

PARLIAMENT PASSES THE ESSENTIAL COMMODITIES (AMENDMENT) BILL, 2020

Relevant for: Indian Economy | Topic: Agriculture Issues and related constraints

The Essential Commodities (Amendment) Bill 2020 with provisions to remove commodities like cereals, pulses, oilseeds, edible oils, onion and potatoes from the list of essential commodities was passed by Rajya Sabha today. Earlier, the bill was introduced by the Minister of State for Consumer Affairs, Food & Public Distribution, Shri Danve Raosaheb Dadarao in the Lok Sabha on 14th September, 2020 to replace ordinances promulgated on 5th June 2020. The bill was passed by Lok Sabha on 15th September, 2020.

The EC (Amendment) Bill 2020 aims to remove fears of private investors of excessive regulatory interference in their business operations. The freedom to produce, hold, move, distribute and supply will lead to harnessing of economies of scale and attract private sector/foreign direct investment into agriculture sector. It will help drive up investment in cold storages and modernization of food supply chain.

The Government, while liberalizing the regulatory environment, has also ensured that interests of consumers are safeguarded. It has been provided in the Amendment, that in situations such as war, famine, extraordinary price rise and natural calamity, such agricultural foodstuff can be regulated. However, the installed capacity of a value chain participant and the export demand of an exporter will remain exempted from such stock limit imposition so as to ensure that investments in agriculture are not discouraged.

Replying to the discussion on the Bill before it was passed by the Rajya Sabha today, Minister of States for Consumer Affairs, Food & Public Distribution Shri Danve Raosaheb Dadarao said that this amendment is required to prevent wastage of agri-produce due to lack of storage facilities. He said this amendment will create a positive environment not only for farmers but also for consumers and investors and will definitely make our country self-reliant. He said that this amendment will strengthen the overall supply chain mechanism of the agriculture sector. This amendment will also help to achieve the government's promise to double the farmer's income by promoting investment in this sector and promote ease of doing business.

Background:

While India has become surplus in most Agri-commodities, farmers have been unable to get better prices due to lack of investment in cold storage, warehouses, processing and export as the entrepreneurial spirit gets dampened due to Essential Commodities Act. Farmers suffer huge losses when there are bumper harvests, especially of perishable commodities. The legislation will help drive up investment in cold storages and modernization of food supply chain. It will help both farmers and consumers while bringing in price stability. It will create competitive market environment and also prevent wastage of agri-produce that happens due to lack of storage facilities.

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