

# Gramin Agricultural Markets- GrAMs

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## What are GrAMs?

These are defined as: “Retail agricultural markets in close proximity of the farm gate, that promote and service a more efficient transaction of the farmers’ produce across the agricultural sub-sectors, by enabling both direct sale, between the producer and consumer, and aggregation of small produce-lots for subsequent transaction, both of which can occur either physically or online”.

## Budget 2018-19 Announcements

- **Develop and upgrade existing 22,000 rural haats into Gramin Agricultural Markets (GrAMs)**
- Physical infrastructure to be strengthened using MGNREGS and other Government Schemes
- PMGSY(Phase-III) to be used for strengthening road linkages from habitations to GrAMs
- Setting up of Agri-Market Infrastructure Fund with a corpus of Rs. 2000 crore-
  1. Develop and upgrade agricultural marketing infrastructure in 22,000 GrAMs
  2. Strengthening 585 APMC markets
- GrAMs to be linked to e-NAM
- GrAMs to be outside the APMC Act regulation

## GrAMs– Principle Objectives

**They shall facilitate two following activities in principle.**

1. **Direct sale: The farmer-producers may offer any of their agri-produce on sale directly to the consumers without**

having to go through the market regulations. The consumer could be a retail purchaser or a bulk purchaser (trader, processor, exporter, etc); and the sale can occur through a physical negotiation or via an online trade platform like e-NAM. The disintermediation of such a transaction will result in transferring maximum value to the farmer on his produce.

2. **Aggregation of the lots:** The small lots of the farmer-producers can be aggregated through an institutional mechanism (like that of FPO, VPO, etc.) for gaining enhanced bargaining power and subsequent sale either at the GrAMs via an online trade platform like e-NAM or by availing primary preparatory or preconditioning services, such as assaying, cooling, packaging, and transporting from the GrAMs to APMC/RMC or any other primary or secondary or terminal wholesale agricultural market.

### **Location of GrAMs**

GrAMs may be located at the existing periodical markets, which are owned and managed by different agencies and individuals, such as Rural Local Bodies (RLBs) – Gram Panchayats, Urban Local Bodies (ULBs) – Town Panchayats, Municipalities, APMCs/RMCs, Trusts – Temples, WAQF, Private individuals, etc.

### **Creation of Agri-Market infrastructure fund for development and upgradation of Gramin Agriculture Markets**

- Recently the Cabinet Committee of Economic Affairs Chaired by the Prime Minister has given its approval for the creation of a corpus of Rs. 2000 crore for Agri-Market Infrastructure Fund (AMIF) to be created with NABARD for development and up-gradation of agricultural marketing infrastructure in Gramin Agricultural Markets and Regulated Wholesale Markets.
- AMIF will provide the State/UT Governments subsidized loan for their proposal for developing marketing

infrastructure in 585 Agriculture Produce Market Committees (APMCs) and 10,000 Grameen Agricultural Markets (GrAMs).

- States may also access AMIF for innovative integrated market infrastructure projects including Hub and Spoke model and in the Public-Private Partnership model.
- In these GrAMs, physical and basic infrastructure will be strengthened using MGNREGA and other Government Schemes.

### **Advantages of GrAMs**

The GrAMs shall be organisationally linked to primary wholesale agricultural markets like APMCs/RMCs, whether in the public or private sector and the two together shall provide a hub and spoke model of agricultural market structure. Some of the specific advantages of GrAMs are as follows:

1. **Reduce the cost of first-mile transportation** by offering the farmers a marketing platform in close proximity to the farm gates.
2. **Reduce the cost of the transaction and enable the farmers** to gain a higher share in the consumers' rupee by facilitating the direct sale – both physical and online.
3. **Provide an orderly and transparent system** of aggregating the small lots and substitute for the currently opaque & informal system of aggregation by the village traders.
4. **Provide small farmers the opportunity to target direct sales at markets** of their own volition by providing the associated market linkage services.
5. **Provide the greater opportunity for mobilization of farmers** through mechanisms like farmer producer organizations (FPOs-societies, cooperatives, and companies), as well as Village Producer Organisations (VPOs).
6. Offer an **integrated platform for the purchase of agri-inputs**, besides other consumer & white goods.

7. **Serve as a place for the dissemination of new information & knowledge** relating to agriculture and other aspects of life