

FOURTH REPORT
STANDING COMMITTEE ON FOOD,
CIVIL SUPPLIES
AND PUBLIC DISTRIBUTION
(1994-95)

TENTH LOK SABHA

CONSUMER PROTECTION



Presented to Lok Sabha on 23 AUG 1994

Laid in Rajya Sabha on _____

LOK SABHA SECRETARIAT
NEW DELHI

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**COMPOSITION OF THE STANDING COMMITTEE ON FOOD,
CIVIL SUPPLIES AND PUBLIC DISTRIBUTION
(1994-95)**

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Shri Shyam Bihari Misra

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38. Shri Ramendra Kumar Yadav 'Ravi'
- †39. Shri Kanaksinh Mohansinh Mangrola
- 40. Smt. Chandra Kala Pandey
- §41. Smt. Vyjayantimala Bali

Secretariat

1. Shri S. C. Gupta — *Joint Secretary*
2. Shri T. R. Sharma — *Deputy Secretary*
3. Shri K. L. Anand — *Under Secretary*

† Nominated to the Committee w.e.f. 9.5.94

● Nominated to the Committee w.e.f. 23.6.94

§ Nominated to the Committee w.e.f. 29.7.94

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Civil Supplies & Public Distribution (1994-95) having been authorised by the Committee to submit the report on their behalf, present this Fourth Report on Consumer Protection.

2. The subject was selected for examination by the Committee (1993-94) which after considering the preliminary material, written notes and other detailed information took evidence of the representatives of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution on 4 and 5 January, 1994. The Committee also heard the views of Consumer organisations and some experts concerned with the subject on 1 October, 1993. The Committee considered and adopted the Report on 2 March, 1994. Before the Report could be presented to the House, the Committee's term ended on 7 April, 1994 and the Committee was reconstituted on 8 April, 1994.

3. The Report was considered and adopted by the Committee(1994-95) at their sitting held on 13 July, 1994.

4. The Committee would like to place on record their appreciation of the work done by the Committee (1993-94) by taking evidence, obtaining valuable information on the subject and finalising the Report. The composition of the Committee (1993-94) is given at Annexure.

5. The Committee wish to express their thanks to the officers of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution for placing before them the material on the subject and furnishing the information desired in connection with the examination of subject. The Committee also wish to express their thanks to various organisations and the experts who appeared and placed their considered views before the Committee on the subject.

6. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

SHYAM BIHARI MISRA,
CHAIRMAN,
STANDING COMMITTEE ON
FOOD, CIVIL SUPPLIES &
PUBLIC DISTRIBUTION

NEW DELHI;
25 July, 1994
3 Sravana, 1916 (Saka)

REPORT

Introductory

Consumer movement is a social movement which seeks to protect the rights of the consumer in relation to the seller. Government has accorded a high priority to the programme of consumer protection with the following objectives :

- (i) To develop a strong and broad based consumer movement in the country particularly at the grass root level;
- (ii) To provide simple, quick and inexpensive redressal to consumer grievances;
- (iii) To generate awareness amongst consumers about their rights and to educate them to exercise them;
- (iv) To involve and motivate various sections of the society such as consumer organisations, trade and industry, women, students etc. to participate in this programme and to make voluntary efforts to protect their interests.

2. To achieve these objectives and for the development of a strong and broad based consumer movement the Government have placed a lot of emphasis on the consumer awareness programme, speedy redressal of consumer grievances, financial assistance to consumer organisations, training programmes in the field of consumer protection, evaluation and testing of consumer products and services, strengthening of existing laboratories and encouragement for setting up of new laboratories by voluntary consumer organisations.

3. The Government have also initiated a number of legal and administrative steps to promote a responsible and responsive consumer movement in the country. Such measures include enactment, amendment and enforcement of the Consumer Protection Act, 1986, and other relevant laws, organisation of National and State level conventions, institution of National awards for consumer organisations, youth awards and women awards and use of mass media in developing consumer awareness programme etc.

Role of Voluntary Organisations

4. Voluntary consumer organisations, which are the back bone of the consumer movement are coming up in the field. Most of them are financially weak and are not able to undertake any worthwhile programme. By the very nature of their work, these organisations are not expected to

go to business houses for raising money. To meet this situation, the Department has started a scheme to train and give aid to consumer organisations from the year 1990-91. Due to limited funds, only few organisations could be covered under this scheme. To sustain the consumer movement on a strong footing, increased coverage of voluntary organisations has been envisaged during the 8th Plan period. Under the scheme, consumer organisations are provided with financial assistance upto a maximum of Rs. 25,000/- (on 75% grant basis). A budget provision of Rs. 20 lakhs per annum has been proposed for this purpose.

5. When asked about the number of organisations covered and the money given to them, the Secretary of the Ministry stated:

“In 1991-92, 23 organisations benefited. The total amount given to them was Rs. 1.8 lakhs. In 1992-93, 13 organisations benefited and the total amount was Rs. 1.6 lakhs. In 1993-94, so far 11 organisations have benefited and the total amount given is Rs. 2.25 lakhs.”

6. The actual number of organisations in the last three years has been ranging between 500 to 600.

7. The Committee were informed that most of the activities of these voluntary organisations are confined to cities, towns and semi-urban areas and the movement is yet to take a firm root in rural areas. In a written reply the Ministry informed that they have not compiled information about status of consumer organisations *i.e.*, whether it is urban or rural based. When asked, during evidence, as to how aid is given to the organisations working in rural areas, the Secretary stated:

“We have given money to many branches in rural areas which have got their headquarters in metropolitan cities.”

8. During evidence, the non-official witness stated that consumer organisations must be established and assisted by State Governments in rural areas. The witness also suggested that consumer organisations could be assisted on the basis of matching grant with the Centre providing 50% of the requisite funds.

Training Programme

9. The Ministry in a note furnished to the Committee stated that most of the consumer organisations are working in an unorganised manner. People are unaware of various concepts of consumer protection and there is a dearth of volunteers in the field. For a strong and broad based consumer movement multi-pronged efforts are being made with the participation of all sections of the society.

10. When asked during evidence as to whom training is being imparted, the representative of the Ministry stated:

“We have a three-pronged approach to the training programmes.

Firstly, training programme is conducted for the voluntary consumer organisations. The second series of training programme is for the non-judicial members of the consumer court and third is for the State Government officials in various departments to inculcate a broad feel of consumer protection movement."

11. Elaborating on the training programmes conducted for voluntary organisations, the representative of the Ministry stated:

"Every year we are conducting 5 to 7 training programmes of voluntary consumer organisations in various regions. We have organised these in collaboration with State Governments concerned and also the programmes are undertaken in one of the State Government or the Central Government training institutions like NIRD in Hyderabad or IIPA in Delhi or the State Administrative Training Institutions in various places like Shillong etc."

12. The representative added:

"The training of non-judicial members has been entrusted to IIPA, Delhi. IIPA is conducting these training programmes in close collaboration with National Commission and also with the Central Government."

13. Training programmes for voluntary consumer organisations are conducted on a regional basis depending on the response received. Financial assistance was made available to the institutions and the Ministry conducted these training programmes in collaboration with the States and some consumer activists.

14. The Ministry has also imparted training to non-judicial persons working in various states and district forums. The First training programme for non-judicial members was conducted from 12th July, 1993 to 16th July, 1993 which was attended by 33 participants, primarily from three States only viz. Uttar Pradesh, Haryana and Delhi. The Second programme was conducted from 20th Dec., 93 to 24th Dec., 93 and attended by 37 participants from 8 states viz. Delhi, Punjab, Assam, Gujarat, Maharashtra, Haryana, Rajasthan and A & N Islands. In future such programmes will be conducted by IIPA every year and the funds for this training will be provided by the Ministry.

15. Commenting upon the response received to these training programmes the representative of the Ministry informed the Committee that so far two training programmes had been organised and the response received was overwhelming. In each training programme 30 to 35 members were imparted training, depending on the availability of hostel facilities in IIPA. Sometimes, even double the number of nominations are being received from the State Governments and the IIPA are satisfied about the feed back they have received from the non-judicial members.

16. The representative of the Ministry added that they have requested the IIPA to also conduct training programmes in regional languages in collaboration with other training institutions.

17. The Committee were informed that the non-judicial members who have atleast one or two years of their tenure left would be trained and in future training will be made compulsory for all non-judicial members. All these non-judicial members will be imparted training within two or three months of their appointment. So far three programmes for State Government officials, two for non official members and seven for voluntary consumer organisations were conducted. The training programme for Eastern and North-Eastern, Western, Southern and Northern States were conducted in Shillong, Pune, Hyderabad and Jaipur, respectively.

Aid for Consumer Awareness

18. The main thrust of the activities for consumer protection was to ensure that Government act as a catalytic agent by providing administrative, legal and technical infrastructure for development of a strong voluntary consumer movement. Since 1986 Government are organising seminars/conferences on matters relating to consumer protection. A sum of Rs. 133 lakh (Rs. 100 lakh under Plan and Rs. 33 lakh under non-plan head) was made available during the year 1992-93 and Rs. 65 lakh was released for consumer consciousness. During the year 1993-94, a budget estimate of Rs. 136 lakh (Rs. 100 lakh for Plan and 36 lakh for non-plan) was made. The programme of consumer consciousness was also undertaken during the year 1993-94.

19. In 1992, financial assistance of Rs. 3.3 lakhs was given to 5 States viz. Sikkim, Haryana, Tamil Nadu, Orissa and Arunachal Pradesh. In 1993-94, an assistance of Rs. 5.50 lakhs has been given to 13 States/UTs viz. U.P., Lakshadweep, Madhya Pradesh, West Bengal, Nagaland, Karnataka, Bihar, Gujarat, Sikkim, Goa, Meghalaya, Chandigarh and Punjab.

20. The financial assistance is restricted in each case to a ceiling of Rs. 40,000/-. The excess expenditure, if any, is to be borne by the State Governments themselves.

21. The Ministry in a note furnished to the Committee stated that the ceiling of Rs. 40,000/- is in view of the small budget provided to the Ministry for the consumer protection programme. A sum of Rs. 5 lakh (approximately) is kept for such financial assistance to the State Governments every year.

22. The representative of the Ministry during evidence informed the Committee that till 1992, the grant of financial assistance was confined only to seminars. From the last year, the scope of this assistance has been enhanced and now not only seminars but any kind of awareness programme, including street corner meetings, workshops, printing of literature

have been included. More states are now coming forward. There is a demand to increase the assistance from the present level of Rs. 40,000. The Ministry are examining the proposal to increase the maximum limit to Rs. one lakh.

23. Paucity of funds has hindered the consumer movement in the country. The States and UT administrations implementing the scheme under Consumer Protection Programme, have made a forceful plea for resource mobilisation. When asked during evidence as to how Central Government propose to solve this problem the witness stated:

“We have been trying to get the support of Planning Commission for the State Governments. It is the question of funding and the State Governments have been telling that they have the problems of funds. So we have taken up with the Planning Commission but not successfully. The Planning Commission has stated that it has got to go on the non-plan side and no money will be provided for the plan side. We are exhorting the State Governments to devote a reasonable percentage to this very important movement. The State Governments and the Ministry will have to have money on the non-plan side.”

24. The Committee were informed that in the current year on the non-plan side, a provision of Rs. one crore for consumer awareness programme has been made. Out of this Rs. 50 lakhs have already been spent. More funds are now in the pipeline and the State Governments have also been requested to put reasonable percentage of their budget for consumer movement.

25. Elaborating the point further the Secretary stated:

“The Hon'ble Minister has written to the Finance Minister of the States saying that this (Budget provision) may be kept in view at the time of preparation of the Budget. So, we now have the Central Govt. money, the State Govt. money and we are trying to get more money committed to both the Central Government and the State Government. This is the scenario.”

26. When asked to provide break-up of the amount of money allotted to different States for the purpose, the Ministry in a note furnished to the Committee stated:

“It was ascertained from National Capital Territory of Delhi that they had allocated Rs. 4.35 lakhs for consumer protection programme and Rs. 19.77 lakhs for the State Commission and District Fora during 1992-93. Allocation in respect of other State Governments are not available with the Ministry.”

Pendency Position in Consumer Courts

27. Under the provision of Consumer Protection Act, the Consumer Courts are required to decide a case within a period of three months.

However, where the goods are sent for test and analysis to an appropriate laboratory, a period of five months has been prescribed.

28. District Forums have been set up in 455 districts, out of 483 districts in 1993. The figures for 1990, 1991 and 1992 being 234, 350 and 447 respectively. All the States have constituted State Commissions which are functional. One National Commission with principal bench is functioning in Delhi.

29. The position of cases filed, disposed off, dismissed due to technical reasons etc. in respect of State Commissions and the district fora since inception is as follows:

State Commissions

| | |
|--|--------|
| 1. Total no. of cases including appeals filed in the state commission | 32429 |
| 2. Percentage of cases including appeals disposed off | 45.46% |
| 3. Percentage of cases dismissed due to technical reasons including appeals (out of decided cases) | 16.08% |
| 4. Decided within 90/150 days | 31.69% |

District Fora

| | |
|--|--------|
| 1. Total no. of cases filed | 321610 |
| 2. Percentage of cases disposed off | 58.51% |
| 3. Percentage of cases dismissed due to technical reasons (out of decided cases) | 17.23% |
| 4. Percentage of cases decided within 90/150 days | 40.05% |

30. Asked about the arrangement where there is no District Forum, the representative of the Ministry stated during evidence:

“Wherever there are part-time fora functioning, the Supreme Court has decided that by 6th of January, all part-time courts should be converted into full time courts. This process is on and wherever the number of cases has not exceeded a particular number *i.e.*, 150, as specified by the Supreme Court, they have directed that the State Governments, may in consultation with Central Government appoint the group districts together and notify the same District Forum for more than one district.”

31. Due to lack of infrastructure facilities relating to staff, accommodation and paucity of funds even for the purchase of postal stamps etc. the working of the fora has been hampered and the progress of disposal is slow. During evidence the Secretary added:

“The factors which have contributed to this tendency at

different levels in different fora would be the non-filling up of vacancies...plus lack of adequate staffing, a number of adjournments, absence of parties.”

32. In as subsequent note the Ministry supplemented with the following information:

“It was observed that “frequent adjournment” was the major factor contributing to delays. In some States constraints of accommodation, stenographic assistance and part-time functioning of the courts were also contributory factors. In order to streamline the working, the Presiding Officers have been directed by the National Commission not to grant more than one adjournment under any circumstances. The State Governments will now be regularly monitoring disposal of cases in the consumer courts.”

33. The Supreme Court has recently made some observations regarding staffing pattern, budget etc. of consumer courts. The following points emerged out of the directives of the Supreme Court which were communicated to State Governments/UT administrations.

- (i) The minimum staff for State Commission should comprise of one Registrar/Secretary, one Assistant/Reader, two stenographers, 2 LDCs and two peons.
- (ii) Similarly the minimum staff for District Fora should comprise of one stenographer, two LDCs and two peons.
- (iii) A full time staff car, telephone and a photocopier have been recommended for all the State Commissions.
- (iv) The Presidents of State Commission and District Fora should be declared as Head of the Office and funds may be placed at their disposal for meeting day to day expenses including an imprest amount of at least Rs. 1000/-.

34. The Supreme Court has also issued directions to the State Governments to set up full time District Fora by January, 1994. The States are taking action on the directions of the Supreme Court. Situation is likely to improve once the directions of Supreme Court are implemented by State Governments/UT Administrations. The Ministry has stated that in some States like Karnataka, Kerala, Madhya Pradesh, Maharashtra, Punjab and Haryana, State Governments have provided much more staff to the consumer courts than what has been recommended by the Supreme Court.

35. The following decisions have reported to be taken at the meeting convened by the President of National Commission as on 24th January, 1994 of President and members of the State Commission:

1. A few State Commissions wanted to hire the services of stenographers from the High Courts and desired that they may be paid deputation allowance. The State Governments promised to consider this aspect.
2. Punctuality will be observed by the President and members to ensure quicker disposal.
3. State Governments of Himachal Pradesh, Rajasthan and Union Territory of Chandigarh to take immediate steps for appointment of Presidents and members who retired. It was also decided that action for making of Presidents of District Forums as full time will be initiated. However, where the pending cases are less, the districts will be clubbed and forums made full time.
4. Pace of disposal of cases in District forums will be monitored by respective State Commissions and cases in State Commissions to be monitored by National Commission. Regular Reports will be sent to respective State Governments.

36. Many of the decisions of the National Commission/State Commission/District Forums are challenged in the High Courts by way of writ petitions. Writ petitions are also being filed in large number on cases pending in the Forum/Commissions. This delays justice to the aggrieved consumers and also causes harassment to them. The working Group constituted to suggest amendments to the Consumer Protection Act, 1986 and Monopolies and Restrictive Trade Practice Act, 1969 recommended that the decision of National Commission/State Commission/District Forum may be brought under Article 323(B) of the Constitution so as to exclude the writ jurisdiction of the High Court. Asked during evidence, whether the Ministry in order to eliminate the delay, propose to bring the decision of consumer forums under Article 323(B) of the Constitution so as to exclude the writ jurisdiction of High Court, the Secretary informed the Committee that "this might require some amendments in the Constitution itself. We are not having any immediate proposal for bringing fresh amendments only to cover this aspect. We do not have any such proposal".

37. The Committee were informed that a working Group constituted to suggest suitable amendments to Consumer Protection Act, recommended restriction of the lawyer's role in the following manner:

- (i) They shall not ordinarily be permitted to be engaged. The opposite party may be permitted to engage a lawyer(a) if the complainant has a lawyer (b) with the permission of National Commission/State Commission/District Forum.
- (ii) If National Commission/State Commission/District Forum find it

necessary that legal complexities of the case require presence of a lawyer for reasons to be recorded in writing.

38. Asked during evidence why lawyers have been allowed to plead before consumer courts, when they have been specifically barred to appear before Family Courts and Industrial/Labour Tribunals, the Secretary deposed:

“We had examined it but due to legal & technical points, it could not be pursued.”

He added:

“We do feel that things can be made simpler and justice can be achieved speedier”.

Testing of Goods

39. With a view to ascertain defects in goods, district forums are empowered to send samples of goods for testing and analysis to laboratories recognised by Central Government/State Government or which have been set up with the aid given by State/Centre, on payment of prescribed fee. The laboratories are requested to send test reports within a period of 45 days.

40. The laboratories have been set up under the aegis of Central and State Governments and autonomous bodies. A few laboratories have also been set up by the Bureau of Indian Standards and Directorate of Weights and Measures on regional basis. Bureau of Indian Standards have prescribed the following testing charges for their laboratories for some of the common consumer items:—

| | |
|--|---------------------------------------|
| 1. Electric Iron (Thermostatic) | Rs. 3525.00 |
| 2. Electric radiators (depending on wattage) | From Rs. 400 to Rs. 14400 |
| 3. Electric Ceiling type fan and regulator | Rs. 1125.00 |
| 4. Brushes paints and warnishes | Rs. 2550.00 (with shelf life test) |
| 5. Maida | Rs. 750.00 |
| 6. Biscuits | Rs. 375.00 |
| 7. Chocolates | Rs. 1050 and Rs. 825 Rs. 1350 |
| 8. Milk Powder | Rs. 1650 |
| 9. Three Pin plugs & sockets | Rs. 2175 and Rs. 2625 |
| 10. Shoe Polish | Rs. 1800 |

41. The testing charges are to be paid by the complainant. In a note the

Ministry has stated that in very few cases the Consumer Courts need to take recourse to testing in laboratories. The National Commission has referred very few cases to laboratory for testing so far. The amount charged in various laboratories in States are more or less at par and there is no ground to believe that payment of fee charged on testing of goods is proving to be deterrent.

Comparative Testing of Consumer Goods

42. The evaluation and testing of consumer product and dissemination of such information to the consumer is very popular in foreign countries. This idea is known as comparative testing of consumer goods and services. The purpose of comparative testing is to allow the consumer to exercise his firm choice on purchasing the best product at the lowest price. Here consumer groups systematically purchase consumer products in the market and test them in the laboratory. The results of such tests are published in a form which is easily understood by the consumers.

43. Asked whether evaluation and testing of consumer product and dissemination of such information to the consumers is being done in the country and the organisations which have been entrusted with such a study, the Ministry in a note furnished to the Committee stated that the Ministry has given a sum of Rs. 2.5 lakhs to a Delhi based consumer organisation VOICE to undertake comparative testing in colour T.V. This project has since been completed.

44. The Ministry is also assisting another consumer organisation *i.e.*, Consumer Education and Research Centre, Ahmedabad, with UNDP assistance of US \$ 6,15,000/- for strengthening the infrastructure for a fullfledged laboratory being set up by CERC to undertake comparative testing in the field of food items, pharmaceutical and domestic electrical appliances. A sum of Rs. 50 lakhs is to be provided to CERC over a period of five years to establish an Endowment Fund for meeting the recurring expenditure for running the laboratory after a period of five years. Information regarding comparative testing etc. will be disseminated in the country for the benefit of consumers to enable them to make a rational choice.

Consumer Welfare Fund

45. In pursuance of the recommendation made in the 12th meeting of the Central Consumer Protection Council held on 19th January, 1993, a Working Group was constituted to suggest the criteria and guidelines for utilisation of the Consumer Welfare Fund as provided in Rule 8(e) of the Consumer Welfare Fund Rules, 1992. The Working Group has listed the following priority areas for which funds are to be used. These are:

- (i) Centralised production and distribution of literature and audio-visual material for spreading consumer literacy and awareness building programmes for consumer education;

- (ii) Setting up facilities for training and research in consumer education and related matters on national/regional basis;
- (iii) Community based rural awareness projects;
- (iv) Setting up complaint handling/counselling/guidance mechanisms like Consumer Guidance Bureaus;
- (v) Setting up of consumer product testing laboratories and
- (vi) building up infrastructural facilities for organising consumer education activities on permanent basis at the district/ taluk levels.

For items (i) to (iii) above, projects sponsored and organised jointly by consumer organisations as national projects for the benefit of all consumers would be preferred.

46. The composition of the Committee to disburse funds from the Consumer Welfare Fund is as under:

- (a) The Minister/Minister of State for Civil Supplies, Consumer Affairs and Public Distribution—Chairman of the Committee.
- (b) Secretary, Department of Expenditure in the Ministry of Finance—Vice Chairman of the Committee.
- (c) Chairman, Central Board of Excise and Customs in the Department of Revenue of the Ministry of Finance.
- (d) Member, Central Excise (Central Board of Excise and Customs in the Department of Revenue Ministry of Finance.)
- (e) Secretary, Department of Rural Development.
- (f) Director General, Bureau of Indian Standards.
- (g) Secretary, Ministry of Civil Supplies Consumer Affairs and Public Distribution, Member-Secretary of the Committee.

47. The Committee were informed during evidence that in addition to the Members nominated to the Consumer Welfare Fund disbursement Committee, the Ministry has also suggested to have the co-opted members from the State Government for the purpose of sanctioning a project of a State Government.

48. In a note submitted to the Committee, the Ministry informed that the Consumer Welfare Fund has already been set up and money has started pouring in. A sum of Rs. 7.89 crores has accumulated in the fund. However, the fund has not been made operational so far as the Consumer Welfare Fund Rules are proposed to be amended for making it more broad based.

49. When asked during evidence as to the latest position in regard to amendments in the rules, the Secretary informed the

committee that the Ministry of Finance have vetted the rules and they are now pending with the Ministry of Law.

50. A non-official witness during the course of evidence submitted before the Committee that guidelines should be evolved to prevent misutilisation of Consumer Welfare Fund. It was also suggested that any voluntary organisation receiving aid from commercial houses should be made ineligible for drawing from the fund. Only those organisations in the field of consumer protection activities having an impeccable record should be considered. He also cautioned that some consumer organisations have been created to abuse the process of law and extract money.

Civic Services

51. The civic services rendered by the municipalities are at present not covered by the Consumer Protection Act, 1986, although the working group constituted to suggest amendments to the Act, has specifically recommended their inclusion.

52. Asked what hurdles were in the way of bringing civic services within the purview of the Act, the Ministry in a note submitted to the Committee informed:

“Many of the civic services like electricity, water, etc. for which the consideration is being paid by the consumer are covered under the Act. Most of the other services are rendered free of charge which are not covered under the provisions of the Act. The subject matter of the civic services mainly comes within the purview of State Governments for which only the State Governments are competent to frame the legislation. The legal aspect is, however, being examined.”

Regulation of Advertisements

53. The Indian Economy is undergoing a process of liberalisation. The traders have invented new techniques to promote sales. The market has been flooded with goods of all kind. It thus becomes imperative for the Government to ensure that in relation to goods and services no misrepresentations are made and no information is concealed so that consumer can make a proper choice without being misled.

54. When asked during evidence as to the steps that have been taken to stop misleading advertisements, the Secretary informed the Committee that “the advertisements per se do not come in. MRTP Commission has been intervening in some cases where they find that there was a misleading advertisement. Similarly the Advertisement Council also gets into it and some of the voluntary agencies are taking it up”.

5. In a written note, the Ministry informed the Committee that at present the subject of advertising is being dealt by a number of Ministries/Department and other agencies as follows:

- (i) Doordarshan and AIR have a separate code to regulate the advertisements which are telecast/broadcast through them.
- (ii) Fraudulent and misleading advertisements are also covered under the MRTP Act which is being administered by Deptt. of Company Affairs.
- (iii) The subject matter also comes within the purview of the Consumer Protection Act, 1986.
- (iv) The Drugs and Magic Remedies (Objectionable) Advertisement Act, 1954 prohibits the advertisements for certain purposes of remedies alleged to possess magic qualities etc. This Act is being administered by Ministry of Health and Family Welfare.
- (v) There is also a private agency namely Advertisement Council of India which deals with complaints relating to advertisements.

OBSERVATIONS / RECOMMENDATIONS

56. The Committee find that the number of voluntary organisations being provided aid by the Ministry is barely 2.5% of the total number of organisations and the amount disbursed on an average works out to less than Rupees ten thousand per organisation. The Committee regret to note that the amount of aid as well as the number of organisations covered is very low. The Committee recommend that in order to provide thrust to consumer protection activities, additional funds should be made available to the organisations for their activities. The Consumer Welfare Fund could also be utilised in this direction after proper guidelines are evolved to prevent its misutilisation.

57. The Committee also recommend that voluntary organisations receiving aid from commercial houses be made ineligible for drawing funds from Govt. and priority be given to voluntary consumer organisations having a creditable record in the field of consumer protection.

58. The Committee note that a uniform criteria for fund disbursement to all the states has not been evolved resulting in gross anomalies where large States like U.P., Bihar etc. have been put at par with smaller States like Lakshadweep, Goa, Sikkim etc. The Committee recommend that guidelines should be laid down for disbursing financial assistance to States to promote consumer protection activities, keeping in view the population, its density and also the area of a State.

59. The Committee note that training programmes have been organised for consumer activists, representatives of consumer organisations, State Government officials and non-judicial members of the redressal agencies. Central Government are conducting such programmes with the help of State Governments/well known training institutions in big cities. The Committee recommend that these programmes should be conducted in small towns and rural areas so that the message of consumer awareness is spread in these areas also. They also suggest that states where training programmes have not been held, should be given preference.

60. The Committee are concerned to note that adequate participation of various States has not been ensured in the training programmes conducted for non-judicial members of State Commissions and District Forums on legal aspects, including writing of judgement etc. and these have been confined to just a few States. The Committee recommend that the training programmes be worked out as early as possible so as to give some participation to every state.

61. The Committee are unhappy to note that financial assistance for this programme has been given just to two States (viz. Gujarat and Karnataka) to continue training programmes. The Committee recommend that the remaining states be also taken into consideration while disbursing such aid.

62. The Committee observe that more and more consumers are reposing their faith in the working of Consumer Courts by agitating their cases before them. The total number of cases filed in the State Commissions and District Forums were 32429 and 321610, respectively. The Ministry have admitted that only 31% and 40% cases were decided by State Commissions and District Forums, respectively within stipulated time and the number of cases dismissed due to technical reasons were 16%. 54% cases at State Commissions (17,514 cases) and 41% cases at District Forums (1,31,860 cases) are still pending. The Committee find that even in National Capital Territory of Delhi out of 18,061 cases filed since inception, 6900 cases are still pending. The Committee are alarmed at the pendency position and the dismissal of cases due to technical reasons and desire that the pendency problem, so endemic with Indian Judiciary should not also plague the Consumer Courts. The Committee recommend that steps should be taken to set up a Consumer Guidance Bureau, with the sole objective of consumer counselling so that cases dismissed due to technical reasons are kept at the barest minimum. The Committee also recommend that Government should closely monitor and review the pendency position and take urgent steps to liquidate the arrears.

63. With the view to curtail delay, the Consumer Protection Act has been amended recently, empowering the State Governments to set up more than one district forum in a district. The Committee, therefore suggest that more district forums should be set up where necessary to liquidate the arrears and avoid piling up of cases in future. This will not only reduce the work load on the existing district forums but would also hasten the process of dispensation of justice.

64. Lack of infrastructural facilities relating to staff and accommodation, paucity of funds, non filling up of vacancies, adjournment and absence of parties etc. have hindered the smooth functioning of Consumer Courts. It has come to the notice of Committee that even stationery items in adequate quantity were not available in some of the Consumer Courts. Supreme Court have recently prescribed some guidelines for providing requisite infrastructure for the consumer forums. The Government should take prompt and adequate follow up with the State Governments/UT Administration in the light of the Supreme Court directions so that the shortcomings in these consumer forums are removed.

65. The Committee observe that the tendency to file writ petitions in High Courts against the judgements of Consumer Courts and freedom of lawyers to plead cases before Consumer Courts have taken their toll by delaying the justice against the objectives of speedy and inexpensive justice. The Committee, therefore, recommend that the decisions of Consumer Courts which are enforceable like any other decree of Civil Court should be brought under the purview of Article 323(B) of the Constitution so as to exclude the writ jurisdiction of High Courts. The Committee are also at a complete loss to understand the rationale behind the engagement of lawyers to plead before consumer courts when they have been specifically barred to practice in Family Courts and Industrial/Labour Tribunals. With the arrival of lawyers in the Consumer Court area, the claimants are often hard hit as they can ill-afford the exorbitant fees charged by the lawyers. The Secretary admitted during evidence that there are certain legal and technical 'points' in barring lawyers from appearing before consumer forums. In view of this, the Committee, recommend that lawyers should be allowed to appear only (i) when the complainant has engaged the services of a lawyer or (ii) if the consumer Court due to the legal complexity of the case permits the engagement of a lawyer.

66. The Committee are not able to reconcile with the explanation provided by the Ministry that the fee charged by BIS for testing consumer goods is not proving to be a deterrent. The Committee note, for instance that the testing charges for common consumer items such as chocolates is Rs. 1350/-, Milk Powder Rs. 1650, Maida-Rs. 750/-, Biscuits-Rs. 375/-, Shoe polish Rs. 1800. The Committee are of the view that laboratory analysis charges are on a very high side, thus acting as a deterrent on consumers to file complaints before consumer courts in case of defective consumer goods. The Committee recommend that the testing charge structure of BIS should be suitably revised downward.

67. The Committee note that comparative testing of consumer goods and services, hitherto popular in foreign countries, have made a beginning in our country also and consumer organisations like VOICE and CERC, have been entrusted with maiden ventures. Whereas VOICE has completed the task of comparative testing in colour TVs, CERC is conducting comparative testing in the field of food, pharmaceuticals and domestic appliances. While the Committee appreciate the trend of comparative testing being done by Consumer Organisations, they have some apprehension as to the expertise available with these organisations to fulfil the task undertaken. The Committee, therefore, recommend that financial assistance be given to the consumer organisations only after strict scrutiny of the availability of their in-house expertise and till such time that these organisations have not matured and evolved fully, the comparative testing of goods should be within the domain of Government Agencies such as BIS and other laboratories set up by the Centre and State Governments.

68. The Committee recommend that consumer organisations, as a first

step, should engage themselves fully with the task of spreading consumer awareness, specially in rural areas and to vulnerable sections of society which are yet to be integrated with the mainstream of consumerism as they neither have access to any information nor any infrastructure provided by the Government. The Committee desire that consumer organisations should strive to adopt an area specific and time bound approach, so that the message of consumer protection is received by one and all and radially disseminated. These organisations should adopt a cluster of villages/ Panchayats/Blocks depending on the capacity and rapport with the community. Besides multi-media approach already been made use of, the Committee desire that village fairs and other social congregations should also be the target groups, to educate the rural folkmen.

69. The Committee note that the Consumer Welfare Fund has not been made operational although Rs. 7.89 crores has accumulated in it. The Committee are of the view that Consumer Welfare Fund is the first step in the direction of strengthening consumer movement. The Committee desire that Government should finalise the Rules and make the fund operational without any further delay.

70. The Committee have been informed that the Civic Services rendered by the Municipalities/Local bodies are at present not covered by the Consumer Protection Act, 1986 due to certain legal hurdles. Funds raised by the State agencies to provide these services are directly or indirectly by the consumers in the form of taxes etc. In view of this, the Committee suggest that the legal aspects relating to their non-inclusion be examined in-depth and steps taken for their inclusion under the Consumer Protection Act, at the earliest.

71. The Committee note that various agencies such as MRTP, Advertising Council of India, Doordarshan and All India Radio through Code framed by them to regulate the advertisements, Ministry of Health and Ministry of Civil Supplies, Consumer Affairs & Public Distribution are primarily responsible to ensure that fraudulent and misleading advertisements are not issued in the media. The Committee, however, regret to note that despite these control measures, deceitful, misleading and fraudulent advertisements continue to be issued. The Committee recommend that Government should gear up their machinery and ensure that no such advertisements find their way in the media so as to protect consumer interests effectively. The Committee would like the Ministry to monitor the prevailing advertisement scenario and inform on the results achieved.

**STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND
PUBLIC DISTRIBUTION**

Minutes of the sitting of the Committee held on 1st October, 1993.

The Committee sat from 1100 hrs. to 1300 hrs. and 15.45 hrs. to 17.15 hrs.
on 1st October, 1993.

PRESENT

Prof. Ram Kapse—CHAIRMAN

MEMBERS

Lok Sabha

2. Shri Ram Prakash Chaudhary
3. Shri Gopi Nath Gajapathi
4. Shri Bijoy Krishna Handique
5. Shri Lal Babu Rai
6. Shri Shashi Prakash
7. Shri Syed Masudal Hossain
8. Shri Manoranjan Sur
9. Shri Chhote Singh Yadav
10. Shri G. Devaraya Naik
11. Shri A. Jayamohan
12. Shri Naresh Kumar Baliyan
13. Shri Shyam Bihari Mishra
14. Shri Ram Awadh
15. Shri Ramchandra Marotaro Ghangare
16. Dr. (Smt.) K.S. Soundaram

Rajya Sabha

17. Shri Sunder Singh Bhandari
18. Shri B.V. Abdulla Koya
19. Maulana Asad Madni
20. Shri Tara Charan Majumdar

SECRETARIAT

1. Smt. Revathi Bedi — *Deputy Secretary*
2. Shri Haripal Singh — *Under Secretary*

WITNESSES

1. Dr. Sri Ram Khanna — Managing Trustee & Convenor, *VOICE*
2. Dr. K.L. Madhok — Chairman & Editor, *VOICE*
3. Dr. P.K. Ghosh — Hon. Secretary, *VOICE*
4. Ms. Vinay Bhardwaj — Secretary, Mahila Dakshata Samiti
5. Shri H.D. Shourie — Director, *COMMON CAUSE*

The Members sought certain clarifications on Consumer Protection from the representatives of voluntary organisations viz. *VOICE*, *COMMON CAUSE*, *MAHILA DAKSHATA SAMITI*.

The Committee then adjourned.

**STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND
PUBLIC DISTRIBUTION**

Minutes of the sittings of the Committee held on 4th & 5th January, 1994.

*The Committee sat from 1500 hrs. to 1700 hrs. on 4th January and
1100 hrs. to 1500 hrs. on 5th January 1994.*

PRESENT

Prof. Ram Kapse—CHAIRMAN

MEMBERS

Lok Sabha

- *2. Dr. (Smt.) Padma
- *3. Shri A. Jayamohan
- 4. Shri V. Krishna Rao
- **5. Shri Gopi Nath Gajapathi
- 6. Shri Naresh Kumar Baliyan
- 7. Shri Shyam Bihari Misra
- *8. Shri Ramkrishna Kusmaria
- 9. Shri Lal Babu Rai
- **10. Shri Shashi Prakash
- 11. Shri Ram Awadh
- *12. Shri Syed Masudal Hossain
- 13. Shri Ramchandra Marotrao Ghangare
- 14. Shri Manoranjan Sur
- *15. Shri Chhote Singh Yadav
- *16. Dr. (Smt.) K.S. Soundaram

Rajya Sabha

- 17. Shri Tara Charan Majumdar
- 18. Shri Tindivanam G. Venkatraman
- *19. Shri Ramendra Kumar Yadav 'Ravi'

* Not present on 5th January, 94

** Not present on 4th January, 94

SECRETARIAT

1. Shri Satish Loomba — *Deputy Secretary*
2. Shri K.L. Anand — *Under Secretary*

WITNESSES

1. Shri A.C. Sen — **Secretary**
2. Mrs. Sathi Nair — **Joint Secretary**
3. Shri Pradip Bajjal — **Joint Secretary**
4. Shri N.S. Chaudhary → **Director General, BIS**

The Committee discussed with the representatives of Ministry of Civil Supplies, Consumer Affairs & Public Distribution the various points arising out of the List of Points.

The Committee then adjourned.

**STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND
PUBLIC DISTRIBUTION**

Minutes of the sitting of the Committee held on 10th February, 1994.

The Committee sat from 1500 hrs. to 1600 hrs. on 10th February, 1994.

PRESENT

Prof. Ram Kapse—Chairman

MEMBERS

Lok Sabha

2. Dr. (Smt.) Padma
3. Shri Naresh Kumar Baliyan
4. Shri Ramkrishna Kusmaria
5. Shri Kabindra Purkayastha
6. Shri Shashi Prakash
7. Shri Lal Babu Rai
8. Shri Ram Awadh
9. Shri Syed Masudal Hossain
10. Shri Manoranjan Sur
11. Shri Chhote Singh Yadav
12. Dr. (Smt.) K.S. Soundaram
13. Shri Birsingh Mahato

Rajya Sabha

14. Shri Sunder Singh Bhandari
15. Shrimati Mira Das
16. Shri Sudhir Ranjan Majumdar
17. Shri Tara Charan Majumdar
18. Shri Jagannath Singh
19. Shri Tindivanam G. Venkatraman

SECRETARIAT

1. Shri S.C. Gupta —*Joint Secretary*
2. Shri Satish Loomba —*Deputy Secretary*
3. Shri K.L. Anand —*Under Secretary*

The Committee considered the draft report on Consumer Protection and suggested some amendments in para nos. 60, 62, 63, 64, 66 and 67. They also suggested that the revised recommendations may be brought before the Committee for approval in its next sitting to be held on 2nd March, 1994.

The Committee then adjourned.

**STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND
PUBLIC DISTRIBUTION**

Minutes of the sitting of the Committee held on 2nd March 1994.

The Committee sat from 1600 hrs. to 16.50 hrs. on 2nd March 94.

PRESENT

Prof. Ram Kapse—Chairman

MEMBERS

Lok Sabha

2. Dr. (Smt.) Padma
3. Shri Bijoy Krishna Handique
4. Shri Gopi Nath Gajapathi
5. Shri Naresh Kumar Baliyan
6. Shri Shyam Bihari Misra
7. Shri Ramkrishna Kusmaria
8. Shri Kabindra Purkayastha
9. Shri Lal Babu Rai
10. Shri Shashi Prakash
11. Shri Syed Masudal Hossain
12. Shri Manoranjan Sur
13. Dr. (Smt.) K.S. Soundaram
14. Shri Birsingh Mahato

Rajya Sabha

15. Shri Sunder Singh Bhandari
16. Shri Sudhir Ranjan Majumdar
17. Shri Jagannath Singh
18. Shri Ramendra Kumar Yadav 'Ravi'
19. Shri Ratna Bahadur Rai

SECRETARIAT

1. Shri S.C. Gupta —*Joint Secretary*
2. Shri Satish Loomba —*Deputy Secretary*
3. Shri K.L. Anand —*Under Secretary*

The Committee considered the suggestions made during the sitting held on 10th February, 1994 and adopted the report on Consumer Protection with minor modifications and authorised the Chairman to present/lay the report on their behalf in both the Houses of Parliament during the current Budget Session.

The Committee then adjourned.

**STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES
AND PUBLIC DISTRIBUTION**

**MINUTES OF THE SITTING OF THE COMMITTEE HELD ON
13TH JULY, 1994**

The Committee sat from 1500 hrs. to 1530 hrs. on 13th July, 1994.

PRESENT

Shri Shyam Bihari Misra — *Chairman*

MEMBERS

Lok Sabha

2. Shri N.J. Rathava
3. Shri A. Jayamohan
4. Dr. (Smt.) Padma
5. Shri V. Krishna Rao
6. Shri Bijoy Krishna Handique
7. Shri Gopi Nath Gajapathi
8. Shri Naresh Kumar Baliyan
9. Shri D.J. Tandel
10. Dr. Ramkrishna Kusmaria
11. Shri Chhotey Lal
12. Prof. Ram Kapse
13. Shri Shashi Prakash
14. Shri Ram Awadh
15. Shri Ramchandra Marotrao Ghangare
16. Shri Manoranjan Sur

Rajya Sabha

17. Shri Sunder Singh Bhandari
18. Smt. Mira Das
19. Shri Tindivanam G. Venkatraman
20. Shri Ramendra Kumar Yadav 'Ravi'
21. Smt. Chandra Kala Pandey

Secretariat

1. Shri S.C. Gupta — *Joint Secretary*
2. Shri Satish Loomba — *Deputy Secretary*
3. Shri K.L. Anand — *Under Secretary*

As the report on Consumer Protection could not be presented/laid during the term of the Committee (1993-94), it was considered by the Committee (1994-95) at their sitting held on 13th July, 1994 and adopted. The Committee authorised the Chairman to present/lay the Report on their behalf in both the Houses of Parliament.

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The Committee then adjourned.

**COMPOSITION OF STANDING COMMITTEE ON FOOD,
CIVIL SUPPLIES & PUBLIC DISTRIBUTION
(1993-94)**

CHAIRMAN

Prof. Ram Kapse

MEMBERS
Lok Sabha

2. Shri B.M. Mujahid
3. Shri G. Devaraya Naik
4. Sri Naranbhai Jamlabhai Rathava
5. Shri Ram Prakash Chaudhary
6. Shri Avtar Singh Bhadana
7. Dr. (Smt.) Padma
8. Shri A. Jayamohan
9. Shri Anandagajapati Raju Poodsapati
10. Shri Pawan Diwan
11. Shri V. Krishna Rao
12. Shri Bijoy Krishna Handique
13. Shri Gopi Nath Gajapathi
14. Shri Naresh Kumar Baliyan
15. Shri Shyam Bihari Misra
16. Shri D.J. Tandel
17. Shri Ramkrishna Kusmaria
18. Shri Chhotey Lal
19. Shri Pankaj Chaudhari
20. Shri Kabindra Purkayastha
21. Shri Lal Babu Rai
22. Shri Shashi Prakash
23. Shri Ram Awadh
24. Shri Syed Masudal Hossain
25. Shri Ramchandra Marotrao Ghangare
26. Shri Manoranjan Sur
27. Shri Chhote Singh Yadav
28. Dr. (Smt.) K.S. Soundaram
29. Shri Birsingh Mahato

Rajya Sabha

30. Shri Sunder Singh Bhandari
31. Smt. Mira Das
32. Shri B.V. Abdulla Koya
33. Maulana Asad Madni
34. Shri Sudhir Ranjan Majumdar
35. Shri Tara Charan Majumdar
36. Shri Moolchand Meena
37. Shri Venod Sharma
38. Shri Jagannath Singh
39. Shri Tindivanam G. Venkatraman
40. Shri Ramendra Kumar Yadav 'Ravi'
41. Shri Ratna Bahadur Rai