https://www.researchgate.net/publication/330540139_Electronic_National_Agricultural_Markets_Impacts_Problems_and_Way_Forward)

<sup>3</sup> <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2021/nov/doc2021112561.pdf>

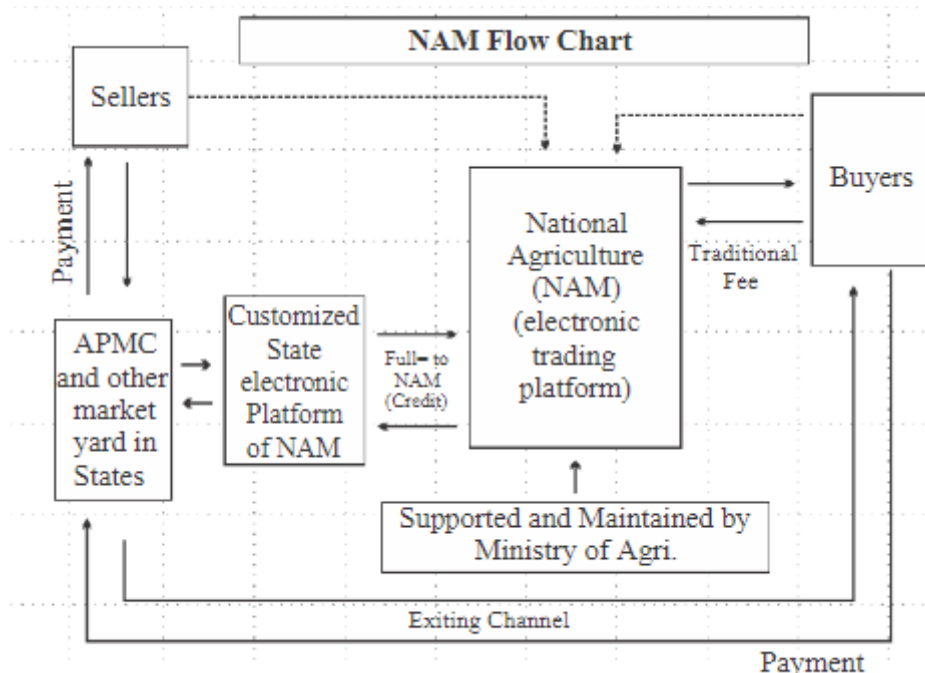


Figure 1: A Flow Chart of e- NAM

#### Beneficiary:

Farmers, Mandis, Traders, Buyers, Processers and Exporters.

### 3.3 STAKEHOLDERS INVOLVED

APMC, Farmers, Traders, Mandi Board, Farmer Producer Organization

*APMC*- APMC means the Agricultural Produce & Livestock Market Committee established under the provisions of APLM Act. Currently there are 1260 markets that are linked to the e-NAM network from 25 states and 3 UT's<sup>4</sup>. Benefits from e-NAM for an APMC are :

- Free Software for System integration/ Automation of recording transactions
- Complete information on trade
- Real time arrival recording
- Analyze price trends, arrival and trading activities
- Automated record of financial information
- Reduction in man-power requirement

*Farmers*- e-NAM facilitates better prices for a seller/farmer through transparent bidding , increased number of buyers from different markets , hence greater negotiation power. Via assaying, price commensurate to the quality of produce is obtained by the seller. e-NAM digitally records all arrivals and assigns unique LOT ids that can be tracked from the mobile until it is sold. This digitization aims to shorten transaction times in an e-NAM mandi. However, the time it takes to complete the transaction is determined by other factors such as the volume of visitors to that particular mandi and the season. Benefits from eNAM for a Seller/ Farmer are :

- Transparency in Trade through better price discovery
- Access to more markets & buyers

<sup>4</sup> <https://enam.gov.in/web/stakeholders-Involved/Apmcs>

- Real time information on prices and arrival in near by mandis
- Quick payments will be able to build a healthy financial profile

*Traders-* e-NAM facilitates quality assaying to 175 commodities based on DMI specified parameters. Quality of the produce can be assessed through assaying certificate provided by the authorities that can be viewed on the mobile app also. Benefits from e-NAM for Buyers/ Traders are as follows:

- Extended reach to other mandis, hence access to more sellers
- Access to a larger and integrated markets
- Access to real time information on arrival, quality and price of commodities
- Ease of doing business through Mobile-App
- Access to online banking and payments

### 3.4 CHHATISGARH AND e-NAM

In Chhattisgarh, marketing and trading of the agricultural produces is done by the state APMCs. The state consists of total 69 APMCs out of which only 5 APMCs were integrated with e-NAM in the first phase viz., Bhatapara APMC (Baloda Bazaar), Kurud APMC (Dhamtari), Kawardha APMC (Kabirdham), Rajnandgaon (Rajnandgaon) and Nawapara APMC (Raipur).<sup>5</sup>

Bhatapara Agri-market area- There are 241 villages(189gram panchayats) under the market committee which has 289 market commodities notified under the regulation. The system of sale is open auction and the system of payment is cash. 100% degree of transparency is maintained on the method of sale, weighment and payment.

Rajnanadgaon Agri-market area- - There are 177 villages under the market committee which has 142 market commodities notified under the regulation. The system of sale is e-trading and the system of payment is cash and cheque. 100% degree of transparency is maintained on the method of sale, weighment and payment

Arrival price of commodity- Wheat as on 21/January /2023

	Arrival Date	Minimum Price(Rs/Quintal)	Maximum Price(Rs/Quintal)
Bhatapara	21/January /2023	2701	2896
Rajnanadgaon	21/January /2023	2560	2801

Arrival price of commodity- Mustard as on 21/January /2023

	Arrival Date	Minimum Price(Rs/Quintal)	Maximum Price(Rs/Quintal)
Bhatapara	11/January /2023	5450	5450
Rajnanadgaon	11/January /2023	5200	5200

### 4. FINDINGS :

Electronic-National Agriculture Market (e-NAM) goal is to provide single pricing in a single market within a single region. A nationwide electronic trading platform is being built for transparent sales and price discovery in controlled

<sup>5</sup><https://www.phytojournal.com/archives/2018/vol7issue4/PartBC/7-4-58-787.pdf>

markets. The above figures of Agri-Markets of Bhatapara and Rajnanadgaon shows complete transiency in sales and single price discovery act as the modal prices. The modal price for wheat in Bhatapara on the reference period stands as Rs 2869/Quintal while in Rajnangaon is Rs 2680/Quintal<sup>6</sup>.

## 5. CONCLUSION :

The introduction of electronic platforms in agricultural marketing in India is referred to as a watershed moment. The e-NAM aims to establish a "One Nation, One Market." The creation of the e-NAM concept has increased the number of options for sale and purchase through e-bidding with access across the state, real-time market information, transparency in price discovery, and improved payment to build a healthy financial profile. However, e-NAM has implementation bottlenecks that must be addressed before expanding the e-NAM scheme beyond the current 1000 e-NAMs mandis. The e-NAM is not a parallel marketing structure. It's a device to create a national network of physical mandis which can be accessed online. It seeks to leverage the physical infrastructure of mandis through an online trading portal, enabling buyers even outside the state to participate in trading<sup>7</sup>.

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<sup>7</sup> <https://timesofindia.indiatimes.com/india/e-nam-changing-the-way-farmers-sell-their-produce/articleshow/60819955.cms?from=mdr>