

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:2980
ANSWERED ON:16.03.2010
MARKING OF HIGH MRP
Swamygowda Shri N Cheluvarya Swamy

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether most electronic/electrical equipments are marked much above their actual selling price thereby defeating the objective of printing the Maximum Retail Price;
- (b) if so. the details thereof and the reasons therefor; and
- (c) the remedial steps taken/proposed to be taken in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K. V. THOMAS)

(a) to (c): No specific complaint regarding marking of prices much above their actual selling price on electronic and electrical equipments has been received. On the direction of Kerala High Court, the Government had constituted an Expert Committee in August, 2007 under the Chairmanship of Dr. M. Govinda Rao, Director, National Institution of Public Finance & Policy to examine the feasibility of declaring a normative price on a pre-packaged commodity, as applicable for the entire country, adequately reflecting the cost incurred by the producer in reaching the package to the end consumer. The Committee unanimously found that it is neither feasible nor desirable to declare a normative price for various consumer goods. The Committee also observed that the consumers' interest will be well served by the Government taking a pro-active role in creating and deepening the markets and empowering the institutions such as the Competition Commission to monitor the market conditions to promote healthy competition.

The Committee also examined the question of whether there should be declaration of any other price in addition to MRP. The majority view in the Committee was that it would be impossible to enforce accurate declaration of MRP by requiring the manufacturer to declare the First Point Price in addition to MRP. The Committee recommended that the solution to prevent exploitation of consumer lies in activating competition in the markets. The Committee also noted that for goods covered under Schedule 4 of the Central Excise Act, there is an automatic disincentive to inflate the MRP because higher MRP would attract higher taxes.

The Government has accepted these recommendations of the Committee.