

The Essential Commodities (Amendment) Act, 2020



- **Summary:** Lok Sabha passed the The Essential Commodities (Amendment) Bill, 2020 (“ECA, 2020”) on 15 September 2020 and Rajya Sabha passed the bill on 22 September 2020. The President gave assent to the Bill on 26 September 2020 and the Ministry of Law and Justice notified the Act on 27 September 2020.
- **Objective:** The stated aim for the Act is to encourage private investments in agricultural marketing and infrastructure by limiting restrictions on stock, movement and price control of agricultural foodstuffs.
- **Amendment:** The Act amends section 3 of the Essential Commodities Act, 1955.
- **Limitation on intervention:** Government may regulate the supply of notified foodstuffs only under extraordinary circumstances. Extraordinary circumstances include war, famine, extraordinary price rise and natural calamity. Government may impose a stock limit based on price rise above a certain limit.
- **Price rise:** Government can only intervene if
 - a) there is a hundred per cent increase in the retail price of horticultural produce;
 - b) or a fifty per cent increase in the retail price of non-perishable agricultural foodstuffs.
- **Scope of intervention:** These stock limits will not apply to a “processor or value chain participant” if the stock-limit is within the installed capacity of processing, or the export demand. It also does not apply to the Public Distribution System.