

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

**(TENTH LOK SABHA)**

**MINISTRY OF CIVIL SUPPLIES, CONSUMER AFFAIRS AND  
PUBLIC DISTRIBUTION—ANNUAL REPORT (1992-93)**

*[Action Taken by Government on the Recommendations contained in the Third  
Report of the Standing Committee on Food, Civil Supplies and Public  
Distribution on the Annual Report (1992-93) of Ministry of Civil Supplies,  
Consumer Affairs and Public Distribution]*



Presented to Lok Sabha on **23 DEC 1994**  
Laid in Rajya Sabha on **21 JAN 1995**

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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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43. Shri Kanaksinh Mohansinh Mangrola
44. Smt. Chandra Kala Pandey
45. Smt. Vyjayantimala Bali

SECRETARIAT

1. Shri S.C. Gupta — *Joint Secretary*
2. Shri Ram Autar Ram — *Deputy Secretary*

## 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 Eighth Report on Action Taken by Government on the recommendations contained in the Third Report of Committee (Tenth Lok Sabha) on Annual Report (1992-93) of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution.

2. The Third Report was presented to Lok Sabha/laid in Rajya Sabha on 22nd December, 1993. The Government furnished their replies indicating action taken on the recommendations contained in the Report on 9th June, 1994. The Draft Action Taken Report was considered and adopted by the Standing Committee on Food, Civil Supplies & Public Distribution (1994-95) at their sittings held on 21st September and 13th December, 1994.

3. An analysis of action taken by Government on the recommendations contained in the Third Report of the Standing Committee on Food, Civil Supplies and Public Distribution (Tenth Lok Sabha) is given in Appendix II.

NEW DELHI;  
*December 14, 1994*  

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*Agrahayana 23, 1916 (Saka)*

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

## **CHAPTER I**

### **REPORT**

**1.1 This Report of the Standing Committee on Food, Civil Supplies and Public Distribution deals with the action taken by Government on the recommendations contained in their Third Report (10th Lok Sabha) on Annual Report of Ministry of Civil Supplies, Consumer Affairs and Public Distribution (1992-93).**

**1.2 The Report was presented to Lok Sabha/Laid on the Table of Rajya Sabha on 22nd December, 1993. It contained 24 observations/recommendations.**

**1.3 Action Taken Notes in respect of all the 24 observations/recommendations contained in the Report have been received and have been categorised as follows:**

- (i) Recommendations/Observations which have been accepted by the Government:  
Para Nos. 2.15, 2.16, 2.22, 3.13, 3.14, 3.15, 3.16. (Total 7 Chapter II)**
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government reply:  
Para Nos. 1.15, 2.19, 2.23, 2.24, 2.25, 3.12, 3.18. (Total 7 Chapter III)**
- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:  
Para Nos. 2.17, 2.18, 2.20, 2.21, 2.26, 2.27, 2.28, 3.17 (Total 8 Chapter IV)**
- (iv) Recommendations/Observations in respect of which replies of the Government are still awaited:  
Para Nos. 1.14, 3.11. (Total 2 Chapter V)**

**1.4 The Committee need hardly emphasise that utmost importance should be given to the implementation of recommendations accepted by the Government. In cases where it is not possible for the Government to implement the recommendations in their letter and spirit for any reasons, the matter should be reported to the Committee in time with reasons for non-implementations.**

**1.5 The Committee desire that final replies in respect of the recommendations contained in Chapter V of the Report for which only interim replies have been given should be furnished to the Committee expeditiously.**

1.6 The Committee will now deal with action taken by the Government on some of the recommendations.

### *Diversion of Foodgrains PDS Quotas into Open Market*

#### **Recommendation (Para No. 2.17)**

1.7 To check the increasing practice of diversion of foodgrains, meant for PDS, into the blackmarket, the Committee recommended as follows:

“The practice of diversion of foodgrains into the black market has been increasing over the years. The Committee suggest that the concept of door step delivery be put into practice in all areas of the country.”

1.8 The Ministry in their Action Taken reply have stated:

“The operational responsibility for implementing the PDS is that of the State Governments/UT Administrations. A core component of the Revamped PDS Scheme is the introduction of door step delivery of PDS commodities to the fair price shops. State Governments/UT Administrations have reported that more than 56,000 fair price shops in the RPDS areas out of the 97,221 fair price shops have been brought under door step delivery. Progress in this regard is being monitored regularly.

1.9 The Committee are not satisfied with the reply given by the Government. The Committee had specifically recommended the concept of door step delivery for all the areas of the country. The Government had furnished information only for Revamped PDS areas. The Committee, therefore, reiterate their earlier recommendation and urges the Government to make suitable arrangement for delivery of PDS items at the doorsteps of Fair Price Shops, all over the country.

### *Simplification of the Procedure for Making Ration Cards*

#### **Recommendation (Para No. 2.18)**

1.10 Stressing on the need for simplifying the procedure for making ration cards, the Committee had observed:

“The Committee are pained to note that many of the needy sections of the society are deprived of ration cards. The process has been made cumbersome, thus increasing the scope of corruption. The Committee suggest that the procedure for making a ration card be simplified and the families not having ration card be provided with ration card to facilitate availability of supplies”.

1.11 The Ministry in their action taken reply have stated:

“The operational responsibility for the implementation of the PDS



including the issue of ration cards is that of the State Governments. Central Government has impressed upon the State Governments/UT Administrations regarding the need for issuing ration cards to all families and for eliminating bogus cards/ghost units. Since the launching of the RPDS scheme, State Governments/UT Administrations have reported issue of 2.83 million ration cards in the RPDS areas and elimination of more than eleven million bogus cards in the States/UTs having RPDS areas''.

**1.12 The Committee note that since the launching of RPDS scheme, 2.83 million ration cards have been issued and more than 11 million bogus cards have been eliminated in RPDS areas. However, the Committee regret to note that the Ministry is silent about making available easily the ration cards to the families in areas other than RPDS. The Committee, therefore, reiterate their earlier recommendation and desire that steps should be initiated to simplify the procedure for making a ration card and to issue ration cards to the families not having ration cards to facilitate availability of supplies.**

*Exclusion of certain sections of the Population from the purview of the PDS*

**Recommendation (Para No. 2.20 & 2.21)**

**1.13 Emphasising the need for maintaining the present universal character of Public Distribution System, the Committee had observed as follows:**

''A high powered Committee of Ministers was set up with a view to evolve a National policy on the Public Distribution System. One of the recommendations of this high powered Committee is to exclude certain sections of the population from the purview of the PDS. This Committee feel that the exclusion relates primarily to the middle class which comprise largely the income tax payers. The Committee feel that this section comprises a miniscule fraction of the entire population and their exclusion would not lead to any substantial economy. The Committee feel that the middle class comprises the vigilant section of the society. They act as a control mechanism to ensure that the malpractices in the System are reduced. Their exclusion would increase corruption. The Public Distribution System, as it stands today is universal in character. The Committee appreciate the reasons for excluding certain sections from the purview of the PDS, but they feel that such a step would go against the majority of the population.

The Committee strongly recommend that PDS be maintained as it stands today i.e. universal in character and every person be entitled to draw supply under this system.''

**1.14 The Committee were also informed that the report of the Committee of Ministers of National Policy on Public Distribution System had been referred to National Development Council. The Committee desire that before any final**

decision was taken by Government in the light of recommendations made by NDC, this Committee might be consulted.

1.15 In their action taken reply the Ministry have stated:

“The recommendations of the Committee of Ministers were considered by the PDS Advisory Council in its 16th meeting held in September, 1993. The Advisory Council resolved that the matter needed further consultation with the State Governments through the forum of the National Development Council (NDC). No decision has been taken so far in the matter by the Government”.

1.16 On a clarification sought, the Ministry in a note *interalia* stated:

“Decisions regarding eligibility criteria, issue of ration cards, opening of Fair Price Shops, Scales of ration etc. are taken by State Governments/U.T. Administrations. The decision to exclude income tax payers in some States is a matter within the administrative jurisdiction of the State Governments and U.T Administrations. Some States have excluded certain section of the population from access to Public Distribution System (PDS) in respect of some items. The Government of Gujarat have excluded Income Tax Payers; Sales Tax Payers; farmers other than small and marginal farmers and persons having an annual income exceeding Rs. 28,000 from access to foodgrains through the PDS. These persons are, however, eligible for sugar and kerosene.

Government of Haryana has excluded income tax assesses, Ministers, MPs and MLAs of Haryana; Class I and Class II officers of Central and State Governments from access to PDS in respect of wheat, rice and sugar. Government of Rajasthan has excluded the Income Tax Payees from PDS foodgrains and sugar.

Some other States such as Karnataka, and Andhra Pradesh have reported that they are implementing a system of dual ration cards wherein the identified poor households are issued PDS foodgrains at prices specially subsidised by the Governments”.

1.17 They have further stated:

“The question of targeting the PDS to the poorer and needy sections of the population has been under consideration for quite sometime”.

The Central Government has decided to constitute a Group of Ministers to consider the issue of exclusion of certain sections from the purview of PDS. The Group of Ministers has not been constituted so far. A time schedule in this connection can not be indicated. However, some states have, on their own attempted targetting of the PDS excluding certain categories as mentioned above.

1.18 The Committee were also informed that a Cabinet Note was sent to the Cabinet Secretariat for decision of Cabinet Committee on Economic Affairs to

place the Report of the Committee of Ministers before the National Development Council. The Cabinet Secretariat has informed that the matter is still under consideration.

**1.19 The Committee note with concern that the Government has taken unduly long period in deciding the question of changes in the Public Distribution System as a National Policy. It was more than two years back that the Advisory Council on PDS at its meeting held on 27th July, 1992 adopted a resolution urging the Central Government to evolve a National Policy on PDS which should focus on the need to allocate larger and more meaningful quantities of PDS items to the really needy and deserving sections of the society. In the pursuance of it firstly, an Advisory Committee of Ministers of Food & Civil Supplies in the States was set up. The Report of the Committee was considered by the Advisory Council in September, 1993 which recommended further discussions with the State Governments in the forum of NDC. The Central Government have, however, decided to constitute first a group of Ministers to deliberate upon the issue. The group of Ministers has not been constituted so far and the Government has expressed the inability to fix any time schedule for this matter. In the meantime the State Governments of Gujarat, Haryana and Rajasthan have already excluded certain sections of society from the eligibility of getting foodgrains from fair price shops.**

**The Committee are unhappy over this lackadisical approach of the Government. They desire that the Central Government should decide the issue as a National Policy expeditiously with a view to have a uniform system all over the country. They would like to be informed of the outcome within a period of three months.**

#### *Setting up of Vigilance Committees at Village Level*

##### **Recommendation (Paras 2.26 & 2.27)**

**1.20 Regarding setting up of Vigilance Committees at village level, the Committee had observed that much of the malpractices in the PDS could be checked if the public was made aware of their rights. In this context, the Committee had suggested that Vigilance Committees at village/fair price shop level should be constituted in all parts of the country at earliest, by involving local consumers, women and voluntary organisations. They desired that complaints received from the Vigilance Committees should be thoroughly investigated.**

**1.21 The Committee also noted that the Vigilance Committees already set up to monitor the functioning of shops, had not made much progress in some areas. The Committee recommended that the Vigilance Committees be set up in all the areas and their functioning should be made more effective.**

**1.22 In their action taken reply the Government have stated that State Governments/UT Administrations have been impressed upon the need to ensure**

people's participation in the supervision of the functioning of the PDS. Village/ Fair Price Shop Level Committees have been constituted in most of the States giving representation to local consumers, women and voluntary organisations.

1.23 The Ministry have also stated that State Governments/UT Administrations have been impressed upon for ensuring the effective functioning of the Fair Price Shop Level Vigilance Committees.

1.24 The Committee desires that States/UTs which have not yet set up Vigilance Committee at village/fair price shop level should set up such Committee without fail at the earliest and their functioning be made more effective. It should also be ensured that the action on the complaints made by the Vigilance Committees is taken within a specified time limit. The Committee would like the Ministry to monitor the position and to apprise them of the progress made in this direction within a period of three months.

#### *Action Under The Essential Commodities Act to Curb Unfair Trade Practices*

##### **Recommendation (Para No. 2.28)**

1.25 While emphasising the need for taking action against the traders indulging in unfair practice under the Essential Commodities Act, the Committee had observed as follows:—

“The implementation of the Public Distribution System is the joint responsibility of the Central Government, State Governments and the Union territory Administrations. The Committee are pained to note that the role of the Central Ministry has been relegated just to an advisory capacity. The Committee recommend that the Central Government should impress upon the State Government/UT Administrations to take action under the essential Commodities Act so as to curb unfair trade practices, indulged in by the traders and fair price shop owners”.

1.26 In their reply, the Ministry have stated:—

“In the Business Allocation rules Public Distribution System has been assigned to the Ministry of Civil Supplies, Consumer Affairs and Public Distribution. However, the commodities distributed through the PDS are administered by different Ministries. The Subject of procurement, movement and distribution of foodgrains and sugar are assigned to the Ministry of Food. There are similar entries regarding kerosene in the allocation of work for the Ministry of Petroleum and Natural Gas. Same is the position of Ministry of Coal *vis-a-vis* soft coke. The entry of PDS in the Business Allocation Rules under this Ministry cannot overrule the specific entries in the work distribution of the administrative Ministries mentioned above. Further, the running of fair price shops, procurement and distribution at the

field level are under the jurisdiction of the State Government. It is, therefore, clear that role of the Civil Supplies Ministry as visualised in the Business Allocation Rules and also as inferred from the joint responsibility of the Central Government and State Government in running the PDS, is essentially advisory in nature.

Similarly, under the Essential Commodities Act Control Orders were issued by the administrative Ministries and by State Governments. Since the entire field formation for implementing the act is that of the State Governments, the Central Government has delegated powers to implement the Act to the State Governments and UTs. Also in respect of commodities administered by other administrative Ministries, those Ministries have to issue and supervise the implementation of Control Orders in respect of such commodities. The responsibility of proper implementation of the control orders lies with the respective State Governments/UTs. In a federal form of Government the central laws are executed by the States/UTs with the help of their own machinery. When the responsibility of implementing the Central laws/orders is given to the State Governments, the Central Government (the concerned Ministry) functions as an advisory body and the monitoring and supervising agency.

Central Government has from time to time exhorted the State Governments to step up enforcement operations to check malpractices like hoarding, profiteering, blackmarketing and also to take adequate care and caution before proceeding against any trader so that no trader is harassed for any petty technical default. The Ministry coordinates and monitors action taken by States/UTs to ensure effective implementation of the provisions of the Essential Commodities Act.

The issues was discussed again with the State Governments in the 17th meeting of the Advisory Council on PDS held on 19.2.1994. There was a consensus on the issue as follows:—

“Provisions of the essential Commodities Act should not be used for harassing the traders by launching prosecutions in cases of minor discrepancies and technical deficiencies. But it should be implemented effectively wherever gross violations are noticed. The list of Essential Commodities should also be reviewed in view of plentiful supply of some commodities”.

**1.27 The Committee have been informed that the Ministry coordinates and monitors action taken by the States/UTs to ensure effective implementation of the provisions of the Essential Commodities Act. However, considering the large scale unfair trade practices indulged in by the fair price shops owners, it is apparent that the discharging of the monitoring function by the Central Government has not been effective. They, therefore, reiterate that deterrent action should be taken against the persons found indulging in malpractices and where gross violations of Essential Commodities Act are noted.**

## ***Excise Duty Concessions to Consumers***

### **Recommendation (Para No. 3.17)**

**1.28** Expressing its concern over the excise duty concession not being passed on the consumers, the Committee had observed:—

“The Committee note that excise concessions given to the industry as part of an attempt to control inflation have not been passed on to the consumers. They feel that the matter has not been actively pursued. The Committee recommend that the requisite steps be taken urgently to ensure that excise duty concessions are passed on to the consumers”

**1.29** The Ministry in their reply have stated:—

“Various industries who have not passed on the excise duty concessions announced in the budget 1993-94 in full to the consumers are mainly under administrative control of the Ministry of Industry and Ministry of Chemicals and Fertilizers. Copies of the BICP report were passed on to these Ministries for necessary action. The replies received from these Ministries indicate that there is no provision under the Acts and Rules administered by them to take action against such industries. In view of the above, this Ministry has written to the Ministry of Finance requesting them to consider the possibility of making such provisions under the Customs and Excise Acts and Rules so that action could be initiated against such erring industries. The Ministry of Finance have informed that they have no mechanism to ensure that the excise duty concessions are passed on to the consumers. They have also expressed doubt about the feasibility and amending the Central Excise and Customs laws in this regard. In view of the position stated above, this Ministry is of the view that we have taken all possible steps as a coordinating agency to bring about awareness among the consumers and various Ministry/Departments about the excise duty concessions”.

**1.30** The Committe are distressed to note the utter helplessness shown by the Government in taking action under the Central Excise and Customs Acts and Rules against the industries who have failed to pass on the excise duty concessions announced in the budget for 1993-94 to the consumers. The Committee feel that such pronouncements made by the Government about excise duty concessions are meaningless if no follow-up action is possible against the recalcitrant industries. The Committee, therefore, recommend that Government should review expeditiously the relevant Acts and Rules and bring out some suitable legislation to safeguard the interests of the consumers.

## **CHAPTER II**

### **RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT**

#### **Recommendation (Para No. 2.15)**

The Committee note that there has been an increasing focus on the PDS with the identification of about 1700 blocks under the Revamped PDS. The Committee suggest that to improve the availability of foodgrains for the vulnerable sections of the society, greater thrust be provided to the PDS in hilly, tribal and remote areas. The Committee feel that urgent steps are needed to be taken to ensure that sufficient quantities of foodgrains at prices affordable by the poorer section are made available through the PDS in these regions. For that purpose it is suggested that sufficient quantity of foodgrains should be maintained at such places.

#### **Reply of the Government**

Suballocation of PDS foodgrains to different regions within a State is a matter under the Administrative jurisdiction of State Governments. However, under the Revamped PDS Scheme State Governments and UT Administrations had agreed on a targetted allocation of 20 kgs. per month per family. State Governments/UT Administrations are being persuaded to make adequate allocations to the areas covered under the revamped PDS. Central Government provides financial assistance to States/UTs on 50 per cent loan and 50 per cent grant basis for construction of godowns in the revamped PDS areas. Since the launching of the RPDS, States/UTs have reported that additional storage capacity to the tune of 2.98 lakh tonnes has been added (created-57300 MTs; hired 240996 MTs) in the RPDS areas. The matter was discussed in the regional meetings with the State Governments taken by the Minister for Civil Supplies. It was again discussed in the Advisory Council for PDS in its meeting held on 19.2.1994. The Council reached the consensus that the Revamped PDS Scheme has been successful in increasing availability of foodgrains in the food deficit regions of the country. It was agreed that increased allocation of foodgrains at the specially subsidised rates to the Revamped PDS areas should be given very high priority for poverty alleviation.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution,  
OM No. 3(i)/93-PD.1/11 dt. 18-2-1994]

#### **Recommendation (Para 2.16)**

The Committee are concerned to note that the additional items like tea, salt

and soaps are hardly available at PDS outlets. In hilly areas, even the foodgrains are not supplied regularly through the fair price shops. The Committee suggest that effective measures be taken to ensure that at least the basic minimum requirements of the poorer sections are met through the PDS.

### **Reply of the Government**

At present the Central Government makes available only the key essential commodities of rice, wheat, levy sugar, kerosene, imported edible oil and soft coke to the States/UTs for distribution through PDS outlets. States/UTs are free to add such other additional commodities of mass consumption according to local needs and preferences through the PDS network. They were requested that in the areas covered under the Revamped PDS, tea, iodised salt, pulses and soaps may be included for distribution through fair price shops. Only seven out of the twenty-seven States/UTs having RPDS areas have reported that they have not introduced these commodities for distribution through fair price shops in the RPDS areas for various reasons. Progress in this regard is being monitored regularly.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution.  
OM No. 3(1)/93-PD.1/11 dt. 18.2.94]

### **Recommendation (Para No. 2.22)**

The Committee note that the present level of subsidy which is about 3,000 crores is on the higher side and likely to increase very sharply. The subsidy element can be controlled by reducing the malpractices prevailing in the system like bogus ration cards and diversion of foodgrains etc. The Committee are concerned to note that the drive against the bogus ration cards and diversion of foodgrains have failed to gain the desired momentum. The Committee recommend that strong and more effective steps should be taken to reduce the malpractices.

### **Reply of the Government**

Government has impressed upon the State Governments/UT Administrations to eliminate bogus ration cards and to prevent diversion of foodgrains meant for PDS.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)/93-PD.1/11 dt. 18.2.94]

### **Recommendation (Para No. 3.13)**

The Committee are distressed to note that the Consumer Welfare Fund has not yet come into operation. The Committee have not been able to reconcile with the idea that no representative of the consumer organisations finds a place in the "Fund Disbursal Committee" of the Fund. The Committee recommend that



consumer organisations should have the priority to procure funds from the Consumer Welfare Fund. The Committee were informed during evidence that the Ministry has proposed an amendment to delete the industry except the cottage industry to draw funds from the Consumer Welfare Fund. Voluntary organisations working in rural areas are facing resource crunch. The Committee recommend that voluntary organisations working in rural areas be given priority over those working in urban area. The Committee strongly feel that the Consumer Welfare Fund be established at the earliest.

### **Reply of the Government**

The Consumer Welfare Fund could not be made operational as the Consumer Welfare Fund Rules were being amended by Ministry of Finance on the recommendation of Central Consumer Protection Council. Now, the amended rules have been notified and the Consumer Welfare Fund has become operational. The amended rules provide that the Screening Committee may invite a nominee of the Consumer Coordination Council (the apex body of Consumer Organisations) to its meeting as and when necessary. Voluntary consumer organisations are also eligible to apply for financial assistance from the Fund. Policy of the government is to encourage voluntary organisations in Rural Areas.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)/93-PD.1/11 dt. 18.2.94]

### **Recommendation (Para No. 3.14)**

As consumer awareness is an integral component of consumer protection, the Committee feel that more stress should be laid on spreading consumer awareness since the existing programmes are grossly inadequate. The Committee are of the view that print media alone is not sufficient to create public awareness as most of the consumer especially in rural areas are illiterate. The Committee suggest that Visual media be used as an effective means in this regard. Greater stress should be placed on involving voluntary organisations from all quarters to participate on the "Consumer Day" to spread consumer awareness instead of celebrating it through official functions and exhibitions. The Committee recommend that the directory of the consumer forums be displayed in all the shops and this be made mandatory.

### **Reply of the Government**

The consumer movement is still in infancy and a number of additional measures are required particularly in publicity area to create public awareness. The ministry has already initiated action to involve audio visual media to achieve this objective. At present, Ministry is sponsoring a weekly programme "Apne Adhikar" from all the commercial Broadcasting Stations of AIR. Various kendras of Doordarshan are telecasting programmes on consumer protection from time to

time. Ministry has also prepared a number of film documentaries, video documentaries and video quickies in the field of consumer protection. Copies of these are also being sent to State Governments/UT Administrations for generating awareness among public particularly in rural areas.

On Consumer Day, the effort of the Ministry is to involve more and more consumer organisations in celebrating the Consumer Day. For this purpose, the Ministry issues an appeal to all of them to observe this day in a befitting manner.

Matter regarding displaying the addresses of Consumer Fora in all the shops comes under the purview of State Governments/UT Administrations. Ministry has already written to the States/UTs to give wide publicity to the Fora/Commissions by displaying their addresses in public places like fair price shops, schools, hospitals, govt. offices etc.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)/93-PD.1/11 dt. 18.2.94]

### **Recommendation (Para No. 3.15)**

The Committee have observed that most of the voluntary organisations are functioning in urban areas and hardly any priority is being given to strengthen them in rural areas. The Committee recommend that voluntary organisations be encouraged actively in the rural areas, as they form an integral part of the Consumer movement.

### **Reply of the Government**

The strengthening of Consumer movement in rural areas is one of the priority areas for the Ministry. This subject was also discussed in the National Convention on Consumer Protection which was held on 9.12.1993 where a few recommendations were made in the matter. These recommendations were also discussed in the last meeting of the Central Consumer Protection Council held on 25.1.994. While considering their applications for financial assistance, preference is given to those organisations which are working in rural areas.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)/93-PD.1/11 dt. 18.2.94]

### **Recommendation (Para No. 3.16)**

The Committee are distressed to note that specific instances of fake gas cylinders coming into the market are on the increase. The Committee are not able to reconcile with the idea of BIS, being unable to take any action regarding it, even though it issues quality certificate to gas cylinders. The Committee recommend that BIS should take urgent remedial steps to ensure that fake products especially those which are dangerous/injurious to human life, do not find their way into the market.

### **Reply of the Government**

1. The LPG cylinders are being manufactured in the country under Provision of Gas Cylinder Rules 1981 issued under Section 18 of Explosives Act 1984. The overall Implementing Authority of Explosives Act and Gas Cylinder Rules under which the Cylinder are manufactured in the country rests with the Chief Controller of Explosives, Nagpur.

2. Under the above mentioned Act and Rules, LPG Cylinder as also various other types of cylinders are manufactured in the country after obtaining the approval from CCE which is the Statutory Authority to control the manufacture of LPG and other types of cylinders and filling of the gases in them.

3. BIS has been designated as the inspecting Authority only for inspection and certification of these cylinders and to issue the test certificates on the basis of which CCE grants the permission for filling of the gases. BIS inspects these cylinders at the cylinder manufacturing premises under BIS Certification Marks Scheme wherein all the inspection and testing activities of LPG cylinders and other types of cylinders are carried out under the supervision of BIS Inspecting Officer deputed at the plant.

4. *Steps taken by BIS to prevent misuse of ISI Mark.*

(a) **Vigilance by BIS of LPG cylinder licensees during non-working hours/ shut down period.**

BIS is exercising vigilance of their LPG cylinder licensees during non-working hours and also during the period of shut down declared by the manufacturer due to no-manufacturing activities because of lack of orders, through surprise inspections by senior BIS officials to ensure that no unauthorised manufacture of LPG cylinders with BIS Standard Mark is done.

(b) **Surveillance on suspected units including units which had been closed down.**

The surveillance of such units which are no more BIS licensee is also carried out by BIS if sufficient information is available that such units are engaged in manufacture of LPG cylinders with BIS Standard Mark.

(c) **Deshaping of cylinders rejected during manufacturing activities.**

A record of all the rejections of cylinders and the deep drawn halves is kept on day-to-day basis and such rejections are reshaped in the presence of BIS Inspecting Officer to ensure that no cylinder can be manufactured out of these rejections and put into the market.

5. LPG steel sheets received by the manufacturers are released by BIS Inspecting Officer after examining the relevant test certificates of the sheets and

after ensuring that these meet the requirements of the specified standards. The manufacturers are keeping a record of cylinders made out of these steel sheets used by them. The records are periodically checked by BIS Inspecting Officer.

### *Role of Oil Companies*

6. Oil Companies are also responsible for controlling fake gas cylinders coming into the market. They are controlling this by various methods, few of which are mentioned below:-

(a) The LPG valves are issued by oil companies to the LPG cylinder manufacturers for fitting on to the LPG cylinders and keeping an account of these valves issued to the cylinder manufacturers.

(b) Periodic audit of LPG cylinder manufacturers is carried out by a joint team of Oil Industry Technical Audit Committee which goes into the details like reconciliation of steel sheets received by the manufacturers *vis-a-vis* the quantity of LPG cylinder manufactured by the firm.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)/93-PD.1/1/ dt. 18.2.94]

## **CHAPTER III**

### **RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT PURSUE IN VIEW OF THE GOVERNMENT REPLY**

#### **Recommendation (Para No. 1.15)**

The Bureau of Indian Standards plays an important role in ensuring that quality products are made available to the consumers. The Committee have observed that the standards laid down by the BIS, are not being strictly adhered to. The Committee feel that more products should be brought under the BIS Certification scheme. The Committee are concerned to note that timely action is not taken in case of complaints of poor quality BIS marked products. The Committee recommend that BIS should make its redressal mechanism more effective and give wider publicity to it, so that the common consumer is made aware of the significance of BIS marked products.

#### **Reply of the Government**

BIS has formulated over 15000 standards out of which nearly 2000 are in respect of consumer products.

Compliance with the standards laid down by BIS is voluntary and it is mainly market-driven. Similarly, the BIS Certification Scheme is voluntary in nature except for 129 items for which ISI Certification has been made mandatory under various Quality control Orders issued under Essential Commodities Act, Prevention of Food Adulteration Act, Mines act, etc. on consideration of health and safety of consumers. The responsibility of enforcing the Quality Control orders primarily rests with the state Governments and other authorities notified in the relevant order/enactment.

The decision to make BIS certification compulsory for any item rests with the concerned administrative Ministry. In the liberalised economic regime, quality consciousness and compliance with standards are market-driven. However, on considerations of health and safety of consumer and other related considerations mandatory BIS certification may continue.

The Bureau has taken the following steps to expedite disposal of complaints:-

- (1) A consumer affairs and Public Grievances Department has been set up at headquarters to monitor the redressal of the complaints.
- (2) Centralised recording and monitoring of the complaints.

- (3) Field staff to accord priority to complaint investigation.
- (4) Laboratories to allot top priority to testing of complaint samples.
- (5) Periodic review of the status of the pending complaints by BIS.

**(a) Consumer Education by BIS**

- (i) A full-fledged Consumer affairs Department has been established to ensure intensive interaction with and provide service to common consumers and their organisations.
- (ii) To build up awareness among consumers regarding standards and quality, publicity is done through advertisements in newspapers, radio, television etc.
- (iii) For educating consumers, BIS is bringing out brochures from time to time which may be general awareness brochures about BIS and its activities brochures highlighting standardisation work of consumer interest and know you product series brochures.
- (iv) BIS is also publishing a special feature entitled "Consumer News" in its monthly journal "Standards India". The feature contains write-ups on the contents of Indian or International standards of interest to the consumers and reports of activities like conferences, seminars and workshops, of consumer interest. A reprint of "Consumer News" is being circulated to about 400 consumer organisations all over the country so as to achieve as large a readership among the consumers as possible. This feature is also carried in BIS Hindi Journal "Manakdoot"
- (v) BIS also participates in seminars, exhibitions and other programmes organised by consumer associations and other organisation.
- (vi) Consumer organisations are invited to functions/programmes organised by BIS which are of consumer interest.
- (viii) A training module for educating office bearers of consumer organisations about activities of BIS has been developed which contains practically all aspects of Bureau's activities that the common consumer would like to know. The module has been circulated to prominent consumer organisations for their willingness to make use of the programme.

**(b) Publicity**

- (i) Advertisement issued in National dailies regarding the existence of public grievance redressal machinery in the Bureau.
- (ii) To put display boards near the Reception at the headquarters and at Regional and Branch offices indicating the names of the Public Grievances Officer(s), their locations and office and residential telephone numbers.

- (iii) The brochure brought out by BIS for consumer awareness indicates the presence of redressal machinery in the Bureau.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)93 PD-1/1/ dt. 18.2.94]

### **Recommendation (Para No. 2.19)**

In the context of Fair Price shops through their number has increased, yet the Committee have noted that large areas remain outside the ambit of the PDS. The Committee recommend that the Central Government should strongly advise the State Governments and UT Administrations to open fair price shops in hilly, remote areas of the state.

### **Reply of the Government**

The Government has impressed upon the State Governments/UT Administrations on the need for effective coverage of remote and inaccessible areas through PDS outlets. Since the launching of the RPDS States/UTs have reported opening of more than 10,000 fair price shops in the areas covered by RPDS.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)93 PD-1/1/ dt. 18.2.94]

### **Recommendation (Para No. 2.23)**

The Committee note that the central issue prices of foodgrains supplied through the PDS have been increased frequently in the last three or four years. The Committee recommend that the central issue prices should not be increased frequently.

### **Reply of the Government**

Increase in the Central Issue Prices of foodgrains are necessitated by increases in the minimum support prices for procurement of foodgrains.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)93 PD-1/1/ dt. 18.2.94]

### **Recommendation (Para No. 2.24)**

The Committee are concerned to note that the quality of foodgrains supplied through the PDS is not upto the mark. This has resulted in large sections of the consumers, not taking up their quota of foodgrains. The Committee recommend that the standard of quality laid down for the foodgrains be improved substantially so that they are acceptable to a wider section of the consumers. The Committee also recommend that the movement of foodgrains in different areas be done taking into account the food habits of the people of different regions.

### **Reply of the Government**

The Ministry of Food has prescribed quality standards for procurement of foodgrains and has instructed the Food Corporation of India to issue foodgrains conforming to standards prescribed for distribution through the PDS. State Governments are given the opportunity to inspect the stocks before accepting the same. The Food Corporation of India has also been instructed to take into account the preferences of the State Governments/UT Administrations to the extent possible.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)93 PD-1/1/ dt. 18.2.94]

### **Recommendation (Para No. 2.25)**

The Committee notes that edible oils are scarcely available in FPS outlets even though the Ministry is responsible for the integrated and coordinated management of edible oils under the Public Distribution System. The Committee recommends that edible oils, being an important part of the food requirements of a family should be provided through FPS outlets. The Government may consider supplying vegetable oil manufactured by HVOC through Fair Price Shops.

### **Reply of the Government**

As per present policy only imported edible oils are distributed through the PDS. It would not be feasible for the HVOC to meet the requirements of the PDS through its own production. There is no proposal at present to change the policy relating to distribution of edible oils through the PDS.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)93 PD-1/1/ dt. 18.2.94]

### **Recommendation (Para No. 3.12)**

The Committee appreciates the introduction and passage of a bill relating to Consumer Act recently. The Committee also appreciates the fact that District Fora have been set up in majority of the districts of the country. The Committee is concerned to note that these forums are under-functioning in many areas as adequate publicity has not been provided. On the contrary, these forums are overworked in the metropolitan areas. They are lacking adequate infrastructure. They are not being provided with adequate staff which is acquainted with legal matters. The Committee feels that these forums have provided a leverage to the consumer and they have to be provided all the requisite support at the earliest. The Committee recommends that a review of the infrastructural facilities of these forums be made statewise and lacunae, if any, be removed at the earliest. They also desire that adequate publicity be provided to these forums.



### **Reply of the Government**

The Consumer Protection Act, 1986 provides for setting up of a single District Forum in a district. With the result some of the District Forums are over burdened with excess work. However, recently the Act has been amended to enable setting up of more than one district forum in a district depending upon the work load. The responsibility of setting up of additional district forums lies with the State Governments/UT Administrations.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)93 PD-1/1/ dt. 18.2.94]

### **Recommendation (Para No. 3.18)**

Finally, the Committee feel that the consumer movement is still in its infancy. All efforts towards strengthening the movement have to be provided. It is continuing effort in which all sections of society are involved. Vigilance has to be maintained and whenever any kind of exploitation takes place, Government should step in with effective measures.

### **Reply of the Government**

Government accords a very high priority to the Consumer Protection Programme. The main objective of this programme is to promote and protect the rights of consumers by ensuring involvement of all the sections of the society such as consumer organisations, trade and industry, women representatives, youths etc. Government has also taken important steps in this field which include enactment and enforcement of the Consumer Protection Act, 1986; printing of literature and its free distribution, establishment of Consumer Welfare Fund; grant of financial assistance to consumer organisation etc. It will be the endeavour of the Ministry to maintain vigilance on all fronts to protect consumer interest.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)93 PD-1/1/ dt. 18.2.94]

## **CHAPTER IV**

### **RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE**

#### **Recommendation (Para No. 2.17)**

The practice of diversion of foodgrains into the black market has been increasing over the years. The Committee suggest that the concept of door step delivery be put into practice in all areas of the country. The Committee recommend that stringent action should be taken against those found indulging in diversion of PDS quotas into the open market. The Committee suggest that proper and effective vigilance in this regard be maintained and senior officers should also inspect the fair price shops at regular intervals.

#### **Reply of the Government**

The operational responsibility for implementing the PDS is that of the State Governments/UT Administrations. A core component of the Revamped PDS Scheme is the introduction of door step delivery of PDS commodities to the fair price shops. State Governments/UT Administrations have reported that more than 56,000 fair price shops in the RPDS areas out of the 97,221 fair price shops have been brought under door step delivery. Progress in this regard is being monitored regularly.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)/93-PD-1/1/ dt. 18.2.94]

#### **Comments of the Committee**

[Please see Paragraph No. 1.9 of Chapter 1 of the Report]

#### **Recommendation (Para No. 2.18)**

The Committee are pained to note that many of the needy sections of the society are deprived of ration cards. The process has been made cumbersome, thus increasing the scope of corruption. The Committee suggest that the procedure for making a ration card be simplified and the families not having ration card be provided with ration card to facilitate availability of supplies.

The operational responsibility for the implementation of the PDS including the issue of ration cards is that of the State Governments. Central Government has

impressed upon the State Governments/UT Administrations regarding the need for issuing ration cards to all families and for eliminating bogus cards/ghost units. Since the launching of the RPDS scheme, State Governments/UT Administrations have reported issue of 2.83 million ration cards in the RPDS areas and elimination of more than eleven million bogus cards in the States/UTs having RPDS areas.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)/93-PD-1/1/ dt. 18.2.94]

### **Comments of the Committee**

[Please see Paragraph No. 1.12 of Chapter 1 of the Report]

### **Recommendation (Para No. 2.20)**

A high powered Committee of Ministers was set up with a view to evolve a National policy on the Public Distribution System. One of the recommendations of this high powered Committee is to exclude certain sections of the population from the purview of the PDS. This Committee feel that the exclusion relates primarily to the middle class which comprise largely the income tax payers. The Committee feel that this section comprises a miniscule fraction of the entire population and their exclusion would not lead to any substantial economy. The Committee feel that the middle class comprises the vigilance section of the society. They act as a control mechanism to ensure that the malpractices in the System are reduced. Their exclusion would increase corruption. The Public Distribution System, as it stands today is universal in character. The Committee appreciate the reasons for excluding certain sections from the purview of the PDS, but they feel that such a step would go against the majority of the population. The Committee strongly recommend that PDS be maintained as it stands today *i.e.* universal in character and every person be entitled to draw supply under this system.

### **Reply of the Government**

The recommendations of the Committee of Ministers was considered by the PDS Advisory Council in its 16th meeting held in September, 1993. The Advisory Council resolved that the matter needed further consultation with the State Governments through the forum of the National Development Council (NDC). No decision has been taken so far in the matter by the Government.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)/93-PD-1/1/ dt. 18.2.94]

### **Comments of the Committee**

[Please see Paragraph No 1.19 of Chapter 1 of the Report]

### **Recommendation (Para No. 2.21)**

The Committee have been informed that the report of the Committee of Ministers on National Policy on Public Distribution System has been referred to National Development Council. The Committee desire that before any final decision is taken by Government in the light of recommendations made by NDC, this Committee may be consulted.

### **Reply of the Government**

Government has not taken any decision in the matter so far.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)/93-PD-1/1/ dt. 18.2.94]

### **Comments of the Committee**

[Please see Paragraph No. 1.19 of Chapter I of the Report]

### **Recommendation (Para No. 2.26)**

The Committee feel that much of the malpractices in the PDS could be checked if the public is made aware of its rights. In this context, the Committee suggest that Vigilance Committees at village/fair price shop level be constituted in all parts of the country at the earliest, by involving local consumers, women and voluntary organisations. Complaints received from the Vigilance Committees should be thoroughly investigated.

### **Reply of the Government**

State Governments/UT Administrations have been impressed upon the need to ensure people's participation in the supervision of the functioning of the PDS. Village/Fair Price Shop Level Committees have been constituted in most of the States giving representation to local consumers, women and voluntary organisations.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)/93-PD-1/1/ dt. 18.2.94]

### **Comments of the Committee**

[Please see Paragraph No. 1.24 of Chapter I of the Report]

### **Recommendation (Para No. 2.27)**

The Committee note that the Vigilance Committees that have been set up to monitor the functioning of shops, have not made much progress in some areas. The Committee recommend that the Vigilance Committees be set up in all the areas and their functioning should be made more effective.

### **Reply of the Government**

State Governments/UT Administrations have been impressed upon for ensuring the effective functioning of the Fair Price Shop Level Vigilance Committees.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)/93-PD-1/1/ dt. 18.2.94]

### **Comments of the Committee**

[Please see Paragraph No. 1.24 of Chapter I of the Report]

### **Recommendation (Para No. 2.28)**

The implementation of the Public Distribution System is the joint responsibility of the Central Government, State Governments and the Union Territory Administration. The Committee are pained to note that the role of the Central Ministry has been relegated just to an advisory capacity. The Committee recommend that the Central Government should impress upon the State Government/UT Administrations to take action under the Essential Commodities Act so as to curb unfair trade practices, indulged in by the traders and fair price shops owners.

### **Reply of the Government**

In the Business Allocation rules Public Distribution System has been assigned to the Ministry of Civil Supplies, Consumer Affairs and Public distribution. However, the commodities distributed through the PDS are administered by different Ministries. The subject of procurement, movement and distribution of foodgrains and sugar are assigned to the Ministry of Food. There are similar entries regarding kerosene in the allocation of work for the Ministry of Petroleum and Natural Gas. Same is the position of Ministry of Coal *vis-a-vis* soft coke. The entry of PDS in the Business Allocation Rules under this Ministry cannot overrule the specific entries in the work distribution of the administrative Ministries mentioned above. Further, the running of fair price shops, procurement and distribution at the field level are under the jurisdiction of the State Government. It is, therefore, clear that the role of the Civil Supplies Ministry as visualised in the Business Allocation Rules and also as inferred from the joint responsibility of the Central Government and State Government in running the PDS, is essentially advisory in nature.

Similarly, under the Essential Commodities Act Control Orders were issued by the administrative Ministries and by State Governments. Since the entire field formation for implementing the Act is that of the State Governments, the Central Government has delegated powers to implement the Act to the State Governments and UTs. Also in respect of commodities administered by other administrative Ministries, those Ministries have to issue and supervise the implementation of

control orders in respect of such commodities. The responsibility of proper implementation of the control order lies with the respective State Governments/UTs. In a federal form of Government the Central laws are executed by the States/UTs with the help of their own machinery. When the responsibility of implementing the Central laws/orders is given to the State Governments, the Central Government (the concerned Ministry) functions as an advisory body and the monitoring and supervising agency.

Central Government has from time to time exhorted the State Governments to step up enforcement operations to check malpractices like hoarding, profiteering, blackmarketing and also to take adequate care and caution before proceeding against any trader so that no trader is harassed for any petty technical default. This Ministry coordinates and monitors action taken by States/UTs to ensure effective implementation of the provisions of the Essential Commodities Act.

The issue was discussed again with the State Governments in the 17th meeting of the Advisory Council on PDS held on 19.2.1994. There was a consensus on the issue as follows:

“Provisions of the Essential Commodities Act should not be used for harassing the traders by launching prosecutions in cases of minor discrepancies and technical deficiencies. But it should be implemented effectively wherever gross violations are noticed. The list of Essential Commodities should also be reviewed in view of plentiful supply of some commodities.”

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)/93-PD-1/1/ dt. 18.2.94]

### **Comments of the Committee**

[Please see Paragraph No. 1.27 of Chapter I of the Report]

### **Recommendation (Para No. 3.17)**

The Committee note that the excise concessions given to the industry as part of an attempt to control inflation have not been passed on to the consumers. They feel that the matter has not been actively pursued. The Committee recommend that the requisite steps be taken urgently to ensure that excise duty concessions are passed on to the consumers.

### **Reply of the Government**

Various industries who have not passed on the excise duty concessions announced in the budget 1993-94 in full to the consumers are mainly under the administrative control of the Ministry of Industry and Ministry of Chemicals and Fertilizers. Copies of the BICP report were passed on to these ministries for necessary action. The replies received from these ministries indicate that there is

no provision under the Acts and Rules administered by them to take action against such industries. In view of the above, this ministry has written to the Ministry of Finance requesting them to consider the possibility of making such provisions under the Customs and Excise Acts and Rules so that action could be initiated against such erring industries. The Ministry of Finance have informed that they have no mechanism to ensure that the excise duty concessions are passed on to the consumers. They have also expressed doubt about the feasibility and amending the Central Excise and Customs Laws in this regard. In view of the position stated above, this Ministry is of the view that we have taken all possible steps as a coordinating agency to bring about awareness among the consumers and various Ministries/Departments about the excise duty concessions.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)/93-PD-1/1/ dt. 18.2.94]

#### **Comments of the Committtee**

[Please see Paragraph No. 1.30 of Chapter I of the Report]

## **CHAPTER V**

### **RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT ARE STILL AWAITED**

#### **Recommendation (Para No. 1.14)**

The Committee are concerned to note that Hindustan Vegetable Oils Corporation has been operating with huge losses due to old and obsolete machinery and high wages. The Committee have observed that HVOC is heavily overstaffed. The Corporation has on its rolls 2473 employees as on 31.3.1992. The Committee recommend that effective steps should be taken to economise the working of HVOC, and induction of latest technology be made so as to make it commercially viable at the earliest under a time bound programme. Experienced officers should be sent to HVOC for its management. The Committee would like to be apprised of the results achieved within a period of six months.

#### **Reply of the Government**

HVOC has been incurring losses since 1991-92 continuously and the Standing Committee have rightly observed that old and obsolete machinery coupled with excessive manpower with high wages are the main reasons for the loss. Though vanaspati is the main line of business, the Corporation had to concentrate its attention on allied activities of refining and packing of imported edible oils for the Public Distribution System as it had an obligation to serve PDS on behalf of the Government. While the business for the PDS, particularly packing of imported edible oils in small consumer packs was relatively easy, protected and profitable the Corporation lagged behind in modernising its vanaspati plants. The manpower of the Corporation, which was substantially increased a decade ago to cope with the requirement of that time, has become surplus largely because the PDS business of refining and packing has been reduced to a negligible extent with near stoppage of import of unrefined and refined oil. Further, with the liberalization of the industrial sector and setting up of a number of vanaspati units in the private sector combined with sales tax exemption facility extended by certain States to new units in backward areas, the production and sale of vanaspati has also been adversely affected.

The Ministry has been seized of the problems of the HVOC for quite some time now and has been contemplating strategies to restructure/rehabilitate the Corporation. As a step in this direction, the Ministry had set up a Committee under the Chairmanship of the then Secretary, Shri B.K. Goswami, in July, 1992 which *inter-alia* recommended shedding of surplus manpower immediately.



Accordingly, a demand of Rs. 14 crores from the National Renewal Fund for implementation of a Voluntary Retirement Scheme in HVOC was placed and the Corporation, under instructions of this Ministry, implemented the Scheme vigorously. As a result, 132 employees availed of voluntary retirement during 1992-93 and 507 employees during the year 1993-94. A provision of Rs. 14.00 crores was made in the Budget Estimate of 1993-94 which was scaled down to Rs. 12.00 crores in R.E. 1993-94. Of the revised budgetary allocation, a sum of Rs. 7.00 crores (app.) has already been released to HVOC in three instalments. According to the estimate of the Corporation, the VRS would effect a saving of Rs. 2.25 crores during 1993-94 and about Rs. 3.00 crores during 1994-95.

Meanwhile, this Ministry has considered a number of restructuring proposals submitted by HVOC in pursuance of the Goswami Committee recommendations. A paper is being prepared for the Cabinet Committee on Economic Affairs spelling out various actions which should be taken to restructure the Corporation, the most important of which is the proposal to merge the Corporation with STC/MMTC/NDDB.

As regards posting of experience and able officers in HVOC, it would be appropriate to wait till restructuring process is completed.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)/93-PD.1/1/ dt. 18.2.94]

### **Recommendation (Para No. 3.11)**

The Committee have observed that consumer cooperatives have not been able to make an impact in majority of the cities, towns and specifically in rural areas. The Committee recommend that special thrust be provided to strengthen and rehabilitate the consumer cooperatives, so as to have an impact on the distributing trade for the supply of quality goods at reasonable prices to the consumers. The Committee recommend that financial assistance to the village level cooperatives be provided for undertaking distribution of consumer articles in rural areas.

### **Reply of the Government**

In order to study the problems being faced by the consumer cooperatives and to find out the reasons for their sickness and also to chalk out strategies for the functioning of consumer co-operatives, in the changed economic scenario of liberalised economic systems, Ministry has constituted an Expert Committee. The Committee has been asked to find out the reasons for sickness of consumer co-operatives, identify bottlenecks and to recommend the line of action to be adopted in order to strengthen and revitalise them to enable them to attain economic viability at all levels and to make them professionally managed with full support of consultancy and technical know how. The Committee has also been requested to draw up an action plan for implementation of the recommendation of the Committee by the Central Govt. as well as by the State Governments.

The problems of shortage of staff and other infrastructure in various State Commissions/District Forums were discussed in the All India Conference of Presidents and Members of State Commissions held on 24.1.1994 which was attended by State Government representatives also. This Conference was organised by the National Consumer Disputes Redressal Commission. The problems were discussed in detail and decisions taken to improve the staff position and other facilities provided to the State Commissions and District Fora.

This Ministry is also taking steps to provide adequate publicity to these forums. Some such steps include broadcasting of weekly AIR programme "Apne Adhikar" from all the commercial stations of AIR, printing of literature in the field of consumer protection and its free distribution, publishing of quarterly journal "Upabhokta Jagaran" and its free distribution to voluntary consumer organisations and libraries, observance of Consumer Day on 15th March every year, organisations of seminar, workshops, training programmes in the field of Consumer Protection Act.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution  
OM No. 3(1)/93-PD.1/1/ dt. 18.2.94]

NEW DELHI;  
14 December, 1994  
23 Agraphayana, 1916 (Saka)

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

## APPENDIX I

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

*Minutes of the sitting of the Committee held on 21st September, 1994*

The Committee sat from 11.00 hrs. to 13.20 hrs. on 21st September, 1994.

#### PRESENT

Shri Shyam Bihari Misra — *Chairman*

#### MEMBERS

#### *Lok Sabha*

2. Shri N.J. Rathva
3. Dr. (Smt.) Padma
4. Shri A. Jayamohan
5. Shri V. Krishna Rao
6. Shri Bijoy Krishna Handique
7. Shri Gopi Nath Gajapathi
8. Dr. Ramkrishna Kusmaria
9. Shri Chhotey Lal
10. Shri Pankaj Chaudhari
11. Prof. Ram Kapse
12. Shri Lal Babu Rai
13. Shri Shashi Prakash
14. Shri Ram Awadh
15. Shri Manoranjan Sur
16. Dr. (Smt.) K.S. Soundaram
17. Shri Bir Singh Mahato

*Rajya Sabha*

18. Shri Moolchand Meena
19. Shri Kanaksinh Mohansinh Mangrola
20. Smt. Chandra Kala Pandey

## SECRETARIAT

- |                     |   |                         |
|---------------------|---|-------------------------|
| 1. Shri S.C. Gupta  | — | <i>Joint Secretary</i>  |
| 2. Shri T.R. Sharma | — | <i>Deputy Secretary</i> |
| 3. Shri K.L. Anand  | — | <i>Under Secretary</i>  |

## I. Consideration and Adoption of Draft Seventh Report.

\* \* \*

## II. Consideration and Adoption of Eighth Report.

3. The Committee then considered the draft Eighth Report on the action taken by Government on the recommendations contained in Third Report (Tenth Lok Sabha) on Annual Report of Ministry of Civil Supplies, Consumer Affairs and Public Distribution. The Committee desired that before a final decision was taken in the matter the latest position in regard to the exclusion of certain categories of people from the ambit of PDS, in the light of recommendations made by Committee of Ministers on National Policy on Public Distribution System might be ascertained from the Ministry. The Committee also decided to comment upon the constitution of Vigilance Committees at village/fair price shop level (Paras 2.26 & 2.27 of Third Report).

4. Accordingly, the Committee desired that the draft Eighth Action Taken Report duly revised in the light of observations made by the Committee should be placed before them for further consideration, on a future date.

\* \* \*

III. Evidence of Representatives of UP Gur and Khandsari Merchant's Federation Muzzaffarnagar, in connection with examination of sugar.

*The Committee then adjourned.*

STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND  
PUBLIC DISTRIBUTION

*Minutes of the sitting of the Committee held on 13th December, 1994*

The Committee sat from 1500 hrs. to 1600 hrs. on 13th December, 1994.

PRESENT

Shri Shyam Bihari Misra — *Chairman*

MEMBERS

*Lok Sabha*

2. Dr. (Smt.) Padma
3. Shri V. Krishna Rao
4. Shri Bijoy Krishna Handique
5. Shri Lakshman Singh
6. Shri Gopi Nath Gajapathi
7. Shri Naresh Kumar Baliyan
8. Shri Kabindra Purkayastha
9. Prof. Ram Kapse
10. Shri Shashi Prakash
11. Shri Ram Awadh
12. Shri Syed Masudal Hossain
13. Shri Ramchandra Marotrao Ghangare
14. Shri Manoranjan Sur

*Rajya Sabha*

15. Shri Sunder Singh Bhandari
16. Shri Sudhir Ranjan Majumdar
17. Shri Tara Charan Majumdar
18. Shri Jagannath Singh

19. Shri Tindivanam G. Venkatraman

20. Smt. Chandra Kala Pandey

SECRETARIAT

- |                       |   |                         |
|-----------------------|---|-------------------------|
| 1. Shri S.C. Gupta    | — | <i>Joint Secretary</i>  |
| 2. Shri Ram Autar Ram | — | <i>Deputy Secretary</i> |

The Committee considered their draft Eighth Report on the Action Taken by Government on the recommendations contained in the Third Report (Tenth Lok Sabha) on Annual Report (1992-93) of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution and adopted the Report with the following amendments:—

Para No. 1.24

*After 'their functioning be made more effective' add. 'It should also be ensured that the action on the complaints made by the Vigilance Committees is taken within a specified time limit.'*

2. The Committee authorised the Chairman to make consequential changes arising out of the factual verification of the Report by the Ministry of Food and present/lay the same in both the Houses of Parliament.

*The Committee then adjourned.*

## **APPENDIX II**

### **(VIDE INTRODUCTION OF THE REPORT)**

#### ***Analysis of Action Taken by Government on the recommendation contained in the Third Report of Standing Committee on Food, Civil Supplies & Public Distribution.***

***(Tenth Lok Sabha)***

<b>I.</b>	<b>Total number of Recommendations</b>	<b>24</b>
<b>II.</b>	<b>Recommendations/Observations which have been accepted by Government</b> <b>Sl. No. 2.15, 2.16, 2.22, 3.13, 3.14, 3.15, 3.16.</b>	
	<b>Total</b>	<b>7</b>
	<b>Percentage</b>	<b>29.16</b>
<b>III</b>	<b>Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies</b> <b>Sl. No. 1.15, 2.19, 2.23, 2.24, 2.25, 3.12, 3.18.</b>	
	<b>Total</b>	<b>7</b>
	<b>Percentage</b>	<b>29.16</b>
<b>IV</b>	<b>Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee</b> <b>Sl. No. 2.17, 2.18, 2.20, 2.21, 2.26, 2.27, 2.28, 3.17.</b>	
	<b>Total</b>	<b>8</b>
	<b>Percentage</b>	<b>33.33</b>
<b>V</b>	<b>Recommendations/Observations in respect of which final replies of Government are still awaited.</b> <b>Sl. No. 1.14, 3.11.</b>	
	<b>Total</b>	<b>2</b>
	<b>Percentage</b>	<b>8.33</b>