

Benefits:

- **Promotion of Contract Farming:** The bill empowers farmers for engaging with processors, wholesalers, aggregators, wholesalers, large retailers, exporters etc without any fear of exploitation.
- **Addressing Agricultural Risks:** The legislation will transfer the risk of market unpredictability from the farmer to the sponsor.
- **Agriculture Modernization:** The bill enables the farmer to access modern technology and better inputs. This is of paramount importance for ensuring food security while practicing sustainable agriculture.
- **Attracting Private Investors in Agriculture:** The legislation will help attract private sector investment for building supply chains for supply of Indian farm produce to national and global markets, and in agricultural infrastructure.
- **Removal of Intermediaries:** The legislation will enable farmers to engage in direct marketing thereby eliminating intermediaries. This will help in full realization of price for farmers thus augmenting their income.
- **Promotion of Farmer Producer Organization (FPO):** The bill promotes the creation of FPO on a large scale and will help in creating a farmer-friendly environment for contract farming where small players can benefit.

Essential Commodities (Amendment) Bill, 2020

It amends the Essential Commodities Act, 1955.

Aim: To increase competition in the agriculture sector and enhance farmers' income. It also aims to remove fears of private investors of excessive regulatory interference in their business operations

Need for the Bill:

The Economic survey (2019-20) describes the Essential Commodities Act (ECA) as anachronistic and scarcity-era legislation irrelevant today.

- It discourages private investment in storage facilities as the ECA can put stock limits on any trader, processor or exporter.
- 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.
- It also leads to inflation in the lean season caused by distress selling due to lack of warehousing and storing facilities.

Key Features:

- **Regulation on food items:** Under the Essential Commodities Act, 1955, the Government regulates the production, supply and distribution of certain commodities it declares 'essential' in order to make them available to consumers at fair prices. The bill removes