

Bill Summary

The Essential Commodities (Special Provisions and Punjab Amendment) Bill, 2020

- The Essential Commodities (Special Provisions and Punjab Amendment) Bill, 2020 was introduced in and passed by the Punjab Assembly on October 20, 2020. The Bill amends two central Acts, the Essential Commodities Act, 1955, and the Essential Commodities (Amendment) Act, 2020, in their application to the state of Punjab. It seeks to empower the state government to control production, supply, and distribution of essential commodities. The Bill will override any other law currently in force.
- **Production, supply and distribution of essential commodities:** The 1955 central Act empowers the central government to control the production, supply, distribution, storage, and trade of essential commodities. These commodities include: (i) medicines, (ii) fertilisers, (iii) foodstuff, including edible oilseeds and oil, (iv) petroleum products, (v) seeds of food crops, and cattle fodder, and (vi) masks and hand sanitisers.
- The 2020 central Act empowers the central government to regulate the supply of certain food items (as may be notified), including cereals, pulses, potato, onions, edible oilseeds, and oils, only under extraordinary circumstances. Such circumstances include: (i) war, (ii) famine, (iii) extraordinary price rise, and (iv) natural calamity of grave nature. Further, the 2020 central Act specifies that stock limits should be imposed on agricultural produce only based on price rise. A stock limit may be imposed only if there is: (i) a 100% increase in the retail price in case of horticultural produce, or (ii) a 50% increase in the retail price in case of non-perishable agricultural food items. The increase will be calculated over the price prevailing twelve months ago, or the average retail price of the last five years, whichever is lower.
- The Bill provides that the state government will also have the powers to: (i) regulate the production, supply, and distribution of essential commodities, and (ii) impose stock limits, under certain extraordinary circumstances. Such circumstances include: (i) famine, (ii) price rise, (iii) natural calamity, or (iv) any other situation.
- Further, the state government may also issue directions or notify Rules to give effect to provisions of the Bill.
- **Special provisions for Punjab:** The Bill provides that the Punjab Agricultural Produce Markets Act, 1961 will continue to apply in Punjab, as it did prior to the enactment of the 2020 central Act (i.e. June 4, 2020). Further, all notices issued by the central government or any authority under the 2020 central Act will be suspended. Also, no punitive action will be taken for any violation of the provisions of the 2020 central Act.

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