

**Bill No. 111 of 2020**

**THE ESSENTIAL COMMODITIES (AMENDMENT) BILL, 2020**

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BILL

*further to amend the Essential Commodities Act, 1955.*

BE it enacted by Parliament in the Seventy-first Year of the Republic of India as follows:—

1. (1) This Act may be called the Essential Commodities (Amendment) Act, 2020.

Short title and commencement.

(2) It shall be deemed to have come into force on the 5th day of June, 2020.

10 of 1955.

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2. In section 3 of the Essential Commodities Act, 1955, after sub-section (1), the following sub-section shall be inserted, namely:—

Amendment of section 3.

‘(1A) Notwithstanding anything contained in sub-section (1),—

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(a) the supply of such foodstuffs, including cereals, pulses, potato, onions, edible oilseeds and oils, as the Central Government may, by notification in the Official Gazette, specify, may be regulated only under extraordinary circumstances which may include war, famine, extraordinary price rise and natural calamity of grave nature;

(b) any action on imposing stock limit shall be based on price rise and an order for regulating stock limit of any agricultural produce may be issued under this Act only if there is—

(i) hundred per cent. increase in the retail price of horticultural produce; or 5

(ii) fifty per cent. increase in the retail price of non-perishable agricultural foodstuffs,

over the price prevailing immediately preceding twelve months, or average retail price of last five years, whichever is lower:

Provided that such order for regulating stock limit shall not apply to a processor or value chain participant of any agricultural produce, if the stock limit of such person does not exceed the overall ceiling of installed capacity of processing, or the demand for export in case of an exporter: 10

Provided further that nothing contained in this sub-section shall apply to any order, relating to the Public Distribution System or the Targeted Public Distribution System, made by the Government under this Act or under any other law for the time being in force. 15

*Explanation.*—The expression "value chain participant", in relation to any agricultural product, means and includes a set of participants, from production of any agricultural produce in the field to final consumption, involving processing, packaging, storage, transport and distribution, where at each stage value is added to the product.' 20

Repeal and savings.

**3.** (1) The Essential Commodities (Amendment) Ordinance, 2020 is hereby repealed. Ord. 8 of 2020.

(2) Notwithstanding such repeal, anything done or any action taken under the Essential Commodities Act, 1955, as amended by the said Ordinance, shall be deemed to have been done or taken under the corresponding provisions of the said Act as amended by this Act. 10 of 1955. 25

## STATEMENT OF OBJECTS AND REASONS

The Essential Commodities Act, 1955 (10 of 1955) was enacted to regulate the production, supply and distribution of, and trade and commerce in, certain commodities which are declared as essential commodities and specified in the Schedule to that Act.

2. While India has become surplus in most agricultural commodities, farmers have been unable to get better prices due to lack of investment in cold storage, warehouses, processing and export as entrepreneurs get discouraged by the regulatory mechanisms in the Essential Commodities Act, 1955. A High Powered Committee of Chief Ministers who examined this issue, recommended removal of stringent restrictions on stock, movement and price control of agricultural foodstuffs for attracting private investments in agricultural marketing and infrastructure.

3. Due to COVID19 pandemic, the economy had been adversely affected leading to unemployment and slowdown. The agriculture sector has the potential of making significant contribution to economic growth and therefore, to boost immediate investment in this sector, increase competition and enhance farmers' income, there was a need to create an environment based on ease of doing business and for removing the fear of frequent statutory controls under the Essential Commodities Act.

4. As Parliament was not in session and there was an immediate need for legislation in this regard, the Essential Commodities (Amendment) Ordinance, 2020 was promulgated by the President of India on the 5th day of June, 2020 under clause (1) of article 123 of the Constitution.

5. The Essential Commodities (Amendment) Bill, 2020 which seeks to replace the Essential Commodities (Amendment) Ordinance, 2020 (Ord.8 of 2020) provides in the newly inserted sub-section (IA) to section 3 that notwithstanding the provisions of sub-section (I),—

(a) the supply of such agricultural foodstuff as are notified by the Central Government shall be regulated only under extraordinary circumstances which may include war, famine, extraordinary price rise and natural calamity of grave nature;

(b) any action for imposing stock limit shall be based on price rise, subject to the conditions and exemptions specified therein.

6. The Bill seeks to replace the aforesaid Ordinance.

NEW DELHI;  
*The 17th August, 2020.*

RAM VILAS PASWAN.

LOK SABHA

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further to amend the Essential Commodities Act, 1955.

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*(Shri Ram Vilas Paswan, Minister of Consumer Affairs, Food and Public Distribution)*