Report of the Expert Committee

On

Promotion of Warehouse-Based Sale with Focus on e-Negotiable Warehouse Receipts (eNWRs) Trading through eNAM and other Registered e-Trading Platforms

December, 2023
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The Green Revolution during 1960s transformed the agriculture production landscape from deficit production to surplus. This triggered most of the States to enact the Agricultural Produce Markets Regulation (APMR) Acts during the sixties and seventies, popularly called the Agricultural Produce Market Committee (APMC) Acts. These enactments aimed to establish market-yards and also to regulate marketing practices so as to ensure fair and transparent prices to the farmers. The APMC Acts have largely been able to achieve their basic objectives. However, to handle increasing marketable surpluses and bring supply chain efficiency through creation of competitive alternative marketing channels and encouragement of investment in development of post-harvest management and marketing infrastructure, a need has been felt for over two decades to reform the agricultural marketing laws and policies. Accordingly, the Ministry of Agriculture and Farmers’ Welfare, Government of India circulated Model APMC Acts in 2003 and 2017 to facilitate the States to reform their APMC Acts.

In order to develop Unified National Market for agricultural produce, the Ministry of Agriculture and Farmers’ Welfare (MoA&FW), Government of India launched on 14th April, 2016 electronic National Agriculture Market (eNAM) as Pan-India electronic trading (e-trading) portal with the core objective to enhance farmers’ access digitally to multiple markets and buyers to receive the competitive price in a transparent manner. Keeping pace with the time and requirement, there have been many user-friendly technological advances/innovations in eNAM, like integration of payment gateway feature, FPO module, eNWR module, Platform of Platforms (PoPs), Farm-gate module, issuance of e-permit and enabling commission agents. As part of new era reform to ensure remunerative prices to the farmers, the Government has enabled better farmer-market linkages through declaration of
warehouses/silos/cold storages as deemed market-yards, holding produce in scientifically constructed and WDRA registered warehouses and addressing distress sale by farmers at the time of harvest through pledge financing against eNWRs. Government of India has also been promoting warehouse-based sale and delivery of produce through eNWR at eNAM platform. Hon’ble Union Minister for Agriculture and Farmers’ Welfare on 03.04.2020 launched integration of eNWR and eNAM platform.

In order to promote warehouse-based sale and eNWR trading through eNAM and other registered e-trading platforms, the Ministry of Agriculture and Farmers’ Welfare, on 21st April, 2023, constituted an Expert Committee of professionals, practitioners, policy makers and a few State governments. During its deliberations, the Committee invited many other experts, warehouse owners, FPOs and farmers.

On behalf of the Committee, I would like to thank Shri Manoj Ahuja, IAS, Secretary(DoA&FW) for his initiative to set up this Committee of experts.

I am deeply indebted to all the members of the Committee for their engagement in its deliberations. My special thanks are due to the Member Secretary of the Committee, Dr. S.K. Singh, Dy.AMA, who not only successfully organized meetings but also took personal interest in preparation of report.

The Committee is also grateful to the special invitees from National e Repository Limited (NeRL), CDSL Commodity Repository Limited (CCRL), Indian Banks’ Association (IBA), Reserve Bank of India (RBI), State Bank of India (SBI), HDFC Bank Ltd., Star- Agri Warehousing Collateral Management Limited, Nagarjuna Fertilizers and Chemicals Limited (NFCL) – Strategic Partner of eNAM project, private warehouse owners, collateral services management experts, FPOs and farmers for sparing their time and giving valuable suggestions to the Committee.
Finally, as Chairman of the Committee, I would like to thank Marketing Division of DA &FW for diligently serving the Committee.

I hope that the Government and policy makers in various Ministries/Departments will find the Report of the Committee useful in driving the warehouse-based sale through eNWR in integration with eNAM and other registered e-trading platforms. With this, I am sure, the potential of eNWR as an instrument will be realized further.

Dated: the --------December, 2023

(Siraj Hussain)
Former Secretary, Department of Agriculture and FW and Currently Chairman, Board of Directors, NeRL
Abbreviations

- APMC: Agriculture Produce Market Committee
- BIS: Bureau of Indian Standards
- BLBC: Block Level Bankers’ Committee
- CCRL: CDSL Commodity Repositories Limited
- CWC: Central Warehousing Corporation
- DA&FW: Department of Agriculture and Farmers’ Welfare
- DCCB: District Central Cooperative Bank
- DFPD: Department of Food and Public Distribution
- DLCC: District Level Consultative Committee
- DMI: Directorate of Marketing and Inspection
- eNWRs: electronic Negotiable Warehouse Receipts
- FPO: Farmer Producer Organisation
- FSSAI: Food Safety and Standards Authority of India
- GRP: Grievance Redress Policy
- IBA: Indian Banks’ Association
- LDM: Lead Bank Development Manager
- MD: Managing Director
- MoA&FW: Ministry of Agriculture and Farmers’ Welfare
- MPSAMB: Madhya Pradesh State Agricultural Marketing Board
- MSAMB: Maharashtra State Agricultural Marketing Board
- NABARD: National Bank for Agriculture and Rural Development
- NAFED: National Agricultural Co-operative Marketing Federation of India Ltd.
- NCCF: National Cooperative Consumers’ Federation of India Ltd.
- NCDEX: National Commodity and Derivatives Exchange Limited
- NCML: National Commodities Management Limited
- NeML: NCDEX e Market Limited
- NeRL: National e Repositories Limited
- NFCL: National Fertilisers and Chemicals Limited
- NWRs: Negotiable Warehouse Receipts
- OTC: Over the Counter
- PACS: Primary Agricultural Credit Society
- RBI: Reserve Bank of India
- SBI: State Bank of India
- SFAC: Small Farmers' Agribusiness Consortium
- SLBC: State Level Bankers' Committee
- WBS: Warehouse-Based Sale
- WDRA: Warehousing Development and Regulatory Authority
- WGRS: WDRA Grievance Redress System
Constitution of Committee

During the brainstorming meeting of stakeholders organised by Department of Agriculture and Farmers’ Welfare (DA&FW) under the Chairmanship of the Secretary (DoA&FW) on 6th April, 2023, it was resolved that DA&FW may constitute an Expert Committee to examine all issues relating to declaration of warehouses as deemed market–yard and warehouse-based sale & delivery of agricultural produce from there, which is not satisfactorily happening in the country. During the brainstorming meeting, the issue of electronic Negotiable Warehouse Receipts (eNWRs) also came up for discussion. The Secretary (DoA&FW) emphasized that although there is eNWR module available on eNAM portal, it has failed to gain popularity. So, the Secretary mentioned that there is a need to set up an Expert Committee to examine the issues and make recommendations.

Accordingly, an Expert Committee was constituted by Department vide Office Order No 28011/1/2020-M.II (Pt.4), dated 21st April, 2023 under the Chairmanship of Shri Siraj Hussain, IAS (Retd.), Former Secretary (DoA&FW). The Committee included several other experts. The constitution of the Committee is as follows: -

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<td>1</td>
<td>Shri Siraj Hussain, former Secretary (DoA&amp;FW).</td>
<td>Chairperson</td>
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<td>2</td>
<td>Joint Secretary (Marketing), Department of Agriculture &amp;</td>
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<td>Farmers` Welfare, Krishi Bhawan, New Delhi.</td>
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<td>3</td>
<td>Managing Director, Small Farmers` Agri-Business</td>
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<td>Consortium (SFAC).</td>
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<td>4</td>
<td>Dr. B.B.Pattanaik, former Chairman, Warehousing Development</td>
<td>Member</td>
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<td>&amp; Regulatory Authority (WDRA).</td>
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<td>5</td>
<td>Representative of WDRA, not below the rank of Director /</td>
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<th>Details of the constitution of Expert Committee and its term of reference are given at Annexure-I.</th>
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<td>Representative of Department of Food &amp; Public Distribution, not below the rank of Director / Deputy Secretary</td>
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<td>9.</td>
<td>Managing Director, Maharashtra State Agricultural Marketing Board (MSAMB), Pune.</td>
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<td>Managing Director, M.P State Agricultural Marketing Board (MPSAMB), Bhopal.</td>
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<td>Director (Marketing), Department of Agriculture &amp; Farmers Welfare.</td>
<td>Member</td>
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<td>12.</td>
<td>Dr. S.K. Singh, Deputy AMA, Directorate of Marketing &amp; Inspection (DMI).</td>
<td>Member Secretary</td>
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Executive Summary

Constantly increasing production level is not only indicative of self-sufficiency in food security requirement and bumper surplus creation but also in driving the much-needed agricultural exports reaching all time high of US$ 50.2 billion (Economic Survey, 2023). Despite all this, it is a matter of concern that farmers, particularly small and marginal ones, are not able to always derive the benefits of higher production.

In the era of digitisation and ease of doing agribusiness rather latest approach of “Business Ready Framework”, there is pragmatic and immediate need that agricultural trade is facilitated, and delivery of stocks is encouraged from warehouses/silos etc., instead of obligating farmers to sell-transact in physical mandi premises only where over the counter trade called as primary trade takes place. Warehouses' functionality may be multidimensional as they function to provide safe & scientific storage for agri-produce, act as node for trade, finance and delivery and to safeguard the farmers from distress sale at the time of harvest on pledge/hypothecation of the produce.

The core objective of WDRA is to implement Negotiable Warehouse Receipt (NWR) System in the country. WDRA vide its circular dated 31.05.2019 mandated that “no warehouseman of WDRA registered warehouse shall with effect from 1st August, 2019 issue any Negotiable Warehouse Receipt in physical form and shall issue Negotiable Warehouse Receipts (NWRs) only in electronic form (eNWR) on the repository system.

To take eNAM trading to the next level in the interest of agri-trade and farmers, DA&FW took a landmark decision and launched on 03.04.2020 an integration of eNWR with eNAM platform. In order to promote warehouse-based sale and trading of eNWR through eNAM platform and other registered e-trading platforms, to boost transparent and efficient agricultural marketing, DA&FW set up this Expert Committee to examine the issues and make recommendations.
Declaring Warehouses as Deemed Market-Yard:

DA&FW has been engaged with the States for over two decades to reform their marketing laws and policies. Of the key reform agenda, one is declaring warehouses/silos/cold storages as “deemed market—yards” with the objectives to improve farmer-market linkages, reduce losses and transportation cost and address distress sales. Though a majority of States have made this provision in their APMC Acts but several States have not framed the rules to implement the provisions of their Acts. It is only the States of Andhra Pradesh, Karnataka, Telangana and Uttar Pradesh, which have notified rules also to implement it.

Apart from the above, there is a need for integration of primary and secondary trade taking place at warehouse and cold storages through eNWR via eNAM and other registered electronic trading platforms. In order to seamlessly promote and facilitate such technology enabled integrated market, Government needs to put in place an “Institutional Facilitator”, which in addition to promotion and facilitation of aforesaid trades also resolve the trade related disputes.

Registration of Warehouses with WDRA:

An applicant desirous of registration of warehouse with WDRA may make an application, with requisite fee and documents as detailed in the respective chapter, to the WDRA for registration of its warehouse after registering on the portal of the WDRA and then signing in to submit online application. In the case of non-individual warehouse operators, the application is to be submitted in two parts. The entire process of registration with WDRA is now online, user-friendly, seamless and completely transparent.

Trade Acceptable Grade Standards:

Standards play a very critical role on warehouse-based trade and trade of eNWR through eNAM platform and other such registered e-trading platforms and also on pledge financing against eNWR. As far as domestic statutory standard formulation agencies for agricultural and food products in India are concerned,
there are three agencies, namely (i) Directorate of Marketing and Inspection (DMI) under DA&FW; (ii) Food Safety and Standards Authority of India (FSSAI) under Ministry of Health and Family Welfare; and (iii) Bureau of Indian Standard under Department of Consumer Affairs.

In trade of eNWR through eNAM platform and other such registered e-trading platforms, the standards formulated under AGMARK including tradeable parameters, FSSAI specifications and so on do not always work as such, as they need customization as per requirements of trade. Hence, the standards need to be formulated with intense and wider stakeholder consultations like with farmers, traders/processors, WSPs, assaying agencies, agricultural experts, exporters—importers’ insights.

**Pledge Financing Against eNWRs:**

Pledge finance against eNWRs can play a vital role in financial inclusion of the farmers, which provides comforts to bankers in terms of quantity, quality, disputes and any losses, etc., so that the bankers are satisfied about the *bonafides* of trading entities.

The eNWR ecosystem has been able to encourage banks to come forward with easy finance options. It also builds confidence in bankers with no additional cost for collateral monitoring or surveillance. As regards instruments for trade, it ensures that the commodities stored in the warehouses can be tracked and are secure. The commodities represented through eNWR can be offered for sale on electronic platforms.

Therefore, in order to promote pledge financing in regulated and secured atmosphere, the Government set up WDRA in 2010 with the main objective to promote NWR system in the country. This was to enable the farmers to store their produce in safe and scientific storage structures near their farms. Scientific preservation of stocks and easy access to pledge loan from banks for the eNWRs
issued against deposit of their stocks is likely to formalize the agricultural trade and bring competition to market.

**Publicity and Outreach Plan:**

Publicity and adequate outreach to stakeholders and clients is critical for the success of any product/project and scheme. It becomes more challenging when the product or the scheme is new, stakeholders and clients are multiple and heterogeneous and digital literacy is still evolving. There is also resistance to switching over from a traditional system to technology-based system. Such is the case with Warehouse-Based Sale (WBS) of agriculture produce and trading of eNWRs via eNAM platform and other registered e-trading platforms.

Awareness raising programmes in potential APMC markets involving APMC staff, farmers, traders and other potential buyers may be an effective tool to sensitize them about the long-term benefits of using eNWRs. The Committee feels that it should also be made part of Kharif, Rabi and Summer crop campaigns undertaken by the GoI and the State governments. Further, DA&FW, DoFPD and WDRA may prepare an action plan to periodically reach State Level Bankers’ Committee (SLBC),District Level Consultative Committee (DLCC) and Block Level Bankers’ Committee (BLBC). The Committee recommends that half day awareness programmes may be undertaken for branch heads of different banks including the Lead Bank Development Manager (LDM) of concerned districts.

**Establishment of Grievance Redressal Mechanism:**

The WDRA has issued guidelines titled “The Guidelines on the Redress of Grievances and Resolution of Disputes, 2017”. This seeks to enable the Authority to provide a central forum (WDRA grievance redress system- “WGRS”) for registration, tracking and monitoring of grievances against the Authority, inspection agencies, repositories and warehousemen. Any person may register a grievance along with supporting evidence on the(WDRA Grievance Redress System (WGRS).
Wholesale trade of agricultural produce through any channels of marketing is under the mandate of respective States’ APMC Acts. The Acts vary from State-to-State but generally provisions exist for redressal of grievances/disputes arising out of intra-State trade transactions. The Committee feels that this system needs to be digitized and made quicker and transparent. At present, there is no system for grievance/dispute arising out of inter-state trade and commerce. The States need to make such provision in their APMC Acts as suggested in Model APLM Act, 2017. The Committee recommends that as a long-term measure, DA&FW may consider putting in place an “Authority” to regulate the trade on eNAM and other registered e-trading platforms.

Recommendations of the Committee:

❖ Declaring warehouses as deemed market-yards under States’ APMC Acts:

(i) All those warehouses whether registered with WDRA or not but complying with the prescribed norms in the respective State’s APMC Act/ rules may be declared as deemed market-yards. States may prefer to declare WDRA registered warehouses as deemed market-yards.

(ii) The DA&FW, GoI may form a “Steering Committee” with major States to push the declaration of warehouses as deemed market-yards by appropriate legal provisioning in States’ APMC Acts and notifications of rules thereunder. The Steering Committee may also monitor and review the progress of actual declaration/notification of deemed market-yards and framing of rules by holding regular meetings with the States.

❖ Measures to increase registration of warehouses with WDRA:
(iii) DA&FW, DFPD and WDRA may work together to strategically promote registration of more warehouses with WDRA.

(iv) The release of 2nd instalment of subsidy under any Government scheme of Centre or States for warehouse construction should be released only after registration of warehouse with WDRA.

(v) Registration of all warehouses of 1,000 tonnes capacity and above, with WDRA should be made mandatory.

(vi) WDRA in collaboration with other departments of Union and State governments may intensify its awareness campaign among the stakeholders explaining the benefits of registration, process, etc. DA&FW and State governments should also participate in these campaigns.

(vii) The warehouses of all eligible PACS should be registered with WDRA and DCCBs should be encouraged to offer pledge loans to farmers having KCC for the produce stored in the PACS’ warehouses which are registered with WDRA.

👀 No progress of eNWRs trade on eNAM portal

(viii) The “Steering Committee” of Central Government and States may identify the amendments required in States’ APMC Acts with reference to reciprocity of trading licences, inter-State dispute settlement mechanism and such other reforms so that inter-State trade is formalized and facilitated.

(ix) In the 1st phase, the focus should be to promote warehouse-based primary trade via eNWRs through eNAM and other registered e-trading platforms. Subsequently, a mechanism to promote secondary trade, mostly happening from warehouses via eNWRs through eNAM and other registered e-trading platforms may be put in place.
(x) To facilitate inter-State trade via eNWR through eNAM and other registered e-trading platforms, it is recommended that Union Government exercising the powers vested under Entry-42 of List-I (Union List) and Article 307 of the Constitution may set up an “Authority” for the purpose.

(xi) On allowing secondary trade through eNAM and other registered e-trading platforms, market rules for secondary trade covering trading procedure, payment, transaction charges and dispute settlements, etc will be required to be framed. For this, the Union Government may consult States before framing the regulations.

(xii) At present only a limited number of 4435 warehouses are registered with WDRA. Declaration of such WDRA registered warehouses as deemed market-yards can encourage the use of eNWR trade via eNAM and other registered e-trading platform.

(xiii) Mapping and coding of commodities with repositories along with integration of registered WDRA warehouses with eNAM need to be considerably enhanced.

(xiv) To kick-start the eNWR trade via eNAM platform and to steadily accelerate it, handholding and support by a team of professionals is required. DA&FW and SFAC should engage such team of needed professionals.

❖ Formulation of Trade Acceptable Grade Standards

(xv) The Committee recommends that for eNWR trade, AGMARK should notify more grades and the same should be made trade friendly. DA&FW may also consider if FAQ specifications will serve the purpose for storage for a short period of 3 months and notify the same accordingly.

(xvi) Trading parameter (s) of AGMARK should be customised /modified to make it acceptable to trade.
(xvii) Grade standards and criteria of quality parameters, considering market dynamics, consumer preferences and technological advancements, etc., should be periodically reviewed by the concerned authority(ies).

(xviii) Since commodity of varying grades are normally stored & traded and price changes on trade are as per quality, therefore, the quality range should be promoted to ensure price realization by farmers commensurate with the quality of produce offered by them.

Strategy for implementation of pledge financing of farmers’ stock in warehouses.

(xix) The incentive for prompt repayment of loan is available for loans upto Rs.3.0 lakhs taken on KCC but the same is not available on loans against eNWRs. The Committee recommends that DA&FW should provide this incentive so that the farmers and banks are encouraged to use eNWRs.

(xx) It is recommended that DA&FW may take up the matter with DFS, RBI to reduce the risk weighted average on eNWR loans; and with NABARD also to offer some incentive to banks using eNWRs for pledge loans so that this ecosystem may become a change agent.

(xxi) Scheduled Commercial Banks and DCCBs including RRBs should be allowed for pledge finance to KCC farmers for rotation of the KCC loan from pre-harvest to post-harvest finance.

Strategy plan for publicity and outreach

(xxii) WDRA and SFAC should work together to organize short capsule-type awareness programmes for warehouses of private, co-operatives, SWCs and other organisations.
(xxiii) SFAC with its strategic partner and other organisations/agencies of Central/State Government should organise short duration awareness programmes in potential APMC markets involving APMC staff, farmers, traders and other potential buyers. It should also be made part of ATMA extension programme.

(xxiv) In addition to State Level Bankers' Committee (SLBC), District level Consultative Committee (DLCC), Block Level Bankers’ Committee (BLBC), half-day awareness programme should be organised for branch heads of different banks district-wise with proactive involvement of District Development Manager (DDM) of NABARD and Lead Bank Development Manager (LDM) of concerned district.

(xxv) There should be joint efforts of DA&FW, DFPD and WDRA to popularize eNWR trade through eNAM and other registered e-trading platforms.

(xxvi) Intense awareness and sensitization program should be strategized for buyers and their apprehension and problems should be addressed.

(xxvii) DA&FW should publicise the entire gamut of warehouse-based sale and eNWR trade via eNAM through DD Kisan and other channels regularly. Digital media may also be used for publicity.

(xxviii) National and State level Co-operative Management Institutes should organise training programmes for RRBs and DCCBs on importance and utility of registration of warehouses with WDRA and pledge financing against eNWR and also conduct a Certificate Course for warehouse owners/operators. Further, National and State level Agricultural Marketing and Management Institutes should also run a training programme for private warehouse owners/operators on scientific storage. ICAR may be requested to run courses on “pledge financing against eNWR and scientific storage and activities related to warehousing”.

xvi
Establishing grievance redressal mechanism

(xxix) States, while framing rules for warehouse-based sale for deemed market-yard, should clearly provide grievance redressal mechanism, if not yet provided, in case of intra-State eNWR trade. A model draft of the same may be circulated by the DA&FW.

(XXX) States should make enabling provision for grievance redressal mechanism in case of inter-State eNWR trade and DA&FW may proactively coordinate with the States.

Other Recommendations

(xxii) It is recommended that DA&FW explore putting in place “the Secondary Agri Trade Promotion Facilitation and Regulation” body to promote, facilitate and regulate warehouse-based sale transparently via eNWRs through eNAM and other registered private e-trading platform. For this purpose, DA&FW may designate Small Farmers’ Agribusiness Consortium (SFAC) or DMI for this purpose as it deems fit.

(XXXI) It is recommended that Reserve Bank of India (RBI) may consider a concessional rate of interest for pledge loan against eNWR. Accordingly, RBI may issue guidelines for Banks so that the formalization of agricultural trade is encouraged.

(XXXII) It is recommended that the pledged eNWRs may be allowed to be traded at eNAM and other registered e-trading platforms.

(XXXIII) To create further demand for secondary trade through digital platforms and to bring uniformity with physical trade, it is recommended that present rate of 1% TDS may be reduced and a nominal rate of 0.1% may be charged on secondary digital trade through e-platforms so as to attract more buyers on digital platforms.
(xxxv) The government may set up a Settlement Guarantee Fund (SGF) initially. Subsequently, Repositories, e-platform operators, warehouse owners may be asked to contribute to the Fund on the basis of eNWRs and their trade transactions.

(***vi) The Committee recommends that the validity period of warehousing licenses issued by State authorities should not be less than 5 years and it should also be issued digitally with no or minimum human interface.
Innovations by agricultural scientists, launch of mission mode schemes, various promotional schemes and programmes and strategic planning by the government and most importantly farmers’ resilience to multiple challenges and their grit and determination have led to the buoyant performance of the agriculture sector. Food grain production is estimated to touch new heights of 330.53 million MT (2022-23) with pulses of 27.50 million MT, Oilseeds 40.99 million MT (3rd Advance Estimate, 2022-2023); while horticultural production has outperformed, estimated to touch 342.33 million MT (3rd Advance Estimates, 2021-22). Thus, constantly increasing production level is not only indicative of self-sufficiency in food security requirement and surplus creation but also driving the much-needed agricultural exports reaching all-time high of US$ 50.2 billion during 2021-22 (Economic Survey, 2023). Despite all this, it is still a matter of concern that farmers, particularly small and marginal ones, are not able to realise fair prices for their produce and from time to time there are media reports of distress sale of farmers, especially of horticultural produce. This has led to further widening of the gap in rural and urban economy. Availability of assured market at right time with remunerative price realization is critical together with undertaking:

(i) cost-efficient scientific production;

(ii) diversified farming;

(iii) reduced harvest and post-harvest losses;

(iv) value addition; and

(v) integration of farmers in domestic and international agri-value chain;

Traditionally, wholesale marketing of agricultural produce is carried out through a network of 6965 regulated APMC mandis (as on 31.03.2022) and some 500 other wholesale and assembling markets mostly existing in States/UTs with no APMC Act (DMI, GoI as collected from States). Insufficient number of regulated primary and wholesale markets to handle increasing marketable surplus together
with lack of adequate infrastructure has led to inefficient trading practices and waste of precious agricultural produce.

In the dynamically changing agricultural marketing scenario both in the country and abroad, rising aspirations of farmers, consumers and other market participants, there is pragmatic and immediate need that trade and delivery is encouraged from warehouses/silos and other such structures instead of restricting agricultural trade to APMCs’ physical mandi premises only. The warehouses registered with WDRA provide multi-dimensional facilities for safe and scientific storage. They also facilitate financing for the produce stored therein.

To ensure implementation of the provisions of the Warehousing (Development & Regulation) Act, 2007, Government of India on 26th September, 2010 set up Warehousing Development and Regulatory Authority (WDRA). The core objective of WDRA is to implement Negotiable Warehouse Receipt (NWR) system in the country, which would help farmers to store their produce in scientific warehouses closer to their farms/villages and to seek loans from Banks against their NWRs. In order to make the process easy, transparent and manageable, WDRA, vide its circular dated 31.05.2019, mandated that “no warehouseman of WDRA registered warehouse shall, with effect from 1st August, 2019, issue any Negotiable Warehouse Receipt in physical form, and shall issue Negotiable Warehouse Receipts only in electronic form on the repository system.

Under transformation plan, WDRA has set up a portal, which started functioning on 26.09.2017 for online registration of warehouses and issued Certificates of Registration to Repositories. WDRA has so far set up two Repositories, namely, M/s National Electronic Repository Limited (NERL) and CDSL Commodity Repository Limited (CCRL) for creation and management of electronic Negotiable Warehouse Receipts (eNWRs).

Concurrently, to take eNAM trading to next level in the interest of agri-trade and farmers, DA&FW launched on 03.04.2020 the integration of eNWR with eNAM platform. The eNWR has been integrated with eNAM platform by providing interface between eNAM and repositories. The commodity derivative Exchanges
like National Commodity and Derivatives Exchange (NCDEX), Multi Commodity Exchange (MCX), Bombay Stock Exchange (BSE), National Multi Commodity Exchange (NMCE/ICEX) are already using eNWRs for settlement of agricultural commodity derivative contracts. Before the constitution of the Expert Committee, there was no eNWR trade completed through eNAM platform. As a follow up of discussions in the meetings of Expert Committee a few trades have taken place on eNAM by using eNWRs.

In order to improve farmer-market and farmer-buyer (farmers, processors, exporters, traders) linkages with ease and efficiency in trading and also to leverage them from benefits of digitization, warehouse-based sale and trade of eNWR through eNAM platform can become a milestone in the history of agricultural marketing. The Expert Committee has examined the gamut of issues referred to it by holding three meetings and consultations with various stakeholders including a few farmers, FPOs, private warehouse operators, officials of Reserve Bank of India (RBI), NABARD, Bankers, Repositories and Collateral Management Managers, etc. to make well-grounded recommendations.

The draft report of Expert Committee was circulated to Members on 14th August, 2023 to solicit their comments. The comments received from Members were consideed and several suggestions were suitably incorporated. On 17th September 2023, a modified copy of draft report along with comments received from Members and decision of Chairman thereon was circulated to the Members. Due to paucity of time and being Members from across the country, Members were requested to convey their confirmation of the Report through email. Except the Joint Secretary, WDRA, all the Members of the Expert Committee, as given below, have sent their confirmation through email:
Shri Siraj Hussain  
Chairman  
(Former Secretary, DA&FW, GoI)  

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shri Faiz Ahmed Kidwai</td>
<td>Member</td>
<td>(Additional Secretary, DA&amp;FW, GoI)</td>
</tr>
<tr>
<td>Shri Kapil Ashok Bendre</td>
<td>Member</td>
<td>(Director, DA&amp;FW, GoI)</td>
</tr>
<tr>
<td>Shri Shriman Shukla</td>
<td>Member</td>
<td>(MD, MPSAMB)</td>
</tr>
<tr>
<td>Dr. B.B. Pattanaik</td>
<td>Member</td>
<td>(Former Chairman, WDRA)</td>
</tr>
<tr>
<td>Shri A.V. Sheshadrinathan</td>
<td>Member</td>
<td>(Founder &amp; MD, Basiz Fund Services Pvt. Ltd.)</td>
</tr>
<tr>
<td>Dr. Maninder Kaur Dwivedi</td>
<td>Member</td>
<td>(Additional Secretary, DA&amp;FW, GoI and MD, SFAC)</td>
</tr>
<tr>
<td>Shri Mateshwari P. Mishra</td>
<td>Member</td>
<td>(Director, DFPD, GoI)</td>
</tr>
<tr>
<td>Shri Sanjay Kadam</td>
<td>Member</td>
<td>(MD, MSAMB)</td>
</tr>
<tr>
<td>Shri Arun Raste</td>
<td>Member</td>
<td>(MD and CEO, NCDEX)</td>
</tr>
<tr>
<td>Dr. S.K. Singh</td>
<td>Member Secretary</td>
<td>(Dy. Agriculture Marketing Adviser, DA&amp;FW)</td>
</tr>
<tr>
<td>Dr. S.K. Singh</td>
<td>Member Secretary</td>
<td>(Dy. Agriculture Marketing Adviser, DA&amp;FW)</td>
</tr>
</tbody>
</table>

Dr. S.K. Singh  
Member Secretary  
(Dy. Agriculture Marketing Adviser, DA&FW)
Existing agricultural market set up:

Though the agricultural markets are classified based on several criteria; one of the classifications is that agricultural markets are divided mainly as primary, secondary and tertiary markets. The trades are bifurcated market-wise, and the commodities are shifting from producer to end users without any direct linkages between these markets. Price discovery, quality and settlement are independent for each of these markets. Extensive use of eNWR can bring synergy in price discovery and quality standardization and it can streamline the settlement process.

Primary Trade/ Market (called as an Auction market):

eNAM is a pan-India electronic trading portal which networks the existing APMC regulated mandis and acts as a primary market for sale of agricultural produce by producers to the traders who have the license to trade in that APMC mandi. This is mainly Over-the-Counter (OTC) market and mainly deals with farmers and first sale of their produce. These markets mostly conduct open auctions of farmers’ produce for discovery of prices and completing the trade. In many States they have well developed market yards for open auctions where buyers (traders) can participate in the trade. The commission agents conduct the auctions in which a handful of buyers participate. To an observer, it gives the impression of a closed-door auction in which there is a cartel deciding the prices. OTC trade dominates these markets.

Secondary Trade/ Market (called as Bilateral trade market):

This is a bilateral trade market, mainly through warehouse-based sale (WBS) between traders, processors, FPOs & cooperatives. Some small trading is
happening through registered electronic platforms like AgriBazar, NeML, NCML market yard etc.

Some Central / State Government owned agencies (like Nafed, NCCF) involved in price stabilization scheme of the Government are participating in these markets. Prices in these transactions are determined bilaterally, and trade is completed on negotiated terms and conditions agreed between the parties. Since, in most of the States, there is single point levy of market fee, therefore, these markets remain outside the purview of enforcement under the respective APMC Act. These markets are dominated by warehouse-based sales and over-the-counter sales are negligible. WDRA registered warehouses as well as unregistered warehouses are involved in secondary trading in these markets. Trading through eNWRs in the secondary market is not taking place at present as expected.

**Tertiary trade/ Market (Future and derivative market):**

There is a well-developed futures market in the Country in which the trade happens at a future date but the terms of trade including price and volume are fixed at the present date. A robust Commodity Derivatives Segment (future and option derivative contracts) is already offered by Stock Exchanges regulated by SEBI. It is an anonymous trade with transparent price discovery mechanism through warehouse-based sale through processors, traders, FPOs etc. These future prices are converted into spot prices at the time of completion of trade. These markets are run through WDRA registered warehouses only.
Agriculture Market Comparison -

<table>
<thead>
<tr>
<th>Market</th>
<th>Primary</th>
<th>Secondary</th>
<th>Tertiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seller</td>
<td>Farmer</td>
<td>Traders / processors/ Govt. agencies/ cooperatives/ FPOs</td>
<td>Traders / processors /FPOs</td>
</tr>
<tr>
<td>Buyer</td>
<td>Mandi Registered buyer</td>
<td>Traders / processors</td>
<td>Traders / processors</td>
</tr>
<tr>
<td>Trade type</td>
<td>Over the counter</td>
<td>Warehouse based sales</td>
<td>Warehouse based sales</td>
</tr>
<tr>
<td>Regulator</td>
<td>APMC</td>
<td>NA</td>
<td>SEBI</td>
</tr>
<tr>
<td>Geography</td>
<td>Local / Within state</td>
<td>National</td>
<td>National</td>
</tr>
<tr>
<td>Price Discovery</td>
<td>Open on auction platform</td>
<td>Closed, Bilateral</td>
<td>Open on Exchange platform</td>
</tr>
<tr>
<td>Credit - Liquidity</td>
<td>Limited due to cash transactions</td>
<td>Mainly through Banking transaction</td>
<td>Only through Banking transaction</td>
</tr>
</tbody>
</table>
Present Scenario of Warehouse Based Sale (WBS) with reference to APMC Acts:

The Agriculture Produce Markets Regulation (APMR) Act, popularly called the Agricultural Produce Market Committee (APMC) Act, exists in 29 States/UTs; while in 3 States, namely Manipur, Mizoram and Sikkim, it does exist but not implemented. Thus, effectively, APMC Act is enforced in 26 States/UTs only. The APMC Act fragments the State geography into notified market areas. For each market area, a Market Committee is constituted, which is generally elected and has representation of farmers, commission agents, traders and MPs and MLAs. The Market Committee manages the market and enforces regulation. In the APMC regulated mandis, only the traders licensed under the APMC Act can trade-transact. This restrictive provision has hindered the freedom of choice-based marketing and the inflow of investment in development of alternative markets and marketing infrastructure. Even Nafed did not get a license to operate in Azadpur APMC mandi in Delhi. Though, most of States have now dispensed with the mandatory requirement of godowns/shops in the mandis for issuance of trading licence, however, in some of the States/UTs it still exist, which restrict number of traders in mandis and buying competition.

Agriculture marketing is a State subject and the States have legislated APMC Acts exercising power from Entry 28- “Markets and fairs” of List II (State list) under article 246 of the Constitution. To improve farmer-market linkages, make agricultural marketing competitive with multiple marketing channels, bring transparency to their operations and to attract private investment in development of agriculture marketing infrastructure, DA&FW, GoI has been engaged with the States for over two decades. The States have been repeatedly requested to reform their marketing laws, including the rules, regulations and policies but it has not yet succeeded in true sense.

Two model marketing laws were formulated and circulated by the DA&FW in 2003 and 2017 as model legal framework for the States to adopt. Of the key
reform agenda, one is declaring warehouses/silos/cold storages and such other structures as “deemed market/ market-yard. The basic idea of this reform agenda has been to improve the farmer-market linkages, as one regulated market on an average in the country serves 413 sqkm area (taking into account geographical area and APMC markets of 26 States/UTs where APMC Act is in implementation) against the norm of 80 sqkm (National Farmers Commission Report, 2006). The situation is evident in Annexure-II. The provision of declaring warehouses/silos/cold storages can enable farmers to sell their produce nearer to their village/farm -gate. This can reduce the transportation and handling cost and transit losses on one hand and provide the scientific storage facility on the other. The farmers can easily raise pledge loan against NWR and eNWR. The storage facility can address the issue of distress sale at the time of harvest when too much produce comes to the market in a short period of time. From the table given below, it is evident that a majority of States have made this provision in their APMC Acts but most of them have not framed the rules to implement the same. Only Andhra Pradesh, Karnataka, Telangana and Uttar Pradesh have notified the rules to implement the provision in their APMC Acts to enable trading at such warehouses etc.

The Committee feels that DA& FW and it’s organisations may work proactively with those States which have not made a provision even in their APMC Acts. The States which have this provision in their Acts but have not notified the rules need to be persuaded to notify the same.

If any model is needed for uniformity of rules across the States, DA&FW may formulate and circulate model rules to the States/UTs. State-wise status of adoption of provision to declare warehouses/silos/cold storages as deemed market -yards and framing of rules there under is given below in the table -
Table 1: State-wise status of adoption of provision to Declare Warehouses/Silos/Cold Storages as Deemed market yards and framing of rules there under

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the State/UT</th>
<th>Provision in the APMC Act made (Yes/No)</th>
<th>Rules framed (Yes/No)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Andhra Pradesh</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>2.</td>
<td>Arunachal Pradesh</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>3.</td>
<td>Assam</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>4.</td>
<td>Chhattisgarh</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>5.</td>
<td>Goa</td>
<td>No</td>
<td>NA</td>
</tr>
<tr>
<td>6.</td>
<td>Gujarat</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>7.</td>
<td>Haryana</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>8.</td>
<td>Himachal Pradesh</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>9.</td>
<td>Jharkhand</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>10.</td>
<td>Karnataka</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>11.</td>
<td>Madhya Pradesh</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>12.</td>
<td>Maharashtra</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>13.</td>
<td>Manipur</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>14.</td>
<td>Meghalaya</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>15.</td>
<td>Mizoram</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>16.</td>
<td>Nagaland</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>17.</td>
<td>Odisha</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>18.</td>
<td>Punjab</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>19.</td>
<td>Sikkim</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>20.</td>
<td>Tamil Nadu</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>21.</td>
<td>Telangana</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>22.</td>
<td>Tripura</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>23.</td>
<td>Uttar Pradesh</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>24.</td>
<td>Uttarakhand</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>25.</td>
<td>West Bengal</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>26.</td>
<td>Chandigarh</td>
<td>No</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>
Apart from the above, there is a need for integration of primary and secondary trade taking place at warehouse and cold storage through eNWR via eNAM and other registered electronic trading platforms. In order to seamlessly promote and facilitate such technology enabled integrated market, Government may put in place an “Institutional Facilitator”, who, in addition to promotion and facilitation of aforesaid trades is also empowered to resolve trade related disputes.

At present, in case of secondary trade, the buyers and sellers are governed under various legal laws such as the Sale of Goods Act of 1930, the Indian Contract Act of 1872, the Information Technology Act of 2000, the Arbitration and Conciliation Act, and other applicable laws.

Both warehouse-based primary and secondary trade happening from eNAM should be permitted to develop seamless trade and create further demand in the market. Price discovery mechanism should also happen in case of warehouse based secondary trade, which is otherwise unattractive.
Chapter –III: Registration of Warehouses with WDRA –
Process, Utility, Challenges and Ease

As per section 4 of the Warehousing (Development and Regulation) Act, 2007 any person commencing or carrying on the warehousing business and intending to issue Negotiable Warehouse Receipts (NWRs) must get the warehouse registered with the Warehousing Development and Regulatory Authority (WDRA). Since a system of online registration of warehouses has been put in place from November 1, 2017, all applications for warehouse registration are to be submitted online. Detailed instructions for online registration of warehouses are available on the WDRA portal.

Procedure of registration, fee and documents required:

An applicant desirous of registration of warehouse with WDRA may make an application to the Authority (WDRA) for registration of its warehouse after registering on the website of the Authority (WDRA) and then signing in to submit online application. In case of non-individual warehouse operators, the application is to be submitted in two parts, first the warehouseman registration application is submitted. Once warehouseman is approved, the application for registration of warehouse (s) is required to be submitted online.

Application fee (non-refundable) for registration of warehouse or renewal thereof is required to be paid by way of online payment while submitting the warehouse registration application.

- Application fee for registration and renewal of warehouse storing only agricultural goods is as under:

<table>
<thead>
<tr>
<th>Unit of registration</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Each warehouse with a capacity of upto 500 tonne</td>
<td>Rs. 5,000/-</td>
</tr>
<tr>
<td>Unit of registration</td>
<td>Fee</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Each warehouse with a capacity of more than 500 tonne but less than or equal to 1,000 tonne</td>
<td>Rs. 7,500/-</td>
</tr>
<tr>
<td>Each warehouse with a capacity of more than 1,000 tonne but less than or equal to 2,500 tonne</td>
<td>Rs. 10,000/-</td>
</tr>
<tr>
<td>Each warehouse with a capacity of more than 2,500 tonne but less than or equal to 5,000 tonne</td>
<td>Rs. 15,000/-</td>
</tr>
<tr>
<td>Each warehouse with a capacity of more than 5,000 tonne but less than or equal to 10,000 tonne</td>
<td>Rs. 20,000/-</td>
</tr>
<tr>
<td>Each warehouse with a capacity of more than 25,000 tonne</td>
<td>Rs. 25,000/-</td>
</tr>
<tr>
<td>Each warehouse with a capacity of more than 15,000 tonne</td>
<td>Rs. 30,000/-</td>
</tr>
</tbody>
</table>

- Where the applicant/warehouseman is a Farmer Producer Organisation or a Primary Agriculture Cooperative Credit Society (PACS) or a Self Help Group (SHG), the fee shall be Rs. 500/- only.

- The amount of application fee for registration and renewal of warehouse storing both agricultural and non-agricultural goods is as under:

<table>
<thead>
<tr>
<th>Unit of registration</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Each warehouse with a capacity of upto 10,000 tonne</td>
<td>Rs. 50,000/-</td>
</tr>
<tr>
<td>Each warehouse with a capacity of more than 10,000 tonne but less than or equal to 25,000 tonne</td>
<td>Rs. 75,000/-</td>
</tr>
<tr>
<td>Each warehouse with a capacity of more than 25,000 tonne</td>
<td>Rs. 1,00,000/-</td>
</tr>
</tbody>
</table>
Minimum net worth requirements of applicant for registration of warehouse storing only agricultural produce:

<table>
<thead>
<tr>
<th>Storage capacity in tonne</th>
<th>Net worth (Rs. in crores)</th>
<th>Storage capacity in tonne</th>
<th>Net worth (Rs. in crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 500</td>
<td>0.04</td>
<td>7,001-10,000</td>
<td>2.00</td>
</tr>
<tr>
<td>501-1,000</td>
<td>0.08</td>
<td>10,001-15,000</td>
<td>5.00</td>
</tr>
<tr>
<td>1,001-1,500</td>
<td>0.12</td>
<td>15,001-25,000</td>
<td>10.00</td>
</tr>
<tr>
<td>1501-2,000</td>
<td>0.16</td>
<td>25,001-75,000</td>
<td>20</td>
</tr>
<tr>
<td>2001-2,500</td>
<td>0.20</td>
<td>75,001-1,50,000</td>
<td>30</td>
</tr>
<tr>
<td>2,501-5,000</td>
<td>0.40</td>
<td>1,50,001-5,00,000</td>
<td>50</td>
</tr>
<tr>
<td>5,001-7,000</td>
<td>1.00</td>
<td>5,00,001 and above</td>
<td>100</td>
</tr>
</tbody>
</table>

Where the applicant or warehouseman is a FPO or a Primary Agricultural Cooperative Credit Society or a Shelf Help Group, the net worth requirement specified in the table above shall not apply, but it shall not have deficit net worth.

Minimum net worth requirements of applicant for registration of warehouse storing both agricultural and non-agricultural goods:

<table>
<thead>
<tr>
<th>Storage Capacity (in Tons)</th>
<th>Net worth (Rs. in Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 25,000</td>
<td>10.00</td>
</tr>
<tr>
<td>25,001-75,000</td>
<td>20.00</td>
</tr>
<tr>
<td>75,001-1,50,000</td>
<td>30.00</td>
</tr>
</tbody>
</table>
In order to attract more warehouses to the WDRA regime, the applicant is not liable to pay application fee for registration of warehouses storing only agricultural goods, for a period of one year from the commencement of the Warehousing (Development and Regulation) Registration of Warehouses (Second Amendment) Rules, 2022 i.e., from 14-10-2022.

The WDRA has so far notified 139 agricultural commodities, 24 horticulture commodities and 9 non-agricultural commodities for issuance of eNWRs. The list is available on WDRA website (https://wdra.gov.in/web/wdra/commodities accessed on 22nd July, 2023) and also linked in the online application as drop down. An applicant should specify the names of commodities to be stored in the warehouse for which registration is sought in case the application is found in order, WDRA may conduct a physical inspection of the warehouse to verify the infrastructure and other particulars as specified by the WDRA. The inspection guidelines detailing the infrastructure requirements of a warehouse and also the physical inspection check list is also available on WDRA website.

In case the physical inspection establishes compliance with the infrastructure and other requirements specified by the WDRA, the applicant is required to furnish the Security Deposit as per norms specified by the WDRA.

If the Security Deposit is furnished within the time schedule, a “Certificate of Registration” is issued which contains the Warehouseman ID and Warehouse ID.

<table>
<thead>
<tr>
<th>Commodity Range</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,50,001-5,00,000</td>
<td>50.00</td>
</tr>
<tr>
<td>5,00,001 and above</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: WDRA Website and Gazette Notification of DFPD dated the 5th April, 2022
Documents to be submitted to WDRA:

Every application for registration of a warehouse is required to upload the following documents with the online application. The applicant may keep a scanned copy of these documents handy while filling online application.

<table>
<thead>
<tr>
<th>S. No</th>
<th>Document to be submitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Photograph of Authorized/Associate Authorized Representative</td>
</tr>
<tr>
<td>2.</td>
<td>Applicant's proof of identity as required at Fifth Schedule of the Warehousing (Development and Regulation) Registration of Warehouses Rules, 2017</td>
</tr>
<tr>
<td>3.</td>
<td>Identity and address proof of Authorized/Associate Authorized Representative (in case of non-individual entities)</td>
</tr>
<tr>
<td>4.</td>
<td>Standard Operating Procedures</td>
</tr>
<tr>
<td>6.</td>
<td>Copy of Insurance policies as prescribed under Rule 17 of the Warehousing (Development and Regulation) Registration of Warehouses Rules, 2017. Details are available on WDRA portal under Documents-Circular section vide Circular dated 27.4.2017</td>
</tr>
<tr>
<td>7.</td>
<td>Lay out Plan of the warehouse(s)</td>
</tr>
<tr>
<td>8.</td>
<td>Basic Data Sheet in case of cold storage</td>
</tr>
<tr>
<td>9.</td>
<td>Proof about technical standards under which cold storage has been constructed</td>
</tr>
</tbody>
</table>
10. List of equipment for preservation of goods available at the warehouse

11. List of equipment for assaying goods available at the warehouse

12. List of equipment for weighing goods available at the warehouse (details of an internal or external lorry weighbridge is also required to be provided)

13. Fire Safety arrangements at the warehouse

14. If warehouse is owned: Copy of the Records of Rights or registered title deed in respect land on which warehouse concerned is located as per the Sixth Schedule of the Warehousing (Development and Regulation) Registration of Warehouses Rules, 2017

15. Document to demonstrate effective control over the Warehouse, any of the following (as per the First Schedule of the Warehousing (Development and Regulation) Registration of Warehouses Rules, 2017): (i) lease deed or rent agreement, (ii) sub-lease agreement and lease deed indicating that sub leasing is permitted, (iii) revenue sharing agreement, (iv) NOC from Municipal Corporation/ Panchayat/ local body (as the case may be), (v) lease agreement from concerned APMC, (vi) copy of allotment letter from State Government. For each warehouse listed in the application separately

Source: WDRA Website accessed on 22.07.2023

Terms of registration:

i. Immediately upon receipt of its Registration Certificate (RC), the warehouseman has to display the same and keep it in a conspicuous place in the principal place of its business. The RC is also available in the login of the warehouseman.

ii. The Certificate of Registration is not transferable.
iii. WDRA or its authorized representative may inspect or examine the warehouse registered under the Act at any time without giving prior notice, the stocks, books, records, papers and accounts etc. relating thereto.

**Ease of Registration:**

As part of streamlining of WDRA’s activities and to introduce IT based platform for registration and monitoring of warehouses and setting up Repositories for issuance eNWR, WDRA has set up a portal, which started functioning on 26.09.2017 for online registration of warehouses and issuance of Certificate of Registration to Repositories. The warehouse registration system is online and warehouse can be registered with WDRA even without coming to WDRA office physically. WDRA has also put in place hand holding measures like a call centre to help the applicants. Because of introduction of online registration process the time taken for registration has been greatly reduced. This is based on “Ease of Doing Business”.

Chapter- IV: Trade Acceptable Grade Standards

Grade-Standards play a very critical role in warehouse-based trade of agricultural produce. The same applies to trade of eNWR via eNAM platform and other registered e-trading platforms. It is applicable to bank financing against eNWR also.

The quality standards are established on the basis of certain characteristics such as weight, size, colour, appearance, texture, moisture content, staple length, amount of foreign matter, ripeness, sweetness, taste, chemical content, etc. Thus, standardization aims at making quality specifications of the grades uniform among the buyers and the sellers over space and time. Further, grading is a method of dividing products into certain groups or lots in accordance with predetermined standards, which follows standardization. Depending upon the agricultural produce, purpose and regulatory application, there are various types of grading like mandatory grading, variable grading, centralized/de-centralized grading and farm level grading, etc.

As far as domestic statutory standard formulation agencies for agricultural and food products in India are concerned, there are three agencies which have laid down the standards. These are (i) Directorate of Marketing and Inspection (DMI); (ii) Food Safety and Standards Authority of India (FSSAI) and (iii) Bureau of Indian Standard (BIS).

**Directorate of Marketing and Inspection (DMI):**

DMI under DA&FW, GoI formulates science-based standards of agricultural and other allied produce under the provisions of “The Agricultural Produce (Grading and Marking) Act, 1937” and the rules notified there under. These standards are popularly called “Agmark Standards”. Agmark standards are differentiated on the basis of quality and 2-3 grades are prescribed for each commodity. Till now, DMI has notified 231 grade standards for agricultural and other allied commodities. DMI has notified tradeable parameters (grade standards
with 2-3 ranges) for 209 agricultural produce for quality commensurate trading and value realization of the produce by farmers at the eNAM platform. DMI is a quality certification agency for products graded and marked under AGMARK, though the product’s certification is voluntary on its offer, excepting few products like Blended Edible Vegetable Oil and Fat Spread, which are compulsory.

**Food Safety and Standards Authority of India (FSSAI):**

FSSAI under Ministry of Health and Family Welfare notifies standards for food products in accordance with rules, regulation and guidelines framed under the Food Safety and Standards Act, 2006, which are popularly called “FSSAI standards”. These standards are to ensure availability of safe and wholesome food for human consumption and to prevent adulteration of food. The parameters prescribed by FSSAI are minimum standards taking consideration of natural varietal variations, prevailing processing techniques and analytical proficiency. It is not a certification agency but its standards are legally enforceable.

**Bureau of Indian Standards (BIS):**

The Bureau of Indian Standards Act, 2016 was enforced on 12th October 2017 under the Ministry of Consumer Affairs, Food and Public Distribution. The Act empowers BIS to define conformity assessment schemes and grant licenses or certificates of conformity on an application under such schemes. Under the Act, the Central Government notifies standards for agricultural produce also. However, a majority of standards notified by the BIS are for goods and articles like toys, safety products, jewellery, plastic and electric items etc. Standards for certain systems and services have also been notified. BIS standards are normally voluntary in nature. BIS is a certification agency also.

**International organization for standardization:**

International organization for standardization (ISO) came into existence on 25th February, 1947. The objective of ISO is to promote the development of standards
in the world with a view to facilitating international exchange of goods and services and to develop cooperation in the spheres of intellectual, scientific, technological and economic activities. The ISO is presently engaged in the formulation of standards for many agricultural commodities, including spices and condiments, lac, essential oils, cereals and pulses, food products and stimulant foods.

**Codex Alimentarius Commission (CAC):**

The Food and Agriculture Organisation (FAO) of the United Nations and the World Health Organization established the Codex Alimentarius Commission (CAC) in 1963. The CAC establishes food standards, which are termed as *Codex Alimentarius*. The primary objective of the commission is to offer protection to consumers and facilitate world trade by establishing uniform international standards.

An important part of eNAM and eNWR integration is the assaying of goods in the warehouses in accordance with the grade standards provisioned under the Warehousing (Development and Regulation) Act, 2007. Under section 2 (j) of the Warehousing (Development and Regulation) Act, 2007 “grade” means the quality standard of any goods notified as grade designation by the Central Government under the Agricultural Produce (Grading and Marking) Act, 1937 or any other law for the time being in force. Accordingly, assaying for the WDRA registered warehouses is done as per Agmark grade standards notified by the DMI under the AP(G & M) Act, 1937 or BIS or any other standard. When eNWR is traded through eNAM platform, warehouses are required to be declared as deemed market-yards under the respective State APMC Acts. To enable bidders to make informative bids and also have choices on quality of produce, there are tradeable parameters also with 2-3 quality range for trading through eNAM platform.

During discussions with stakeholders, the Committee observed that agricultural produce deposited in WDRA registered warehouses for trading via eNAM platform, is treated as eNAM deposit and assaying of all the parameters
under Agmark has to be carried out. It was also observed that the assaying parameters under Agmark and eNAM (tradeable parameters) are generally the same, barring some exceptional cases. In case of tradeable parameters, combined limits of two or more Agmark parameters are taken towards assigning range in case of some of the agricultural produce, though majority of parameters are physically assayed barring few parameters wherein chemical testing is required. The Committee further observed that quality and payment could be two major issues for disputes between the buyer and seller. The chances for quality related disputes can be reduced if grades are acceptable to both buyers and sellers.

In trade of eNWR through eNAM platform and other such registered e-trading platforms, the quality standards formulated under AGMARK (including tradeable parameters) and FSSAI specifications may be suitably modified so that the quality of produce normally traded can be traded on these platforms.

The Committee feels that the standards should be formulated with intense and wide stakeholder consultations like with farmers, traders/processors, WSPs, assaying agencies, agricultural experts, exporters – importers insights. Geographical quality specificity and purpose of buying and variety of the produce should also be taken into consideration while framing the grade standards, which are required for traders to actively participate in eNAM and other registered e-trading platforms through eNWRs.
Electronic Negotiable Warehouse Receipt (eNWR) is a digital receipt issued by warehouses registered with WDRA. The eNWR can potentially be used as an instrument for finance, trading and settlement.

The eNWR ecosystem has been able to encourage banks to come forward with easy finance options without any collateral management agency. Since WDRA takes responsibility for quality and quantity through the provisions of WDR Act, it provided confidence to bankers with no additional cost for collateral monitoring or surveillance. As regards instruments for trade, it ensures that the commodities stored in the warehouses are tracked and are secure. The commodities represented through eNWR can be offered for sale on electronic platforms like eNAM, AgriBazar, NeML or other similar online electronic platforms which can result in better price realization.

WDRA has issued instructions that with effect from 01st August, 2019, no warehouseman of WDRA registered warehouses shall issue any NWR in physical form and the eNWR issued by them shall be registered with one or more
repositories (NeRL or CCRL) registered with the Authority (WDRA) for issuing negotiable warehouse receipts in electronic form.

**Repositories and their Roles:**

Presently, there are two registered repositories, M/s CDSL Commodity Repository Limited (CCRL) sponsored by M/s Central Depository Services Limited (CDSL) and M/s National e-Repository Limited (NeRL) sponsored by M/s National Commodity &Derivatives Exchange Limited (NCDEX). These two companies have set up a digital repository system for creation and management of eNWRs. Repositories perform following major roles:-

i. Appoint Repository Participants to extend services of repository to the clients/ users and entering into agreements with them;
ii. Establish standard procedures for Repository Participant operations;
iii. Monitoring and Surveillance of Repository Participants;
iv. Providing appropriate access of Repository services to the users of the Repository;
v. On-boarding the users of a Repository and entering into agreement wherever prescribed;
vi. Enabling safe and accurate creation, maintenance and extinguishment of electronic records for eNWR based on valid authorization by the account holder;
vii. Ensure confidentiality, integrity and availability of all Information related to eNWR;
viii. Enabling the transfer (on-market and off-market), pledge or removal of the pledge and e-auction of eNWR; and
ix. Enabling warehousemen to record delivery of goods in part or full, underlying the eNWR.
Characteristics of an eNWR:

(i) An eNWR is available only in electronic form;
(ii) Repository is the single source for availability of information about eNWR, which also maintains its confidentiality and integrity;
(iii) An eNWR has a time validity that is co-terminus with the shelf-life of the commodity or withdrawal of the commodity fully from the warehouse, after which it expires;
(iv) An eNWR can be auctioned under certain conditions such as default in payment of a loan, delivery not taken on expiry of a future contract and on damage or spoilage of the commodity in the warehouse;
(v) All eNWRs can be traded through off-market or online trading platforms/exchanges; and
(vi) Dual use of the same eNWR is fully restricted.

National Agriculture Market (eNAM) was launched on 14\textsuperscript{th} April, 2016 as Pan-India electronic trading (e-trading) portal with the core objective to enhance farmers’ access digitally to multiple markets and buyers to receive the competitive price for their produce in transparent manner. During the 7 years of implementation of eNAM platform, 1361 APMC mandis spread over 23 States and 04 Union territories (UTs) have been integrated and more than 1.75 crore farmers and 2.45 lakh traders have been registered with the eNAM platform. Through this virtual national platform, 7.96 crore tonnes of various agricultural commodities have been traded as on 8\textsuperscript{th} July, 2023; while those commodities traded in number (coconut, bamboo, betel leaf, lemon and sweet corn), number of these commodities traded on eNAM as on 8\textsuperscript{th} July, 2023 was 25.82 crore number. The value of trade is Rs 2.79 lakh crore. As far as coverage of agricultural produce and on-boarding of FPOs with platform are concerned, starting with 25 commodities, it has now gone to 209 commodities, for which tradable parameters are also available. As of 8\textsuperscript{th} July, 2023, 2822 FPOs have been on-boarded. Inter-state trade of Rs 6.03 crore has been recorded on eNAM platform. Furthermore,
keeping pace with the time and requirement there have been many user-friendly technological up-gradations like integration of e-payment gateway feature (e-payment of Rs. 3843 crore), FPO module, eNWRs module, Platform of Platforms (PoPs), Farm-gate module and issuance of e permit and so on. On eNAM, most of the payments were made in cash and e-payment was still less than 2 per cent.

An API protocol for electronic transfer of eNWR data to eNAM platform has been developed and the integration of eNWR with eNAM platform has already been launched on 03.04.2020. For eNWR trade through eNAM and other registered e-trading platform, availability of sufficient number of WDRA registered warehouses, modern assaying/quality testing facility, trade acceptable grade standards, publicity & awareness among the stakeholders and proper handholding are critical and there should be integrated approach to address these issues. Scientific storage and maintenance of quality and quantity is of prime importance which is achieved by the WDRA registered warehouses through deployment of new technologies like weighing equipment, fumigation, sampling, testing, grading, transportation and handling, warehouse construction, flooring and ceiling, doors and windows, air circulation, temperature control, etc. Because of higher supply and less demand of agricultural produce immediately after harvest, the market prices tend to fall to low levels. After a farmer physically brings produce to an eNAM enabled mandi, he has no option but to sell his produce at whatever price he may get, which could be non-remunerative, as he can't afford to physically retain or carry his produce again to the eNAM Mandi till he gets a remunerative price.

Warehousing comes as a great support to the farmers in the above-mentioned circumstances. Particularly, a WDRA registered warehouse, which can issue eNWR, helps the farmers to defer the sale. The eNWRs issued by the registered warehouses contain all the quality/grade and quantity details of the deposited goods, duly verified and recorded which are required for the farmers’ stock reaching the eNAM Mandi.
All the above stated critical issues and issues pertaining to stakeholders have been addressed in respective chapters. Since the launch of eNWR module of eNAM on 3rd April 2020, there has been little progress in the use of eNWR on eNAM platform. However, with the Expert Committee’s initiatives and proactive role of Small Farmers’ Agribusiness Consortium (SFAC), 4,175 WDRA registered warehouse have been mapped with eNAM, which is dynamically increasing and 18 transactions (53.60 quintals) worth Rs 2.33 lakh have taken place. The ball of eNWR trading on eNAM has been set rolling.

SFAC and the repositories need to pursue it vigorously in consultation with the State governments so that the APMC mandis and their elected officials realise the benefits which can accrue to farmers from trading through eNWRs.
Chapter- VI: Promoting Pledge Financing Against eNWRs

The economic principle of demand and supply applies to agriculture also as a major part of a crop arrives in the market in a short period of time. Accordingly, prices tend to be lower immediately after harvest and they start moving up once the harvest season is over. Small and marginal farmers do not have the holding power and they have to sell their produce at prevalent prices immediately after harvest. This enables them to meet their compelling needs including repayment of loans. Both the Union and the State governments realize that farmers need to be safeguarded from forced selling of their produce at low prices. The policy regime is in place to enable farmers to access pledge financing so that they can retain the produce in a warehouse and sell it when prices are favorable. It offers a mechanism for leveraging agricultural commodities stored in warehouses as collateral to secure loans from banks. Pledge financing, in addition to bringing liquidity in the hands of farmers and improving marketing efficiency, reduces the marketing risk and post-harvest losses through scientific storage.

Banks, including Regional Rural Banks (RRBs) and District Central Co-operative Banks (DCCBs) do extend pledge finance facility on Warehouse Receipts (WRs) issued by State and Central Warehousing Corporations’Warehouses. Subsequently, the State Agricultural Marketing Departments/Boards of various States also started implementing the pledge finance scheme through their APMCs. They also provide pledge loan at graded cheaper rate of interest linking with the duration. Such practice is common in Andhra Pradesh, Karnataka, Tamil Nadu, Rajasthan and Maharashtra. Due to varied reasons like lack of awareness, availability of limited storage space, distance, lack of enough manpower and expertise, farmers could not draw benefit from the scheme implemented by APMCs to the required extent. The Committee found that no published/recorded data at national level exists with respect to quantum of pledge loans provided by APMCs under the state level schemes to promote the pledge financing by APMCs /State Agricultural Marketing Boards. The Committee vide its letter dated 18.05.2023...
requested all the State Agricultural Marketing Departments/ Boards and NABARD to furnish their inputs to give impetus to pledge financing. Though the response was not encouraging, however, as per the market data, the farmers’ share in total deposits/stocks with public and private warehouses is believed to be less than 2 per cent.

### Why do farmers not avail finance against commodity?

- Interest rate of WHR loan is higher than KCC loan
- Non availability of storage infrastructure near to farm gate/village.
- Lack of awareness about commodity finance.
- Lack of market intelligence on when to hold and when to liquidate the stock increases the risk of the farmers.
- No access to secondary markets and lack of buyers to sell after harvest season.
- Carry over cost – storage & interest are major entry barriers.

Further, Banks extending pledge finance had problems of assessment of the quality of produce, security of the produce pledged and the security of the loan. This gave rise to the emergence of Collateral Management Service providers like National Collateral Management Services Ltd., (NCMSL), National Bulk Handling Corporation Ltd., (NBHC), Star Agri Warehousing and Collateral Management Company Ltd, etc. These Collateral Management Service providers assay the quality of the produce, issue the warehouse receipts, maintain and manage the produce and also offer collateral security of the produce stored, to the Banks on behalf of the farmers who store the produce. They in turn charge a certain percentage as a margin for the services provided. The banks extend pledge finance to the farmers based on the warehouse receipts issued by the Collateral Management Service providers. These receipts are physical and these are not a part of the WDRA approved ecosystem of eNWR or eNNWR.
Furthermore, procurement agencies of Union and the State governments also avail pledge loans from banks against the stock procured by them at MSP. The banks offer concessional rates to procurement agencies as the repayment is often against government guarantee. For example, the procured stocks stored in SWC/CWC warehouses are pledged to the banks. However, the finance is through CC limits and not on WHR based financing.

With those SWC/ CWC warehouses now registered with WDRA and eNWRs being issued for all the stocks stored in such warehouses, pledge finance against eNWRs could be seamlessly implemented sometime in future. The only enablers for digital pledge finance are the integration of the lending banks loan management software with the platform of the repository/ WDRA and transition of lending instrument from CC limit finance to pledge finance. During the discussion in meeting, it was also suggested that the godowns where government stock is stored by Nafed and State Marketing Federations may also be compulsorily brought WDRA registration.

Digital pledge finance against eNWRs can play a vital role in financial inclusion of the farmers, which can provide comfort to Bankers in terms quantity, quality, disputes and losses, etc. The WDRA registered warehouses are mandated to issue electronic NWRs. An eNWR has negotiability and can be used for deposit and withdrawal of commodities as well as trade transactions such as transfer and pledge.

**Risks involved in paper based NWRs:**
Risk of mutilation, fudging, overwriting, damage, loss, issuance of WR without receiving goods, issuance of duplicate WR without following the procedure, issuance of multiple WRs for the same stock, possible delivery of stocks without surrenders of warehouse receipt, fraudulent overstatement of value of stocks in the warehouse receipt etc.
In order to address risk issues involved with the application of technology, WDRA under its transformation policy launched on 26.09.2017 electronic portal for registration of warehouses and issuance of certificate of registration for setting up electronic repository systems for creation and management of eNWRs. Characteristics of eNWR have been elaborated in the relevant Chapter.

**Reserve Bank of India (RBI) Intervention:**

RBI has already placed pledge financing under Priority Sector (Agriculture) Lending. Further, with a view to encourage farm credit to individual farmers against pledge/hypothecation of agricultural produce and leverage the inherent safety of Negotiable Warehouse Receipts (NWRs)/electronic-NWRs(eNWRs) issued by the WDRA registered warehouses, RBI has decided to enhance the loan limit from Rs.50 lakh to Rs 75 lakh per borrower against the pledge/hypothecation of agricultural produce backed by NWRs/eNWRs issued by such warehouses. The Priority Sector loan limit backed by other Warehouse Receipts will continue to be ₹50 lakh per borrower. For Corporate farmers, FPOs/FPCs, companies of individual farmers, partnership firms and co-operatives of farmers engaged in agriculture and allied activities have also been given the same benefit.

**States have suggested following interventions to promote pledge finance against eNWRs in response to Committee’s letter dated 18.05.2023:**

- To appoint private service providers to operate APMC warehouses/State Government owned warehouses where farmers can store their stocks to avail digital pledge finance services. The scope of service provider should be to get warehouses WDRA registered and provide assurance on quality & quantity of stock to comfort banks.
- To incentivize farmers (rent subvention, interest subvention, assured buyback, etc.) for availing digital pledge finance against eNWRs.
- To support States to run pilot projects at select locations in the States.
➢ To handhold and provide support to farmers in accessing the pledge financing scheme by offering financial literacy programs, assistance in preparing loan applications and facilitating linkages with financial institutions.

➢ Central Govt. share success stories with States and coordinate visits.
Chapter-VII: Plan for Publicity & Outreach

Publicity and adequate outreach to stakeholders and clients is critical for the success of a new initiative. It becomes more challenging when there are multiple stakeholders and the ecosystem is fragmented. Trading of agricultural produce through eNWR and eNAM is still under evolution and the participants are not used to such a system. The farmers have been traditionally selling their produce to the aggregators/village merchants and in the haats and APMC markets. For certain commodities the farmers bring their produce to the procurement centers and sell them at Minimum Support Prices (MSP) declared by Government.

The farmers are generally not aware of such ecosystem of warehouse-based delivery under the WDRA approved ecosystem. In addition to farmers, traders/processors/ organized retailers, other market functionaries and mandi staff are also required to be adequately sensitized to the benefits of WDRA ecosystem.

- Three hours short awareness raising programmes in potential APMC markets involving APMC staff, farmers, traders and other potential buyers may be an effective tool to sensitize them.

- It should be part of Kharif, Rabi and Summer crop Campaign starting from Central level to State level, down the line District, Block and Panchayat levels involving States' extension machinery

Another important stakeholder in this is the owner of warehouse. In addition to public warehouses of Central Warehousing Corporation (CWC) and State Warehousing Corporations (SWCs) and Co-operative organisations, the private warehouse owners of a capacity of above 1000 tonnes need to be mandatorily brought under the WDRA ecosystem. So far only 4435 (as accessed WDRA website on 22.07.2023) warehouses are registered with WDRA. State wise details are given in Annexure III.
Availing loans against eNWR from Banks has gained some momentum in the last five years, though the pace is much slower than desired. At the level of branches, the awareness about eNWR seems to be quite low. Indian Banks Associations (IBA) can play an important role, as they are mandated to develop and implement new ideas and innovations in banking services, operations and procedures. They also organize coordination among banks on procedural, legal, technical, administrative or professional problems and practices. All the three, namely, DA&FW, DoFPD and WDRA should work together to prepare the action plan for publicity and outreach as suggested in the box below:

- State Level Bankers’ Committee (SLBC), District level Consultative Committee (DLCC), Block Level Bankers Committee (BLBC); and

- Organise half day long awareness programme for branch heads of different banks district-wise with proactive involvement of District Development Manager (DDM) of NABARD and Lead Bank Development Manager (LDM) of concerned district.

To create wider awareness about the WDRA ecosystem digital media like DD Kisan and other channels may be regularly used for publicity covering entering gamut. Short pictures may also be useful.
Chapter-VIII: Setting up a Grievance Redressal Mechanism

Grievances and disputes arising out of series of actions and services in warehouse-based sale and trade of eNWR through eNAM or other registered e-trading platforms may fall in two domains, namely those under WDRA and other relating to trade under States’ APMC Acts.

The WDRA has issued guidelines titled “the Guidelines on the Redress of Grievances and Resolution of Disputes, 2017”. They seek to enable the Authority (WDRA) to provide a central forum (WDRA grievance redress system- “WGRS”) for registration, tracking and monitoring of grievances against the Authority, inspection agencies, repositories and warehousemen. Any person may register a grievance along with supporting evidence on the WGRS. An NWR holder who wishes to file a delivery related grievance against a warehouseman must do so before taking delivery or within 30 days of taking delivery under protest. The WGRS acknowledges the receipt of the grievance to the aggrieved party within 3 days. The respondent is mandated to redress the grievance within 15 working days from the filing of grievance by the aggrieved party and shall communicate the same to him through WGRS immediately. If the aggrieved party is not satisfied with the response provided by the respondent, it may escalate the grievance to the Authority (WDRA) through the WGRS.

Under the Grievance Redress Policy (GRP) of WDRA, it is mandated that there shall be a Grievance Redress Policy with every Inspection agency/Repository/Warehouseman and they have to designate a Grievance Officer. Further, adequate mechanisms for dispute resolution with provision of appeal also exist.

The wholesale trade of agricultural produces is within the mandate of respective States’ APMC Acts. Since, the APMC Acts are enacted under Entry-28 (Markets and fairs) of List II (State List) of the Constitution; therefore, enforcement of provisions of APMC Act is to be done by the States and their
agencies. As APMC Acts are enacted by the States, the provisions with respect to “Grievance Redress and Dispute Settlement” vary from State to State. But provisions do exist to redress/resolve the Grievance/Dispute arising out of Intra-State trade transaction under State APMC Acts. APMC Secretary, Market Committee and the designated officer in this behalf redress/resolve the Grievance/Dispute under APMC Act & rules notified there under. Here, one thing is important; this system should be digitalized and made quicker and more transparent also. However, States, while provisioning in the APMC Acts and framing rules for warehouse-based sale from deemed market-yard, should clearly provide grievance redressal mechanism, if not yet provided, in case of intra-state eNWR trade.

For Inter-State warehouse-based sale and eNWR trade through eNAM and other registered e-trading platforms, any grievance/ dispute arising out of inter-State trade and commerce, no system for grievance redressal and dispute resolution exists. The Model Act circulated by the Union Government “the Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017” provides for setting up of an Authority at Central level to address/resolve the grievance/dispute. The Committee feels that such an Authority must be set up expeditiously. In the meantime, the States may be persuaded to make the enabling provisions in their APMC Acts as suggested below.

Model Amendments Suggested–

“In case of any grievance or dispute arising out of inter-state trade transaction of agricultural produce through eNWR or otherwise on e-trading platform, the aggrieved party may, in the manner and procedure as contained in the Memorandum of Understanding (MoU)/ Guidelines / Market rules or in such other instrument, file an application digitally with the Inter-State Grievance Redressal or Dispute Settlement Committee, as the case may be, so constituted for the purpose.”
Since the GoI may find it difficult to reach a consensus with States on setting up an Authority together with being it a time consuming process, the Committee suggests signing of MOU by and among the States after States make the enabling provisions in their APMC Acts. As long-term measure, DA&FW may consider putting in place some Authority/ body or designate some organization to take care of procedures and dispute redressal mechanism in eNWR trade through eNAM and other registered e-trading platforms.
First Meeting of the Committee:

The 1st meeting of the Committee was held in physical mode under the Chairmanship of Shri Siraj Hussain, former Secretary, DA&FW, GoI on 4th May, 2023 in Krishi Bhawan, New Delhi.

Being the 1st meeting of the Committee, background note was shared among the Members to facilitate discussion. Starting the proceedings, Chairman of the Committee stated that WDRA was set up on 26th October, 2010 to ensure implementation of the provisions of the Warehousing (Development & Regulation) Act, 2007. The WDRA is primarily aimed to implement Negotiable Warehouse Receipt (NWR) system in the country, which would help farmers to store their produce in scientifically designed warehouses. This was primarily to enable them to easily avail pledge finance to avoid distress sale besides obtaining higher price for their produce later. He informed that, though the WDRA registered warehouses were initially allowed to issue Non-Negotiable Warehouse Receipts (NNWRs) in physical format, however, vide WDRA circular dated 31.05.2019 it has been mandated that “no Warehouseman of WDRA registered warehouse shall since 1st August, 2019 issue any Negotiable Warehouse Receipt in physical form, and shall issue Negotiable Warehouse Receipts only in electronic form on the repository system. WDRA has set up a portal for online registration of warehouses for issuance of eNWRs and registered repositories for management of eNWRs. Chairman in his remark underlined that eNWRs are the future of agricultural warehousing and trade of agri commodities on eNAM and other e-platforms and also for better price discovery. These need to be promoted while the underlying commodity is kept in the WDRA registered warehouse in the interest of farmers and agri-trade. The Joint Secretary (WDRA) informed that about 4,500 warehouses are presently registered with WDRA.
Member Secretary of the Committee made a brief presentation on farmers’ requirements with reference to sale of their produce, options available with them and deliberation points-Terms of Reference (ToR) wise. The committee discussed ToR -wise and formulated its recommendations.

**ToR 1: Declaring /notifying/allowing warehouses as deemed market-yards under States’ APMC Acts and formulation of rules**-

The Committee felt the need of more number of markets which should also be closer to farm gate and villages. The warehouses declared as deemed market-yards would play a crucial role in abridging farmer-market linkage gap on one hand and providing the scientific storage facility and pledge finance on the other. The Committee also deliberated whether only WDRA registered warehouses be considered for declaring deemed market-yard or other non- registered warehouses conforming to the prescribed norm of market also be declared deemed market yards under States’ APMC Acts. The issue of treating market and warehouse differently came up for discussion. Members also raised the question of only a small number of warehouses being declared as deemed market-yards under APMC Acts. Meanwhile during the course of discussion, JS, WDRA informed that the response of WDRA has already been sent to Department of Food and Public Distribution on 10.4.2023 stating therein the important issues and difficulties involved in the NeRL’s proposal of trading of eNWR through e-platform for creating spot market of eNWR.

**ToR 2: Reasons and remedial measures for slow registration of warehouses with WDRA**-

The issue came up for discussion before the Committee about the reasons for slow registration of warehouses with WDRA while the WDRA has introduced online registration process, making the same simple and seamless. The discussion remained inconclusive, and it was decided to take up the same in the next meeting.
ToR 4: Reasons with remedial measures for no progress of eNWRs on eNAM portal-

The Committee noted that eNAM already provides module for Integration of eNWR based trade with produce in WDRA registered warehouses declared as “deemed mandi” through e-auctioning. But so far not a single lot has been traded on eNAM platform. The Chairman advised that on pilot basis it should be started urgently. For this NeRL and CCRL may get in touch with SFAC and work out a plan. On the issue of inter-mandi and specifically on inter-state trade on eNAM platform, it was observed that there are legal obstacles under State legislated APMC Acts.

ToR 5: Strategy for implementation of pledge financing of farmers’ stock in warehouses-

The committee recognized the significance of pledge financing for avoidance of distress sale by farmers at the time of peak arrival of crops. It observed that pledge financing on the strength of eNWR is going on in the country and WDRA and repositories have made sincere efforts to onboard the banks to offer pledge loans based on eNWR. The committee also discussed the role of NABARD and Co-operatives in promoting pledge financing.

The Committee decided to invite practitioners like warehouse owners, traders, FPOs and farmers for their field level inputs also in its next meeting.

Second Meeting of the Committee:

The 2nd meeting of the Committee was held under the chairmanship of Shri Siraj Hussain, former Secretary, DA&FW, GoI on 25th May, 2023 in Small Farmers’ Agri-Business Consortium (SFAC), New Delhi. The Committee also invited domain experts and practitioners to understand the ground reality and find the solution, i.e. (i) Director, SFAC, New Delhi; (ii) MD & CEO, CCRL, Mumbai;
(iii) Head Warehousing Commodity Pledge Finance, HDFC Bank Ltd.; (iv) DGM (Agri), State Bank of India; (v) Chief Executive, Indian Banks Association (IBA); (vi) Executive Director, Star Agri-Warehousing Collateral Management Ltd.; (vii) Chief Operating Officer (COO), National e-Repository Limited, Mumbai; (viii) President, FPO Association, Uttar Pradesh, Lucknow; (ix) Director, MAHA, Farmer Producer Company, Pune; (x) Shri Mohit Kumar Singh (Farmer); (xi) Shri Ashwini Jhawar (Warehouse Owner and Operator), Manasa (M.P.); (xii) Shri Hanuman Prasad Jhawar (Warehouse Owner and Operator), Nokha (Rajasthan); (xiii) Founder and CEO, ERGOS; (xiv) Shri Rajubhai Kekani, (Shrinath Warehouse Owner and Operator), Junagarh (Gujarat); (xv) Shri Vishal Agrawal (Warehouse Owner and Operator), Washim, (Maharashtra); and (xvi) Shri Prashant Chaskar, Collateral Management Services Expert, Pune (Maharashtra).

Initiating the proceeding, Chairman informed that after the 1st meeting of the Committee held on 4th May, 2023, with its initiatives, three eNWRs issued by NeRL have been traded on eNAM portal, which is a good beginning. Members appreciated the beginning and hoped for the best in future.

Shri Pitambar Chowdhury, MD & CEO, CCRL, Mumbai in his presentation on “Financing against eNWRs-Challenges and Way-Forward” stated that eNWRs hold the promise of pulling up share of post-harvest finance of total agriculture credit and similarly share of finance against eNWRs of total post-harvest finance, which are quite unsatisfactory. Underlining the challenges for expansion of pledge finance against eNWRs, he opined that universe of WDRA registered warehouses be expanded together with effective risk mitigation mechanism in the event of default. He said that there should be an ecosystem to create a customer pull for eNWRs.

Starting the discussion on the presentation, the Committee appreciated the need for enhancing financing against eNWRs to benefit farmers and other market participants by overcoming challenges like less number of warehouses being registered with WDRA. Therefore, more and more warehouses with focus on
warehouses closer to important APMC locations and also on large institutional warehouse chain with differential approach be registered with WDRA. On the issue of open violation of regulatory provisions and absence of penal provision on violation of WDRA regulation, JS, WDRA clarified that section 43 of “the Warehousing (Development and Regulation) Act, 2007 under heading “Offences and Penalties” provisions exist to penalize the offenders/violators. However, in order to further strengthen the powers of WDRA, proposal for amendment of Act is under active consideration of the Government. Issues like mandatory regulation of warehouses by WDRA, possibility of guarantee fund, cheaper finance against eNWRs by about 0.5 to 1.0% especially in case of farmers and securitization of eNWRs also came up for discussion. Shri Sunil Mehta, Chief Executive, IBA emphasized the need for a guarantee fund to minimize the risk of bankers.

Shri. Kedar Deshpande, Chief Operating Officer (COO), NeRL, Mumbai while making presentation on “Role of Repository in issuance of eNWR and easing agribusiness for stakeholders” explained about the repository ecosystem, warehouseman ecosystem, existing market setup as primary, secondary and tertiary markets. He further explained that integration of all the three markets is possible if primary markets operate through warehouse-based sale. Secondary market is still outside the ambit of any regulation and eNAM is not permitted to participate in secondary market. Highlighting the advantages of warehouse based sale through eNWR on eNAM and other electronic trading platforms for market participants including farmers in terms of reducing cartelization by balancing demand–supply, enabling farmers to undertake market driven production and improving transparency, he underlined the need, *inter alia*, for declaring all WDRA registered warehouses as deemed markets under States’ APMC Acts, prompt repayment incentive @3% on eNWR loan to the KCC farmers, permitting eNWR sale on primary and secondary market through eNAM and other registered e-trading platforms.
Initiating the discussion on the presentation and on the issue of prompt repayment incentive @3 %, Shri Arun Raste, MD & CEO, NCDEX referred the letter of NABARD dated 15th May, 2023 addressed to DA&FW, wherein request has been made for considering to extend Prompt Repayment Incentive (PRI) @ 3% to farmers who repay their eNWR loans on time. In this respect, Chairman informed that Committee has already firmed up its views in this respect in its 1st meeting. During the course of discussion, Dr. S.K. Singh, Member Secretary explained that in case of warehouse-based sale from warehouses declared as deemed market, there are guidelines under Model APLM Act ,2017 empowering warehouseman to collect the applicable market fee/ user charge and that may be shared with designated authority of State Marketing Department/Board. He further informed that there is a sufficient mechanism to safeguard the interest of farmers under the State APMC Act. The issue of high eNWR and eNWR charges also came up for discussion, which needs to be addressed.

Shri Atul Chhura, Executive Director, Star Agri-Warehousing Collateral Management Ltd. making a presentation on “Formulation of Trade Acceptable Grade – Standards”, briefed how the ‘Star Agri Group’ has been offering its services to different stakeholders including farmers over the years at farm, mandi, processing and retail levels. He shared Star Agri’s experiences in running the e-trading platforms and underlined challenges faced like regulatory, trust & reliability, infrastructure & connectivity, price discovery & transparency, quality assurance and standardization, logistics & warehousing, financial inclusion & payment mechanism and digital literacy. He stated that quality and payment are two major issues for disputes and more so quality related issues; and if grades are acceptable, it reduces the space for disputes.

Participating in the discussion, Shri Atul Chhura quoted some examples of quality parameters for storage, being quite different for trading. In trade of eNWR, the standards formulated under AGMARK, FSSAI and so on will not work. Standards be formulated after due stakeholder consultations like farmers, traders/
processors, WSPs, assaying agencies, agricultural experts, exporters – importers’ insights; and thus, expertise can help identify the specific quality parameters and grading criteria. The issue like flexibility to add / remove parameters at trade-level / party-level- to address to any customized requirement of the large buyers also came up. During the discussion, it was explained that APMC Act takes care of farmers in case of any dispute. Shri Atul Chhura sharing his field experience informed that at present Star Bazaar is functioning in few States, and there, quality aspect is the major concern for traders of eNAM as there in no standard quality parameters exist which are very much required for trades to actively participate in eNAM and eNWRs.

Shri Vishal Agrawal, owner of S.N. Agrawal Warehouse, Washim, Maharashtra, stated that there are stringent criteria for registering private warehouses with WDRA on one hand and WDRA’s office being far away on the other hand are some of the reasons for not registering his and other warehouses with WDRA. JS, WDRA responding to the issue, clarified that norms / criteria for registration are very simple and there is no need to come to office, as everything can be done on online portal. Digital literacy and lack of proper awareness were accepted issues. Shri. Rajubhai Kekani, owner of Srinath Warehouse, Keshod, Junagarh, Gujarat informed that he owns four warehouses, and all are registered with WDRA. He stated that there is dual licensing / registration system, one with State government authority for warehouse licence and other registration with WDRA. For WDRA registration, license from State government authority is mandatory. He further stated that validity period of licence issued by State government authority is one year only and there is a lot of procedural complexities. After discussion, participants unanimously agreed that there should be simple, easy and transparent process of issuing licence by the State government authorities and licence validity should be 3-5 years. The issue of exploring the possibility one licence/registration also came for discussion.
C. A. Sheshadrinathan, Member and MD, BASIZ Fund Services Pvt. Ltd. highlighted the significance of market making in agribusiness in his presentation. He shared his recent visit to Sehore APMC market (M.P.) and contextual experiences. The issue of awareness among the stakeholders and farmers about registration of warehouses with WDRA, issuance of eNWRs, pledge financing including digital financing against eNWRs, benefits of holding of produce, etc. was deliberated and the fact was accepted by all. Issues regarding listing of eNWR as security in NSE / BSE, role of market makers in bridging primary and secondary markets, enabling financing network for market makers, enhancing insurance coverage for market makers for eNWR produce in storage and transportation also came up for discussion.

**Third Meeting of Expert Committee:**

The 3rd meeting of the Committee was held under the chairmanship of Shri Siraj Hussain, former Secretary, DA&FW, GoI on 16th June 2023 at NCDEX, Mumbai office. Committee again invited domain experts and practitioners to understand the ground reality and find the solution, namely (i) Shri M. Nageshwara Rao, CGM, NABARD, Mumbai; (ii) Shri K.S. Anbalagan, Senior Adviser, Retail and Social Banking, IBA, Mumbai; (iii) Shri Naveen Sharma, General Manager, SEBI, Mumbai; (iv) Shri Kedar Despande, COO, National e-Repository Limited (NeRL), Mumbai; (v) Shri Pitambar Chowdhary, MD & CEO, CCRL, Mumbai; (vi) Smt. Neha Sanchita, DGM, Reserve Bank of India (RBI), Mumbai; and (vii) Shri Dushyant Kumar Tyagi, NFCL and Strategic Partner, eNAM.

The Committee, in its 2nd meeting, had decided that based on the discussions held in this meeting will draw recommendations in the 3rd meeting. Accordingly, Committee members as well as other expert invitees held further intense discussions and made recommendations. Recommendations are placed in respective Chapter.
On the issue that State APMC Act does not regulate the secondary market for trade, which is mainly warehouse based sale that occurs after primary trade, Member Secretary clarified that post-reforms most of the States have adopted single point levy of market fee and after first transaction between farmer and trader no fee is levied on subsequent transaction(s). This is why APMCs do not bother about the secondary trade. Member Secretary further stated that Agriculture Marketing under Entry 28- “Markets and fairs” is in List -II (State List) of Constitution and is a State subject, hence, consultation with the States is required to put in place any regulatory mechanism on the secondary trade. JS (WDRA) reiterated that Authority, on the issue of trading of eNWR through electronic platform for creating spot market for eNWRs, vide its letter No. 25011(21)/2/2022-Technical/41 dated 10/4/2023 has already written to DFPD, GoI. Thus, WDRA may handle the issues relating to quality and eNWRs; while trade and settlement related issues may be given to other organizations. The Committee Members made the recommendations, which are placed in the relevant Chapter.

The Committee acknowledged that to prioritize pledge loan financing, it has already been covered under Priority Sector Lending (Agriculture) and further to encourage farm credit against pledge of agricultural produce and leverage the inherent safety of NWRs / eNWRs issued by the WDRA registered warehouses, loan limit has also been enhanced from Rs.50 lakh to Rs 75 lakh per borrower. On the issue of non-availability of data with regard to total amount of loan provided against physical receipts at any source, Smt. Neha Sanchita, DGM, RBI informed that currently data on loans against eNWRs only is maintained. Data on total quantum of pledge loans, especially loans against WHR is not maintained. The Committee viewed that this data is critical for policy formulation, and it must be captured by the RBI. Participating in discussion, Committee members and invitees from RBI, NABARD, IBA, NeRL and CCRL made recommendations, which are placed in the relevant Chapter.
With regard to grading agricultural produce, the Committee continued its discussion stretching the string from previous meetings on the issue that quality parameters for storage and trading are altogether different. In the trade of eNWR, the standards formulated under AGMARK, FSSAI and so on, in accordance with section 2(j) of the Warehousing (Development and Regulation) Act, 2007 will not work. Grade based standard helps farmers to get price commensurate with the quality. Chairman opined that grades considered in the eNWRs should be as per the FSSAI regulations so that the farmers can participate in eNWR trade. It was pointed out that Agmark grades are higher than FAQ notified by the Ministries of Govt of India and procurement takes places at FAQ specifications. The produce brought by the farmers to APMC markets or warehouses may not meet these specifications. It could be a reason why farmers do not use eNWR. However, JS, WDRA, suggested that tradable parameters that make sense for trading may be taken and more grade formulations may be sought from DMI / Agmark to facilitate farmers to trade through eNWRs. Participating in the discussion, Dr B.B. Pattanaik, former Chairman, WDRA, Shri Kedar Deshpande, COO, NeRL and Shri Dushyant Kumar Tyagi, Strategic partner under eNAM scheme stated that tradable parameters making the sense for trade transactions may be considered for eNWR trade through eNAM and other registered e-platforms. On the issue of quality grading, the Committee made recommendations, which are placed in the relevant Chapter.

The issue of requirements of dual licenses issued by State Governments and WDRA was discussed in detail. Chairman opined that once a warehouse is registered with WDRA, there should not be any other license requirement from the State government. After discussion, the Committee made recommendations, which are placed in the relevant Chapter.

Chairman asked Member Secretary to discuss “Terms of Reference” wise due for consideration in agenda-

**ToR-7: Strategy plan for publicity and reach out**
JS, WDRA; DGM of NABARD; Senior Adviser, Retail and Social Banking, IBA and representative of Strategic Partner under eNAM explained the publicity and outreach activities being carried out by their organisations. Sharing the experience, Shri Sheshadrinathan (Member) informed that very few in APMCs and banks, are aware of about eNWR trade. However, considering the crucial role of awareness and publicity, Committee made recommendations, which are placed in relevant Chapter.

**ToR-8: Establishing grievance redressal mechanism**

Committee discussed the issue of grievance redressal mechanism provided in State APMC Acts with reference to primary trade. State APMC Acts do not have any provision with reference to eNWR trade. Warehouse-based sale and delivery of produce is very limited as States have either not made such provision in their APMC Acts, or even if such provision has been made, rules have not been framed by the States to implement the provision of the respective Acts. Committee made recommendation in this respect, which are placed in relevant Chapter.

**ToR-4 & 6: Reasons with remedial measures for no progress of eNWR trade on eNAM portal and any simulation required**

Representatives from Strategic Partner of eNAM; COO of NeRL and Committee members participated in the discussion to explain the reasons for very poor progress of eNWRs trade on eNAM portal. From the experiences gained of 3 eNWR trades in Andhra Pradesh and Rajasthan and another 3 in process, Shri Dushyant Kumar Tyagi, Strategic Partner of eNAM and Shri Kedar Deshpande, COO, NeRL agreed that technical and compatibility issues need to be continuously discussed and resolved. Recommendations made are placed in relevant Chapter.

**ToR-2: Reasons and remedial measures for slow registration of warehouses with WDRA**
After discussion in this meeting and the previous meeting, it was agreed that the warehouses do not see any tangible benefit from registration. Moreover, the banks also tend to prefer collateral managers for pledge loans. The Committee made recommendations, which are placed in relevant Chapters.
Recommendations of Committee area-wise are as under:

- **Declaring /notifying/allowing warehouses as deemed market-yards under States’ APMC Acts and formulation of rules thereunder to actualize the warehouse-based sale:**

  (i) All those warehouses whether registered with WDRA or not but complying to the prescribed norms for markets set out in the respective State’s APMC Act/rules may be declared as deemed market-yards. At the same time, the State governments may give preference to WDRA registered warehouses for declaring them as deemed market-yards in view of such warehouses regulated by WDRA and only mandated to issue eNWRs. This would not require too much formalities at the level of APMCs/State Agricultural Marketing Boards and the State governments as WDRA has already completed extensive physical inspection of such warehouses before registration.

  (ii) Department of Agriculture and Farmers’ Welfare (DA&FW), Govt. of India may form a “**Steering Committee**” with major States to push the declaration of warehouses as deemed market-yards. For this, appropriate legal provisioning in State’s APMC Acts should be made and rules thereunder must be urgently notified by the States. The Steering Committee may also monitor and review the progress of actual declaration/notification of deemed market-yards on the ground by holding regular meetings.

- **To encourage registration of warehouses with WDRA:**

  (iii) State governments should intensively promote registration of co-operative and private warehouses and undertake awareness programme among private warehouse owners to encourage them to register with WDRA. DA&FW, DFPD and WDRA may work together to strategically promote registration of private warehouses with WDRA. This may be taken as an agenda item in the review meetings of the “Steering Committee “of DA&FW with the State governments.
(iv) Committee recommends making it mandatory that 2nd instalment of subsidy under any Government scheme of Central and States for warehouse construction will be released only after registration of warehouse with WDRA.

(v) Registration of all warehouses with 1000 tonnes capacity and above with WDRA should be made mandatory.

(vi) WDRA should undertake a vigorous awareness campaign among the stakeholders explaining the benefits of registration, process, etc. DA&FW and State governments should also participate in these campaigns.

\[\textbf{Reasons with remedial measures for no progress of eNWRs on eNAM portal}\]

(vii) The Steering Committee proposed above may identify the needed amendments in States’ APMC Acts with reference to reciprocity of trading licenses, inter-state dispute settlement mechanism and such other reforms to provide the facilitative legal framework for inter-state trade of eNWR. The States must be asked to concurrently formulate the rules to allow inter-state trade on eNAM platform.

(viii) Committee recommends that in the 1st phase, focus should be to promote warehouse based primary trade via eNWRs through eNAM and other registered e-trading platforms which need to be promoted if warehouse-based trade has to become successful at a large scale. Subsequently, a mechanism to promote secondary trade, mostly happening from warehouses, via eNWRs through eNAM and other registered e-trading platforms can be put in place.

(ix) To facilitate inter-state trade via eNWR through eNAM and other registered e-trading platforms, and such trades through other channels also, it is recommended that Central government exercising the powers vested under Entry-42 of List-I (Union List) and Article 307 of the Constitution may set up an “Authority” for the purpose.

(x) In order to promote eNWR trade at a large scale through eNAM and other registered e-trading platforms, both primary and secondary trade should be encouraged. Presently eNAM operates through APMC markets dealing with
primary trade and the same is regulated under the provisions of State APMC
Acts and the rules framed there under. On allowing secondary trade through
eNAM and other registered e- trading-platforms, market rules for secondary
trade covering trading procedure, payment, transaction charges and dispute
settlements, etc. will be required to be framed. For this, the Central Government
may consult States before framing the regulations.

(xi) Since eNWR is issued when produce is stored in WDRA registered
warehouses and for sale and delivery of underlying produce, warehouse should
be declared as deemed market-yard under respective State APMC Acts. Thus,
the existence of limited number of WDRA registered warehouses and WDRA
registered warehouses declared as deemed Market-yards are further limiting
the eNWR trade via eNAM, which should be significantly enhanced.

(xii) Mapping and coding of commodities with repositories along with integration of
registered WDRA warehouses with eNAM needs to be considerably enhanced.

(xiii) To kick-start the eNWR trade via eNAM platform and to accelerate it further
steadily, handholding and support by a team of professionals is required.
DA&FW and SFAC should engage such a team of needed professionals.

Formulation of Trade Acceptable Grade Standards:

(xiv) Since WDRA adopts the quality standards (grade designation) notified by
Central Government under the Agricultural Produce (Grading and Marking)
Act, 1937 or under any other law for the time being in force, therefore, WDRA
may continue to adopt AGMARK grade standards (tradable parameters). The
Committee recommends that for eNWR trade, DMI should notify more grades
and the same should be made trade friendly. DA&FW may also consider if
FAQ specifications will serve the purpose for storage for a short period up to 3
months and notify the same accordingly.

(xv) Trading parameter (s) of AGMARK should be customised / modified to make it
acceptable to trade. Process should be undertaken by professionals after due
consultation with stakeholders like farmers, traders, processors, WSPs,
assaying agencies, agricultural experts, exporters – importers. While formulation of trading parameters (grades) of any produce, location specificity, use of produce for processing, export, table use, etc. may also considered to attract different types of buyers of eNWRs.

(xvi) Grade standards and criteria of quality parameters, considering market dynamics, consumer preferences, and technological advancements, etc. should be continuously reviewed by the standard making bodies.

(xvii) Since commodity of varying grades is normally stored and traded, the price changes are normally as per the quality. Therefore, the quality range should be promoted to ensure price realization by farmers commensurate with the quality of produce offered by them.

Strategy for implementation of pledge financing of farmers’ stock in warehouses:

(xviii) Department of Agriculture and Farmers Welfare should come up with a scheme to incentivize pledge financing against eNWRs of farmers’ stock. The incentive for prompt repayment of loan is available for loans up to 3 lakhs taken on KCC but the same is not available on loans against eNWRs. The committee recommended that DA&FW should provide this incentive so that the farmers and banks are encouraged to use eNWRs.

(xix) eNWR is regulated instrument under WDR Act similar to equity shares as security regulated by SEBI. The risk weighted average for loan against equity shares or loan against gold (unregulated) is lower than the eNWR loans making eNWR loans costlier than loan against shares or gold. It is recommended that DA&FW may take up the matter with DFS, RBI to reduce the risk weighted average on eNWR loans or and NABARD to offer some incentive to banks using eNWRs for pledge loans so that this ecosystem may become a change agent.

(xx) Scheduled Commercial Banks and DCCBs including RRBs should be allowed for pledge finance to KCC farmers for rotation of the KCC loan from pre-harvest
to post-harvest finance. This will bring relief to KCC farmers bringing ease of doing business.

**Strategy plan for publicity and outreach:**

*(xxi)* In order to encourage small and marginal farmers including FPOs to store their produce in warehouses, avail pledge finance and trade eNWR through eNAM and other registered electronic platforms, there should be aggressive promotion including those of incentivizing it.

*(xxii)* WDRA and SFAC should work together to organize massive awareness programmes for private, cooperatives, SWCs and warehouses of other organisations. The procedure and benefits of WDRA registration, declaration of warehouses as deemed markets, sale and delivery of produce from warehouse, eNWR trade and pledge financing against eNWR may be explained to them.

*(xxiii)* SFAC with its strategic partner and other organisation / agencies of Central / State government should organise short awareness programmes in potential APMC markets involving APMC staff, farmers, traders and other potential buyers. It should also be made part of ATMA extension programme.

*(xxiv)* In addition to State Level Bankers’ Committee (SLBC), District level Consultative Committee (DLCC), Block Level Bankers’ Committee (BLBC), half day awareness programme should be organised for branch heads of different banks district-wise with proactive involvement of District Development Manager (DDM) of NABARD and Lead Bank Development Manager (LDM) of concerned district.

*(xxv)* Committee observed that there is lack of awareness and digital literacy among the farmers, buyers and other stakeholders about eNWR and eNAM. Therefore, there should be joint efforts of DA&FW, DFPD and WDRA to popularize eNWR trade through eNAM and other registered e-trading platforms.
(xxvi) It was observed that presently there are hardly any eNWR buyers from among farmers. Intense awareness and sensitization program should be strategized for buyers and their apprehension and problems should be addressed.

(xxvii) DA&FW should publicize the entire gamut of warehouse-based sale and eNWR trade through eNAM through DD Kisan and other channels regularly. Digital media may also be used for publicity.

Note: Concerned Organisations may synchronize above recommendations with their ongoing programmes and make it outcome oriented.

(xxviii) The Committee recommends that National and State level Co-operative Management Institutes should organise training programmes for RRBs and DCCBs on importance and utility of registration of warehouses with WDRA and pledge financing against eNWR. They may also conduct a Certificate Course for warehouse owners/operators on scientific storage and activities related to warehousing. Further, National and State level Agricultural Marketing and Management Institutes should also run a training programme for private warehouse owners/operators on scientific storage and activities related to warehousing. ICAR may be requested to run courses on “pledge financing against eNWR and scientific storage and activities related to warehousing” to develop skilled human resource pool.

❖ Establishing grievance redressal mechanism:

(xxix) States, while framing rules for warehouse-based sale from Deemed market-yard, should clearly provide grievance redressal mechanism, if not yet provided, in case of intra-state eNWR trade. A model draft of the same may be circulated by the DA&FW.

(XXX) States should make enabling provision for grievance redressal mechanism in case of inter-state eNWR trade and DA&FW may proactively coordinate with the States.
Other Recommendations:

(xxxi) In order to create demand in primary agriculture market, thereby benefitting farmers, and also to develop data base transparently with regard to secondary trade and existence of stock at any point of time, there is a need to set up “the Secondary Agri Trade Promotion and Facilitation” body. Therefore, it is recommended that Department of Agriculture and Farmers’ Welfare (DA&FW) may explore to put in place such a body (“the Secondary Agri Trade Promotion and Facilitation”) to promote and facilitate warehouse-based sale (secondary trade) in a transparent manner via eNWRs through eNAM and other registered e-trading platforms. For this purpose, DA&FW may designate Small Farmers’ Agribusiness Consortium (SFAC) or DMI, as it may deem fit.

(xxxii) To promote eNWR which is a regulated instrument carrying lower risk over other Warehouse Receipts, the benefit of lower risk reduction should be passed on to eNWR holder with concessional rate of interest. Therefore, it is recommended that Reserve Bank of India (RBI) may consider a concessional rate of interest for pledge loan against eNWR. Accordingly, RBI may issue guidelines for Banks so that the formalization of agricultural trade is encouraged.

(xxxiii) In order to overcome distress sale encountered by farmers by availing the benefits of digital pledge financing through allowing sale of pledged eNWR, it is recommended that the pledged eNWR may be allowed to be traded at eNAM and other private e-trading platforms. In this case, the e-platform will have to ensure that sale proceeds should go directly to the seller’s loan account and seller’s Bank should set off its loan from proceeds to release the eNWR for crediting buyer’s account.

(xxxiv) Presently, there is 1 % TDS (Tax Deduction at Source) on secondary trade of agricultural produce through digital platform, which is not applicable on primary and tertiary trade. It is a discouragement of using digital platform for trading in agricultural commodities. To create further demand for primary market with better price realization to the farmers and to bring near uniformity, it is
recommended that present rate of 1 % TDS may be reduced and a nominal rate of 0.1% may be charged so as to attract more buyers on digital platforms. 

(XXXV) In order to give comfort to market participants, banks and e-platforms and the organization promoting and facilitating eNWR trade through eNAM and other registered private -trading platforms, Government may set up a Settlement Guarantee Fund (SGF) initially. Subsequently, Repositories, e-platform operators, warehouse owners may be asked to contribute to the Fund on the basis of eNWR and their trade transactions.

(XXXVI) It was noted that mandatory licenses issued by State Governments for commercially running public warehouses are valid for 1-3 years, while WDRA issues registration for 5 years. The Committee, therefore, recommends that the validity period of warehousing licenses issued by State authorities should not be less than 5 years and it should also be issued digitally with no or minimum human interface.

(XXXVII) As a long term measure, DA&FW may consider setting up an Authority to regulate trading through eNWR/eNNWR on eNAM and other registered platforms.
1st Meeting of Expert Committee to Promote Warehouse-Based Sale with Focus on eNWR Trading Through eNAM and other e-Trading Platforms
2nd Meeting of Expert Committee to Promote Warehouse –Based Sale with Focus on eNWR Trading Through eNAM and other e-Trading Platforms

3rd Meeting of Expert Committee to Promote Warehouse -Based Sale with Focus on eNWR Trading Through eNAM and other e-Trading Platforms

3rd Meeting of Expert Committee to Promote Warehouse Based Sale with Focus on eNWR Trade Through eNAM
F. No. 28011/1/2020-M.II (Pt. 4)
Government of India
Ministry of Agriculture & Farmers' Welfare
Department of Agriculture & Farmers' Welfare
(Agricultural Marketing Division)
Dated the 21st April 2023

OFFICE ORDER

Subject: Constitution of Expert Committee to promote warehouse based sale with focus on eNational Warehouse House Receipts (eNWRs) trading through e-NAM platform –reg.

The empowerment of WDRA accredited /registered warehouses to issue negotiable electronic warehouse receipts as eNWRs has made it an instrument to trade through e-NAM and such other electronic trading platforms with great ease in terms of handiness and reliable record maintaining, quality based produce trading, its transferability and delivery. In order to promote warehouse based sale with focus on eNational Warehouse House Receipts (eNWRs) trading through e-NAM platform, an Expert Committee is constituted herewith under the Chairmanship of Shri Siraj Hussain, Ex Secretary (DA&FW). The Committee will make recommendations to promote warehouse based trade and delivery and also to promote trading of eNWRs through e-NAM platform. The composition of the Committee is as given below:

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<tr>
<th>No.</th>
<th>Name and Designation</th>
<th>Chairperson</th>
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<tr>
<td>1.</td>
<td>Shri Siraj Hussain, Ex Secretary (DA&amp;FW)</td>
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<td>2.</td>
<td>Joint Secretary (Marketing), Department of Agriculture &amp; Farmers Welfare (DA&amp;FW), Krishi Bhawan, New Delhi</td>
<td>Member</td>
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<td>3.</td>
<td>Managing Director, Small Farmers’ Agri-Business Consortium (SFAC)</td>
<td>Member</td>
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<td>4.</td>
<td>Shri B.B. Patnaik, Former Chairman Warehousing Development and Regulatory Authority (WDRA)</td>
<td>Member</td>
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<td>5.</td>
<td>Representative from WDRA, not below the rank of Director/ Deputy Secretary</td>
<td>Member</td>
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<td>6.</td>
<td>Representative from Department of Food and Public Distribution, not below the rank of Director/Deputy Secretary</td>
<td>Member</td>
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<td>7.</td>
<td>Representative from BASIZ</td>
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<td>8.</td>
<td>Representative from NCDEX</td>
<td>Member</td>
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<td>9.</td>
<td>Managing Director, Maharashtra State Agricultural Marketing Board (MSAMB), Pune</td>
<td>Member</td>
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<td>10.</td>
<td>Managing Director, M.P. State Agricultural Marketing Board, Bhopal</td>
<td>Member</td>
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<td>11.</td>
<td>Director (Marketing), Department of Agriculture &amp; Farmers Welfare</td>
<td>Member</td>
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<td>12.</td>
<td>Deputy AMA, Directorate of Marketing &amp; Inspection (DMI)</td>
<td>Member</td>
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Secretary
2. The Terms of Reference of the Committee would be as in Annex I.

3. The Committee will be serviced by the Agriculture Marketing Division, Krishi Bhawan, New Delhi.

4. The Committee may co-opt other experts as special invitees as may be necessary.

5. TA/DA will be paid as per rules for unofficial members/attendees

6. The Committee may submit its report within six weeks from the date of constitution of Committee.

7. This issues with the approval of the competent authority.

(Kapil Ashok Bendre)
Director (Marketing)

To,
1. Chief Secretary, Government of Maharashtra
2. Chief Secretary, Government of Madhya Pradesh
3. Chairman & Members of the Committee

Copy for information to:

1. PS to Hon’ble Union Agriculture Minister.
2. PPS to Secretary, Department of Agriculture & Farmers Welfare, Krishi Bhawan, New Delhi.
3. PPS to Additional Secretary (Marketing), Department of Agriculture & Farmers Welfare, Krishi Bhawan, New Delhi.
Annexure-1

Terms of Reference of the Expert Committee on promotion of warehouse based sale with focus on eNWRs trade through eNAM portal.

The Committee will deliberate towards promoting warehouse based sale of agricultural produce together with facilitating online trading of e-NWRs through eNAM portal. The Committee will give recommendations on the following areas:

1. Declaring /notifying/ allowing warehouses as deemed market –yard under states’ APMC Acts and formulation of rules there under to actualize the warehouse based sale.
2. Reasons with remedial measures for slow accreditation/ registration of warehouses with WDRA.
3. Formulation of trade acceptable grade standards.
4. Reasons with remedial measures for no progress of eNWRs trade on e-NAM portal.
5. Strategy for implementation of pledge financing of farmers’ stock in warehouses.
6. Simulation of e-NAM modules for eNWRs trading.
7. Strategy plan for publicity and reach out.
8. Establishing Grievance Redressal Mechanism.
9. Any other matter that Government may specify or the Committee considers relevant in this regard.

Note: While the above terms of reference would guide the Expert Committee, it would examine the legal, technical and operational aspects to eliminate the gaps and overlaps and suggest a roadmap and requisite measures to implement the recommendations.
### Annexure-II

State-wise list of area served by per market.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the State/UT</th>
<th>Total (PMYs+ SMYs)</th>
<th>Geographical Area in Sq. km</th>
<th>Area served by one regulated Market in Sq. km.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Pradesh</td>
<td>329 (218+111)</td>
<td>162968</td>
<td>495</td>
</tr>
<tr>
<td>2</td>
<td>Arunachal Pradesh</td>
<td>19 (19+0)</td>
<td>83743</td>
<td>4408</td>
</tr>
<tr>
<td>3</td>
<td>Assam</td>
<td>226(20+206)</td>
<td>78438</td>
<td>347</td>
</tr>
<tr>
<td>4</td>
<td>Chandigarh</td>
<td>1(1+0)</td>
<td>114</td>
<td>114</td>
</tr>
<tr>
<td>5</td>
<td>Chhattisgarh</td>
<td>187(69+118)</td>
<td>135191</td>
<td>723</td>
</tr>
<tr>
<td>6</td>
<td>Goa</td>
<td>8(1+7)</td>
<td>3702</td>
<td>463</td>
</tr>
<tr>
<td>7</td>
<td>Gujarat</td>
<td>404(212+192)</td>
<td>196024</td>
<td>485</td>
</tr>
<tr>
<td>8</td>
<td>Haryana</td>
<td>207(114+93)</td>
<td>44212</td>
<td>214</td>
</tr>
<tr>
<td>9</td>
<td>Himachal Pradesh</td>
<td>63(10+53)</td>
<td>55673</td>
<td>884</td>
</tr>
<tr>
<td>10</td>
<td>Jharkhand</td>
<td>201(28+173)</td>
<td>79714</td>
<td>397</td>
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<tr>
<td>11</td>
<td>Karnataka</td>
<td>551(160+391)</td>
<td>191791</td>
<td>348</td>
</tr>
<tr>
<td>12</td>
<td>Madhya Pradesh</td>
<td>556(259+297)</td>
<td>308350</td>
<td>555</td>
</tr>
<tr>
<td>13</td>
<td>Maharashtra</td>
<td>929(306+623)</td>
<td>307713</td>
<td>331</td>
</tr>
<tr>
<td>14</td>
<td>Meghalaya</td>
<td>2(2+0)</td>
<td>22429</td>
<td>11215</td>
</tr>
<tr>
<td>15</td>
<td>Nagaland</td>
<td>114(19+95)</td>
<td>16579</td>
<td>145</td>
</tr>
<tr>
<td>16</td>
<td>NCT of Delhi</td>
<td>14(7+7)</td>
<td>1484</td>
<td>106</td>
</tr>
<tr>
<td>17</td>
<td>Odisha</td>
<td>414(54+414)</td>
<td>155707</td>
<td>376</td>
</tr>
<tr>
<td>18</td>
<td>Puducherry</td>
<td>8(3+5)</td>
<td>562</td>
<td>70</td>
</tr>
<tr>
<td>19</td>
<td>Punjab</td>
<td>434(152+282)</td>
<td>50362</td>
<td>116</td>
</tr>
<tr>
<td>20</td>
<td>Rajasthan</td>
<td>477(145+332)</td>
<td>342239</td>
<td>717</td>
</tr>
<tr>
<td>21</td>
<td>Tamil Nadu</td>
<td>289(284+5)</td>
<td>130058</td>
<td>450</td>
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<tr>
<td>22</td>
<td>Telangana</td>
<td>279(192+87)</td>
<td>112077</td>
<td>402</td>
</tr>
<tr>
<td>23</td>
<td>Tripura</td>
<td>21(21+0)</td>
<td>10486</td>
<td>499</td>
</tr>
<tr>
<td>24</td>
<td>Uttar Pradesh</td>
<td>633(251+382)</td>
<td>243290</td>
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</tr>
<tr>
<td>25</td>
<td>Uttarakhand</td>
<td>62(24+38)</td>
<td>53483</td>
<td>863</td>
</tr>
<tr>
<td>26</td>
<td>West Bengal</td>
<td>537(22+515)</td>
<td>88752</td>
<td>165</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6965(2593+4372)</strong></td>
<td><strong>2875141</strong></td>
<td></td>
<td><strong>413</strong></td>
</tr>
</tbody>
</table>
**Annexure III**

State-Wise Status of Warehouses Registered with WDRA

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>State/ UTs</th>
<th>No. of Warehouses Registered (in Nos.)</th>
<th>Total Capacity (in MT)</th>
<th>Status</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Active (in Nos.)</td>
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<tr>
<td>1</td>
<td>Tamil Nadu</td>
<td>1313</td>
<td>1,726,177</td>
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<tr>
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<td>Madhya Pradesh</td>
<td>1109</td>
<td>7,549,448</td>
<td>1052</td>
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<tr>
<td>3</td>
<td>Rajasthan</td>
<td>365</td>
<td>3,463,148</td>
<td>345</td>
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<tr>
<td>4</td>
<td>Maharashtra</td>
<td>330</td>
<td>2,600,071</td>
<td>298</td>
</tr>
<tr>
<td>5</td>
<td>Uttar Pradesh</td>
<td>244</td>
<td>4,206,664</td>
<td>226</td>
</tr>
<tr>
<td>6</td>
<td>Gujarat</td>
<td>172</td>
<td>897,184</td>
<td>134</td>
</tr>
<tr>
<td>7</td>
<td>Andhra Pradesh</td>
<td>170</td>
<td>2,358,263</td>
<td>154</td>
</tr>
<tr>
<td>8</td>
<td>Haryana</td>
<td>142</td>
<td>2,264,163</td>
<td>137</td>
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<tr>
<td>9</td>
<td>Telangana</td>
<td>142</td>
<td>1,996,515</td>
<td>105</td>
</tr>
<tr>
<td>10</td>
<td>Chhattisgarh</td>
<td>121</td>
<td>1,768,758</td>
<td>119</td>
</tr>
<tr>
<td>11</td>
<td>Karnataka</td>
<td>72</td>
<td>1,073,776</td>
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</tr>
<tr>
<td>12</td>
<td>Bihar</td>
<td>68</td>
<td>536,348</td>
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<td>Odisha</td>
<td>67</td>
<td>758,865</td>
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<tr>
<td>14</td>
<td>West Bengal</td>
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<td>450,570</td>
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<td>893,610</td>
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<td>16</td>
<td>Jharkhand</td>
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<td>98,541</td>
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<td>17</td>
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<td>21</td>
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<tr>
<td>22</td>
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<td>32,458</td>
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<tr>
<td>23</td>
<td>Chandigarh</td>
<td>1</td>
<td>10,550</td>
<td>1</td>
</tr>
<tr>
<td>24</td>
<td>Goa</td>
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</tr>
<tr>
<td>25</td>
<td>Nagaland</td>
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<td>13,000</td>
<td>1</td>
</tr>
<tr>
<td>State</td>
<td>Warehouse Count</td>
<td>Total Capacity</td>
<td>Active Count</td>
<td>Suspended Count</td>
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<tr>
<td>-------</td>
<td>----------------</td>
<td>----------------</td>
<td>--------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>26 Puducherry</td>
<td>1</td>
<td>7,350</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>27 Tripura</td>
<td>1</td>
<td>19,250</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Grand Total</td>
<td>4,435</td>
<td>33,160,038</td>
<td>4,155</td>
<td>280</td>
</tr>
</tbody>
</table>

Note: * 1 warehouse each in the State of Madhya Pradesh and Karnataka is indicated as suspended.

Source: WDRA Website as accessed on 22nd July, 2023.