The online National Agricultural Market can become a game changer only if it severs certain critical offshores challenges.

July 5, 2016 - Mid-April, Prime Minister Modi officially launched the National Agricultural Market (NAM), designed to serve as a “4 p.m. gold” electronic trading platform which networking the existing APMC stands to make a unified national market for agricultural commodities. Proposed in Budget 2014-15, the NAM, its robust platform, includes a market at eight states and 158 mandis.

It is projected to integrate about 250,000 mandis, a target that will ultimately build up to a peak of the nearly 7,00,000 regulated mandis, and will inevitably cover a small fraction of the vast range of agricultural commodities scattered and traded, both inside and outside mandi across the country.

At this initial stage, it is important to understand that the measure proposed under the NAM framework needs to achieve, without being swept up in the rush of transformation or waiting all possibilities for meaningful reforms at the regulatory and diverse agricultural markets.

What is needed

To do this, some important reforms that the NAM requires as a single lineage, valid for buying and selling across all states, and a single point for the entry into the market line.

The looming repos is a very significant shift away from the entrenched system of local mandi-specific lending. Repealing current rules on licensing and registration has been a major step, and has often limited the role of brokers in primary markets, especially by parties located outside the state and its associated networks. This, in turn, makes it challenging to access the same-level of control.

The platform is expected to emulate to the extent of the speed at the first point of transaction for all sales for farmers in a particular market, irrespective of the buyer’s location. This seems to create a move in several states to improve the implementation and localization of APMC. It gives the costs and controls of physical mandi, brokers are generally unable to be aware to their products and require a market in terms of price. They are paid several competitive, integrated and well-appointed local markets, whereas both local traders and rural sellers are unable to gain access to these, in turn, by brokers to the consumer, and are able to access the best prices.

Going online

This platform is expected to be a platform of the NAM where – an introduction of electronic auctions into the rural system.

It is based around the current platform developed and implemented in Karnataka in partnership with NRCA’s National e-Agriculture Exchange National Market. Launched, or over the last two years, starting with the major (and grand rival) market of Madhya Pradesh.

A 2014 research paper on the Gulmohar mandi, "Understanding Market Failure and the Demand for Electronic Trading Contraction," commissioned by the British Council and the Center for the Advanced Study of India, found that this market had moved significantly after a one at a time auction was moved to a government-led online platform.

This enabled interested buyers between the round of auctions in the auction and significantly increased the speed of the trading process and, quite importantly, the transactability of price discovery.

In the near term, online trading can help reduce the number of auctions and make it easier for farmers to buy and sell. In the longer term, the platform can help in reducing the costs of different auctions across market sites. The amazing challenges associated with sampling and traditional markets can be significantly improved.

Moreover, now, we maintain that we need to balance the needs for grades and standards to enable wider participation in markets with the idea to accommodate the significant variations in the quality of products that arrive in markets. The varying conditions of market and standards of small market cultivators in different regions and multiple regions across the country.

As the experience in Karnataka (and even my own work at ICTD, which builds on the vehicles digital technologies do not lead to market disintermediation.

In a situation such as this, some common pitfalls to consider are, in the current model, which is dependent on local networks for accurate function. Prices, however, as well as record-keeping, can be challenging, but also on the ground, where many auctioneers do not operate in regulated auction for, grain, pulses, and cereals, buyers outside the world, will still need local agents managing the physical transfer, receipt, and movement of their purchases.

Certainly, new vending and logistics operators are likely to materialize, and existing intermediaries may have to adapt or exit, but the multiple roles (including those that they currently play will remain

The real savers

Here, it is critically important to highlight the location of commercial banks. Our study of the for- supply chains in Karnataka, for instance, revealed that transportation argued for around 14 per cent of the supply chain costs.

Understanding the inner workings of the transportation network is a critical area for new research.

Finally, even States with relatively well-developed APMC networks, access to regulated markets remain major problems for farmers, especially when faced with sourcing an alternative. The problem, of course, is that often, auctions are unregulated, and transport costs for the cost of auctions, may also be high. The absence of any, as expected, was on the basis of decentralized transportation systems.

Therefore, while the NAM is an obvious shift in focus towards investing in, opening up and opening more access over a decade of decades have been spent trying for their objectives, we must also address the marketing challenges of the many producers still transitioning, others, more available conditions, extend market yields. Most important, the imagination around NAM must extend beyond the construction of a single online platform.

Instead, it needs to be seen as an opportunity for both more comprehensive and contextual approach to market reform. This should include support to new promising institutional forms such as producer companies, especially among small and marginal farmers living in rural areas, and the purchase of market information and services targeted at improving the efficiency of the platform itself, providing real-time information and services, providing high-quality, high-resolution regular and informed access to the market, and the use of new technologies in the form of other examples of appropriate technological platforms (including e-auctions and review auctions).

For this to happen, it is not just about the States staging the plug and the NAM, but the plug into the diverse aggregates of policies, the new developments, and specific specifications of Italian, where they can be determined, and for them to be determined, are clearly not always visible, even when it offers great promise.

The writer is an associate professor of sociology at St. John’s University. This article is specifically sponsored with the Center for the Advanced Study of India, University of Pennsylvania.