

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

STARRED QUESTION NO:393
ANSWERED ON:30.08.2011
NORMATIVE PRICE OF GOODS
Patel Shri R.K. Singh

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

- (a) whether suggestions/requests have been received from various quarters for indicating production cost of a commodity on packaged goods;
- (b) if so, the details thereof;
- (e) whether the Government had promulgated the Standards of Weights and Measures (Packaged Commodities) Rules, 1977 to protect the interest of the consumers;
- (d) if so, the details thereof indicating the mandatory information required to be provided under the said Rules;
- (e) whether the Government had constituted any expert committee to examine the feasibility of declaring a normative price on commodities; and
- (f) if so, the details thereof, including the major recommendations of the said committee?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K. V. THOMAS)

(a) to (f): A Statement is laid on the Table of the House.

STATEMENT REFERRED IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO.393 FOR 30.08.2011 REGARDING NORMATIVE PRICE OF GOODS.

(a): No such suggestions/requests have been received in respect of indicating production cost of a commodity on packaged goods.

(b): Does not arise.

(c) & (d): The Standards of Weights and Measures (Packaged Commodities) Rules, 1977 has been repealed. A new set of rules called Legal Metrology (Packaged Commodities) Rules, 2011 under the Legal Metrology Act, 2009 has been framed and made operational w.e.f. 1st April,2011. The new Rules require certain mandatory declarations like name and address of the manufacturer/packer/importer, name of the commodity, net quantity, month and year of manufacturing, retail sale price in the form Maximum Retail Price (MRP) inclusive of all taxes. Consumer Care details etc.

(e) & (f): 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 Institute 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 customer goods. The committee also observed that the consumer's interest will be well served by the Government taking a pro-active role in creating and deepening the markets and empowering the institution 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.