



Soya Meal as an Essential Commodity

For Prelims: Essential Commodity, Essential Commodities Act

For Mains: Issues Related to Essential Commodities Act 1955

Why in News

Recently, the government has notified, under the **Essential Commodities Act 1955**, to declare 'soya meal' as an essential commodity up to 30th June, 2022.

- This step is **expected to stop any unfair practises** (like **hoarding, black marketing** etc) in the market having the **potential to hike the prices of soya meal**.
- This will also enhance the **availability of the commodity for consumers** like poultry farms and cattle feed manufacturers.

Key Points

- **About Soybean Meal:**
 - Soybean meal is the **most important protein source** used to feed farm animals. It is also used for human consumption in some countries.
 - It represents nearly **two-thirds of the total world output** of protein feedstuffs, including all other major oil meals and fish meals.
 - Soybean meal is the **by-product of the extraction of soybean oil**.
- **About Essential Commodities Act 1955:**
 - **Background:** The ECA Act 1955, was legislated at a time when the country was facing a scarcity of foodstuffs due to persistent low levels of foodgrains production.
 - The country was dependent on imports and assistance (**such as wheat import form the US under PL-480**) to feed the population.
 - To prevent hoarding and black marketing of foodstuffs, the Essential Commodities Act was enacted in 1955.
 - **Essential Commodity:** There is **no specific definition of essential commodities** in the Essential Commodities Act, 1955.
 - **Section 2(A)** states that an “essential commodity” means **a commodity specified in the Schedule of the Act**.
 - **Legal Jurisdiction:** The Act gives powers to the central government to add or remove a commodity in the Schedule.
 - The Centre, if it is satisfied that it is necessary to do so in public interest, can notify an item as essential, in consultation with state governments.
 - **Objective:** The ECA 1955 is used to **curb inflation** by allowing the Centre to enable control by state governments of trade in a wide variety of commodities.
 - **Implementing Agency:** The Ministry of Consumer Affairs, Food and Public Distribution, implements the Act.
 - **Impact:** By declaring a commodity as essential, the government can control the production, supply, and distribution of that commodity, and impose a stock limit.

▪ **Issues Related to Essential Commodities Act 1955:**

- The [Economic Survey 2019-20](#) highlighted that government intervention under the ECA 1955 often distorted agricultural trade while being totally ineffective in curbing inflation.
 - Such intervention does enable opportunities for rent-seeking and harassment. Rent-seeking is a term used by economists to describe unproductive income, including from corruption.
- Traders tend to **buy far less than their usual capacity and farmers often suffer huge losses during surplus harvests of perishables.**
- This led to farmers being unable to get better prices due to **lack of investment in cold storage, warehouses, processing and export.**
- Owing to these issues, the Parliament passed the [Essential Commodities \(Amendment\) Bill, 2020](#). However, due to farmers' protest the Government had to repeal this law.

Way Forward

- The ECA 1955 was brought when India was not self-sufficient in food grains production. However, now **India has become surplus in most agri-commodities**, and the amendments in the ECA 1955 is an important step by the government to achieve its target of doubling farmers' income and also for ease of doing business.

Source: PIB

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