

# SIXTH REPORT

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

(TENTH LOK SABHA)

### MINISTRY OF CIVIL SUPPLIES, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION

### DEMANDS FOR GRANTS (1994-95)



*Presented to Lok Sabha on  
Laid in Rajya Sabha on*

LOK SABHA SECRETARIAT  
NEW DELHI

*April, 1994/Chaitra, 1916 (Saka)*

26 APR 1994

26 APR 1994

Price : Rs. 5.00

PARLIAMENT LIBRARY  
Central Govts. Publications  
No. PC.. 89485(2)  
Date... 2/5/94

LC  
328.3657 R  
N4.G;1

© 1994 BY LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Seventh Edition) and printed by the Akashdeep Printers, 20, Ansari Road, New Delhi-110 002.

# CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE .....	(iii)
INTRODUCTION .....	(v)
CHAPTER I      Introductory .....	1
CHAPTER II      Report	
A.    Payment to Maharashtra State Cooperative Bank against Central Govt. Guarantee given in respect of Laxmi Consumer Cooperative Wholesale & Retail Store Ltd. ....	6
B.    Voluntary Retirement Scheme to PSU's .....	8
C.    Awareness programme including training and education .....	10
D.    Bureau of Indian Standards .....	11
E.    Regional Reference Standard Laboratories .....	12
F.    Loans to National Consumer Cooperative Federation ....	13
G.    Excise Duty Relief to Consumer .....	15
H.    Expenditure in the last quarter of the Financial Year .....	15
<b>PART II</b>	
Minutes of Sitting held on 18 March, 1994 .....	18
Minutes of Sitting held on 5 April, 1994 .....	19
Minutes of sitting held on 19 April, 1994 .....	21

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

CHAIRMAN

Prof. Ram Kapse

MEMBERS

*Lok Sabha*

2. Shri B.M. Mujahid
3. Shri G. Devaraya Naik
4. Shri N.J. Rathava
- \*5. Shri Ram Prakash Chaudhary
6. Shri Avtar Singh Bhadana
7. Dr. (Smt.) Padma
8. Shri A. Jayamohan
9. Shri Anandagajapathi Raju Poosapati
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. Dr. (Smt.) K.S. Soundaram
28. Shri Chhote Singh Yadav

---

\* Ceased to be Member of Lok Sabha consequent upon his death on 19.4.1994

29. Shri Birsingh Mahato

*Rajya Sabha*

30. Shri Sunder Singh Bhandari

31. Shrimati Mira Das

32. Shri B.V. Abdulla Koya

33. Shri Sudhir Ranjan Majumdar

34. Shri Tara Charan Majumdar

35. Shri Moolchand Meena

36. Shri Venod Sharma

37. Shri Jagannath Singh

38. Shri Tindivanam G. Venkatraman

39. Shri Ramendra Kumar Yadav 'Ravi'

40. Shri Ratna Bahadur Rai

SECRETARIAT

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

## INTRODUCTION

I, Shyam Bihari Misra, member 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 Sixth Report on Demands for Grants (1994-95) relating to the Ministry of Civil Supplies, Consumer Affairs and Public Distribution.

2. The Committee (1993-94) considered the Demands for Grants pertaining to the Ministry of Civil Supplies, Consumer Affairs and Public Distribution for the current year i.e. 1994-95 which were laid on the Table of the House on 15 March, 1994 whereafter the Committee took evidence of the representatives of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution on 5 April, 1994.

3. The Committee wish to express their thanks to the officers of the Ministry of Civil Supplies, Consumer Affairs & Public Distribution for placing before them the detailed written notes on the subject and for furnishing the information the Committee desired in connection with the examination of the subject.

4. The Report was considered and adopted by the Committee at their sitting held on 19.4.1994.

5. The Committee would like to express their thanks to the Committee (1993-94) for taking evidence on the subject and obtaining valuable information thereon. The composition of the Committee (1993-94), is given at Annexure.

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.

NEW DELHI;  
19 April, 1994

---

29 Chaitra, 1916 (Saka)

SHYAM BIHARI MISRA,  
Member,  
Standing Committee on Food,  
Civil Supplies  
Public Distribution.

## CHAPTER I

### INTRODUCTORY

1.1 The Demands for Grants of the Ministry of Civil Supplies, Consumer Affairs & Public Distribution were laid on the table of Lok Sabha on 15 March, 1994. Demand No. 9 of the Ministry contains the figures of Revenue as well as Capital Expenditure which are as follows:—

(In thousand Rupees)

	Revenue	Capital	Total
Charged	—	60100	60100
Voted	236000	22600	258600

1.2 The details of actual revenue and capital expenditure for the year 1992-93, Budget Estimate and Revised Estimate for 1993-94 and Budget Estimate for 1994-95 of the Ministry are as under:—

## REVENUE SECTION

(In thousands of Rs.)

S.No.	Item	1992-93 Actuals		1993-94 B.E.		1993-94 R.E.		1994-95 B.E.		Total
		Plan	N. Plan	Plan	N. Plan	Plan	N. Plan	Plan	N. Plan	
1.	3451 Secretariat Eco. Services	—	18153	—	19600	—	21800	—	22555	22555
2.	2408 Food Storage & Warehousing	97	5289	2000	5800	2000	5800	2000	5900	7900
3.	2852 Industries	12690	149	22000	200	22000	200	23000	200	23200
4.	3456 Civil Supplies	23038	2821	153400	23600	135200	23600	64700	43925	108625
5.	3475 Other General Eco. Services	657	9635	2000	11500	2000	11500	2000	11620	113620
6.	3601 Grant-in-aid to State Govt.	68717	—	53100	—	53100	—	60100	—	60100
7.	3602 Grants-in-aid Union Terri- tory Govt.	1100	—	1800	—	—	—	—	—	—
	<b>Total Revenue Section</b>	<b>106299</b>	<b>36047</b>	<b>234300</b>	<b>60700</b>	<b>214300</b>	<b>62900</b>	<b>151800</b>	<b>84200</b>	<b>236000</b>



1.3 Actual reasons for less Plan allocation in B.E. 1994-95 is due to reduction of VRS Plan schemes for H.V.O.C. from Rs. 12 crores in RE 1993-94 to Rs. 5 crores in BE 1994-95 (total Rs. 7 crores). Other main changes are as follows:—

(Rs. in crores)			
Major Head	R.E. 93-94	B.E. 94-95	Difference
2852			
(i) Bureau of Indian Standards-Grants in aid	2.20	2.30	(+) 0.10
(ii) 3456			
(a) Consumer Protection Cell	0.34	1.00	
Expenditure on Construction of Godowns	0.10	0.05	
Central Government Guarantee (charged)	0.16	—	
H.V.O.C.	12.00	5.00	(-) 7.00
(iii) 3601			
Subsidy for Construction of Godowns	2.36	2.75	
Subsidy for retail outlet	2.95	3.26	

## CAPITAL SECTION

(In thousands of Rs.)

S.No.	Item	1992-93 Actuals		1993-94 B.E.		1993-94 R.E.		1994-95 B.E.		Total	
		Plan	N. Plan	Plan	N. Plan	Plan	N. Plan	Plan	N. Plan		
		1.	5475	Capital outlay on other G. Eco. Ser.	12591	—	11800	—	11800		—
2.	7475	Loan for other Gen. Eco. Serv.	1600	—	800	—	25800	—	800	—	800
3.	7601	Loans and advances to State Govt.	68217	—	53100	—	53100	—	60100	—	60100
4.	7602	Loan and Adv. to Union Territory Govt.	11000	—	—	—	—	—	—	—	—
Total			83500	—	65700	—	90700	—	72700	10000	82700

**1.4 The Budget Estimate of 1994-95 of Rs. 31.87 crores is Rs. 4.20 crores less than Budget estimate of 1993-94 and Rs. 4.92 crores less than the Revised Estimate 1993-94. The break-up of BE 1994-95 is as under:—**

<b>Revenue</b>	<b>:</b>	<b>23.60 crores</b>
<b>Capital</b>	<b>:</b>	<b>8.27 crores</b>
		<b>31.87 crores</b>

**The revenue allocation includes Rs. 6.01 crores as charged expenditure. The Head-wise demands have been discussed in succeeding paragraphs.**

## CHAPTER II

### REPORT

*Major Head 3456*

*Sub-Head D.3 (6)*

#### **PAYMENT TO MAHARASHTRA STATE COOPERATIVE BANK AGAINST CENTRAL GOVT. GUARANTEE GIVEN IN RESPECT OF LAXMI CONSUMER COOPERATIVE WHOLESALE & RETAIL STORE LTD. (CHARGED)**

2.1 A guarantee of Rs. 20 lakhs was given to the Laxmi Consumer Cooperative Wholesale and Retail Store Ltd. in 1977-78 under Central Government Cash Credit guarantee scheme which was introduced in 1966. This scheme enables the consumer cooperatives to secure cash credit accommodation at uniformly reduced margin of 10% instead of 40% prevalent in cash of hypothecation loans and 25% in respect of pledged loans. Consumer cooperatives avail the scheme to meet their working capital requirement from commercial Cooperative Banks on reduced margin. In this particular case the cooperative failed to make the payment resulting in invocation of the guarantee. The matter had gone to the court and finally on the basis of the orders passed by the Court Rs. 15.40 lakhs (Rs. 5 lakhs being 25% of the sum guaranteed and interest thereon) had to be paid to the bank against the guarantee. A provision was, therefore, made in the second batch for supplementary grant for Rs. 16 lakh as charged expenditure to cover this payment.

2.2 Asked what was the financial position of the cooperative store at the time of standing guarantee, the Ministry have stated that the position was not available with them as the records on the subject were gutted in the fire which broke out on 16.10.1992 in Krishi Bhawan.

2.3 During evidence the Secretary of the Ministry supplemented:—

“The problem is, we thought at that time the records perhaps were not relevant because the Board of Directors and the State Government had recommended the case. So we did not want to go behind the case. It is only when it went wrong, we thought of getting the records. Even now we are trying but it may be a bit difficult to get at the record, that is what we feel.”

2.4 Explaining the position in the Ministry in a note furnished to the Committee has stated that the Ministry agreed to provide guarantee to the society for a period from 1.4.77 to 31.3.78 on the basis of the recommendation of the financing bank and Registrar of Cooperative Societies Maharashtra State.

Accounts of the Store were examined at that stage which did not reflect any alarming position. During 1977-78 society showed heavy losses in its working. Monitoring of the working of the society at the field level was the responsibility of the Cooperative Department of the Maharashtra Govt. and Financing Bank who have not reported about the unsatisfactory working of the society. The society was placed under liquidation in 1978.

2.5 The Maharashtra State Cooperative Bank invoked guarantee and gave a notice for payment of guaranteed amount to Govt. of India on 24.2.1979 and filed an arbitration case in the Cooperative Court of the District Deputy Registrar.

The Ministry was of the view that the Bank has not followed the provision of the agreement and have not cared to inspect the records and working of the society from time to time. Hence the Government of India was not liable for payment of amount under this guarantee. The case went to the Court of District Registrar of the Cooperative Societies in Bombay and a verdict on 21.12.87 in favour of the Maharashtra State Cooperative Bank was given. The Ministry filed an appeal in the Appellate Court against the verdict of the arbitrator and the appeal was dismissed by an order and judgement dt. 12th Aug. 1991. Since no budget allocation was available to discharge the liability integrated finance division was requested to make available funds by diversion from other heads in order to honour the Govt. of India liability. On getting funds the payment to Maharashtra State Cooperative Bank was made on 29.9.1993.

2.6 The Ministry in a note has stated that the Society's financial position was found to be precarious and it was heavily indebted to different financial agencies with no permanent assets except furnitures and fixtures which have no substantial market value. When asked about the latest position about the recovery of the amount from the assets of the society, the Ministry stated that the State Government have been requested to intimate the name and address of the liquidator. The information is still awaited. After receipt of the information from the State Government, the liquidator will be approached for the recovery of amount paid by the Government of India.

2.7 When asked about the latest position in regard to guarantee given by the Central Government in other cases, the representative of the Ministry informed the Committee during evidence that Government guarantee in all other cases except NCCF had expired and not renewed. In one case the guarantee which expired on 31st March 1994 has also not been renewed.

2.8 The Committee note that the Central Government had given the guarantee to Laxmi Consumer Cooperative Wholesale & Retail Store Ltd. on the recommendations of Board of Directors of the Cooperative Store and the State Government. The Committee fail to understand as to why the Central Government did not go into the Financial position of the Store

before standing the guarantee. This lapse on the part of the Government has cost the exchequer a sum of Rs. 15.40 lakhs. The Committee hope that the Government will take due precaution in future in standing guarantee and evolve a sound and effective monitoring system to avoid recurrence of such losses. The Committee recommend that the Ministry should examine whether a provision made in the agreement to pledge securities as a set off against the guarantee will be helpful in recovering the amount in such cases and all possible efforts should be made to recover the amount paid to the Bank without any further delay, in this case.

*Major Head '3456'*

*Sub-Head D.3(4)—*

### **Voluntary Retirement Scheme to PSUs D.3(4) (IV-HVOC)**

2.9 A provision of Rs. 14.00 crores was made for 1993-94 for Voluntary Retirement Scheme in HVOC which was subsequently revised to Rs. 12 crores. Till 31st March, 1994, the actual expenditure under this Head was Rs. 7 crores. For 1994-95 a provision of Rs. 5 crores has been made.

2.10 At present the total number of employees in HVOC are 2552—336 officers and 2216 staff. The Ministry had a proposal to retire 1146 persons under Voluntary Retirement Scheme as HVOC is continuously incurring cash loss since the financial year 1991-92 due to various reasons. So far 651 persons have sought voluntary retirement. The Ministry is of the view that the remaining people will also opt for the scheme. The Committee were informed during evidence that the employees were opposing Voluntary Retirement Scheme when they were asked to go.

2.11 Asked about the Ministry's plan for running HVOC keeping in view the obsolete machinery and low capacity utilisation, the Ministry in a note has stated that the proposal for revamping/restructuring HVOC is under active consideration of Central Government. The Ministry had constituted a Committee in July, 1992 under the Chairmanship of the then Secretary Shri B.K. Goswami to suggest possible restructuring/revamping of the HVOC. The Committee's recommendations and the action taken by the Government on each of the recommendation is as follows:—

<b>Recommendations</b>	<b>Action taken</b>
(i) Lodging claim with National Renewal Fund for meeting requirement of VRS- Conditions of minimum service of 10 years as existing in the present VRS to be deleted	Implemented

(ii) Improvement of Vanaspati plant at Kanpur	Improvement of the plant not considered practicable.
(iii) (iv) & (v) Inviting private parties through open advertisement for outright sale, lease or joint participation in the units at Bombay, Calcutta, Bangalore and Delhi.	Since this could involve question of dis-investment, a note has been prepared for consideration of the Cabinet Committee on Economic Affairs. The Committee were informed during evidence that the erstwhile owners of the land have already gone to the court against them.
(iv) Lease of units at Madras & Hyderabad to be terminated	Steps have been taken to close down the Hyderabad unit Regarding Madras Unit CMD advised that he could make this into a viable unit.
(vii) Shifting of continuous neutralisation plant from Calcutta unit to Kanpur unit.	Implemented
(viii) No further investment in Amritsar Unit.	Being implemented
(ix) No recruitment of promotion be made in HVOC expect the appointment of CMD	Being implemented. The Committee were informed during evidence that "the people go along with the post. Against those posts, we cannot promote anybody. Only when there is some post vacant we can promote".

---

**2.12 The Committee note that HVOC is continuously incurring cash losses since 1991-92 and the Ministry has a proposal to retire 1146 persons under Voluntary Retirement Scheme. So far 651 persons have sought Voluntary Retirement. The Committee hope that the employees will be encouraged to seek retirement and the Ministry will be able to achieve its target early.**

**The Committee recommend that the decision on the proposal for**

revamping/restructuring HVOC, with a view to revamp the corporation and to make its operation viable, should be taken immediately and implemented in letter and spirit. The Committee also hope that a decision to invite private parties for outright sale, lease or joint participation in the units at Bombay, Calcutta, Bangalore, and Delhi will be expedited.

*Major Head '3456'*

*Sub-Head-D.1(1) (3) (1)*

### **Awareness programme including Training and Education**

2.13 Under this sub-head Rs. 2 crores has been kept for awareness programme including training and education. This money is for consumer organisations, State Governments etc. in the form of financial assistance to undertake various activities such as preparation of audio-visual material, printed literature, training programmes, organisation of seminars, workshop, etc. During 1993-94 as against a provision of Rs. 1 crore, no expenditure was incurred under this Head as the Consumer Welfare Fund Rule could be notified by the Ministry of Finance only on 27th Jan. 1994. However this amount has not lapsed and it will be utilised in the year 1994-95. After the amendment of the Consumer Welfare Fund Rules, 1992, the revised application form along with the copy of the scheme was circulated to all consumer organisations with the Ministry, all Members of the Central Consumer Protection Councils and State Governments etc. for wide publicity. The Ministry has stated that no application has been received so far in the revised application form. The last date of receipt of the application is 31st May, 1994.

2.14 Asked what efforts Govt. proposed to make to create awareness among the Rural Consumers regarding their rights as consumers, the Ministry has stated that with the utilisation of the funds on a large scale during the next year a boost can be given to creation of awareness in the rural areas. The Ministry has added that efforts will also be made to impart training to the rural masses through Mahila Mandal, Panchayats etc. In collaboration with other departments like rural development at the State level.

2.15 When asked about the language in which the literature is published, the Secretary of the Ministry stated during evidence that "as far as the Central Government is concerned, we do it in Hindi and English. We have requested the State Governments to do it in regional languages".

2.16 The Committee note that as against a provision of Rs. 1 crore in the Budget for 1993-94 no expenditure was incurred for awareness programme including Training and Education during the year as the Consumer Welfare Funds Rule, could be notified by the Ministry of Finance only on 27th Jan., 1994. The Committee recommend that sincere efforts should be made in the current year for consumers awareness.



**Special emphasis should be given to the task of creating awareness among the rural masses about their rights as consumers.**

**2.17 The Committee also recommend that the literature in this regard besides Hindi and English should be published in regional languages also and distributed among the masses. Efforts should be made to provide training to the rural masses through Panchayats and other departments.**

*Major Head '2852'*

*Sub-Head—C.2 (1) (1)*

**Bureau of Indian Standards**

**C.2 (1) (1)—Grants-in-aid**

2.18 Under this Head as against an outlay of Rs. 220 lakhs in original estimates for 1992-93 and revised estimate of Rs. 220 lakhs the actual expenditure was Rs. 126.90 lakhs. For the year 1993-94 against an outlay of Rs. 220 lakhs only 220 lakhs upto February, 1994 have been spent. The budget estimate for the year 1994-95 is Rs. 230 lakhs.

2.19 BIS derives its income mainly from sale of Indian Standards and Certification fee. The income from internal resources during 1993-94 is expected to be Rs. 2600 lakhs.

2.20 For the ongoing scheme for laboratory equipments during 1992-93 the actual expenditure was Rs. 40.25 lakhs against grant of Rs. 56.22 lakhs out of the total outlay of Rs. 75 lakhs. During 1993-94 the actual expenditure upto 31st March, 1994 was Rs. 55.78 lakhs against approved outlay of Rs. 53.71 lakhs. Thus during 1993-94 expenditure under this scheme has exceeded the approved outlay. In addition BIS has also placed orders of worth about Rs. 37 lakhs.

2.21 Asked about the reasons for less utilisation of funds during the year 1992-93 the Ministry stated that BIS did not have definite idea of laboratory equipments and their detailed specification as this was the first year of the 8th Five Year Plan. Purchase of laboratory equipments is generally a high precision, sophisticated and complex process requiring in-depth study of various parameters to formulate specifications and identify their sources of supply. Consequently, BIS took some time to formulate specifications. Due to this reason, expenditure in respect of laboratory equipment was lower than expectations during 1992-93.

2.22 As regards expenditure during 1993-94 the Ministry has stated that expenditure under this scheme has exceeded the approved outlay. In addition, BIS has placed orders worth about 37 crores.

2.23-Enquired as to how the Ministry propose to spend Rs. 90 lakhs, the outlay approved for 1994-95, the Ministry in a note has stated that BIS has

already finalised its requirements and also obtained detailed specification. The target is likely to be achieved. The Ministry will be keeping a close watch on the progress of the implementation of the schemes of BIS during 1994-95.

**2.24** The Committee note that there has been less utilisation of funds to the extent of 23% in 1992-93 and 18% in 1993-94 under this Head. The Committee recommend that the Ministry should keep a close watch on the progress of implementation of each plan schemes of BIS and should strengthen the monitoring mechanism with a view to ensure that the funds allocated for the purpose are fully utilised during the stipulated period.

*Major Head '3475'*

*Sub-Head E.1(2)*

### **Regional Reference Standard Laboratories**

**2.25.** The Budget provision for the year 1993-94 in respect of the Regional Reference Standards Laboratory (RRSL), Bangalore, has been indicated under two different heads as under:

- |   |                |
|---|----------------|
| (i) Revenue expenditure under Major Head "3475", Sub-head— E.1 Weights and Measures Unit (PLAN)   | Rs. 7.20 lakhs |
| (ii) Constructional works (Capital) under Major Head "5475" sub-head- Research in Legal Metrology | Rs. 6.00 lakhs |

**2.26.** For the two other RRSLs, functioning at Ahmedabad and Bhubaneswar provision has been made on the Non-Plan side of the budget provided under Major Head 3475 Sub-head Regulation of Weights and Measures. Out of Rs. 23 lakhs for the year 1993-94, Rs. 12.80 lakhs is provided for these two RRSLs.

*Year 1994-95*

Out of total allocation of Rs. 38.20 lakh under Non-Plan and Rs. 90 lakh under Plan for Regulation of Weights and Measures and Education and Research in Legal Metrology (AA.1(1) & AA. 1(2)) the Budget provision has been provided for the RRSLs both under Plan and Non-Plan schemes for the year 1994-95, as follows:

Non-Plan	Plan	Total
Rs. 13.8 lakhs	Rs. 62.2 lakhs	Rs. 76 lakhs

**2.27.** During evidence it was pointed out that there were some defects in marking the weighing instruments. The glass stamp is affixed on the weight

which comes out. Asked why the mark is not punched on the instrument itself, the representative of the Ministry stated that,

“if we put on the iron it is very difficult to punch the mark on the instrument. Every year, it will be coming to the Inspector, Weights & Measures and it will be very difficult for the user or for the common public to understand whether the weighing instrument is verified or not. We fix seal every year. Again, it is stamped before the seal is put. Only one verification mark will be available on the seal”.

2.28. The Secretary of the Ministry further stated that the periodicity of the system of verification of these weighing machines was discussed in the All India Controller Conference and it was on the basis of the recommendation of that Conference that it was made every year. Earlier in some parts like Kerala & UP, it was done for 2 years. This practice is almost adopted internationally also in most of the developed countries, specially in international organisation of metrology. In case revision is required, we may discuss it in the Controllers' Conference.

2.29. The Secretary admitted during evidence that the Weights and Measures Act and the relevant rules were very old. These were reviewed by some experts and they gave a report which was considered in the All India Controllers Conference.

2.30. The Committee was informed that the Ministry was requesting the Institute of Law to see whether any provision needs amendment in the Act.

2.31. The Committee note that the system of marking the Weighing instrument is defective. The glass stamp affixed on the weight falls off with the repeated use of the weight giving an opportunity to the authorities to challan the traders. Keeping this in view the Committee recommend that the seal should be put on the iron itself and the verification period should be revised to a longer period than one year being followed at present.

The Committee find that the provisions in the Weights & Measures Act and Rules are very old and need revision. These provisions should be reviewed and updated without further loss of time.

*Major*

*Major Head '7475'*

*Sub-Head-B.B.1(3)(1)*

### **Loans to National Consumer Cooperative Federation**

2.32. In the second batch of supplementary grants (1993-94) an amount of Rs. 250 lakhs was provided as interest free loan for 3 years for Voluntary Retirement Scheme in the National Consumer Cooperative Scheme. In order

to reduce the estimated expenditure, the Federation relieved 153 employees during 1993-94 and propose to relieve another batch of 250 employees during 1994-95 out of total staff strength of 848.

2.33. NCCF has incurred a loss of 4.86 lakhs in the year 1991-92 and 5.02 lakhs in 1992-93. The accumulated loss is 29 crores. During 1993-94 the Federation incurred a loss of 4 crores.

2.34. Asked whether the Federation will be earning profits after retiring such a large number of employees, the Ministry in a note furnished to the Committee has stated that according to the work programme of NCCF, after relieving the employees and after closing the uneconomic branches and taking various steps to improve their performance in terms of sales etc., NCCF is expecting a sales turnover of Rs. 150 crores and a net profit of Rs. 50 lakhs during the year 1994-95. NCCF has identified 3 uneconomic branches to be closed and 3 branches to be down-graded. One branch has already been closed and re-categorising of other branches has been done.

2.35. Giving details about the special steps taken to see that the projections anticipated and prepared by NCCF are actually achieved, the Ministry in a note to the Committee has stated that,

“Ministry is from time to time reviewing the working of the NCCF. New lines of business are being explored. NCCF is expecting to get business of distribution of levy sugar in the coming months in Delhi and efforts are being made to obtain distribution of levy sugar in the States of Bihar and West Bengal. Efforts are also being made to nominate NCCF as agency to supply stationery and other office equipments to various Govt. offices located in different parts of the country. With the increase in the business of NCCF and reduction in the staff strength, it is expected that NCCF will be in a position to earn some profit from 1994-95 onwards and after moratorium of three years, NCCF is expected to be in a position to pay the instalments of loans as proposed.”

2.36. The Committee find that in order to reduce its expenditure, the National Consumer Cooperative Federation, which has incurred accumulated loss to the tune of 29 crores upto 1992-93 have decided to relieve another batch of 250 employees during 1994-95 out of the total staff strength of 848. Government have advanced an interest free loan of Rs. 250 lakhs for the purpose. They regret to note that effective steps were not taken in the past to reduce the expenditure and improve the performance of NCCF resulting in huge loss to the extent of Rs. 29 crores upto 1992-93. The Federation, however, expects to earn a profit of Rs. 50 lakhs during 1994-95. The Committee recommend that NCCF should ensure that the projection prepared by them are actually achieved. New lines of

**business should be explored and the Ministry should review the working of the NCCF regularly so that NCCF is in a position to earn profit and pay the instalments of loan within the stipulated period.**

### **Excise Duty Relief to Consumers**

2.37. The Ministry of Civil Supplies, Consumer Affairs and Public Distribution as a nodal Ministry for consumer protection, took up the cause of passing on the excise duty concessions to the consumers and requested BICP to conduct a quick survey on selected items. The report indicated that some of the industries have not passed on the concessions to the consumer in full. As the industries pointed out in the BICP report are under the administrative control of various Ministries, copies of the report were sent to them for taking necessary action against the erring industries. However most of these Ministries have informed that under the legislation administered by them there is no provision to take action against such erring industries. When the issue was referred to Ministry of Finance who are administering the Excise and Customs Act, it was stated that they have no mechanism to ensure that the excise duty concessions are passed on to the consumers. They have also expressed their view that amending the Central Excise or Custom laws may not help in this regard.

2.38. Elaborating the point further the Secretary informed the Committee that they have taken up the matter with the Ministry of Finance. The Ministry of Finance are of the view that they can not do anything in the matter as passing of excise concessions goes to 7-8 channels before it finally reaches the retailer. The Committee was also informed that a working group has been constituted to go into the entire issues.

2.39. The Committee do not concur with the views of the Ministry that the excise concessions have not been passed on to the consumers as no machinery exists to monitor such a mechanism. Excise concession is not a new phenomenon. In the past also such reliefs have been given. The Committee are of the view that concessions are primarily announced for the consumers. The cornering of such excise concessions by manufacturers amount to their illegal enrichment. In spite of identification of such industries by BICP, the failure of the Government to proceed against them is a negation of the purpose for which the study was commissioned. The Committee recommend that Government should examine the feasibility of taking legal action against the industries who have not passed such concessions to the consumers.

### **Expenditure in the last Quarter of the Financial year**

2.40. There is an increasing trend on the part of the Ministries to spend a larger component of plan funds in the last quarter of financial year just prior to the budget deadline. When asked to state the percentage of amount sanctioned

in the last quarter of the financial year for the various schemes run by the Ministry the following scheme-wise break up of the total allocation for 1993-94 and the amount sanctioned in the last quarter of the financial year was furnished by the Ministry.

(Rs. in lakh)				
1	2	Total Allocation	First 3 Quarters	Expenditures last Quarter
1	2	3	4	5
<b>1. Public Distribution System</b>				
(i)	Assistance for godowns	482.00	7.00	475.00 (98.5%)
(ii)	Assistance for Vans.	598.00	565.00	3.00 (5.5%)
(iii)	Intelligence, Enforcement and manpower Training.	20.00	10.50	9.50 (47.5%)
<b>2. Consumer Cooperatives</b>				
(i)	Urban Areas	16.00	16.00	—
(ii)	Super Bazar	20.00	—	20.00 (100.00%)
(iii)	NCCF	*300.00	40.00	260.00 (36.67%)
<b>3. Industrial and Minerals</b>				
(i)	Consumer Protection	100.00	62.00	38.00 (33%)
(ii)	Bureau of Indian standards	220.00	76.00	144.00 (65.45%)
(iii)	Dte. of Vansapati veg. oils and Fats	20.00	—	Bulk of the amount
<b>4. Weights and Measures</b>		90.00	26.85	63.15 (70.17%)

\* Includes Rs. 250.00 lakhs as loan for Voluntary retirement schemes sought under supplementary budget.

2.41 According to the Ministry the following factors have contributed to the larger quantum of sanctioned funds being utilised in the last quarter:-

- (i) Delay in receiving complete proposals in respect of PDS from State

Governments and UT administrations leading to avoidable correspondence resulting in bunching of sanctions in the last quarter.

- (ii) In respect of Directorate of vanaspati, vegetable oils and Fats, plan funds could not be utilised as the Science and Technology Advisory Committee (STAC) of the Ministry approval of which is obligatory, held its first meeting on 16 February 1994.
- (iii) As regards Weights & Measures, bills were presented by CPWD only in the last quarter of the financial year 1993-94.
- (iv) Delay in taking decision for procuring flats and non-availability of adequate specification for laboratory equipments in Bureau of Indian Standards were the reasons for utilisation of funds in the last quarter.

**2.42 The Committee are distressed to note that a large component of the plan funds are being spent in the last quarter of the financial year just prior to the budget deadline. They are of the view that this leads to inefficient utilisation of funds. The Committee recommend that the expenditure should be spread over in all the quarters of the financial year so that this could be utilised properly.**

NEW DELHI;  
19 April, 1994

---

29 Chaitra, 1916 (Saka)

SHYAM BIHARI MISRA,  
Member,  
Standing Committee on  
Food, Civil Supplies &  
Public Distribution.

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

**MINUTES OF SITTING OF THE COMMITTEE HELD ON  
18 MARCH, 1994.**

The Committee sat from 15.30 hrs. to 17.15 hrs. on 18 March, 1994.

**PRESENT**

**Prof. Ram Kapse — Chairman**

**MEMBERS  
Lok Sabha**

2. Shri Naranbhai Jamlabhai Rathava
3. Dr. (Smt.) Padma
4. Shri V. Krishna Rao
5. Shri Shyam Bihari Misra
6. Shri Kabindra Purkayastha
7. Shri Syed Masudal Hossain
8. Shri Ramchandra Marotaro Ghangarc
9. Shri Manoranjan Sur
10. Dr. (Smt.) K.S. Soundaram
11. Shri Birsingh Mahato

*Rajya Sabha*

12. Shri Sunder Singh Bhandari
13. Shrimati Mira Das
14. Shri Sudhir Ranjan Majumdar

**SECRETARIAT**

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

The Committee considered and approved List of Points on Demands for Grants (1994-95), relating to Ministry of Civil Supplies, Consumer Affairs and Public Distribution.

The Committee also decided to call the representatives of Ministry of Civil Supplies, Consumer Affairs & Public Distribution for oral evidence on 5th April, 1994.

*The Committee then adjourned.*



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

**MINUTES OF SITTING OF THE COMMITTEE HELD ON  
5 APRIL, 1994.**

The Committee sat from 11.00 hrs. to 14.30 hrs. on 5 April, 1994.

**PRESENT**

**Shri Shyam Bihari Misra — *In Chair***

**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 Kabindra Purkayastha
8. Shri Lal Babu Rai
9. Shri Shashi Prakash
10. Shri Syed Masudal Hossain
11. Shri Ramchandra Marotaro Ghangare
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

**SECRETARIAT**

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

*Witnesses*

1. **Dr. G. Sundaram** — Secretary
2. **Sh. M. Seetharam** — AS&FA
3. **Sh. Rajiv Srivastava** — Joint Secretary
4. **Sh. Pradip Baijal** — Joint Secretary
5. **Smt. Sathi Nair** — Joint Secretary
6. **Sh. Kamal Kishore** — Eco. Advisor
7. **Sh. S.C. Kapoor** — C.M.D. (HVOC)
8. **Sh. Sujit Banerjee** — G.M. (Super Bazar)
9. **Sh. T.T. Adhikari** — M.D. (NCCF)

**The Committee discussed with the representatives of Ministry of Civil Supplies, Consumer Affairs and Public Distribution, Hindustan Vegetable Oils Corporation (HVOC), National Cooperative Consumers Federation of India Limited (NCCF), Super Bazar, the various points arising out of List of Points which were replied to by the witnesses. A verbatim record of the discussion held was kept.**

*The Committee then adjourned.*

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

**MINUTES OF THE SITTING HELD ON 19TH APRIL, 1994.**

The Committee sat from 1500 hrs. to 1530 hrs. on 19th April 1994.

**PRESENT**

**Shri Shyam Bihari Misra — *In Chair***

**MEMBERS**

***Lok Sabha***

2. Shri Bijoy Krishna Handique
3. Shri Naresh Kumar Baliyan
4. Shri Kabindra Purkayastha
5. Shri Lal Babu Rai
6. Shri Shashi Prakash
7. Shri Ramchandra Marotaro Ghangare
8. Shri Manoranjan Sur
9. Dr. (Smt.) K.S. Soundaram

***Rajya Sabha***

10. Shri Sunder Singh Bhandari
11. Shri Sudhir Ranjan Majumdar
12. Shri Tara Charan Majumdar
13. Shri Jagannath Singh
14. 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 chose Shri Shyam Bihari Misra, M.P. to act as **Chairman** in terms of Rule 258 (3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

**The Committee considered and adopted the draft report on Demands for Grants (1994-95) relating to Ministry of Civil Supplies, Consumer Affairs and Public Distribution subject to certain changes arising out of factual verification of the Reports by the Ministry concerned.**

**The Committee authorised Shri Shyam Bihari Misra/Shri Sunder Singh Bhandari to present/lay the reports in Lok Sabha and Rajya Sabha, respectively.**

*The Committee then adjourned.*

**COMPOSITION OF 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. **Shri N.J. Rathava**
5. **Shri Ram Prakash Chaudhary**
6. **Shri Avtar Singh Bhadana**
7. **Dr. (Smt.) Padma**
8. **Shri A. Jayamohan**
9. **Shri Anandagajapati Raju Pooasapati**
10. **Shri Pawan Diwan**
11. **Shri V. Krishna Rao**
12. **Shri Bijoy Krishna Handique**
13. **Shri Gopinath Gajapathi**
14. **Shri Naresh Kumar Baliyan**
15. **Shri Shyam Bihar 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. **Shrimati 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**