

Essential Commodities Act

September 16, 2020

Essential Commodities Act aims to provide, in the interest of the general public, for the **control of the production, supply and distribution of, and trade and commerce, in certain commodities**. If the Central Government is of opinion that it is necessary or expedient so to do for maintaining or increasing supplies of any essential commodity or for securing their equitable distribution and availability at fair prices, it may, by order, provide for **regulating or prohibiting the production, supply and distribution** thereof and trade and commerce therein.

Features of the Act

- The EC Act was legislated at a time when the country was facing scarcity of foodstuffs due to persistent abysmal levels of foodgrain production. **The country was dependent on imports and assistance** (such as wheat import from US under PL-480) to feed the population.
- In this scenario, to **stop the hoarding and black marketing of foodstuffs**, The Essential Commodities Act was enacted in 1955.
- There is **no specific definition of essential commodities** in The EC Act. Section 2(A) of the act states that an “essential commodity” means a commodity specified in the Schedule of this Act.
- The Act gives **powers to the central government to add or remove a commodity** in the Schedule.
- At present, the Schedule contains 9 commodities – drugs; fertilisers; foodstuffs, including edible oils; hank yarn made wholly from cotton; petroleum and petroleum products; raw jute and jute textiles; seeds of food-crops and seeds of fruits and vegetables, seeds of cattle fodder, jute seed, cotton seed; face masks; and hand sanitisers.

Amendment Ordinance, 2020

- The Ordinance provides that the central government may regulate the supply of certain food items including cereals, pulses, potato, onions, edible oilseeds, and oils, **only under extraordinary circumstances**. These include: **war, famine, extraordinary price rise and natural calamity of grave nature**.
- The Ordinance requires that imposition of any stock limit on certain specified items must be based on price rise. A **stock limit** may be imposed **only if there is: 100% increase in retail price of horticultural produce; and 50% increase in the retail price of non-perishable agricultural food items**.

The provisions of the Ordinance regarding the regulation of food items and the imposition of stock limits will **not apply to any government order relating to the Public Distribution System or the Targeted Public Distribution System**.