

WEAKENING THE ESSENTIAL COMMODITIES ACT

A few months ago the whole sale traders observed a nationwide bundh in order to protest against the decision of the government to extend the life of the Essential Commodities Act (ECA). The traders were of the opinion that the ECA has outlived its purpose, and in a liberalized economy, there was no need for regulating production, distribution and supply of essentials commodities.

However the government went ahead with its decision to repeal the ECA, but bowing to the pressures of the trades lobby, it has come out with some amendments to be incorporated in the ECA. The draft amendments have been circulated among trade association, chambers of commerce and consumer groups to elicit opinions.

Though the proposed amendments do not change the basic structure, some of them will dilute the ECA which needs to be avoided, particularly in the interests of the consumers. The ECA was enacted with the objective of:

- (a) controlling the production, supply and distribution of essential commodities
- (b) check inflationary trends in prices and
- (c) To ensure equitable distribution of essential commodities.

In order to achieve these objectives the government has been empowered to regulate essential commodities and to declare any commodity ad 'essential'. At present some 10 groups of items have been classified as essential commodities, which include food grains, edible oils, drugs etc. The bill proposes to delete parts and accessories of automobile from the list.

At present all offences and violation of the provision of the ECA is viewed seriously and are made cognizable and non-bailable. But the draft amendment seeks to make a distinction between non-bailable and bailable offences. The traders associations have demanded that all offences to be made bailable.

If the objective of the ECA is to be achieved the existing provisions should be retained. As it is, a large number of offences are being reported and if the offences are made bailable there is the likelihood of increase in the number of offences. This will once again weaken the ECA.

Perhaps the best part of the proposed amendment relates to punishment to erring officials under the ECA. It is needless to explain that traders have been unnecessarily harassed by the officials for obvious reasons. The bill provides that officer, if proved guilty in a court of law, will be punished for harassing the traders. Both the traders and consumers will welcome this amendment.

Similarly, the power of the officials under the ECA is proposed to be reduced. In future the officials will have to take the permission of the First Class Magistrate or its equivalent before making entry, examination or seizure of commodities from a trader. In addition, the official is expected to produce a copy of the order of permission taken from the Magistrate.

The proposal to reduce the period of imprisonment from 7 to 2 years and also reduction in the amount of fine by almost 50 per cent will certainly dilute the ECA and will be against the interests of the consumers. It is easy for any trader to pay Rs. 5,000 for an offence and get away with it. Instead the quantum of fine should be increased to an extent that the trader would not indulge in hoarding or black marketing in future. Similarly there is no need to reduce the period of imprisonment, whatever may be the pressures from the trading community.

The essential commodities seized under the ECA are to be sold by the officials through Fair Price Shops (FPS) or in public auction. The draft bill would like to introduce other agencies to sell the commodities. Considering the fact that every state government has a good infrastructure like the Food and Civil Supplies Corporation, the seized commodities must be sold only through the FPS.

In case public auction is resorted to, the very purpose of confiscation would be lost. For, the trader from whom the commodities are seized may repurchase and sell it at a higher price, which he wanted to before confiscation. Similarly the draft proposes to include a provision through which the traders will be given first preference for purchasing the seized commodities.

This amendment, if introduced, will once again defeat the purpose of ECA. The seized commodities must be made available to the consumers at prices fixed by the government and the trader should not have any role in this transaction.

The other points which the proposed amendment should include are display of stock of various commodities, selling price of the commodities etc., though certain rules are provided for these issues, they are not implemented to make violation of this provision punishable, is needed.
