

eNWR, eNAM integration set to conclude in 2 mths

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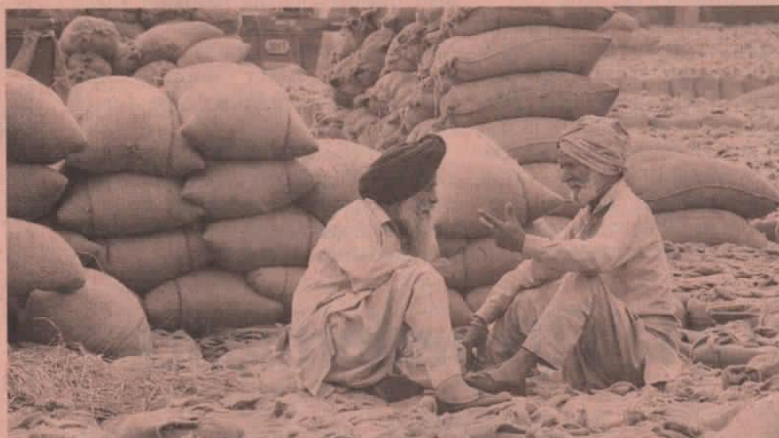
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Integration of Negotiable Warehousing Receipts (eNWR) with the Electronic National Agriculture Market or eNAM, as announced by the finance minister in her Union Budget speech on Saturday, is expected to be complete in one or two months.

Warehouse receipts are issued by repositories, which keep electronic records of goods deposited and subsequent transfers, the way depositories operate in the capital market. Receipts for warehoused goods now can also be negotiable and, hence, tradeable. Central Depository Services has set up a CDSL Commodity Repository which has completed the integration mentioned earlier and begun issue of eNWRs for goods traded on eNAM.

Another repository, the NERL, set up by the National Commodities and Derivatives Exchange, is in the process of integration. Kedar Deshpande, the former's chief executive, said: "Doing so will help farmers participate in auctions by storing quality produce in registered warehouses, which will thus become market yards. This will be the beginning of warehouse-based sales in India and would make eNAM a country-wide success."

The eNWR will be useful when farmers deposit their produce in a regulated warehouse (as certified by the Warehousing Development and Regulatory Authority). That warehouse would have to be notified as a mandi or market yard. The central government has already asked states to follow its model Agriculture Produce Market Committee (APMC) law, which provides for this.



THE IMPLICATIONS

- eNAM, department of economic affairs, agriculture ministry, and two repositories discussing integration
- One repository integrated with network; another in advance stage
- States have to notify regulated warehouses as APMCs
- AP, Telangana already notified 40 warehouses as *mandis*
- Farmers depositing commodities in such warehouses will get eNWR
- Farmers then can deliver such eNWR instead of delivering their produce
- Farmers can get finance and wait for right price to sell
- As on December 31, 2019, NERL generated over 1.8 lakh eNWRs/eWRs

Andhra and Telangana have so notified a little over 40 warehouses and 15 other states have told the Union agriculture ministry that they are con-

sidering doing so.

The eNAM is a national networked platform connecting mandis or APMCs electronically, for helping farmers to realise the highest price for produce in the state from where he is selling. In physical mandis, farmers get the prevailing price there, where he has brought the produce. The eNAM connects all mandis in the state and all states in a national network.

The Centre is in discussion with market participants to promote the use of eNWRs on eNAM platforms. A farmer would simply have to deposit the e-receipt, against the goods deposited by him in a regulated warehouse. Based on this receipt, his goods will be up for sale and he will hopefully get the best price; the buyer gets the receipt and the repository will debit the farmer and credit the commodity in the buyer's name. A farmer can use this receipt for getting bank finance against it and wait to sell those goods till he gets a better price, avoiding any distress sale at mandis.