

Bill No. 226 of 2019

THE ESSENTIAL COMMODITIES (AMENDMENT) BILL, 2019

By

DR. SANJAY JAISWAL, M.P.

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BILL

further to amend the Essential Commodities Act, 1955.

BE it enacted by Parliament in the Seventieth Year of the Republic of India as follows:—

1. (1) This Act may be called the Essential Commodities (Amendment) Act, 2019.

Short title and
commencement.

(2) It shall come into force on such date as the Central Government may, by notification
5 in the Official Gazette, appoint.

Amendment of section 3. **2.** In section 3 of the Essential Commodities Act, 1955 (hereinafter referred to as the principal Act), in sub-section (3C), after the second proviso, the following proviso shall be inserted, namely:— 10 of 1955.

"Provided also that the Central Government or a State Government or an officer or agent of such Government or any other person or class of persons shall make full payment to the producer within a period of fifteen days of the delivery of the sugar of any kind." 5

Amendment of section 7. **3.** In section 7 of the principal Act, after sub-section (3), the following sub-section shall be inserted, namely:—

"(3A) Notwithstanding anything in this section, if any person or class of persons fails to pay full amount to the producer within the stipulated time as prescribed under sub-section (3C) of section 3, he shall be punished with an imprisonment for a term not less than five years and fine which shall not be less than ten lakh rupees but which may extend upto two hundred per cent. of the payment due to the producer." 10

STATEMENT OF OBJECTS AND REASONS

The Essential Commodities Act, 1955 provides that if a producer of any kind of sugar is required to sell his sugar to the Central Government or a State Government or to an officer or agent of such Government or to any other persons or class of persons, such producer is entitled to be paid such amount as may be determined by the Central Government taking into consideration a number of factors like the fair and remunerative price, manufacturing cost of sugar, etc. However, it has been observed that either the payment is not made to the producer or is made in piecemeal. Such situation leads to economic distress of the sugarcane producers.

Sugarcane farmers in the country often suffer on account of delayed payment for their produce with the arrears running into thousands of crores. It is important to fix liability and ensure timely payment for the welfare of the farmers.

Therefore, it is necessary to amend the Essential Commodities Act, 1955 with a view to—

- (a) put on obligation on the person or class of persons purchasing sugar from the producer to make full payment of purchase of sugar within the stipulated time; and
- (b) impose penalty on person or class of persons who fails to pay the full amount of purchase of any kind of sugar to the producer within the stipulated time.

Hence this Bill.

NEW DELHI;
June 28, 2019.

SANJAY JAISWAL

ANNEXURE

EXTRACTS FROM THE ESSENTIAL COMMODITIES ACT, 1955

(10 OF 1955)

	*	*	*	*
Powers to control production, supply, distribution, etc., of essential commodities.	3. (1) *		*	*
	(2) *		*	*
	(3) *		*	*

(3C) Where any producer is required by an order made with reference to clause (f) of sub-section (2) to sell any kind of sugar (whether to the Central Government or to a State Government or to an officer or agent of such Government or to any other person or class of persons) whether a notification was issued under sub-section (3A) or otherwise, then, notwithstanding anything contained in sub-section (3), there shall be paid to that producer only such amount as the Central Government may, by order, determine, having regard to—

(a) the fair and remunerative price, if any, determined by the Central Government as the price of sugarcane to be taken into account under this section;

(b) the manufacturing cost of sugar;

(c) the duty or tax, if any, paid or payable thereon; and

(d) a reasonable return on the capital employed in the business of manufacturing or sugar:

Provided that the Central Government may determine different prices, from time to time, for different areas or factories or varieties of sugar:

Provided further that where any provisional determination of price of levy sugar has been done in respect of sugar produced up to the sugar season 2008-2009, the final determination of price may be undertaken in accordance with the provisions of this sub-section as it stood immediately before the 1st day of October, 2009.

Explanation I.—For the purposes of this sub-section,—

(a) "fair and remunerative price" means the price of sugarcane determined by the Central Government under this section;

(b) "manufacturing cost of sugar" means the net cost incurred on conversion of sugarcane into sugar including net cost of transportation of sugarcane from the purchase centre to the factory gate, to the extent it is borne by the producer;

(c) "producer" means a person carrying on the business of manufacturing sugar; and

(d) "reasonable return on the capital employed" means the return on net fixed assets plus working capital of a producer in relation to manufacturing of sugar including procurement of sugarcane at a fair and remunerative price determined under this section.

Explanation II.—For the removal of doubts, it is hereby declared that the expressions "fair and remunerative price" referred to in clause (a), "manufacturing cost of sugar" referred to in clause (b) and "reasonable return on the capital employed" referred to in clause (d), of this sub-section do not include the price paid or payable

under any order or any enactment of any State Government and any price agreed to between the producer and the grower or a sugarcane growers' co-operative society.

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7. (1) If any person contravenes any order made under Section 3,— Penalties.

(a) he shall be punishable,—

* * * *

(3) Where a person having been convicted of an offence under sub-section (1) is again convicted of an offence under that sub-section for contravention of an order in respect of an essential commodity, the court by which such person is convicted shall, in addition to any penalty which may be imposed on him under that sub-section, by order, direct that that person shall not carry on any business in that essential commodity for such period, not being less than six months, as may be specified by the Court in the Order.

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further to amend the Essential Commodities Act, 1955.

(Dr. Sanjay Jaiswal, M.P.)