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**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS  
AND PUBLIC DISTRIBUTION  
(2007-08)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF CONSUMER AFFAIRS,  
FOOD AND PUBLIC DISTRIBUTION  
(DEPARTMENT OF CONSUMER AFFAIRS)**

**DEMANDS FOR GRANTS  
(2008-2009)**

**TWENTY FOURTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**April, 2008/Chaitra, 1930 (Saka)**

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(DEPARTMENT OF CONSUMER AFFAIRS)**

**DEMANDS FOR GRANTS  
(2008-2009)**

*Presented to Lok Sabha on 16.04.2008  
Laid in Rajya Sabha on 16.04.2008*



**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 2008/Chaitra, 1930 (Saka)*

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**COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER  
AFFAIRS AND PUBLIC DISTRIBUTION – 2007-2008.**

Shri Devendra Prasad Yadav - Chairman

**MEMBERS**

**Lok Sabha**

2. Shri Govinda Aroon Ahuja
3. Shri Suresh Angadi
4. Shri Alakesh Das
5. Shri Atma Singh Gill
6. Shri G.V. Harsha Kumar
7. Shri Abdul Mannan Hossain
8. Shri Baliram Kashyap
9. Shri Avinash Rai Khanna
10. Shri Wangyuh W. Konyak
11. Shri Parsuram Majhi
12. Shri Sadashivrao Dadoba Mandlik
13. Shri Harikewal Prasad
14. Shri Munshi Ram
15. Shri Francisco Cosme Sardinha
16. Shri Ghuran Ram
17. Shri Daroga Prasad Saroj
18. Adv. (Smt.) P. Satheedevi
19. Shri Chandra Bhan Singh
20. Smt. Meena Singh \*
21. Vacant

## **Rajya Sabha**

22. Shri T.S. Bajwa
23. Smt. Mohsina Kidwai
24. Shri Ajay Maroo #
25. Shri Shantaram Laxman Naik
26. Shri Kanjibhai Patel
27. Shri Rajniti Prasad
28. Shri Nabam Rebia
29. Shri Ram Narayan Sahu
30. Shri Matilal Sarkar
31. Shri Thanga Tamil Selvan @

## **SECRETARIAT**

- |                                    |   |                      |
|------------------------------------|---|----------------------|
| 1. Dr. (Smt.) Paramjit Kaur Sandhu | - | Additional Secretary |
| 2. Shri P.K. Misra                 | - | Joint Secretary      |
| 3. Shri Raj Shekhar Sharma         | - | Director             |
| 4. Shri Jagdish Prasad             | - | Deputy Secretary-II  |

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\* Smt. Meena Singh has been nominated to the Committee on FCA&PD w.e.f. 10.03.2008.

@ Ceased to be a Member of the Committee consequent to his retirement from the Rajya Sabha w.e.f. 02.04.2008.

# Ceased to be a Member of the Committee consequent to his retirement from the Rajya Sabha w.e.f. 09.04.2008.

## INTRODUCTION

I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2007-2008), having been authorized by the Committee to submit the Report on their behalf present this Twenty Fourth Report on Demands for Grants (2008-2009) relating to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

2. The Committee examined/scrutinized the detailed Demands for Grants (2008-2009) of the Ministry, which were laid on the Table of the House on 19<sup>th</sup> March, 2008. The Committee took evidence of the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) on 2 April 2008.

3. The Committee wish to express their thanks to the Officers of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs), for placing before them detailed written notes on the subject and for furnishing the information to the Committee, desired in connection with examination of the subject.

4. The Report was considered and adopted by the Committee at their sitting held on 15<sup>th</sup> April, 2008.

5. 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**  
**15<sup>th</sup> April 2008**  
**26 Chaitra , 1930 (Saka)**

**DEVENDRA PRASAD YADAV,**  
**Chairman,**  
**Standing Committee on Food**  
**Consumer Affairs and Public Distribution**

## CHAPTER I

### INTRODUCTORY

The Department of Consumer Affairs (DCA) is one of the two Departments under the Ministry of Consumer Affairs, Food & Public Distribution. It was constituted as a separate Department in June 1997 as it was considered necessary to have a separate Department to give a fillip to the nascent Consumer movement in the country. The work allocated to the Department, as per the Allocation of Business Rules, 1961, is listed below: \_

1. Internal Trade.
2. Inter-State Trade: The Spirituous Preparation (Inter-State Trade and Commerce) Control Act, 1955 ( 39 to 1955).
3. Control of Future Trading: The Forward Contracts (Regulation) Act, 1952 (74 to 1952).
4. The Essential Commodities Act, 1955 (10 to 1955) (supply, price and distribution of essential commodities not dealt with specifically by any other Department).
5. Prevention of the Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980 (7 of 1980), persons subject to detention there under.
6. Regulation of Packaged Commodities.
7. Training in Legal Metrology.
8. The Emblems and Names (Prevention of Improper Use) Act, 1952 (12 of 1952)
9. Standards of Weights and Measures; The Standards of Weights and Measures Act, 1976 (60 of 1976) **and Standards of Weights and Measures(Enforcement) Act. 1985.**
10. The Bureau of Indian Standards Act, 1986 (63 of 1986).
11. Laying down specifications, standards and codes and ensuring quality control of bio-fuels for end users.
12. Forward Markets Commission.
13. Consumer Cooperatives.
14. Monitoring of prices and availability of essential commodities.
15. National Test House.
16. The Consumer Protection Act, 1986 (68 of 1986).

1.2 The Department of Consumer Affairs mandate consists of responsibilities: (i) consumer protection, (ii) internal trade, (iii) quality infrastructure and policies consisting of standards and legal metrology, and (iv) monitoring of prices and availability of essential commodities. In carrying out its mandate, the Department is assisted by the following organizations:-

(A) Bureau of Indian Standards (BIS).

(B) National Test House (NTH).



- (C) National Consumer Disputes Redressal Commission (NCDRC).
- (D) National Cooperative Consumer's Federation (NCCF).
- (E) Forward Markets Commission (FMC).
- (F) Indian Institute of Legal Metrology (IILM).
- (G) Regional Reference Standards Laboratories (RRSLS).

1.3 The Minister of Consumer Affairs, Food and Public Distribution laid on the Table of the Lok Sabha, the Detailed Demands for Grants (2008-2009) relating to the Department of Consumer Affairs on 19<sup>th</sup> March 2008. The Detailed Demands for Grants for the Department of Consumer Affairs shows a budgetary provision of Rs. 247.95 crore. This includes Rs.209.00 crore for plan activities and another Rs. 38.95 crore, for non-plan programmes and schemes.

1.4 The Committee has examined the various issues related to implementation of different schemes/programmes of the Department in the context of Demands for Grants (2008-09); the detailed analysis alongwith the observations/recommendation has been given in the succeeding part of the report.

## CHAPTER II

### **Implementation status of the Observations/Recommendations of the Committee contained in their Nineteenth Report (Fourteenth Lok Sabha) on Demands for Grants (2007-2008) of the Department of Consumer Affairs**

Status of Implementation of the recommendations made by the Committee in Thirteenth Report of the Committee on Demands for Grants (2006-2007) under Direction 73 A of the Directions by the Speaker, Lok Sabha.

As per direction 73A of the Directions by the Speaker, Lok Sabha, the Minister concerned shall make once in six months a Statement in the House regarding the status of implementation of recommendations contained in the Reports of Departmentally Related Standing Committee of Lok Sabha with regard to the Ministry. Out of 29 recommendations, 4 recommendations (Rec. paragraph Nos.3.12, 3.13, 6.16 and 6.17) have been implemented by the Government. Rec. No. 3.12 Reduction of outlay: The concerned Divisions have been impressed upon to incur expenditure evenly throughout the year. Rec. No. 3.13 – Slow Pace of expenditure : The Department has assured that the price of procurement of instruments through DGS&D will be completed within the same financial year so as to avoid savings/surrender of funds. Rec. No. 6.16- Monitoring the availability of Essential Commodities: The concerns of the Committee have been conveyed to all Chief Secretaries of the States/UTs. Rec. No. 6.17- Strengthening of Enforcement Machinery for prevention of hoarding and blackmarketing: Concerns of the Committee have been conveyed to all Chief Secretaries.

16 Recommendations (Rec.Nos. 3.14, 4.17, 4.24, 4.28, 4.36, 4.37, 4.45, 4.46, 4.54, 4.55. 5.6, 8.4, 8.5, 8.12, 9.5 and 9.6) are under process of implementation by the Government. Rec. No. 3.14.- Merging of schemes: The recommendations would be followed whenever possible. Rec. No. 4.17 – Less no. of cases filed in State Commissions/ D Fora: Awareness is being created amongst the consumers of rural and backward areas. Rec. No.4.24, 4.28 and 4.36- Review of performance of District Fora & State Commissions: The Committee in the earlier recommendation had reviewed the performance of District Fora and State Commissions and made certain crucial recommendations. The Department has simply written a D.O. letter to all the States/UTs. Merely corresponding with States would not be sufficient. There is an urgent need to know the specific problems being faced by District Fora and State Commissions and take concrete actions in this regard. Rec. No. 4.37- Non functional District Fora: Efforts are being made to make the District Fora functional. Rec. No.4.45 & 4.46 – Construction of NCDRC Building The Committee have persistently been recommending for early completion of NCDRC building in the respective reports. Substantial allocation for the project is being made since 2004-05 which ultimately remained unutilized due to the procedural clearances. No action

seems to have been taken while taking note of the action taken reply of the Department. Rec. No.4.54- Defaulting NGOs/VCOs The Committee have emphasized to take urgent action to complete the preliminary enquiry and lodge the complaint with CBI. Rec. No. 4.55 – Setting up of State Consumer Welfare Fund: Matter being taken up with Principal Secretaries of defaulting States. Rec. No. 5.6- Revival of Super Bazar: The matter is sub-judice. Rec. No. 8.4 and 8.5 - Increase of Raids by BIS: Action is being taken for strengthening of enforcement machinery. Rec. No. 8.12- Making the Hallmarking of gold jewellery mandatory: Provision is being made in BIS Act. 1986. Rec. No. 9.5 and 9.6- Empowering NTH: Efforts are being made to make NTH self sufficient.

2 Recommendations (Rec. No.4.43 & 8.13) have not been implemented by the Government). Rec. No.4.43 Lack of infrastructure in State Commissions and District Fora. Lack of infrastructure is the perennial problem being faced by various State Commissions and District Fora and need to be addressed urgently so as to ensure effective functioning of these Fora. The Committee would like the Department to take up the issue with the Planning Commission/Ministry of Finance. The Department has not addressed the matter of provision of outlay for consumer protection in their State Budgets in their action taken reply.

Rec. No.8.13 Hallmarking of Gold Jewellery: Even when the Government had proposed to bring the hallmarking of gold jewellery under mandatory certification w.e.f. 1 January, 2008 not even a single hallmarking centre could be set up in rural areas. Keeping in view the aforesaid state of affairs the recommendation has been categorized under not accepted category. The Committee have emphasized to set up at least one hallmarking centre in each district in the country so as to facilitate implementation of mandatory certification by the stipulated time frame.

7 Recommendations (Rec. No. 3.15, 4.5, 4.15, 4.16, 4.22, 7.13 and 7.14) are yet to be implemented by the Government. Rec. No. 3.15 – Direct allocation by Planning Commission to States/UTS: Views of the Committee conveyed to Planning Commission. Rec. No. 4.5– Reduction of budget for consumer awareness: Views of the Committee conveyed to Planning Commission. Rec. No. 4.15 - Consumer Awareness in Rural Areas: Adequate emphasis will be given to rural areas. Rec. No. 4.16- Separate outlay for rural areas: Will be projected in next outcome Budget. Rec. No. 4.22 – Circuit Benches for disposal of cases pending in District fora: Matter would be considered while finalizing Amendments to Consumer Protection Act.1986. Rec. No.13 – Ban on Forward Trading in Agricultural Commodities: Decision on forward trading in agricultural commodities would be taken after the report is submitted by Prof. Abhijeet Sen Committee. Rec. No. 7.14- Forward Trading in Essential Commodities: Report of Prof. Abhijeet Sen Committee is awaited.

2.2 The Standing Committee on Food, Consumer Affairs and Public Distribution presented Nineteenth Report on Demands for Grants (2007-2008) relating to the Department of Consumer Affairs on 27<sup>th</sup> April, 2007. The Twentieth-second Report on Action Taken by the Government on the recommendations contained in the Nineteenth Report on DFG (2007-2008) was presented to Lok Sabha on 14<sup>th</sup> March, 2008. The Nineteenth Report was sent to the Ministry for furnishing Action Taken replies on the recommendations made by the Committee.

The Minister made a statement in Lok Sabha on 3<sup>rd</sup> December, 2007 regarding the status of implementation of the recommendations contained in the 19<sup>th</sup> Report of the Committee on Demands for Grants (2007-08) under direction 73A of the Directions by the Speaker, Lok Sabha. The information made available to the Committee with regard to implementation of recommendations made in their Report has been critically analyzed (**Annexure-I**).

## CHAPTER – III

### GENERAL PERFORMANCE OF THE DEPARTMENT OF CONSUMER AFFAIRS

#### (a) Utilization of funds during 2007-08

The Department of Consumer Affairs furnished the following statement showing the funds allocated and expenditure incurred on its Plan and non-plan schemes up to 17<sup>th</sup> March, 2008:-

(In crore Rupees)

Sr. No.	Scheme etc.	B.E. 2007-2008	RE 2007-2008	Actual expenditure Upto 17.3.2008 (Provisional)
1.	Consumer Awareness Publicity	67	58	42.59
2.	Confonet	10	8	3.24
3.	Integrated Project Consumer Protection Cell	34	30.05	24.81
4.	National Consumer Protection Authority	1	0.01	0
5.	State Consumer Helpline	5	2.50	1.34
6.	Construction of NCDRC Building	5	0.01	0
7.	Strengthening of W&M	14	16.30	3.31
8.	RRSL	4	5.70	1.76
9.	National Test House	25	8.27	6.51
10.	Consumer Education & Training HRD/Capacity Building	12	11.16	0
11.	Gold Hallmarking	4		1
12.	Standardization of Quality Control	12		0
13.	Strengthening of FMC	20	10	1.86
	Total	<b>213</b>	<b>150</b>	<b>86.42</b>

3.2 It has been noted from the above statement that out of RE of Rs. 150 crore, the Department of Consumer Affairs could utilize only Rs. 86.42 crore i.e. 57.60% of RE up to 17.03.2008 (**Annexure-II**). There was 'NIL' expenditure in respect of the schemes (i) Construction of NCDRC Building; (ii) Consumer Education & Training HRD/Capacity Building and (iii) Standardization of Quality Control. Further, there was gross underutilization of funds under some of the schemes viz. Strengthening of Weights and Measures, where against the allocation of Rs. 16.31 crore, the expenditure was only Rs. 3.31 crore up to 17.03.2008. Similar is the position in respect of the scheme 'Strengthening of

FMC' where out of Rs. 10 crore, Rs. 1.86 crore i.e. 19% funds have been utilized. Every year there is huge reduction in BE at RE stage.

3.3 When asked about the low expenditure of funds during 2007-08 which was 57-60% of Revised Estimates, the Department in a note have furnished the following reasons:-

(i) 2007-08 being the first year of the eleventh plan, the schemes required appraisal and approval by the competent authority like SFC/EFC/CCEA etc. these approvals took a long time due to the procedures involved, for example the recommendation of EFC to continue the 'Consumer Awareness Campaign' was received only in November, 2007. The CCEA approval for the same was received in late January, 2008. Similarly, as regards NTH scheme, EFC approval was received only in January, 2008. According to the Government Policy, consumer awareness messages to print and electronic media can only be routed through DAVP, but DAVP did not accept Letter of Authority from the client Departments after February 15, 2008.

(ii) Some of the scheme like CONFONET, Integrated Project required evaluation before they could be continued in the XI Plan. The Department had to seek exemption of this clause in respect of such schemes which were to be evaluated from the Ministry of Finance. This exemption became available only on 20<sup>th</sup> June, 2007, till this date no progress during the financial year could be made.

(iii) In respect of the scheme of strengthening of FMC, although the EFC meeting was held in the month of August but the approval was received only in the later half of December, 2007.

(iv) Since the approval of major schemes was received around the last quarter of the financial year, to circumvent the expenditure ceiling restriction of 33% during the last quarter of financial year, exemption from the Ministry of Finance was requested and sought, this process also took crucial time.

3.4 On the same subject during evidence, the representatives, Department of Consumer Affairs further elaborated as under:-

"Being the first year of the new Plan, at all the levels, the Planning Commission, Ministry of Finance and Expenditure Department had to do a lot of work for all the Departments. So, therefore, it has taken time for final approval. Instructions were very clear that unless this scheme is approved unlike the case in the Tenth Plan, expenditure on the schemes which are there in the Eleventh Plan including the

first year shall not be made. In fact, the instructions were clear to the FA. We got the exemption for the evaluation which was good because some schemes could not be evaluated because they were intermediate schemes. That is why, as I submitted, major schemes like publicity, FMC, NTH could be approved in the last quarter and one scheme was approved on the 31<sup>st</sup> January of last quarter. That means there were only two months for expenditure. That was the reason why the expenditure was not made.”

3.5 When asked about the concrete steps taken by the Department to ensure that there were no heavy reductions in allocations at the RE stage, the Secretary, Department of Consumer Affairs stated during evidence: -

“Every week, I take a meeting of the expenditure which has happened so that there is monitoring of expenditure as well as results. So, these are the mechanisms which we have put in place to see that this year expenditure occurs. About last year, I would submit for the consideration of the august Committee that since the approvals were not in place, it was not possible to release the money.”

3.6 The Committee pointed out that every year there was huge reduction of BE at RE stage which reflected lack of proper planning by the Department. When asked about the concrete steps taken by the Department to ensure that there were no heavy reductions in allocations at the RE stage, the Department have stated that as per norms, Ministry of Finance applies 5% cut at RE stage in non-plan non-salary heads due to which a slight reduction has been made in RE allocation of Non-Plan 2007-08.

3.7 On the Plan side, Ministry of Finance decides the RE allocation keeping in view the trend of Expenditure in the past period (up to First two quarters) and future requirement (for the remaining two quarters). Being the first year of the 11<sup>th</sup> Plan, the trend of Expenditure of this Department upto September, 2007 was on the lower side due to late communication of plan size by the Planning Commission. RE allocation for 2007-08 (Plan) was intimated by the Ministry of Finance in the month of December 2007. Now most of the schemes of the Department are going on in steady pace. As such trend of Expenditure during 2008-09 will improve substantially.

**(b) Allocation of funds for XIth Five Year Plan**

3.8 The Department of Consumer Affairs had projected a demand of Rs. 1,484 crore for XIth Five Year Plan (2007-12) for its plan schemes, but the Planning Commission approved an amount of Rs. 1,083 crore which amounts to Rs. 401 crore short of their projected demand. Asked whether the 25% cut by the Planning Commission was due to wrong projection of funds on the part of the Department of Consumer Affairs, the representatives of the Department stated that the Planning Commission did not have detailed discussion for this purpose. They only gave tentative allocation of gross budgetary support of Rs. 1,083 crore for the XIth Five Year Plan for the Department. The Special Secretary, Department of Consumer Affairs during evidence further added:-

“The Planning Commission gave us the gross budgetary support of Rs. 1,083 crore. They have asked us to workout the break up. No scheme has been dropped. But, obviously, the outlays have been whittled down”.

3.9 While explaining the reasons for less allocation of funds for the XIth Five Year Plan, the Secretary stated during evidence:-

“The Working Group of the Planning Commission had deliberated on the Eleventh Plan and given a total requirement of Rs. 2165 crore. Now, depending on the resources that were available with the Planning Commission and the country, in the beginning, they had given an indication of about Rs. 1,484 crore that this was what they might be able to give us. Now, one needed to keep in mind that this is a break after the Tenth Plan. By break I mean that new dispensation of approving of projects was introduced by the Planning Commission this time which was not so much in the Tenth Plan. Two main things were evaluation and the EFC and SFC requirements after the evaluation. So, this happened on 11<sup>th</sup> September, 2007. The total allocation for the total Eleventh Plan was not crystallized till September, 2007. From Rs. 1484 crores, ultimately we got an allocation which was crystallized to about Rs. 1083 crores for the XIth Plan.”



**(c) Uneven expenditure of funds in the four quarters of 2007-08**

3.10 The Quarter-wise position of utilization of outlay for the Plan schemes for the year 2007-08 as furnished by the Department is given below:-

(In crore Rupees)

Sr. No.	Scheme etc.	B.E. 2007-2008	RE 2007-2008	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter (upto 17.3.2008)
1.	Consumer Awareness Publicity	67	58	0	0.38	2.57	39.64
2.	Confonet	10	8	0	0	0	3.24
3.	Integrated Project Consumer Protection Cell	34	30.05	5.25	2.86	7.00	9.70
4.	National Consumer Protection Authority	1	0.01	0	0	0	0
5.	State Consumer Helpline	5	2.50	0	0	0	1.34
6.	Construction of NCDRC Building	5	0.01	0	0	0	0
7.	Strengthening of W&M	14	16.30	0.09	0	2.72	0.50
8.	RRSL	4	5.70	0	0	1.46	0.3
9.	National Test House	25	8.27	0.55	0.52	0.47	4.97
10.	Consumer Education & Training HRD/Capacity Building	12	11.16	0	0	0	0
11.	Gold Hallmarking	4		0	0	1	0
12.	Standardization of Quality Control	12		0	0	0	0
13.	Strengthening of FMC	20	10	0.24	0.32	0.83	0.47
	<b>Total</b>	<b>213</b>	<b>150</b>	<b>6.13</b>	<b>4.08</b>	<b>16.05</b>	<b>60.16</b>

3.11 From the above statement, the Committee noted that out of Rs. 150 crore allocated by the Planning Commission in RE of 2007-08, Rs. 6.13 in 1<sup>st</sup> quarter, Rs. 4.08 crore in 2<sup>nd</sup> quarter, Rs. 16.05 crore in the 3<sup>rd</sup> quarter and Rs. 60.16 crore in the last quarter of the year (up to 17.03.2008) has been utilized by the Department. When asked as to whether the MEP Plan have been prepared by

each division of the Department, the representative of the Department of Consumer Affairs stated during evidence :-

“The Integrated Finance Division of the Department prepares the MEP in accordance with the FRBM. We also strictly monitor whether the expenditure is within the limits or not.”

3.12 Asked about the reasons for nominal expenditure of funds during the first three quarters of the year, the Department in their post evidence replies explained as under:-

“It may be mentioned that the firm allocation of funds for 11<sup>th</sup> Five Year Plans were conveyed by Planning Commission on 11<sup>th</sup> September, 2007. The appraisal/approval of the Plan schemes could be taken up only thereafter. Namely NTH approval was available in January, 2008, FMC scheme in December, 2007 and Consumer Awareness in end January, 2008. The schemes of CONFONET and Consumer Protection were approved for continuance without evaluation in June, 2007 by Ministry of Finance. In the case of Weights & Measures, delay in finalizing tenders, and supply of equipment thereafter by DGS&D has largely accounted for low expenditure in the initial months. In the case of Integrated Project, State Governments took time in allotting land for the Consumer Fora. These are some of the factors which contributed toward under utilization of funds up to first three quarters of 2007-08. However, all divisions keep constant watch on the progress of expenditure while implementing the schemes by the agencies. The expenditure is reviewed on monthly basis initially, and in later half of the year the review is undertaken weekly/fortnightly basis at the level of Addl. Secretary/Special Secretary and Secretary(CA).”

**3.13 The Committee note that the Planning Commission had allocated Rs. 213 crore to the Department of Consumer Affairs for its Plan Scheme for the year 2007-08. The allocation was drastically reduced to Rs. 150 crore at the Revised Estimates Stage. The Department, however, could not even utilize the reduced funds allocated to them and the expenditure incurred up to 17<sup>th</sup> March, 2008 was only Rs. 86.42 crore. There was NIL expenditure in respect of the schemes viz. (i) Construction of NCDRC Building (ii) Consumer Education and Training HRD/Capacity Building and (iii) Standardization of Quality Control. Further, there was huge under utilization of funds under some of the schemes like 'Strengthening of Weights and Measures', where against the allocation of Rs. 16.31 crore, the expenditure was only Rs. 3.31 crore up to 17<sup>th</sup> March, 2008. Similar was the position in respect of the schemes 'Strengthening of Forward Market Commission' where out of Rs. 10 crore, the expenditure was Rs. 1.86 crore. The plea of the Government that the shortfall in expenditure was due to delay in approval of the major schemes by the Planning Commission reflects lack of professionalism on the part of the Department of Consumer Affairs. The Committee are constrained to observe that foresightedness was missing on the part of the Department, as they could not take timely action for evaluation of the schemes and getting procedural formalities completed before the expiry of the Xth Plan. The Committee are not happy with the situation and recommend that the Department of Consumer Affairs should get the performance of the schemes evaluated as desired by the**

**Planning Commission and strengthen its monitoring mechanism to ensure full utilization of funds during 2008-09. They also desire that procedural formalities for getting approval should also be curtailed by the Planning Commission in order to release funds in time to the Department for schemes of National Importance.**

**3.14 The Committee are constrained to note the quarter-wise utilization of funds for the plan schemes of the Department of Consumer Affairs during 2007-08. The Committee observe that out of the revised allocation of Rs. 150 crore, the Department utilized Rs. 6.13 crore in the 1<sup>st</sup> Quarter, Rs. 4.08 crore in the 2<sup>nd</sup> Quarter, Rs. 16.05 crore in 3<sup>rd</sup> Quarter and Rs. 60.16 crore ( up to 17<sup>th</sup> March, 2008) in its plan schemes. The argument put forth by the Department that the late approval of the schemes by the Planning Commission, which was received in September 2007, has largely accounted for low expenditure in the initial months, is not convincing to the Committee. During the course of oral evidence, various reasons were put forth for the under-utilization of funds during the first three quarters of the year. It was explained that the firm allocation of the Eleventh Five Year Plan could become available to the Department sometime in September 2007 whereas the Eleventh Plan commenced from April 2007. Further, as per extant instructions of Planning Commission/Ministry of Finance, the schemes which continued from Tenth to Eleventh Plan required pre-evaluation before they could be taken up for implementation during the first year of the Eleventh Plan. Also, all such schemes required appraisal/approval of the Competent Authority before implementation. The expenditure under the plan schemes cannot be incurred even if funds are available in the budget, unless the schemes have been appraised and approved by the Competent Authority. The appraisal is done through the mechanism of SFC, EFC and PIB. Approval is required at the level of the**

Department, the Finance Ministry and the CCEA, depending upon the funds allocated for the scheme for the entire Five Year Plan. With a view to avoiding the above mentioned procedural delays and also for the smooth and fast implementation of the plan schemes right from the beginning of the first year of the plan period, the Committee recommend that the Department of Consumer Affairs should convince the Planning Commission to give approval and appraisal of the schemes expeditiously and well in time. The Committee also hope that the Department of Consumer Affairs will follow the concept of Monthly Expenditure Plan strictly and ensure that expenditure is reviewed on monthly basis so that there is no rush of expenditure at the fag end of the financial year.

**3.15 The Committee are constrained to note that while on the one hand, the Planning Commission has identified consumer protection as the thrust area in the Tenth Five Year Plan and on the other, it has not approved the projected demand of the Department of Consumer Affairs for Rs. 1484 crore for the Eleventh Five Year Plan (2007-12). In spite of the fact that the Working Group of the Planning Commission had deliberated on the Eleventh Plan and given a total requirement of Rs. 2165 crore, the Planning Commission had approved only Rs. 1083 crore for the entire Eleventh Five Year Plan period, which is half of the funds estimated by the Working Group. The Committee are of the opinion that consequent upon the awareness invoked amongst the consumers of rural, remote and backward areas of their rights, the scope of the consumer welfare has widened and more funds will be required in the years to come. The Committee, therefore, recommend that the Department of Consumer Affairs should convince the Planning Commission for allocation of additional funds so that the schemes being implemented by the Department do not suffer for want of funds during the Eleventh Plan Period.**

## **CHAPTER-IV**

### **CONSUMER PROTECTION**

#### **(a) Consumer Awareness**

Consumer movement is a socio-economic movement which seeks to protect the rights of consumers in relation to the goods purchased and services availed. Government has been according a very high priority to the programmes of consumer protection. The Department of Consumer Affairs being a nodal Department in the field of consumer protection has initiated a number of steps to promote a responsible and responsive consumer movement in the country. Such measures include the use of multi-media for promoting consumer awareness and encouraging consumers' involvement through efforts of Government and non-governmental organizations and others. The main objectives of the consumer protection programme are:-

- (i) To create suitable administrative and legal mechanisms which would be within the easy reach of consumers and to interact with both Government and non-Governmental organizations to promote and protect the welfare of the consumers.
- (ii) To involve and motivate various sections of society including consumer organizations, women and youth to participate in the programme.
- (iii) To generate awareness among consumers about their rights and responsibilities, motivate them to assert their rights and not to compromise on quality and standards of goods and services and seek redressal in consumer courts, wherever required.

4.2 Though the consumer movement is slowly gaining ground in our country, it is still in its infancy as the success of consumer movement mainly depends upon the level of consumer awareness generated in the country by educating the consumers about their rights and responsibilities. Within India the level of consumer awareness varies from State to State depending upon the level of literacy and the social awareness of the people. Educating more than 100 crore



people of various categories of population particularly those in rural areas, where consumers are more susceptible to exploitation, on various subject matters on consumer interests is a Herculean task that can be undertaken only as a sustained national programme with adequate funds made being available for the purpose.

4.3 Central Plan Scheme on consumer awareness was launched in the Xth Five Year Plan with a total outlay of Rs.15 crores with annual average allocation of around Rs.3 crores during the first three years of the plan. However, following persistent representations from consumer groups to step up efforts on consumer awareness in the country and the strong recommendation of the Department related Parliamentary Standing Committee, the outlay for the remaining two years of the 10<sup>th</sup> Plan i.e. 2006-07 was stepped up to Rs.69.40 crores each year by the Planning Commission for creating consumer awareness.

4.4 The proposed allocation, BE & utilization made under the scheme of consumer awareness during each year of the Tenth Plan, 2007-08 and the proposed allocation and BE for (2008-2009) is as under:-

<b>Year</b>	<b>Proposed allocation (Rs. in crores)</b>	<b>BE (Rs.in crores)</b>	<b>Actual expenditure (Rs.in crores)</b>
2002-03	3.05	3.05	2.54
2003-04	2.77	2.77	2.81
2004-05	3.30	3.30	3.45
2005-06	69.40	69.84	69.84
2006-07	69.40	69.40	61.40
2007-08	67.00	58.50	46.00 Approximately
2008-09	75.00	75.00 Expected	-

4.5 When asked about the reasons for shortfall in expenditure during 2007-08, which is less than 25% of the RE, the Department of Consumer Affairs in their written note furnished to the Committee stated that the procedural requirements such as obtaining in-principle approval of Planning Commission and preparation of memorandum for EFC/CCEA etc. took some time. Hence, BE allocation of Rs.67 crores was revised to Rs. 58.50 crores. Since the final approval of CCEA

was obtained at end of January 2008 hence funds to the extent of approximately Rs.46 crores could be utilized. During evidence, the representative of the Department of Consumer Affairs further explained the reasons for under utilization of funds as under:-

“Insertions of new advertisements were mainly after January, after all procedures were completed. The plan has been approved. Now, the insertions will start and we will not have problems. We had some bonus points with which we continued the campaign in the first 10 months and approximately Rs. 36 crore was the expenditure. Plan expenditure comes to about Rs. 45 crore and the total is around Rs. 81 crore. We are aware of the concern.”

4.6 When enquired about whether the programmes and projects of the Department for consumer awareness would not be adversely affected due to paucity of funds, the Secretary, Department of Consumer Affairs stated during evidence as under:-

“Now there is a certain procedure, financial discipline which needs to be followed and which is universal for the entire Government as a whole. The evaluation is very important. Fortunately we got exemption for the schemes which were not ripe. For schemes which are ripe, they will need to be evaluated. We have made arrangements for evaluation also so that again there is no break and in the next two or three months we will have them evaluated so that we again do not come back in the same problem that money can not be released. So, we have planned well. Now in any break from the last financial year or the last financial plan, the instructions have also been made stricter, this, to my mind, would be inevitable. However, as I mentioned in the consumer awareness programme, we could continue the campaign, may be the new insertions were not possible. I mean, the new type of insertions were not possible. But the campaign did not stop, fortunately because of the bonus points.”

4.7 The Committee was informed that the Planning Commission has earmarked Rs. 409 crore for Comprehensive Consumer Awareness Plan

Scheme. The Year wise breakup details of the funds to be allocated for each year of the 11<sup>th</sup> Five Year Plan is as under:-

Year	Allocations (Rs. in crores)
2007-08	67
2008-09	75
2009-10	80
2010-11	89
2011-12	98
	409

4.8 When asked about the strategy planned by the Department to achieve meaningful utilization of these funds, the Committee were informed that the Department intends to have greater coordination with various departments having consumer interface for joint publicity campaign. This would enable zeroing in on sector-specific consumer issues with greater domain expertise. In respect of rural areas besides TV, radio and print, use of outdoor media would be optimized. The PDS outlets, village post offices, Song and Drama Division and Field Publicity Units would also be utilized for better connect with the rural masses. For North-Eastern region, during the 10<sup>th</sup> Plan musical concerts were held at various places, besides other means of media. During this Plan also, similar activities were under consideration. Also, an in-depth evaluation would be initiated in 2008-09 to undertake mid course corrections and modifications as required. The creatives, both print and electronic, would also be designed keeping the specific target audience in view.

4.9 In this connection, the Committee wanted to know the reasons for lack of awareness amongst the consumers in North-Eastern areas and the special efforts made by the Government for spreading consumer awareness in North-Eastern areas. The Department in a note have informed that since North-East region has its own distinct culture and life style with common interest in music, conveying consumer related messages by means of musical events in various parts of the region has been attempted successfully. The Department is coordinating with Song & Drama Division to organize more musical events/folk

song programmes specially for north eastern States. There is only one NE channel empanelled with DAVP and the Department is utilising the same, in addition Doordarshan North East Kendras. Similarly, there are very limited newspapers from North East States which are empanelled with DAVP and Department is releasing its advertisements through them.

4.10 During evidence, the Committee enquired about the special efforts being made by the Department of Consumer Affairs for creating awareness in North-eastern States, the Secretary stated:-

“In the entire North-eastern region, the total allotted expenditure is Rs.13 crore and Rs.10.17 crore we spent. In that, you specifically mentioned about the consumer protection and awareness. In this region, the total expenditure incurred on consumer protection, advertising and publicity was Rs.5.8 crore. In fact for a country of India’s size, it is necessary to have different programmes for different regions. Last year, the bulk of the campaign had to be done on the bonus points, since the approvals came late. We will introduce all these new things from this year. It not only pertains to North-eastern region but also to other parts of the country including Andaman and Nicobar where there are special circumstances.”

4.11 The Committee note that the Government has accorded a high priority to the programmes of consumer protection and taken a number of steps for creating awareness amongst the consumers of all sections of the society. Further, the Committee note that the Planning Commission has been very liberally allocating funds to the Department for creating the awareness among the masses which is evident from the fact that the outlay which was Rs. 15 crore in the Xth Five Year Plan has been increased to Rs. 409 crore during the XIth Five Year Plan. Although the Department of Consumer Affairs has utilized the entire funds from 2002-03 to 2005-06, but for the last two years, the actual expenditure for consumer awareness programmes has been less than the Budget provided by the Planning Commission which is evident from the fact that out of an allocation of Rs. 58.50 crore, the Department could utilize only Rs. 46.00 crore during 2007-08, which is 25% less than the Revised Estimates. The Committee feel that the Department has failed to come up to the expectation of the Planning Commission by not utilizing the entire funds for the purpose it was allocated. The Committee cannot accept the contention of the Department that the reasons for under utilization of funds during 2007-08 are the procedural requirements such as obtaining approval in principle of the Planning Commission and preparation of Memorandum for EFC/CCEA, etc. which took time. In their opinion, the consumers, especially those living in remote, hilly and backward areas, are ignorant of their rights and are subject to exploitation by the unscrupulous traders. The Committee,

**therefore, recommend that the Department should make all out efforts to complete the procedural formalities required for getting the approval of the competent authority in time so that funds do not remain unutilized at the end of the financial year and benefits are passed on to the targeted masses.**

**4.12 The Committee are constrained to note that the publicity campaign for creating awareness amongst the people of the North-Eastern States is far from satisfactory. Although the Government is coordinating with the Song and Drama Division to organize musical events/folk song programmes for the North-Eastern region yet the message is not being spread through the modern methods of print and electronic media due to very limited newspapers and TV channels empanelled with DAVP. The Department has stated that besides an in-depth evaluation of the scheme would be initiated in 2008-09. The creatives, both print and electronic would also be designed keeping the special target audience in view. The Committee hope that the Department would make concerted efforts to increase awareness in the most neglected areas of the North-Eastern region through private TV channels so that justice is not denied to the consumers due to lack of awareness especially amongst the people of remote, rural, hilly and backward areas.**

## **(b) Strengthening of Infrastructure of Consumer Fora**

4.13 The scheme of Integrated Project on Consumer Protection is being implemented since 2006-07 and during 2007-08. The scheme aims to provide financial assistance to States/UTs to strengthen the infrastructure of consumer fora by filling up the critical gaps in their infrastructure so that each consumer forum is provided with the minimum facilities required for their effective functioning. Since 2006-07 and up to 20.02.2008 (during 2007-08) an amount of Rs. 64.64 crores has been released to 21 States under the scheme.

4.14 Even though the Expenditure Finance Committee of the Department of Consumer Affairs gave its approval to the scheme of Integrated Project on Consumer Protection during August, 2005, however, the final approval of the Ministry of Finance to the scheme was obtained in June, 2006 and that the scheme could effectively take off only in October, 2006 when the first release to State was made. All the States/UTs could not become eligible to avail benefits under the scheme of Integrated Project on Consumer Protection mainly due to their inability to report full utilization of the grant released earlier under the schemes of One Time Grant of 1995 and One Time Grant of 2004-05. Moreover, a few of those States who have received the first instalment under this scheme so far, will not be able to complete the utilization of the first tranche of grant by 31.03.2008 and therefore would not become eligible for receipt of second instalment under this scheme by 31.03.2008.

4.15 Thus, in continuation of the scheme of Integrated Project on Consumer Protection, the scheme of Strengthening Consumer Fora is proposed to be implemented during the remaining period of 11<sup>th</sup> Plan commencing 2008-09 to provide further financial assistance to States/UTs to meet the critical gap in infrastructure of the consumer fora so that all consumer fora in the country are covered and each consumer forum is provided with minimum facilities required for its effective functioning.



4.16 The Committee while going through the note furnished by the Department understand that there was a scheme to provide One Time Grant being implemented during 1995. It was restructured as Integrated Project on Consumer Protection (IPCP) Scheme and the aforesaid scheme became effective from June 2006. The scheme of strengthening of Consumer Fora is in continuation of the scheme of IPCP which is proposed to be implemented during the remaining period of the Eleventh Plan commencing from 2008-09. All the three aforesaid schemes mentioned were meant to meet the critical gap in infrastructure of the Consumer Fora so as to provide minimum facility required for its effective functioning. When asked about the need to restructure the scheme of One Time Grant and again IPCP, the Department have stated that even after implementing the schemes of One Time Grant of 1995 and 2004-05, it was felt that the infrastructure of the consumer fora was far from adequate to enable these to function effectively. Hence, the scheme of Integrated Project on Consumer Protection was formulated to fill the critical gaps in infrastructure on actual need basis so as to ensure that every consumer forum is provided with a minimum level of facilities required for its effective functioning and the this scheme has become more structured.

4.17 It has been mentioned in the note that all the States/UTs could not become eligible to avail benefit under IPCP mainly due to their inability to report full utilization of the grant released earlier under the scheme of One Time Grant during 1995. The funds under the scheme 'Integrated Project on Consumer Protection' was released to 21 States. When asked as to why the remaining States/UTs are not availing the benefits of the scheme, the Department of Consumer Affairs in their post evidence reply stated that the remaining States/UTs did not fulfill the eligibility pre-conditions for receiving assistance under the scheme of Integrated Project on Consumer Protection. Mainly the remaining States/UTs were either unable to report full utilization of the assistance under the scheme of One Time Grant of 1995 or were not able to identify land for building of Consumer Fora.

4.18 Asked whether non-contribution of matching share by the State Governments/UT Administration due to their financial constraints are one of the difficulties in implementation of the scheme, the Department stated that the scheme of Integrated Project on Consumer Protection does not envisage matching share by the States/UTs as is being provided by the Central Government under the scheme. The States/UTs are however, required to contribute by way of providing land where construction of a new building for a Consumer Forum is involved or by way of incurring of rental expenditure where the Consumer Forum continues to function from rented premises.

**4.19 The Committee are constrained to note that the funds are being released only to 21 States/UTs under the 'Integrated Project on Consumer Protection'. According to the Department, the aim of the scheme is to fill up the critical gap in infrastructure on actual need basis so as to ensure that every consumer forum is provided with a minimum level of facilities required for its effective functioning. The remaining States are not availing the benefits of the scheme as they could not fulfill the pre-condition for receiving the funds because they were either unable to report full utilization of the assistance under the scheme of 'One Time Grant' of 1995 and 2004-05 or were not able to identify land for building of Consumer Fora. The Committee are unable to understand the reasons for non-submission of utilization certificates even after a time gap of 13 years and identification of land for construction of building of Consumer Fora. In the opinion of the Committee, there seems to be some lethargy on the part of the Department due to which such an important issue could not be resolved for the smooth functioning of the Consumer Fora. The Committee, therefore, strongly recommend that the Department should take up the**

**matter at the highest level with the concerned States/UTs to resolve the issue in order to enable them to avail the benefits of the scheme of 'Integrated Project on Consumer Protection'.**

### **(c) Consumer Welfare Related Legislations**

4.20 Activities and functions of many Ministries/Departments have a bearing on consumer welfare. Several legislations have been framed to safeguard the interests of the consumers either directly or indirectly and these legislations are administered by different Ministries/Departments in the Central and State Governments, e.g., Prevention of Food Adulteration Act is administered by Ministry of Health. The Department of Consumer Affairs, being the nodal Ministry in the field of consumer protection, not only operates important consumer related legislations like Essential Commodities Act, 1986, the Standards of Weights & Measures and Packaged Commodities Laws, Bureau of Indian Standards Act, 1986, the Consumer Protection Act, 1986 etc. but also takes up consumer related matters with different Ministries/Departments in order to take care of the interest of the consumers.

#### **The Consumer Protection Act, 1986**

4.21 One of the most important milestones in the area of consumer protection/consumer movement in the country has been the enactment of the Consumer Protection Act, 1986. This Act has been necessitated because the manufactures, trades and service providers with the knowledge of market attempt to exploit the consumers, inspite of the existence of various provisions of different laws protecting their interests. Further, due to large pendency and delay in disposal of cases in the civil court, a separate Consumer disputes redressal mechanism was considered essential. It is one of the most progressive and comprehensive pieces of legislations and is an umbrella legislation covering all goods and services. The Act provides for a separate three-tier quasi-judicial consumer disputes redressal machinery at the national, state and district level.

4.22 Unlike existing laws, which are punitive or preventive in nature, the provisions of this Act are, mainly, compensatory in nature. The Act is intended to provide simple, speedy and inexpensive redressal to the consumers' grievances.

It also provides relief of a specific nature and awards compensation, wherever appropriate, to the consumer.

**The Salient Features of the Act:**

- (i) The Act provides for establishing a three-tier consumer dispute redressal machinery at the national, state and district levels.
- (ii) It applies to all goods and services.
- (iii) It covers all sectors, whether private, public or cooperative or any person.
- (iv) The Act provides for relief of a specific nature and also for compensation to the consumer as appropriate. It is also punitive and preventive in nature.
- (v) The Act also provides for setting up of a Consumer Protection Councils at the Central, State and District levels, which is an advisory body to promote and protect the rights of the consumers.
- (vi) The provisions of the Act are in addition to and not in derogation of the provisions of any other law for the time being in force.

4.23 The proposals under consideration of the Department of Consumer Affairs for further amendments to the Consumer Protection Act, 1986 have been formulated primarily based on the recommendations made by the Working Group in its report to suggest amendments to the Consumer Protection Act, 1986.

4.24 In the action taken replies to the recommendations contained in the 19<sup>th</sup> Report on DFG (2007-08), the Ministry has stated that the observations of the Committee regarding provision of Circuit Benches at District level would be taken into consideration while finalizing the proposals for amendment to Consumer Protection Act, 1986. Asked whether the said provision has been included in the proposals of Amendment to the Act, the Department have stated that there is a

proposal to amend the Consumer Protection Act, 1986 suitably to enable the District Forum to also hold circuit bench sittings in that District.

4.25 When asked whether the Government has finalized the draft proposals for amendment to the Consumer Protection Act, the Department replied that the draft proposals for amendment to be Consumer Protection Act, were yet to be finalized by the Department.

4.26 When enquired about the time frame when the amendment Bill is likely to be introduced in Parliament, the Secretary, Department of Consumer Affairs stated during evidence :-

‘We have drafted certain amendments which we have circulated to all the Ministries. On the basis of inputs received from them, we are making certain modifications and consulting the Law Ministry and we will come to Parliament after that. We are hoping to come to Parliament early, but we are not able to fix any time frame for that.’

**4.27 The Committee regret to note that despite their recommendation made in Para 4.22 of their 19<sup>th</sup> Report on Demands for Grants (2007-08) to make provisions in the Consumer Protection Act, 1986 for constitution of Circuit Benches, the Government has not yet introduced the Bill in Parliament. The Department has informed that they have circulated the proposed amendment in the Act to the Ministries and are hoping to bring amendment to the bill in Parliament early. The Committee do not appreciate the lackadaisical attitude of the Department in making the amendment in the Consumer Protection Act, 1986 as they took more than one year in finalizing the draft proposal. The Committee, therefore, reiterate their earlier recommendation and desire that the Government should complete all the procedural formalities required for amendment in the Act and ensure that the Bill is introduced during the current financial year, so that more and more Circuit Benches are set up in the States/UTs for early disposal of cases at the door-step of the consumers, which are piling up at different District Forums.**



**(d) Computerization & Computer Networking of Consumer Fora in the Country (CONFONET)**

4.28 The CONFONET scheme was launched in March 2005 at a cost of Rs.48.64 crores to enable Consumer Fora to access information faster leading to quicker disposal. It has been mentioned that under this project all Consumer Fora in the country are being connected through a network for exchange of information which would also allow Consumers to file cases online and also access the status of their cases. Under the scheme, NIC is providing the necessary computer hardware and system softwares, developing application software and providing maintenance as well as necessary training to the officials of Consumer Fora.

4.29 The Department has informed that NIC has so far covered 593 District Fora and 34 State Commissions in the country and NCDRC. Thus, in all 628 locations have been covered. During the year 2008-09, Rs. 8.61 crore has been provided for the project CONFONET. During the year 2006-07, in RE Rs. 19 crore were provided out of which the actual expenditure was Rs. 17.32 crore. As regards physical achievement, computer hardware and software have so far been supplied to 33 State Commissions and 555 District Fora as mentioned in the Outcome Budget of the Department. Further, during the year 2007-08, Rs. 10 crore were provided for the project, out of which actual expenditure is Rs. 7.19 crore in the financial year.

4.30 Asked whether the consumers at present are able to file cases on line and access the status of the cases in the District Fora and State Commissions where networking has already been done, the Department stated that technically the feature of online filing of case has been built in the system and made available on web site. However for linking it directly with the District fora/State Commission/ NCDRC, the work flow within the respective Consumer fora need to

be fully automated. This means the case registration, case hearing till the final disposal of case, all these details along with entry of pending cases within the fora should be updated regularly, then only any complaint which is received online shall be linked with the case monitoring system.

4.31 At present 12 State Commissions and 255 District fora and NCDRC have started hosting the cause list and judgment on web. In many states like Kerala, Haryana, Karnataka, Andhra Pradesh, Orissa, Gujrat, Tamil Nadu, Delhi, Chattisgarh, Maharashtra, Madhya Pradesh, Jharkhand, Punjab, Himachal Pradesh, Uttar Pradesh, in their District fora and State Commissions, the offline module of case monitoring system has been deployed and their case status/history is accessible locally. Cause list and all other reports are generated automatically through the software.

4.32 The Committee enquired whether NIC was facing any difficulty in selection of sites for installation of computers at District Fora/ State Commissions, the Department have stated that the sites for installation of computers at district fora / State Commissions are to be selected and provided by the concerned State Govts/Consumer Fora. Initially when the project started, many State Commissions and District fora had limitation of space in office since their seating space was very small. Many of the District fora could not identify sufficient space for installation of computer systems with peripherals . However, the problem was resolved slowly and as on date out of 628 locations where hardware is supplied, the installation has been completed at 504 district fora and all State Commissions. Out of the balance locations, at 61 locations the hardware is supplied recently and is in the process of installation and balance 28 locations are pending either due to lack of space or office being shifted.

4.33 Further, the actual on-line filing of cases would be possible only after the completion of migration of the Consumer Fora completely from the manual to Information Communication Technology (ICT) based system. Besides this, it also

calls for legal backing by way of the amendment in the Consumer Protection Act, 1986. An amendment proposal of the Act is already under consideration, among other things, to facilitate on line filing of cases.

4.34 When enquired about the time frame when the proposal for amendment in The Consumer Protection Act, 1986 is likely to be finalized and an amendment bill introduced in Parliament, the Department stated that the efforts were already underway in finalizing the amendment proposals to the Consumer Protection Act, 1986 in consultation with the Ministry of Law & Justice. However, as the process involves lot of stages including obtaining the approval of the Union Cabinet etc. before the same can be introduced in the Parliament in the form of a Bill, no time limit can be indicated when the same can be introduced in the Parliament.

4.35 During evidence, the Committee wanted to know whether the Government have fixed any target for installation of computer hardware in the remaining 28 locations, the Special Secretary of the Department stated during evidence as under:-

“We would like to connect ultimately all the district fora and the State Commissions with the National Commission with this computer programme. Computers have been mostly installed in certain States, we have had some problems because State Governments do not have buildings for consumer fora. To resolve this problem we have started an Integrated Project in which we give Rs. 30 lakhs for construction of building and Rs. 6 lakh for other infrastructure per District Forum and we give Rs. 75 lakh for construction of building and Rs. 15 lakh for infrastructure for State Commissions. We are asking them to complete the building first and then we will install the hardware. But it is a phased programme. We hope by 2009 it will be completed.”

**4.36 The Committee note that the Scheme 'Computerization and Computer Networking of Consumer Fora' in the country (CONFONET) was launched in March, 2005 with a view to facilitating the consumers to file cases online and assess the status of their cases pending with the State Commissions and District Forum. Every year a large amount is released to NIC for providing necessary hardware and sustain software, developing application software and providing maintenance and necessary training to officials of Consumer Fora. At present, 12 State Commissions and 255 District Fora and NCDRC have started hosting the cause of list and judgement on web. Out of 628 locations where hardware is supplied, the installation has been completed in 504 District Fora and at all State Commissions. Installation in 61 locations is in process and is pending in balance 28 locations either due to lack of space or office being shifted. The Committee are of the view that with the advancement of technology, everything should be available on the website and internet. Thus, there is an urgent need to put all the consumer related information on the website of State Governments/UTs. The Committee, therefore, strongly recommend to vigorously pursue with the State Governments/UT Administrations to provide the necessary location/ infrastructure to NIC for installation of computer hardware for the purpose. The Committee also recommend that a Bill to amend the Consumer Protection Act, 1986 may be brought before the Parliament at the earliest to facilitate the online filing of cases by the aggrieved consumer.**

## **(e) Structure of Consumer Forums**

4.37 The Consumer Protection Act seeks to better protect the rights of consumers by establishing an 'Alternate Justice Delivery System' to render quick and inexpensive redressal to the consumers. A three-tier quasi judicial redressal machinery at the National, State and District level has been set up to provide simple, inexpensive and time bound redressal of consumer grievances against defective goods, deficient services, restrictive/unfair trade practices etc. adopted by any trader or person through summary trials. Filing of a simple complaint on plain paper with the details of the case with supporting documents seeking relief/compensation is enough and it is not obligatory to engage a lawyer. In fact, any authorized agent can represent the complainant or the opposite party. These redressal agencies are popularly known as consumer forums and they are not the replica of civil courts. According to the objects and purposes of the Consumer Protection Act, these quasi judicial bodies are required to observe the principles of natural justice and follow summary trial, expeditiously adjudicating the consumer complaints.

4.38 At present, there is a National Commission in New Delhi. At the State and District level, 35 State Commissions and 613 District Fora have been established in the country. The State-wise details of Consumer Courts functioning in the country as on date are given in **Annexure-III**.

4.39 The Consumer Fora as per the powers vested under section 14 of the Act can provide the following relief by directing the opposite party or parties to do one or more of the following:-

- (i) Removal of defects from the goods;
- (ii) Replacement of the goods;
- (iii) Refund of the price paid;
- (iv) Award of compensation for the loss or injury suffered;
- (v) Removal of defects in the goods or deficiencies in the services;

- (vi) Discontinuance of unfair trade practices or restrictive trade practices or direction not to repeat them;
- (vii) Not to offer the hazardous goods for sale;
- (viii) To withdraw hazardous goods from being offered to sale;
- (ix) To cease manufacture of hazardous goods and to desist from offering services which are hazardous;
- (x) To pay such sum as may be determined, if it is of the opinion that loss or injury has been suffered by a large number of consumers who are not identified conveniently.
- (xi) To issue corrective advertisement to neutralize the effect of misleading advertisement at the cost of the opposite party responsible for issue of misleading advertisement;
- (xii) Award for adequate costs to parties.

4.40 The responsibility for setting up of the State Commissions and District Forums and to ensure their effective functioning lies with the State Governments/UT Administrations. The State Commissions have been set up in the State capitals and comprise 3 members including a retired/sitting judge of High Court as its President. Atleast, one of its member shall be a woman. No person can be appointed as member unless he possesses a bachelors degree, is of not less than 35 years of age and has an experience of 10 years in the field in which he comes from. They are appointed for a period of 5 years and are eligible for re-appointment for further term of five years subject of age limit of 67 years. The State Government has now been empowered to appoint more members, however, not more than 50% of the members of the State Commission shall be from amongst the persons having judicial background. It has appellate and revisionary jurisdictions. In the original jurisdiction, it can decide cases where the value of the goods or services and compensation, if any claimed, exceeds Rs. 20 lakhs but does not exceed Rs. one crore. The President of Commission has also been empowered to constitute bench with one or more members. The District Forums are to be set up in each District and consist of three members each including a sitting/retired District Judge or a person qualified to be District Judge

as its President. One of its members shall be a woman. The eligibility criteria including re-appointment remains the same for the members of the District Forums as given for State Commission and National Commission excepting the upper age limit of 65 years. It can decide cases up to Rs. 20 lakhs.

4.41 From Annexure-IV, the Committee noted that out of 613 District Fora, 561 are functional and 52 are non-functional by the end of 2007. Whereas in 2006, out of 607 District Fora, 585 were functional and 22 were non-functional which indicates that instead of more number of the District Fora becoming functional, increased number of District Fora have become non-functional. The Department in their action taken reply to the recommendation contained in 19<sup>th</sup> Report on DFG (2007-08) has stated that the Government has been making all along sincere efforts to ensure that all Consumer Fora remain functional all the time.

4.42 When asked about the reasons for increase in the number of non-functional District Fora in 2007-08 as compared to 2006-07, the representative of the Department of Consumer Affairs stated during evidence:-

‘They have to get people and also have ready panels. There are also some problems where State Governments are not issuing appointment orders once the Selection Committee has cleared the suitable candidates. We are also looking at the possibility of making it mandatory under the Act to observe a time frame to fill up the vacancies, but ultimately it is for the State Governments to do the needful in this regard.’

4.43 The Committee have been informed that filling up of vacancies in the Consumer Fora and ensuring that they remain functional is entirely the responsibility of the State Governments (**Annexure IV**). Therefore, the Department is impressing upon the States to ensure that no Forum remains non-functional. States have been advised to link non functional fora with (neighbouring) functional fora so that consumers there do not face hardships. They have also been advised to keep ready panels for appointment as member whenever a sudden vacancy arises.

4.44 The vacancy position of President and Members in State Commissions and District Fora as on 26.03.2007 and 30.03.2008 furnished by the Department of Consumer Affairs is given below:-

Position as on	State Commission		District Fora	
	President	Member	President	Member
26.03.07	2	9	49	181
30.03.08	6	15	109	291

4.45 From the above statement, it was noted that the vacancy position of President and Member in State Commission and District Fora has increased during 2007-08 as compared to 2006-07. When the Committee enquired about the specific reasons for rising trend of the vacant posts in the State Commissions and District Fora, the representative of the Department of Consumer Affairs stated that it may be delay in issuing the appointment letter on the part of the State Government. For filling the vacant posts in consumer fora, the Ministry was considering to make appropriate amendment in the Consumer Protection Act.

4.46 Asked whether any training programme was conducted for the presiding officers of Consumer Fora, the witness stated:

‘About the training and the competence of the Presiding Officer of the State Commission, there is no problem because they are High Court Judges. There has been a strong suggestion that the Presiding Officers of District Fora should also be from the cadre of district judges. We have pursued this very seriously. Today, it is not so in many States.’



### **State wise settlement of cases in the consumer forums**

4.47 In terms of the Consumer Protection Act, Consumer Disputes Redressal Agencies have been set up at the district level (613), State level (35) and National level to provide simple, inexpensive and time bound justice to the consumer complaints against defective goods, deficient services including the unfair/restrictive trade practices adopted by the traders or any person. Under section 24B of the Consumer Protection Act, 1986, National Commission have administrative control over all the State Commissions in the following matters, namely:

- (i) calling for periodical returns regarding the institution, disposal pendency of cases;
- (ii) issuance of instructions regarding adoption of uniform procedure in the hearing of matters, prior service of copies of documents produced by one party to the opposite parties, furnishing of English translation of judgements written in any language, speedy grant of copies of documents;
- (iii) generally overseeing the functioning of the State Commissions or the District Fora to ensure that the object and purpose of the Act is best served without in any way interfering with their quasi-judicial freedom.

4.48 The NCDRC is maintaining state-wise data in respect of cases filed, disposed and pending, since inception, in the National Commission, State Commissions and District Forums. The position regarding disposal of cases as provided by the National Commission on 11.03.2008 is given in Annexure VI.

4.49 From the statement of cases filed since inception and cases disposed off by the National Commission and State Commission as on 29.02.2008, it has been observed that 74.30% cases have been disposed off in State Commissions whereas 90.84% cases have been disposed off by the District Fora of different States/UTs. The position of disposal of cases is worst in respect of Assam (53.04%), Haryana (57%), Maharashtra (58.12%), Orissa (60.87%), Uttar Pradesh (35.38%). Asked whether the Government have taken up the matter

with concerned State Governments to expedite the disposal of cases filed with State Commission and District Fora, the Department in their written reply have stated that the performance/disposal rate in any consumer forum depends on various factors such as uninterrupted functioning, workload, numbers of adjournments being given, availability of requisite infrastructure, staff and funds, etc. Further, neither the Central Government nor the State Governments can interfere with the judicial freedom of the consumer fora which are quasi-judicial bodies. However, this Department in collaboration with the NCDRC periodically holds meetings with the Secretaries in-charge of Consumer Affairs of States/UTs and Presidents, State Commissions to review functioning of Consumer Fora including rate of case disposal and suggests ways and means to improve their functioning. Besides, the performance of all Consumer Fora are also analyzed regularly State-wise through their periodical monthly & quarterly reports by this Department and remedial actions are suggested accordingly to concerned State Governments. As a result of the combined efforts of this Department as well as the National Commission, who is also from time to time giving necessary directions to the State Commissions, there has been some improvement in the performance of the disposal of cases.

4.50 The Committee have been informed that the National Commission is maintaining data with regard to disposal of cases by the State Commission and District Fora within 90 days and 150 days and beyond 90-150 days (**Annexure V**). However, some of the States namely, Assam, Bihar, Manipur, Meghalaya, Nagaland, Sikkim and Uttar Pradesh are not sending the information to the National Commission. Similarly, the States namely, Assam, Bihar, Dadra and Nagar Haveli, Delhi, Himachal Pradesh, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Uttar Pradesh are not sending the information in respect of the cases disposed off by the District Fora within the prescribed time (**Annexure-VI**). Asked whether the matter has been taken up by the Government at the highest level, the Department stated that monthly and Quarterly periodical returns containing comprehensive data in respect of

Consumer Protection measures including data pertaining to functioning of Consumer Fora are called from all States/UTs. Any shortfall noticed, including non-furnishing of returns and deficiencies in information furnished are taken up with the concerned States/UTs and remedial measures suggested. Although a number of States show good response, some States continue to be defaulters. The analysis is shared with the States, with a view to bring improvement in performance.

**4.51 The Committee are highly perturbed to note that the number of non-functional District Fora which were 22 in 2006 has increased to 52 in 2007. The Committee view this development as a serious hurdle in imparting justice to the aggrieved consumer in many parts of the country. The Committee find the plea of Government that it was due to delay in issuing the appointment order to the selected candidates is very unconvincing. The argument of the Department that filling up of vacancies in the Consumer Fora and ensuring that they remain functional is entirely the responsibility of the State Government seems to be the excuse of the Department to wash of their hands from their responsibility in this regard. The Committee are of the view that the Department of Consumer Affairs is equally responsible for the smooth functioning of the District Fora as the State Governments are. Sufficient amount of funds are released to States/UTs for strengthening the infrastructural facilities of District Fora. The Committee, therefore, recommend that the Department of Consumer Affairs should take up the matter with State Governments/UTs on priority basis and persuade them to take all possible measures for proper functioning of these District Fora, which have become non-functional overtime.**

**4.52 The Committee further note that the vacancy position of President and Members in State Commissions and District Fora has increased in 2008 as compared to 2007. As on 26.03.2007, two posts of President and a post of Member were vacant in different States whereas the position of vacant posts of President and Members as on 30.03.2008 has increased to 6 and 15, respectively. Similarly, the position of vacant post of President and Members in District Fora has increased from 49 and 181 in 2007 to 109 and 291 in 2008, respectively. In the opinion of the Committee, the non-filling up of vacant posts in State Commissions and District Fora are making them non-functional and causing denial of justice to the consumers of the respective regions. The Committee regret to note that the Department has passed on the responsibility to State Government/UT for any shortcoming noticed in the functioning of the District Fora. The Committee desire that as a remedial measure, the Department should take up the matter with the State Governments/UTs and persuade them to urgently prepare a panel of Presidents and Members for the posts which are likely to fall vacant and issue appointment letters immediately so that the vacant posts of President and Members are filled up in time. The Committee also desire that training programme for presiding officers should be conducted regularly so that they become well versed with the techniques of working of State Commission and District Fora.**

**4.53 The Committee observe that although 74.30% cases were disposed off by the National Commission and State Commissions during 2007-08 yet the position of disposal of cases in respect of the States namely, Assam, Haryana, Maharashtra, Orissa and Uttar Pradesh was dismally poor as only 53.04%, 57%, 58.12%, 60.87% and 35.78% cases respectively were disposed off during the same year. According to the Department, the performance/disposal rate in any Consumer Forum depended on various factors such as uninterrupted functioning, workload, number of adjournments being given, availability of requisite infrastructure, staff and funds, etc. In this connection, the Committee find that some of the State Commissions are performing creditably well despite many shortcomings encountered by them. The poor performing State Commissions should take a cue from them to improve the disposal of cases pending with them. Incidentally, the Committee are of the opinion that a number of schemes are being implemented by the Department for consumer protection and there is no dearth of funds to resolve the issues mentioned above. The Committee, therefore, desire that the Department of Consumer Affairs should vigorously pursue with the State Governments to avail the benefits of the scheme and continue to make efforts to take remedial action, wherever necessary, for improvement in the performance of the disposal of cases pending in the National Commission, State Commission and District Fora.**

**4.54 The Committee observe that the National Commission is maintaining data with regard to disposal of cases by the State Commission and District Fora within 90 days and 150 days and beyond 90-150 days. However, some of the States namely, Andhra Pradesh, Assam, Bihar, Delhi, Manipur, Meghalaya, Nagaland, Sikkim and Uttar Pradesh are not sending the information to the National Commission. Similarly, the States namely, Andhra Pradesh, Assam, Bihar, Dadra and Nagar Haveli, Delhi, Himachal Pradesh, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Uttar Pradesh are not sending the information in respect of the cases disposed off by the District Fora within the prescribed time. The Committee desire that all the States should be persuaded to furnish the details regarding disposal of cases by the State Government/UTs within the prescribed period in order to enable the National Commission to analyze the reasons for non-disposal of cases by the State Commission and District Fora. It will also help the National Commission to provide useful remedial measures to State Commissions and District Fora to dispose of cases in an expeditious manner and within time frame laid down for the purpose.**

**(f) CONSUMER WELFARE FUND**

4.55 In 1991, the Central Government amended the Central Excise and Salt Act, 1944 to create a Consumer Welfare Fund. The Fund has been set up by the Department of Revenue and is being operated by the Department of Consumer Affairs. The money, which is not refundable to manufacturers, is credited to the Fund. The main objective of the fund is to provide financial assistance to promote and protect the welfare of the consumers, generate consumer awareness and strengthen consumer movement in the country, particularly, in rural areas. So far, a sum of about Rs. 136.60 crores has accrued to the fund and an expenditure of Rs. 44.76 crores has been incurred. An amount of Rs. 2,25,55,000/- accrued during 2007-08 (up to 31.12.2007) and Rs. 4,43,20,732/- was spent/utilized. (up to 31.12.2007).

4.56 In order to promote consumer movement throughout the country, the State Governments and Union Territory Administrations have been impressed upon to create their own Consumer Welfare Fund. For strengthening financial support, the ratio of amount of seed money to be provided to the States/UTs have been increased from 1:10 to 50:50 (Centre:State). This ratio has been further enhanced to 90:10 in the case of 13 special category States as per decision taken in the 39th CWF Standing Committee meeting. So far, the State level Consumer Welfare Fund have been created in the States of Andhra Pradesh, Chhattisgarh Goa, Gujrat, Haryana, Karnataka, Kerala, Maharashtra, Orissa, Punjab, Rajasthan, Tamilnadu, Uttar Pradesh, West Bengal, Arunachal Pradesh, Uttarakhand, J&K, Mizoram, Sikkim and Tripura. 15 States/UTs who have not created the State Consumer Welfare Fund are Assam, Himalchal Pradesh, Manipur, Meghalay, Nagaland, A&N, Islands Lakshadweep, Bihar, Delhi, , Jharkhand, Madhya Pradesh, Chandigarh, Dader and Nagar Haveli, Daman & Diu, Pondicherry. An amount of Rs. 50 lakhs have been sanctioned till December'2007, during 2007-08.



4.57 Asked whether the Government has ascertained the reasons for not availing the benefits of Consumer Welfare Fund by the remaining States/UTs, the Department stated that one of the primary conditions for availing seed money to set up Consumer Welfare Fund by the State Governments was that they have to deposit in advance in separate account matching fund from their side.

4.58 When further enquired as to whether the remaining States were not interested in creating State Welfare Fund due to primary condition that they have to deposit in advance in separate account a matching fund from their end, the Department stated that so far no States / UTs have responded against setting up Consumer Welfare Fund. However it was felt that these States / UTs were lagging behind as they have not been able to make their matching contribution by providing it in their budget so far. They were being reminded periodically to complete the formalities expeditiously.

4.59 In this connection, the Committee enquired about the special category States which were required to provide only 10% of the seed money and were not availing the benefit of the scheme. The Committee were informed that out of 13 States/UTs so far only six States/UTs ( i.e Sikkim, Tripura, Arunachal Pradesh, J&K, Mizoram and Uttaranchal) in the Special category have availed of the benefits of the Central share of Seed Money for setting up of the State Consumer Welfare Fund. Recently, Assam, has also applied for availing funds under the scheme. The rest i.e. Seven States/UTs namely Dadra & Nagar Haveli, Lakshadweep, A&N Islands, Daman & Diu, Meghalaya, Nagaland, Manipur were yet to comply with documentary requirements for availing the benefits of Central Share of Seed Money for setting up their State CWF.

4.60 The Committee have been informed that 46 Voluntary Consumer Organizations/Non-Government Organizations (VCOs/NGOs) in respect of the funds released to them since 1995 have not furnished the utilization certificates (**Annexure-VII**). Only one NGO namely, Shiv Ganga District Tamil Nadu have

been blacklisted on the recommendation of the State Government. An amount of Rs. 40,25,200/- is to be recovered from these defaulting VCOs/NGOs. As regards the steps taken by the Government for obtaining the utilization certificates and the recovery of amount from these VCOs/NGOs, the Committee was informed that both the State Govts. and the VCOs/NGOs are being periodically reminded to expedite action towards obtaining the Utilization Certificates (UCs). Due to the efforts of the department the number of pending UCs have been reduced from 113 (worth Rs. 1.06 Crore) in the year 2006-07 to 46 (worth Rs. 0.40 Crore) as on 31/3/2008. The defaulting organisation's names have been put out on the website of the Department and states and districts collectors are being reminded to provide utilization certificates or taken action against the defaulting organisation.

4.61 When asked as to whether the Department have any guidelines for utilization of funds by NGOs, the representative of the Department of Consumer Affairs stated during evidence: -

'We have revised our guidelines comprehensively. We have asked the State Governments to adopt those with modifications as per their own requirements as guidelines for Consumer Welfare Fund.'

**4.62 The Committee note that under the scheme 'Consumer Welfare Fund', financial authority is provided to States/UTs in the form of seed money to promote and protect the welfare of the consumers, generate consumer awareness and strengthen consumer movement in the country. Despite the fact that the ratio of amount of seed money has been increased from 1:10 to 50:50 (Centre:State), only 19 States/UTs viz Andhra Pradesh, Chhattisgarh Goa, Gujarat, Haryana, Karnataka, Maharashtra, Orissa, Punjab, Rajasthan, Tamilnadu, Uttar Pradesh, West Bengal, Arunachal Pradesh, Uttarakhand, J&K, Mizoram, Sikkim and Tripura have created the State Consumer Welfare Fund in their respective States Budget and the remaining States/UTS are lagging behind as they have not been able to first deposit in advance in separate account the matching share of 50:50 and 90:10 ( in case of Special Category States/UTs) from their own side. The Committee are of the opinion that these States and in particular the Special Category States/UTs have not accorded the Consumer Welfare due priority it deserves. The Committee, therefore, recommend that the matter may be taken up with the State Governments/UTs at the highest level and impress upon them the importance of the Fund in order to create the State Consumer Welfare Fund in their respective State Budgets to protect the interests of the consumers.**

**4.63 The Committee note with concern that utilization certificates in respect of Rs. 40,25,200 released to 46 VCOs/NGOs from 1995 onwards have not been received by the Department of Consumer Affairs so far. Only one NGO namely, Shiv Ganga District of Tamil Nadu have been black listed on the recommendation of the State Government. The Department has put the names of the defaulting NGOs on the website of the Department and District Collectors are being reminded to obtain utilization certificates or take action against the defaulting organizations. It has also been informed that the Department have revised their guidelines for Consumer Welfare Fund and asked the State Governments to modify them as per their requirements. In the opinion of the Committee, the funds have been released to VCO/NGOs without properly verifying their credentials as well as antecedents from the State Governments/UTS. The Committee, therefore, strongly recommend that in future the funds should be released only to the reputed VCO/NGOs whose performance is known to be satisfactory. The Committee, therefore, desire that funds may be recovered from these defaulting NGOs with interest, failing which a case may be filed in the Court of Law against them for early recovery of funds released to them.**

## CHAPTER V

### Price Monitoring Of Essential Commodities

5.1 The Department of Consumer Affairs is entrusted, *inter-alia*, with the task of monitoring of the prices and availability of essential commodities in the country. The Price Monitoring Cell (PMC) in the Department regularly monitors on a daily basis the retail prices of 14 essential commodities, viz., rice, wheat, atta, gram, tur/arhar, tea, milk, sugar, vanaspati, mustard oil, groundnut oil, potato, onion and salt. Reports in this regard are sent regularly to PMO, Cabinet Secretariat, Ministry of Finance and other concerned Departments.

5.2 For monitoring of prices, information on daily retail prices of 14 essential commodities from 18 centres and wholesale prices on weekly basis from 37 centres spread all over the country are collected through the Civil Supplies Departments of State Governments /UT Administrations. A weekly report on the price situation is also prepared based on the data received from these centers and circulated to the concerned nodal Departments including PMO, Cabinet Secretariat etc. for information and necessary action. The Price Monitoring Cell of the Department of Consumer Affairs prepares a daily report on the retail prices and circulates the same to PMO, Cabinet Secretariat, Ministry of Finance and other concerned Departments. Besides, the situation of prices of essential commodities is regularly monitored by the Committee of Secretaries (COS) and the Cabinet Committee on Prices (CCP), notes of which are prepared and circulated by the PMC. The retail prices of essential commodities are updated daily in the website of the Department of Consumer Affairs: <http://fcamin.nic.in> .

5.3 The Committee were informed by the Department of Consumer Affairs that a suggestion emerged during the meeting held on 19<sup>th</sup> January, 2007 with Food Secretaries of States/UTs that PMC in the States and UTs should be adequately strengthened for carrying out analysis of reasons of increase in prices at the State level. Besides, all the States/UTs should send a monthly report on price situation and availability of essential commodities to the PMC. The existing

time lag of 2 weeks in reporting wholesale prices should be substantially brought down. In this connection, The Committee enquired about the existing mechanism to find out the reasons for increase in prices of various essential commodities as well as getting the feedback from the States/UTs with regard to the reasons for hike in prices of essential commodities. In reply the Department stated that they were regularly collecting information from various sources, including various publications, web-sites etc. It was also in touch with the State Governments for any abnormal change in prices of essential commodities.

5.4 From the statements furnished by the Department showing the variation in WPI of 27 selected essential commodities as on 9.2.2008 over different periods in 18 State capitals (**Annexure-VIII**), it was observed that except a few commodities all the other remaining commodities were showing upward trend in their prices. Asked about the reasons for rise in prices of most essential commodities and steps taken to check the upward trend in prices, the Department in a written note have stated that during the current year, prices of most essential commodities have generally remained within reasonable levels barring some variation in prices of pulses, edible oils, potatoes and onion. The reasons for the rise in prices are shortfall in domestic supplies relative to demand and hardening of international prices as well as seasonal factors. Government has already taken steps to check the increase in prices by taking measures such as augmenting domestic supplies of wheat and pulses through imports at reduced rates of duty and ban on exports. As a result of the various steps taken by Government, the retail prices of gram dal, sugar, potato and onion are now showing a declining trend.

5.5 Bringing more facts to light in regard to rise in prices of essential commodities, the Secretary, Department of Consumer Affairs revealed during evidence:-

“Increase in prices, especially of essential commodities, is a matter of concern to everyone including the Department. I would just like to give you a framework. The background of the increase in prices,

in our considered view, is on account of two main factors. One is that relatively for the last decade or so, the supply side response has not been addressed by the agriculturists with sufficient alacrity. So the production, whether it is of wheat, rice, pulses or edible oil- I will concentrate on these four- has been relatively stagnant....On the demand side, it is a very interesting phenomenon that the NCAER report says that on the demand side, the consumption of the edible oil in the rural areas has increased by 30 percent and the consumption in urban areas has increased by 18 percent. It is good thing that people are now able to afford or want to go in for edible oil and so on. With increased prosperity, with 8 or 9 percent growth rate consistently over the last three or four years, we also have more demand”.

5.6 In this context, the Department in their post evidence reply have stated that the price rise in domestic market has been lower than international price rise. Globally price rise in some food articles, mainly wheat, pulses and edible oils was witnessed mainly due to inadequate supplies in relation to demand, diversion of food grain to bio-fuel and animal feed, production losses due to inclement weather conditions. The global demand - supply situation of wheat is estimated by the US Department of Agriculture (USDA), International Grains Council (IGC) and Food and Agriculture Organisation (FAO). Global demand was estimated to be around 620 million tonnes whereas production was estimated at 605 million tonnes. According to the latest USDA report (March 11, 2008), the world ending stocks of wheat is at a 30 year low.

5.7 On the domestic front, there were supply inadequacies owing to near stagnating production levels for the past few years. On the demand side, apart from the annual increase in demand, the progressive policies of the government placed large sums of money in the hands of the people in rural areas, thereby increasing their purchasing power. For example, under the National Rural Employment Guarantee Programme (NREGP), the Government first launched the scheme in February 2006 in 200 districts. 130 districts have been added this year to take the total number to 330. The remaining 266 districts have been notified on 28th September, 2007 where the scheme will come into effect from 1st April, 2008. During this year (2007-08) an amount of Rs. 12,000 crores is

expected to be spent. Next year in 2008-09, this is expected to increase to Rs 16,000 crores.

5.8 However, price rise in wheat in India has been relatively modest. Retail prices of wheat have generally been steady for the last one year, and now show a marginal increase of Re. 1 per kg since mid of January 2008, whereas prices of wheat went up by 128% over last year (as of 02.04.2008) in international markets due to various factors affecting supplies. Both soya oil and palm oil witnessed an unprecedented increase in prices by more than 98 % in international markets, where as domestic edible oil prices have gone up by less than 25% during the year (as of 02.04.2008). Retail prices of gram dal have been lower than last year. Tur dal prices show an increase as production of tur dal during 2006-07 was 2.31 million tonnes, which is comparatively lower than last year production of 2.74 million tonnes.

5.9 As regards measures taken by the Government to control the prices, the witness added:-

“ The Government has addressed this issue on two or three fronts. One is fiscal front and the second is administrative front. On fiscal front, I am not going in to the details. It is in terms of reduction of customs duty.

Sir, you mentioned about exports. Export of rice has been banned. Export of wheat has also been banned. Export of pulses has been banned and the ban is extended by one year except *kabuli chana* because that is not grown primarily for domestic consumption. In many cases, it is grown only for exports. We have also imposed stock limits for wheat and pulses. Now, the decision has been made also to impose stock limits on edible oil, oilseeds and on rice. So these are administrative measures.

On the fiscal side, the duties have been reduced. Duties on edible oil have been reduced to zero for crude oil and to about 7.5 per cent for refined oil. The difference is kept only to protect or rather utilize the refining capacity in India because a very large capacity in soya and palm has been developed. Value added should rather be here and we need not pay for the labourers in Malaysia or in Argentina. These are on the side of fiscal measures.



On the monetary side, RBI has rather increased the CRR by .50 points on two occasions. The meaning of that on each occasion, liquidity to the tune of Rs. 15000 crore has been sucked out of the market. So, the total liquidity sucked out of the market is Rs.30,000 crore. So, that is about squeezing on the monetary side.

These are the administrative, fiscal and monetary measures which the Government has taken in the last one year or so and many of them notably only on the 31<sup>st</sup> of March, to moderate the price rise.”

5.10 As per XIth Plan Working Group of Planning Commission, the projected production and projected demand of rice, wheat, pulses and oilseeds for the year 2008-09 is as under:-

	(Million Tonnes)			
	<b>Rice</b>	<b>Wheat</b>	<b>Pulses</b>	<b>Oilseeds</b>
Projected Demand	92.87	72.72	17.51	47.53
Projected Production	94.08	74.81	14.34	27.16

5.11 It may be observed from the above statement that production of wheat and rice is more than projected demand whereas in the case of pulses and oilseeds, there is less production than the projected demand. In this connection, the Committee wanted to know as to whether the less production of pulses and oilseeds was one of the main reasons for hike in their prices and steps taken to increase the production of pulses and oilseeds. In reply, the Department in a note have conceded that it is a fact that price rise in some food articles, mainly pulses and edible oils was witnessed mainly due to inadequate supplies in relation to demand. The 11<sup>th</sup> Plan has targeted agricultural growth rate at 4.1%. To achieve this target, the following initiatives have been taken by the Government in addition to the existing schemes to improve productivity and production.

### **National Food Security Mission :**

5.12 The National Development Council on 29<sup>th</sup> May, 2007 adopted a resolution to launch a Centrally Sponsored Scheme, Food Security Mission. The objectives of the mission is to increase the production of Rice by 10 million tonnes, Wheat by 8 million tonnes and Pulses by 2 million tonnes by the end of 11<sup>th</sup> Plan. As mentioned earlier, the current level of production of Wheat is 74.81 million tonnes, Rice 94.08 million tonnes and Pulses about 14.34 million tonnes.

5.13 An amount of Rs.4883 crores (prov.) has been allocated for this programme for the 11<sup>th</sup> Plan mainly to undertake extension of agricultural technology and its management in 311 identified districts of the country, where identified yield gap is required to be bridged.

### **Rashtriya Krishi Vikas Yojna**

5.14 Another identified causes of low productivity and production is low level of investment in agriculture. Under Rashtriya Krishi Vikas Yojna, an amount of Rs.25,000 crores has been provided for in the 11<sup>th</sup> Five Year Plan to enhance investment in agriculture and allied sectors. The approach here is bottom up planning so that diverse needs in the different regions of the country can be adequately met. The States are eligible to participate in this Scheme subject to well laid down criteria. They would need to make District and State Agriculture Plans. They will also need to maintain the baseline expenditure percentage in the State Plan. The process of allocation depends on the following parameters:-

- (i) The percentage share of net unirrigated area in a State to the net unirrigated area of the eligible States (weight of 20%);
- (ii) The projected growth rate in a base year say 2005-06 to Gross State Domestic Product for agriculture and allied sectors (weight 30%);
- (iii) Increase in the total plan expenditure in agriculture and allied sectors in the previous year over the year prior to that year (weight 50%).

5.15 The approved outlay in the current year under this is Scheme is Rs.1,500 crores. Rs.5875 crore is envisaged every year till the end of the XI Five year Plan, with total investment of Rs.25,000 crore for the XI Five Year Plan.

5.16 It would, thus, be seen that the Government is committed to make available an amount of about Rs.30,000 crores for improving productivity in agriculture and allied sectors during the 11<sup>th</sup> Plan, over and above the normal plan outlays for other schemes already under implementation. These programmes are expected to improve productivity and production in the medium-term in the agricultural sector.

5.17 Elaborating on the subject of production and import/export of wheat, rice, pulses and oilseeds, the Secretary, Department of Consumer Affairs stated during evidence:-

“As regards rice, I will only mention about the balance quantity, about which you have referred to. Rice export has been of the order of five million tones every year. Of which, 1.2 million tones was basmati and about 3.84 million tonnes was non-basmati. Out of total production of 94 million tonnes, five million tonnes is for exports. The availability in domestic market was a bit precarious. We have not imported rice. It is impossible to import rice in the given situation this year. The total availability of rice is much low. Therefore, non-basmati has been banned from exports. So that is one thing to keep in the domestic front. The question of wheat export does not arise. Import of wheat is also possible. I would like to submit that this procurement and question of strategy are primarily with FCI.

About pulses, yes we deal with pulses also. The total production of pulses has been about 13.5 million tonnes to 14.5 million tonnes. The total consumption is about 17 million tonnes. So, the gap is about 2.5 million tonnes to 3 million tonnes. This year, the import is 2.7 million tonnes. Therefore, this gap is met by the imports. There is a slight increase in production from 13.5 million tonnes last year to about 14.4 million tonnes this year; plus 2.7 million tonnes import is there. This is one of the reasons that the prices have been moderated. Of course, in some cases, they have been reduced also. About the pulses there is a peculiar situation unlike oil, wheat and to a much less extent rice. Amount of pulses trade in the international trade is very small. The total

pulses available for trade in the international market is not more than four to six million tonnes, of which half we are importing. Even if we take it as six million tonnes, including the yellow peas of Canada and so on, we import half of that. So, Indian imports have a very substantial implication on the prices of pulses in the globe. So, we have been able to manage the prices on two to three sides. One, of course, is banning of exports; two, imports by the public sector agencies to that they are available in the market; three, duty is zero per cent on all pulses imports; and to have a regime stability. It has been zero duty till March, 2009. Sir, as I mentioned 40 per cent of the oil we import from the international market. So, insulation of Indian price regime from international market is very difficult unlike the wheat and rice because wheat can be insulated but in the pulses and to much more extent in oil, it is difficult.”

5.18 Keeping in view the unprecedented rise in price of wheat and pulses in June-August, 2006, this Central Government issued the Removal of (licensing requirement, Stock limits and movement restriction) on specified food stuffs (Amendment) order 2006. This order was issued on 29<sup>th</sup> August, 2006 initially for six month but its provision have been extended from time to time. By virtue of the order, State Governments have been empowered to fix stock limit and issue other regulations for trade in wheat & Pulses. By virtue of this Order, the State Governments/UT Administrations have been empowered to take effective action to bring out the hoarded stock of these items to ensure their availability to the common people at reasonable prices. The Government has, on 1.09.2007, extended the validity of the Central Order by another six months. It has now been further extend the same by six months from 01.03.08.

5.19 Further, the State-wise information with regard to implementation of the aforesaid orders as indicated in the statement furnished by the Department revealed that out of 13 States in respect of which the information has been made available that in 2 States viz. Andhra Pradesh and Gujarat, there is no stock limit for wheat, in 4 States/UT viz. Assam, Himachal Pradesh, Karnataka and Chandigarh, no stock limits have been fixed yet licensing requirements are required. In two States viz. Gujarat and Orissa, requirement of license, stock limits have not been imposed but the dealers/wholesalers are required to make

declaration of stocks, sale price etc. In the remaining States, viz, Delhi, Kerala, Maharashtra, Tamil Nadu, West Bengal and Dadra and Nagra Haveli, stock limits have been provided. Asked about the position with regard to stock limits in the remaining States/UTs, the Department of Consumer Affairs in a note have stated that pursuant to the Central Notifications dated 29.8.2006, 27.2.2007, 31.8.2007 and 28.2.2008 only 13 States/UTs i.e. Andhra Pradesh, Assam, NCT of Delhi, Gujarat, Himachal Pradesh, Karnataka , Kerala, Maharashtra, Orissa, , Tamil Nadu , West Bengal, UTs of Chandigarh and Dadra & Nagar Haveli have issued notifications fixing stock limits/licensing/stock declaration requirements in respect of wheat and pulses.

5.20 11 other States/UTs namely Andaman & Nicobar, Chhattisgarh, Haryana, Jammu & Kashmir, Lakshadweep, Madhya Pradesh, Meghalaya, Mizoram, Nagaland, Pondicherry and Tripura have intimated that they are not in favour of fixing any stock limits for these two commodities. 6 States i.e. Bihar, Goa, Punjab, Rajasthan, Sikkim and Uttar Pradesh have reported that they are considering issue of stock limits. Rest of the 5 States/UTs i.e. Arunachal Pradesh, Jharkhand, Manipur, Uttaranchal, and Daman & Diu are silent on the issue.

5.21 As regards action taken under the Essential Commodities Act, 1955, the following information have been furnished by the Department as received from various States/UTs:-

Value in Rs.lakh

<b>Year</b>	<b>No. of persons arrested</b>	<b>No. of persons prosecuted</b>	<b>No. of persons convicted</b>	<b>Value of goods confiscated</b>
2004	2401	1171	136	1914.38
2005	4421	2449	39	6746.25
2006	5421	3244	498	977.21
2007	6474	4481	348	3809.66

5.22 During each of the year, the information with regard to many of the States has not been furnished. During the year 2005, 13 States have not reported the information. Further, in respect of 5 States, the information with regard to each of

the columns is NIL. Similarly, during the year 2006, 5 States have not reported the position. With regard to 5 States, the information is NIL. During the year 2007, the information has not been furnished with regard to 4 States. The position is NIL with regard to 4 States. Asked as to why many of the States/UTs have not reported the position with regard to number of raids and the action taken as per Essential Commodities Act, 1955, in reply the Department in the note have stated that the State Governments/UTs in accordance with the powers delegated to them by the Central Government take appropriate action under the Essential Commodities Act, 1955 and Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 State Govts./UTs are empowered to take action to conduct raids, arrests and institution of cases, etc. against unscrupulous persons indulging in malpractices in essential commodities. Going by the 'NIL' reports sent by some State Govts./UTs, it can be presumed that these State Govts./UTs might not have conducted any raids nor have detained any persons for indulging in malpractices in essential commodities. In respect of those States/UTs, who have not sent any "monthly action taken report", it would be very difficult to come to any conclusion on the action taken by them under the Essential Commodities Act, 1955 and Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980.

5.23 The Committee noted that as compared to number of raids conducted, the number of convictions are very few and asked about the reasons for it. The Department in a written reply stated as follows:-

"The Central Government by virtue of Section-5 of the Essential Commodities Act, 1955 have delegated powers to State Governments/UTs to ensure availability and supply of essential commodities to the consumers. Accordingly the State Governments/UTs have issued control orders under Section-3 of the said Act for regulating the distribution of essential commodities. It also empowers the District Collectors/District Magistrates to take necessary action under Essential Commodities Act, 1955 like searching premises of the dealers/traders and seizing of essential commodities illegally hoarded so as to avoid malpractices in

respect of such essential commodities. Therefore, the District Authorities conduct regular raids on such premises where essential commodities are stored. Such raids are being carried out very frequently and therefore the number of raids are very high. However, on such searches if some malpractices are noted, the stocks are seized and thereby confiscated under the powers conferred under 6(A) of the Essential Commodities Act, 1955. Considering the graveness of such malpractices the District Authorities lodge FIRs in the respective Police Stations and thereafter the cases are moved to the Courts for decision. It is for the Court to decide for convicting the person found indulging in malpractices of essential commodities or to acquit him. It is however, seen that the number of convictions by the Courts are normally very less in numbers. Therefore, there is a big gap between the number of raids conducted by the State Governments and the convictions made by the Courts”.

5.24 For the prevention of unethical trade practices like hoarding and black-marketing etc. the “Prevention of Black –marketing and Maintenance of Supplies Act, 1980” is being implemented by the State Governments/UT Administrations. The Act empowers the Central & State Governments to detain persons whose activities are found to be prejudicial to the maintenance of supplies of commodities essential to the community.

5.25 In accordance with the provision under Sub Section 4 of the Section 3 of the Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act,1980, every detention order has to be reported by the State Government concerned to the Central Government, together with ground on which the order has been made and such other particulars as, in the opinion of the State Govt., have a bearing on the necessity for the detention order, within 7 days from the date of approval given by the State Govt. to such detention order. Based on these provisions, the State Governments which are passing detention order, are reporting the facts together with the grounds of detention as well as other connected particulars to the Central Govt. (Deptt. of Consumer Affairs) within the stipulated period of 7 days. The information furnished by the Department of Consumer Affairs is based on such reports received from the concerned States during the years 2005-2007.

5.26 Details of detention orders, as reported to the Central Government by the State Governments during the period from 1.1.2005 to 31.12.2007 are given below:-

<b>Name of the State</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Gujarat	101	85	50
Tamil Nadu	7	74	65
Orissa	2	1	-
Maharashtra	1	1	1
Madhya Pradesh	-	-	3
Total	111	161	119

5.27 Since the aforesaid Act is being implemented by the State Governments/UT Administrations for the prevention of unethical trade practices like hoarding and black-marketing etc., they are being impressed upon from time to time to take effective action against the hoarders and black-marketers of essential commodities for ensuring their easy availability to the common people. Hon'ble Prime Minister has specially written to all the Chief Ministers on February 21, 2007, to form Committees under their chairmanship to continuously monitor prices of essential commodities and take appropriate measures from time to time.

5.28 Keeping in view the unprecedented rise in price of wheat and pulses in June-August, 2006, this Central Government issued the Removal of (licensing requirement, Stock limits and movement restriction) on specified food stuffs (Amendment) order 2006. This order was issued on 29<sup>th</sup> August, 2006 initially for six month but its provision have been extended from time to time. By virtue of the order, State Governments have been empowered to fix stock limit and issue other regulations for trade in wheat & Pulses.

5.29 When asked as to why only 5 State Governments have furnished the information of detention orders during the last three years, the Department in a written reply stated that the remaining States/UTs have not reported any detention cases to this Department. However, it may be stated that as per



Section 3 of the Prevention of Black-marketing & Maintenance of Supplies of Essential Commodities Act, 1980 the State Governments/UTs are required to report the details of detention cases to the Central Government within seven days from the date of approval of detention case by the State Governments/UTs. Therefore, it may be construed that these State Governments/UTs have not made any detention under the said Act.

5.30 The Committee in their 19<sup>th</sup> Report on Demands for Grants (2007-08) (R. No. 6.16) had taken a serious note of some State Governments not furnishing monthly reports on action taken under the provisions of Essential Commodities Act, 1955 & Prevention of Black-marketing & Maintenance of Supplies of Essential Commodities Act, 1980 and had recommended that the issue should be taken up at the highest level with the State Governments and desired that initiatives in this regard should be taken. In this context, the Committee wanted to know as to whether the matter was pursued with the State Governments in order to obtain the monthly reports from the defaulting States. The Department, in reply have stated that the observation of the Committee referred to above were communicated to the Chief Secretaries of all States/UTs vide Secretary (Consumer Affairs)'s D.O. letter dated 14.06.2007. They were requested to ensure that the monthly reports on action taken under both Essential Commodities Act, 1955 and Prevention of Black-marketing & Maintenance of Supplies of Essential Commodities Act, 1980 be sent to the Department of Consumer Affairs by 10<sup>th</sup> of the following month without fail. The defaulting States are still not reporting the action taken.

5.31 The Standing Committee had examined the Forward Contracts (Regulations) Amendment Bill, 2006 and presented the Seventeenth report to Parliaments on 19<sup>th</sup> December, 2006. In their Report the Committee after detailed deliberations had recommended that agricultural commodities especially foodgrains including coarse grain, pulses and sugar need not be permitted to be

traded in the Commodity Market including forward/future trade derivatives and options. Pursuant to the recommendation of the Committee, forward trading of wheat and rice has been banned w.e.f. 27 February, 2007. The Committee while reviewing the position in this regard reiterated that there was an urgent need to ban forward trading in the remaining essential commodities recommended by the Committee. Asked about the status of implementations of the aforesaid recommendation of the Committee, the Department stated as under:

“The Forward Contracts (Regulation) Act, 1952 contain enabling provision to regulate or prohibit forward trading in commodities. The Amendment Bill also contains enabling provision to either regulate or prohibit options in commodities.

The Government has taken note of the recommendation of the Standing Committee regarding banning forward trading in essential commodities. In this context, the Government has set up an Expert Committee under the chairmanship of Prof. Abhijit Sen, Member, Planning Commission to examine the impact of forward trading on prices of agricultural commodities, if any and if so, to what extent. The Report is awaited.”

5.32 In this connection, the Committee enquired as to when was the Expert Committee likely to submit its Report. In reply, the Chairman, FMC during evidence stated as follows:-

“.....the Committee has met a number of times. The Committee has not submitted its report yet. The Committee has met a number of times. Prof. Sen in the Chairman of the Committee.....we are pursuing the Committee to finalise the report as early as possible. But the report is not yet submitted.”

5.33 The Committee express their concern over the rising trend in the prices of most of the essential commodities during the last six months. The Department of Consumer Affairs is entrusted, inter alia, with the task of monitoring of the prices and availability of essential commodities in the country. The Price Monitoring Cell (PMC) in the Department regularly monitors on a daily basis the retail prices of 14 essential commodities viz. rice, wheat, atta, gram, tur/arhar, tea, milk, sugar, vanaspati, mustard oil, groundnut oil, potato, onion and salt. Report in this regard is sent regularly to PMO, Cabinet Secretariat, Ministry of Finance and other concerned Departments. Despite the monitoring mechanism being in place, it is observed from the information furnished by the Department that the price rise in case of pulses and edible oils is more marked as compared to other essential commodities. The main reason for rise in prices have been stated to be shortfall in domestic supplies relative to demand and hardening of international prices as well as seasonal factors. The Secretary, Department of Consumer Affairs also stated during evidence that due to progressive policies of the Government money in the hands of the people in rural areas has increased, thereby increasing their purchasing power, which has also contributed to rise in prices. The steps taken by the Government to contain the price rise include measures like augmenting domestic supplies of wheat and pulses through imports at reduced rates of duty and ban on exports. The Government has also imposed stock limits for wheat, pulses,

edible oil, oilseeds and on rice. On the monetary side, RBI has increased CRR by .25 points on two occasions to reduce money supply in the market to reduce inflationary pressures on prices. For improving productivity and production in the medium-term in the agricultural sector, the Government have taken initiatives such as National Food Security Mission and Rashtriya Krishi Vikas Yojana. The Committee note that 40 per cent of the edible oil requirement of the country is met by the imports which is susceptible to international pressures on price front. Therefore, its impact is felt on the price rise of the edible oils in domestic sector also. The Committee feel that although the Government is vigilant about the adverse impact of price rise on the economy of the country culminating into inflationary trends yet the measures taken by the Government are not proving to be effective in bringing down the prices of the essential commodities. The Committee desire that the Department in consultation with other concerned Departments should chalk out a long-term strategy to meet such a situation so that it does not assume gigantic proportions, affecting the development and growth of the country. They should also take such steps that would insulate the prices in the country from international price fluctuations.

**5.34 In order to control the prices of foodgrains, the Central Government had issued a Central Order dated 29.08.2006 under 'The Essential Commodities Act, 1955' to enable State Governments to invoke stock limits in respect of wheat and pulses for a period of six months. By virtue of this order, the State Governments/UT Administrations have been empowered to take effective action to bring out the hoarded stock of these items to ensure availability to the common people at reasonable prices. The Government has on 1<sup>st</sup> March, 2008 extended the validity of the Central Order by another six months. From the information furnished to the Committee, it is observed that there is no uniformity in following the Central Order by the States/UTs, as while 13 States/UTs have issued notifications for fixing stock limits/licensing/stock declaration requirements in respect of wheat and pulses, 11 other States/UTs namely, Andaman and Nicobar, Chhattisgarh, Haryana, Jammu & Kashmir, Lakshadweep, Madhya Pradesh, Meghalaya, Mizoram, Nagaland, Pondicherry and Tripura are not in favour of fixing any stock limit, whereas 6 States are still considering the issue of stock limits and finally the remaining 5 States/UTs are silent on the issue. In the opinion of the Committee, this attitude of some of the States/UTs does not augur well for controlling the price rise of essential commodities. The Committee, therefore, recommend that Department of Consumer Affairs should impress upon all the States to follow the Central Order uniformly in order to fight the menace of hoarding and black marketing by unscrupulous traders.**

**5.35 The Committee note that as per the 'Standing Order', all the State Governments/UT Administrations have to submit monthly reports to the Department of Consumer Affairs indicating the action taken under the provisions of 'Essential Commodities Act, 1955' as also 'Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980'. The State Governments and UT Administrations are not regularly furnishing the monthly reports inspite of reminders sent to them from time to time. It is observed from the information furnished to the Committee that during the years 2005, 2006 and 2007, some of the States are furnishing 'NIL' reports and some are not submitting any report at all. According to the Department, going by the 'NIL' reports sent by some State Governments/UTs, it can be presumed that these State Governments/UTs might not have conducted any raids nor have detained any persons for indulging in malpractices in essential commodities. The Committee deplore the lackadaisical approach of State Governments/UTs in either not furnishing any 'monthly action taken reports' or by giving 'NIL' reports. They desire that the Department should impress upon the State Governments/UTs to strictly follow the 'Standing Order' to regularly submit the 'monthly action taken reports' and also conduct raids on hoarders and black marketers in order to have a saluting effect on them. According to the Committee, it will also help the Government to keep a check over the rising prices of essential commodities.**

**5.36 The Committee note that as per Section 3 of the 'Prevention of Black-Marketing and Maintenance of Supplies of Essential Commodities Act, 1980', the State Governments/UTs are required to report the details of detention cases to the Central Government within 7 days from the date of approval of detention case by the State Governments/UTs. The Committee find that only 5 State Governments have furnished information in this regard to the Department of Consumer Affairs during the year 2005, 2006 and 2007. According to the Department, as the other State Governments have not furnished any information so it may be construed that these State Governments/UTs have not made any detention under the said Act. The Committee are surprised by the plea of the Department that except 5 State Governments/UTs, other State Governments/UTs have not made any detention under the Act. It appears to the Committee that the Department of Consumer Affairs is being kept in the dark by most of the State Governments by not abiding by Section 3 of the aforesaid Act. The Committee, therefore, desire that the State Governments should be prevailed upon to supply the information of detention cases within the prescribed time limit as per the Act.**

5.37 The Committee note that Essential Commodities Act, 1955 and Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 empowers the State Governments/UTs to take action against the unscrupulous persons indulging in hoarding and blackmarketing of essential commodities. During 2007, 6474 persons were arrested and 4481 persons were prosecuted but only 348 persons were convicted. The Committee find that the conviction rate of persons arrested is as low as 5.37% and 7.76%, if compared with persons prosecuted. The Committee desire that in view of the low convictions in such cases, the Department should examine whether there is any lacunae in the Act due to which most of them go scot free despite serious offences. The outcome of the examination alongwith the suggestions of the Department for bringing in any new amendment to meet the situation may be reported to the Committee within six months of the presentation of this report to the Parliament. The Committee recommends effective use of Essential Commodities Act specially against those hoarding large quantity of foodgrains, rather than small traders.



**5.38 The Standing Committee had examined the Forward Contracts (Regulation) Amendment Bill, 2006 and presented their Seventeenth Report to Parliament on 19<sup>th</sup> December, 2006. In their Report, the Committee had strongly recommended that agricultural commodities especially foodgrains including coarse grains, pulses and sugar need not be permitted to be traded in the Commodity Market, including forward/future trade derivatives and options. The Committee also desire that edible oils should also be omitted from being traded in the Commodities Market, including forward/future trade derivatives and options. In this context, the Government has set up an Expert Committee under the Chairmanship of Prof. Abhijit Sen, Member, Planning Commission to examine the impact of forward trading on prices of agricultural commodities but the Report is yet to be submitted by the Committee. The Committee feel that considerable time has elapsed since this Expert Committee was constituted by the Government. The Committee desire that the Government should expedite the submission of report by the Expert Committee, so as to assess accurately the impact of forward trading on prices of essential commodities and take appropriate remedial action in this regard.**

## CHAPTER-VI

### REGULATION OF FORWARD MARKETS

The Concept of Forward trading in India has its inception since 1875 when Bombay Cotton Trade Association Ltd. introduced forward trading in cotton. Under this contract an agreement is reached between two parties to buy or sell an asset at a certain time in the future for a certain price. Subsequently many regional Exchanges came into existence. Forward Markets Commission (FMC) got its statutory status under the Forward Contracts (Regulation) Act, 1952. The Futures Market performs two important economic functions, namely, of price discovery and price risk management with reference to a given commodity. In order to minimize the risk factors associated with the futures market, regulation of forward trading is done by a three tier regulatory structure, viz., the Central Government, Forward Markets Commission and the recognized Commodity Exchanges / Associations. It functions under the administrative control of the Ministry of Consumer Affairs, Food & Public Distribution; Department of Consumer Affairs, Govt. of India. The National Cooperative Consumers Federation of India Limited (NCCF) is the apex national Federation of the consumer cooperatives in the country. It has been granted the status of body corporate w.e.f. 31.1.2008.

6.2 The Committee have been informed that there is only one plan scheme namely, 'Strengthening of FMC' implemented by FMC during the XIth Plan. This plan scheme is continuing from the Xth Five Year Plan. The scheme provides for various activities like upgradation of IT facilities, capacity building, training, consultancy, awareness development programmes, connectivity of Commodity Exchanges with APMCs for dissemination of futures prices and upgradation of the office infrastructure.

6.3 The BE, RE and actual expenditure incurred by the Department in respect of the Scheme viz. Strengthening of Forward Market Commission (FMC) during 2005-06, 2006-07 and 2007-08 and BE for 2008-09 is given below: -

Year	BE	RE	Actual Expenditure
2005-06	2.25	1.25	0.933
2006-07	3.00	2.00	1.57
2007-08	20.00	10.00	2.17
2008-09	20.70	-	-

The reasons for heavy reduction of BE at RE stage specifically during the year 2007-08 are as follows:

- (i) An amount of Rs.4 crore was projected in the BE (Rent, Rates and Taxes) for moving to a separate office premises. The property identified for which in principle approval of Ministry was obtained could not be finalised as the owners of the building were not willing to rent the building at the valuation done by the CPWD. Therefore, an amount of Rs.2 crore was surrendered at the RE stage, under Rent, Rates and Taxes. As a suitable premises could not be identified, this also led to surrender of fund under OE-IT (Rs.70 lakhs), OE (Rs. 50 lakhs), other administrative expenses (Rs.10 lakhs) which would have been required while shifting to a new premises.
- (ii) An amount of Rs.8.50 crore was projected in the BE (Grant-in-aids) for implementation of the price dissemination project. 2007-08 being the first year of the XI Five Year Plan and implementation of the project, various activities like identification of locations, after discussions with the State Governments, Agricultural Marketing Division, Ministry of Agriculture AGMARK, finalisation of the specifications for hardware and software took some time and therefore, the administrative approval could only be obtained on 2<sup>nd</sup> January, 2008. The project required coordination of the Central Government, State Government, Commodity Exchanges, NIC and FMC. A lot of ground work was required to be done as the success of the project requires availability of basic infrastructure like computers, internet connectivity, etc. The process was time consuming and therefore an amount of Rs.4.25 crore was surrendered at the RE stage.

6.4 When asked as to whether the regulation of forward contract/future trading benefit the farmers in particular the farmers who have very small piece of land in the country, the Department stated that where a commodity is not subject to

administered price-mechanism, a well regulated Futures Market integrates prices during peak and lean periods subject to normal cost of carrying the commodity – like warehouse charges, interest etc. The futures contracts having maturity during lean period reflect the likely demand and supply conditions at that time. Futures prices of these lean season contracts are normally higher than the prices of contracts maturing during peak marketing season. If the difference between the spot prices and futures prices of lean period contract are higher than the cost of carry, market participants buy the goods from the spot market and sell equivalent quantity in lean season futures contract. This results in creating demand for the commodity during the peak marketing season, thereby preventing sharp decline in the prices. FMC monitors the relationship between spot prices and futures prices to ensure that the difference is not disproportionately large in comparison to cost of carry. Moreover, having information about likely price at some futures date which is discovered in futures market, the farmers have better bargaining power vis-a-vis traders when compared with a scenario where there is no futures trading. Farmers are better equipped to use the opportunity to hold their stock back to be sold at future date. This induces farmers to avoid distress sale at peak harvest season thereby helping somewhat in lifting prices at that point of time. The futures trading, therefore, leads to more orderly release of supplies during a crop season. While futures market would help the overall commodity markets, the benefits to the farmers would only be proportional to their marketable surplus. Futures trading is not substitutes but is complementary to other reforms in physical commodity markets.

6.5 During evidence, the Committee wanted to know the course of action to be taken by the Forward Market Commission to implement the scheme in the XIth Five Year Plan, the Chairman, FMC stated as under:-

“The correct price is indicated in the futures market. But simultaneously, we are also emphasizing the participation of the producers, more particularly the producers of the agricultural

commodities, namely the farmers in this price recovery process and asking them to benefit from them. So, this scheme has essentially two main components. One is for creating awareness among the potential beneficiaries and the other is taking effective measures to conduct awareness on a regular basis to the farmers. Therefore, essentially, two programmes are there for creating awareness by holding various seminars, meetings, programmes, interactive sessions with farmers, farm leaders, with farmers' related NGOs and various organizations like the cooperatives, etc. It is also done with the help of various agencies working both from the Government and non-Government in the field and also agricultural universities, etc.

The other is to create infrastructure in the rural areas, particularly at the rural level mandis, rural post offices, rural bank branches and such other places where the farmers are likely to visit frequently, where we can indicate not only the futures market prices of various commodities of importance to that area in their own local language but also the spot price of that day so that the farmers can compare the price obtaining on that day and the prices which are likely to prevail in future, the trend which the forward market is indicating. Thus, the farmer can decide as to whether he would grow a particular crop or he would switch over to another crop. Particularly after he has grown the crop, whether he should sell it at that point of time after harvesting immediately if the prices are better, or if the prices are likely to be better after one month or two months or three months, the farmer may hold his stock and sell it in the futures market.

So, the farmer can benefit even without participating in the futures market by taking price indication from the futures market operation. But we would also like as many farmers as possible to participate in the futures market rather than merely taking the price indication and benefiting from that. While we are acutely aware of the fact that internationally even in developed countries, more so in countries where the farmers have got very large farm sizes, the level of the farmers' awareness is much higher. The level of education of the farmer is much higher. The total production by each farmer is also substantial. Even in those countries, like the US, Canada, Europe or Australia, the participation of farmers in the futures market directly is rather limited. So, taking that point in mind, the awareness among the Indian farmers, who are basically small and marginal farmers-there are a very few large farmers-as it is, is relatively low. So even after creating massive awareness through price ticker boards or through various interactive programmes on the price information dissemination, still we think that the farmers will be participating in a relatively limited number in this futures market. But even then we would like to encourage the participation of as many farmers as possible in the

futures market, especially for products or produce which they are likely to market. For example, commercial crops like pepper, cardamom, rubber, cotton, chilli, tobacco and such other commodities.”

6.6 FMC has been in correspondence with all State governments and has had one-to-one interaction with the State governments of Kerala, Chattisgarh, Bihar, Rajasthan, Uttar Pradesh, Orissa and West Bengal. Based on the discussions it was decided to utilize the infrastructure for price dissemination (spot price) already created under the AGMARKNET project by the Ministry of Agriculture and NIC for the price dissemination project. Thus the price Dissemination project through Mandis would be initially implemented in all AGMARKNET mandis and later carried forward to other mandis.

6.7 As regards dissemination through post offices, discussions were held with the Department of Posts and a pilot project launched at two post offices of Delhi – Ashok Vihar and Omkar Nagar. On satisfactory functioning of the pilot project, it has been decided to implement the project in 300 rural post offices in the states of Haryana, Rajasthan, Punjab, Andhra Pradesh, Maharashtra, Madhya Pradesh, Uttar Pradesh, Karnataka and Tamil Nadu.

FMC has also been in correspondence with banks – Allahabad Bank, Canara Bank, Punjab National Bank, State bank of India and bank of Baroda and the deliberations with them are at preliminary stage.

6.8 During evidence, the Committee enquired about the benefits to the farmers for dissemination of futures prices, the Secretary stated as under:-

“Even for a person who is a small farmer who is not actually participating on the platform, he is not participating, where is he participating? He is participating in the mandi. The only effort is this. His empowerment is there. If the trader says I will give you Rs.1,000, This is the scenario that we expect that by dissemination of the price at 3,000 places as of today, and later may be in the entire country more in number, that is the scheme, this empowerment will come. That will be there of our farmers.”

**6.9 The Committee note that an amount of Rs.20 crores was allocated to the Department of Consumer Affairs for strengthening the Forward Market Commission during 2007-08, which was reduced to Rs.10 crore at RE stage but the actual expenditure during the year was Rs.2.17 crore. The reasons put forth by the Department for underutilization of fund was non-finalization of rent agreement by the owner of building for office premises and delay in getting approval for price dissemination project. The Committee feel that these are very trivial issues which could have been tackled by the Department very easily. In the opinion of the Committee, if the Department would have made advance planning for settling the aforesaid issues, the question of surrendering large some of funds during 2007-08 would not have arisen. The Committee hope that all the procedural formalities required for getting the building for office premises on rent and the ground work required for implementation of price dissemination project would be completed expeditiously to ensure that the funds earmarked for the purpose do not remained unutilized in financial year.**

**6.10 The Committee note that the Planning Commission has given due weightage to the Price Dissemination Project and allocated Rs. 10 crore each year during the XIth Five Year Plan. The project will be implemented through AGMARKET Mandis and later carried forward to other mandis. One of the objectives of “Price Dissemination Project” is to empower the farmers by providing them with useful price information that would facilitate decision making in the pre-sowing and post harvest period. Price Dissemination would not only increase the farmers bargaining capacity but also reduce the impact of middleman and traders on price realization by farmers. The Government contemplates to implement the project in 300 rural post offices in the States of Haryana, Rajasthan, Punjab, Andhra Pradesh, Maharashtra, Madhya Pradesh, Uttar Pradesh, Karnataka and Tamil Nadu and have taken up the matter with some Nationalised Banks. The Committee, while appreciating the concept of Price Dissemination Project, desire that the project may be implemented in other States also, so that the small and marginal farmers may also be benefited by the price discovery.**



## **CHAPTER-VII**

### **BUREAU OF INDIAN STANDARDS (BIS)**

The Bureau of Indian Standards, the National Standards Body of India became functional as a statutory body under the Bureau of Indian Standards Act, 1986 with effect from 1 April 1987 taking over staff, assets and liabilities of Indian Standards Institution established in 1947 which is successfully promoting and nurturing the standardization movement in the country. BIS is formulating need-based Indian Standards in line with the national priorities as a time bound programme and decided to harmonize national standards with regional and international standards in order to facilitate adoption of international standards by all segments of business and industry, wherever feasible. Rajiv Gandhi National Quality award was instituted by the Bureau of Indian Standards in 1991 with the approval of Government of India to make significant improvement in quality.

7.2 BIS derives its income mainly from certification, training institute and sale of Indian Standards. The Certification Scheme is basically voluntary in nature but for a number of items affecting health and safety of the consumer and those of mass consumption, it has been made mandatory by the Government through various statutory measures. The Directorate General of Foreign Trade, Ministry of Commerce have issued a notification dated 24<sup>th</sup> November, 2000 according to which products which are under mandatory BIS Certification through various Notifications issued by Government of India, cannot be imported into India without BIS Certification. Besides this BIS is operating number of certifications which encompasses Quality Management (IS/ISO9001); Environmental Management (IS/ISO 14001); Occupational Health and Safety Management (ISO 18001).

7.3 For the purpose of testing the quality of products /commodities, the network of eight BIS laboratories spread throughout the country having strength of testing personnel involved in the testing is now 123 against the sanctioned strength of 180. Moreover, for effective monitoring of quality system, the laboratories have updated and implemented the documents based on Standard

IS/ISO/IEC 17025:2005. It has been observed that the average number of licences granted by BIS has grown over the period.

7.4 The details of BE, RE and actual expenditure under this scheme are as follows: -

<b>(Rs. in Crores)</b>			
<b>Year</b>	<b>BE</b>	<b>RE</b>	<b>Actual Expenditure</b>
2005-06	1.00	0.50	0.0646*
2006-07	1.00	0.72	0.2072*
2007-08	28.00	16.00	0.2861*
2008-09	25.00	-	

**\* The expenditure shown represents only Gold Hallmarking Scheme**

The Committee have been informed that the reasons for less utilisation of funds are as follows:-

“For spending lesser amount in 2005-06, it may be mentioned that the pilot project on gold hallmarking was approved in October, 2005 and an amount of Rs.50 lakhs was released in January, 2006. The major amount of the Plan is to provide financial assistance to the Organizations for opening Assaying and Hallmarking Centres. However, the Organizations are not coming forward to open the Centres. It was anticipated that 20 Centres would be opened in 2007-08 under the Scheme, but only 11 Centres could be set up and recognized.

For the Annual Plan 2007-08 a budgetary provision of Rs.4.00 crores has been made for Gold Hallmarking Scheme, besides Rs.12 crores each for the Schemes under Standardization and Quality Control and for Consumer Education & Training, Human Resource Development/Capacity Building which are to be implemented in the XI Five Year Plan. Necessary approval in respect of three Schemes is being processed.

Similarly for the Annual Plan 2008-09, a budgetary provision of Rs.3.00 crores has been made for Gold Hallmarking Scheme, besides Rs.22 crores for the Schemes under Standardization and Quality Control and for Consumer Education & Training, Human Resource Development/Capacity Building.

Moreover, existing Centres are majorly in the domain of private organizations.”

7.5 When the Committee asked about the justification for allocation of Rs.18.69 crore in 2008-09 when the entire funds remained unutilized during the last three years. The Department in their reply stated that Rs.3.00 crores has been allocated for Gold Hallmarking Scheme and for other Schemes (i.e. National System for Standardization, database, Assessment and Quality Campaign) to be initiated during the XIth Five Year Plan, an allocation of Rs.22 crores has been made in the year 2008-09. For Gold Hallmarking Scheme an amount of Rs.50 lakhs was released in 2005-06 and Rs.1.00 crores in 2007-08. Since 2007-08 is the first year of XIth Five year plan the process of obtaining approval for the whole of schemes in five year plan is in process of being taken, once the approvals are obtained no more sanctions would be required in subsequent four years of XIth plan.

7.6 The Committee enquired about the steps taken by the Department of Consumer Affairs for creating awareness amongst the consumers of backward and hilly areas, about their programmes. The Department in a note furnished to the Committee stated that to create awareness among the backward and hilly areas, the State Governments have been given grant-in-aid during the year 2006-07. The same has also been continued in this financial year. Publicity material such as posters, audio, video, folders, calendars, magazines etc. have been provided to the State/UTs for distribution through Panchayats. Sign-boards, wall-paintings, hoardings etc. in local languages and their display through village mandis etc. will enable dissemination of messages. Use of Department of Posts through their extensive network of more than 1.55 lakh post offices in every nook and corner of the country has also been planned.

7.7 When asked about the procedure and number of raids conducted alongwith steps taken to check the misuse of ISI mark, the Department in their reply informed that during the period January to December 2007, BIS has carried out 174 enforcement raids all over the country based on the information received from non-licensees who are putting the ISI mark as well as they have their own

system of drawing of samples from factory visits and from market. If there are certain drawbacks they issue advisories. When two consecutive samples are not found adhering to the standards they issue 'Stop Marking Instructions' and further see to it if corrective measures are taken, before issuing resumption of marking. Efforts are also being made for timely processing of the enforcement cases and consequent launching of the prosecutions against the offenders in the Courts.

7.8 When the Committee asked about the number of detentions made during last three years and reasons for it, the Department reported only one detention and further informed that although as per the provisions of the BIS Act, 1986; any person who contravenes the provisions of section 11, or section 12 or section 14 or section 15 shall be punishable with imprisonment for a term which may extend to one year or with fine which may extend to fifty thousand rupees, or with both, it is up to the Court to award punishments to the offenders as may be considered appropriate.

7.9 The Committee wanted to know conducting of surveys and its objectives, the Department informed that a survey was conducted by the BIS and the objective of survey was to find out the extent of shortfall in purity of the non-hallmarked Jewellery against the declared purity and to create awareness amongst consumers. However, no action was taken against the jewellery shops. It was further noted that a survey was conducted by BIS in 2006 for the purpose of promoting consumer awareness.

## Hallmarking of Gold Jewellery

7.10 BIS has been nominated as the sole agency in India for Hallmarking of Gold Jewellery. The Hallmarking Scheme which is on a voluntary basis was formally launched by BIS in April 2000 and later revised in January, 2006. Jewellers desirous of operating the BIS Hallmarking Scheme for Gold Jewellery have to get BIS Certification from Assaying and Hallmarking Centres the recognition of which is done by BIS itself after ensuring laid down norms for the purpose. Moreover the norms are aligned with those in other parts of the world, in order to ensure the acceptability of the jewellery with 'Indian Hallmark' world over.

7.11 At present 91 Assaying Centres exist in India. State-wise numbers of Hallmarking/Assaying Centres in the country are given below:-

Sl. No.	Name of the State	No. of A& H Centres
1	New Delhi	8
2	Chandigarh	1
3	Karnataka	11
4	Kerala	14
5	Andhra Pradesh	7
6	Tamil Nadu	18
7	Gujarat	10
8	Maharashtra	11
9.	West Bengal	5
10.	Madhya Pradesh	2
11.	Rajasthan	1
12.	Punjab	1
13.	Uttar Pradesh	1
14.	Chhatishgarh	1
	<b>Total</b>	<b>91</b>

During evidence, the Secretary informed that the Hallmarking Scheme is to give assistance to 91 Assaying Centres with certain more weightage to North-Eastern region and the hilly areas which requires augmentation of infrastructure. He also addressed the issue of making Hallmarking mandatory on

the producer and the feasibility of its enforcement, which faces difficulty with regard to number of small jewellers spread along the length and breadth of the country in small *Mohallas*, *gullies*, etc. Therefore this issue requires a change in the BIS Act.

7.12 The Committee have been informed that in a market survey, conducted by BIS in 16 selected cities, out of 162 samples taken, only 16 samples passed and 146 failed. In Delhi, samples from all the 10 centres collected failed the test of purity. In this context the Committee desired to know the action taken against the owners of jewellery shops whose sample failed, the Department stated that the objective of survey was to find out the extent of shortfall in purity of the non-hallmarked Jewellery against the declared purity and to create awareness amongst consumers with this information. Therefore no action was taken against the jewellery shops under the provisions of the Consumer Protection Act, an aggrieved consumer can seek redressal by making a complaint before the concerned consumer forum based on the territorial and pecuniary jurisdiction.

7.13 During the examination of Demands for Grants for the year 2007-08 the Committee was informed that Hon'ble Minister of Food, Consumer Affairs and Public Distribution has approved a proposal of bringing the Hallmarking of gold jewellery under the mandatory certification w.e.f. 1.1.2008. The Department has now informed that mandatory Gold Hallmarking Scheme is planned to be implemented in a phased manner in the country. In the first phase, 4 metro cities i.e. Delhi, Mumbai, Chennai and Kolkata are proposed to be covered. When asked about the reasons for spilling over of targets with regard to making of the hallmarking of gold jewellery mandatory, the Department stated that Hallmarking of Gold Jewellery has not been made compulsory due to absence of enabling legislative framework for its implementation under Bureau of Indian Standards Act, 1986. In view of the position explained above, there is proposal to amend the Bureau of Indian Standards Act, 1986, in order to bring Hallmarking of Gold Jewellery under the Compulsory Certification regime.

During evidence the Secretary Department of Consumer Affairs further elaborated the reasons for not making the Hallmarking of Gold Jewellery mandatory as under:

“Sir, this was a result of a survey made by the BIS, as the Hon’ble Members are aware, about the shortage in cartage. Therefore, this scheme was formulated and mandatoriness was also indicated. For reasons which I have submitted it needs to be mandated on the seller. Ultimately the person is going to the seller. In many cases the seller is also the maker. So, there is a slight peculiar trade practice in the jewellery. Therefore, we examined this issue and we feel that it will require a change in the BIS Act. So, we are moving in that direction.

As far as the time limit is concerned, there were two main issues. The gold jewelers association of different places represented that the infrastructure is not adequate. This was about six months back. But one thing that we found was that any serious jeweller, whether he is a maker or a seller, had supported the schemes. In fact, I had personal meetings with their association as well as the Chambers of Commerce. They had fully supported it. But I could see their fear that they were not very clear whether this is a reminiscence of the Gold Control Order which it is not. And idea is that everybody must come on board. The idea is to protect the consumer. It is not an Act like IPC. It is an Act meant for self-regulation, consumer protection, and everybody coming on the board. So, 1<sup>st</sup> January was not feasible. Now we are moving an amendment to the Act. the jewellers have assured us that they will ensure, hallmarked or otherwise voluntarily, the purity of the jewellery which is the primary aim of the scheme.”

**7.14 The Committee are deeply concerned to note that the Department of Consumer Affairs could not utilize even one crore out of the revised estimate of Rs.16 crore allocated during 2007-08 for the Hallmarking of Gold Jewellery Scheme. The Committee are unable to accept the contention of the Government that the shortfall in expenditure was due to non-approval of the Projects under the Hallmarking of the Gold Jewellery Scheme and deplore the slackness on the part of the Government in this regard. The Committee feel that if the Department could have made advance preparations for getting the approval at the end of the Xth Five Year Plan i.e. in 2007-08 or early in the 2007-08, such problem could have been resolved. The Committee desire that the Department should make sincere efforts for obtaining the approval of the whole scheme in the current year itself so that the fund is fully utilised in the subsequent financial years. Similarly, adequate funds may be released to the State/UTs well in time for creating awareness of the scheme so that the people, particularly who live in backward and hilly areas, are not deprived of the benefits which may accrue to them by the BIS Schemes.**



**7.15 The Committee note with dismay that out of 162 samples of Gold and Gold Jewellery collected from 16 cities, only 16 samples passed and 146 failed the test of purity. It is more disturbing that in the capital, all the samples collected failed the test of purity of Gold. The scheme of Hallmarking of gold was launched in 2000 with the aim to prevent sale of inferior quality of gold and boost the confidence of the consumers and assure them the intrinsic value of their holdings. But from the above facts, the Committee feel that the very purpose of launching the schemes has been defeated. The Committee therefore recommend that the BIS should strengthen its enforcement activities by conducting regular survey, particularly of the Shops who have opted for the Hallmarking of Gold Jewellery. If need be, a penal provision in the BIS Act, 1986 may be made to prevent the sale of inferior quality of Gold Jewellery.**

**7.16 The Committee note with dissatisfaction that the Department could not fulfill its commitments made before the Parliamentary Committee during the examination of Demands for Grants for the year 2007-08 to bring the Hallmarking of Gold Jewellery under the mandatory certification w.e.f. 1.1.2008. Instead, the Department proposed an amendment in Bureau of Indian Standard Act, 1986 to bring the Hallmarking of Gold Jewellery under compulsory certification regime. The Secretary, Department of Consumer Affairs has admitted during evidence that there is a slight peculiar trade practice in the Jewellery so they are willing to change the BIS Act. The Committee, therefore, desire that a Bill in this regard should be introduced in the Parliament at the earliest to bring the Hallmarking under compulsory certification regime.**

## CHAPTER – VIII

### STRENGTHENING OF WEIGHTS & MEASURES

The Weights and Measures laws in the country are enforced through the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985. Through these legislations, the Government ensures that all weight or measure used for trade or commerce, for industrial production or for protection of human health and safety are accurate and reliable so that users are guaranteed of their performance/quality and the consumer gets the right quantity for which he has paid for. To impart training to the enforcement officials of Weights and Measures of States/UTs the Indian Institute of Legal Metrology, Ranchi has been running regularly a four months basic training course.

8.2 The BE, RE and actual expenditure incurred from 2003-04 to 2007-08 and BE for 2008-09 is as under:-

(Rs. in crore)

Year	BE	RE	AE
2003-04	1.02	1.02	0.87
2004-05	1.06	0.99	0.77
2005-06	1.17	2.12	1.88
2006-07	9.25	9.25	7.03
2007-08	16.20	19.71	4.27
2008-09	16.20	-	-

When enquired about the reasons for less utilization of funds during 2007-08, the Department informed the Committee that the DGS&D have been able to supply only 11Kits against their projected supply of 34 kits. They further clarified that against target set for supply of 59 sets of Secondary Standard Balances and 34 units of mobile kits to various States/UTs., DGS&D could supply 59 sets of Secondary Standard Balances and only 11 units of mobile kit for testing weighbridges. Thus due to less delivery of mobile kit by DGS&D than projected,

the target could not be achieved. The matter has been continuously pursued with DGS&D, who has now promised to deliver the required number of kits.

8.3 The Committee has presented their Report on (i) The Standards of Weights and Measures (Amendment) Bill, 2005 and (ii) the Standards of Weights and Measures (Enforcement) Amendment Bill, 2005 on 23.12.2005. When enquired about the fate of the recommendations made by the Committee in the aforesaid report, the Committee were informed that the recommendations of the Parliamentary Standing Committee contained in the X<sup>th</sup> report was discussed by a committee constituted by the Department with the Additional Secretary, Department of Consumer Affairs as Chairperson and Secretary/Principal Secretary, Food & Supplies, of Govt. of Gujarat, Punjab, Andhra Pradesh and Controller of Legal Metrology of Delhi, Madhya Pradesh and Orissa as members. One of the main recommendations of the Standing committee was that there should be single enactment in place of two legislations. The committee Chaired by the Additional Secretary {Consumer Affairs} deliberated on the draft (combined) Indian Legal Metrology Bill. The draft Bill along with the draft Note for the Cabinet was sent to Ministry of Law on 20.4.2006. Final advice of Ministry of Law is awaited.

8.4 During evidence the Committee enquired about the number of recommendations of their 10<sup>th</sup> Report which have been accepted and incorporated in the Bill. The Special Secretary stated as under: -

“Sir, the Hon’ble Committee made on the whole about 20 recommendations. In the proposal of the Department which is yet to be finalized because it will have to be approved by the Cabinet, we are going along with most of the recommendations. The most important recommendation was having a common law. We have drafted a common law. We set up a Committee which drafted a common law, and this task was completed in April, 2006. Since then we have been in consultation with the Ministry of Law. We hope that we will see the end of the day in this. The other recommendations, by and large, we have accepted. There are a few recommendations where we had certain reservations. But

when we come to the Cabinet, we will be expressing out problems in that. Mainly, of course, it was about the uniformity of law. I think the Hon'ble Committee felt that we should not really prescribe the qualification for inspectors and such like for the technical staff, but leave it to the State Governments, and also that there should not be uniformity of enforcement of rules. Our practical experience is that many States even now have not adopted technical specifications. There are some States which have inspectors or other people doing the work of legal metrology, who have no technical qualifications which makes it very difficult to implement the laws and the standards. Therefore, we feel that this should be retained as it is. The other recommendation is about the verification methodology. Apart from these, we are by and large going along with the recommendations of the Committee. Of course, the final decision will come when the Cabinet deliberates on the proposal.”

**8.5 The Committee note that like other schemes of the Department, the expenditure in the scheme for strengthening of 'Weight and Measures' is not satisfactory. Amongst all the schemes, this is the only scheme where the BE has been increased substantially at revised estimate stage. Despite that, the Department could not fulfill the expectation of the Planning Commission and the actual expenditure was only to the tune of Rs.4.27 crore. The Committee feel that the 'Weight and Measures Wing' of the Department failed to get the required number of mobile kits from Director General of Supply and Disposal (DGS&D) due to non-fulfillment of the terms and conditions laid down by the DGS&D. The Committee view this lapse on the part of the 'Weight and Measures Wing' seriously and desire that they should complete all the procedural formalities for procurement of necessary equipments like secondary standard and mobile kits in time, so that the intended purpose of these devises is not defeated.**

**8.6 The Committee are happy to note that the Government have accepted their recommendation to merge Standards of Weight and Measures Act, 1976 and Standard of Weight and Measures (Enforcement) Act, 1985 and have decided to bring a fresh Bill namely 'Indian Legal Metrology Bill'. The draft Bill along with a draft note for Cabinet has been sent to Ministry of Law on 20.4.2008. Taking into consideration the paramount importance of the consumer and to protect their rights relating to 'Weight and Measures', the Committee desire that the aforesaid Bill be introduced in the Parliament at the earliest.**

**NEW DELHI  
15 April 2008  
26 Chaitra, 1930 (Saka)**

**DEVENDRA PRASAD YADAV,  
Chairman,  
Standing Committee on Food,  
Consumer Affairs and Public Distribution**

**CRITICAL ANALYSIS OF STATEMENT MADE BY MINISTER UNDER DIRECTION 73-A REGARDING STATUS OF IMPLEMENTATION OF THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN NINETEENTH REPORT OF THE COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION.**

**Subject of the Report:** Nineteenth Report of the Standing Committee on Food, Consumer Affairs and Public Distribution (2007-2008) on Demands for Grants of Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs)

Date of presentation: 27.04.2007

Date of presentation of ATR/ Not yet presented

Date of Receipt of Action Taken Notes 26.07.2007

Date of Minister's Statement 03.12.2007

Name of Committee	Ministry /Department	Total No. of Recs.	Total No of Recs. Accepted	No. of recs. Implemented	No. of Recs under process	No. of Recs. Not implemented	No. of Recs. yet to be implemented
Food, Consumer Affairs and Public Distribution	Ministry of Consumer Affairs, Food and Public Distribution (Deptt. of Consumer Affairs)	29	29	4	16	2	7



**APPENDIX- II****The scheme-wise expenditure of plan schemes up to 17.3.2008  
(Provisional)**

(In crore Rupees)

<b>Sr. No.</b>	<b>Scheme etc.</b>	<b>B.E. 2007-2008</b>	<b>RE 2007-2008</b>	<b>Actual expenditure Upto 17.3.2008 (Provisional)</b>
1.	Consumer Awareness Publicity	67	58	42.59
2.	Confonent	10	8	3.24
3.	Integrated Project Consumer Protection Cell	34	30.05	24.81
4.	National Consumer Protection Authority	1	0.01	0
5.	State Consumer Helpline	5	2.50	1.34
6.	Construction of NCDRC Building	5	0.01	0
7.	Strengthening of W&M	14	16.30	3.31
8.	RRSL	4	5.70	1.76
9.	National Test House	25	8.27	6.51
10.	Consumer Education & Training HRD/Capacity Building	12	11.16	0
11.	Gold Hallmarking	4		1
12.	Standardization of Quality Control	12		0
13.	Strengthening of FMC	20	10	1.86
	<b>Total</b>	<b>213</b>	<b>150</b>	<b>86.42</b>

**APPENDIX- III****INFORMATION REGARDING FUNCTIONAL/NON-FUNCTIONAL  
(STATE COMMISSIONS/DISTRICT FORUMS)**

Sl. No.	States	Whether SC Functional or Non-functional	No. of District Fora	Functional	Non-functional	As on
1	Andhra Pradesh	Yes	29	29	0	31.12.2007
2	A & N Islands	Yes	1	1	0	31.3.2006
3	Arunachal Pradesh	Yes	16	15	1	31.12.2007
4	Assam	Yes	23	21	2	31.12.2007
5	Bihar	Yes	38	20	18	30.09.2007
6	Chandigarh	Yes	2	2	0	31.12.2007
7	Chattisgarh	Yes	16	15	1	31.12.2007
8	Daman & Diu	Yes	2	2	0	31.01.2008
9	Dadra & Nagar Haveli	Yes	1	1	0	31.01.2008
10	Delhi	Yes	10	10	0	31.12.2007
11	Goa	Yes	2	2	0	31.01.2008
12	Gujrat	Yes	26	26	0	31.12.2007
13	Haryana	Yes	19	19	0	31.12.2007
14	Himachal Pradesh	Yes	12	12	0	31.12.2007
15	Jammu & Kashmir	Yes	2	2	0	29.02.2008
16	Jharkhand	Yes	22	22	0	31.12.2007
17	Karnataka	Yes	30	30	0	31.12.2007
18	Kerala	Yes	14	13	1	30.06.2007
19	Lakshadweep	Yes	1	1	0	31.01.2008
20	Madhya Pradesh	Yes	46	46	0	31.12.2007
21	Maharashtra	Yes	39	39	0	31.12.2007
22	Manipur	Yes	8	8	0	31.12.2007
23	Meghalaya	Yes	7	7	0	31.03.2007
24	Mizoram	Yes	8	8	0	31.12.2007
25	Nagaland	Yes	11	8	3	30.6.2006

26	Orissa	Yes	31	31	0	31.12.2007
27	Pondicherry	Yes	1	1	0	31.12.2007
28	Punjab	Yes	17	17	0	31.12.2007
29	Rajasthan	Yes	33	30	3	31.12.2007
30	Sikkim	Yes	4	4	0	31.12.2007
31	Tamil Nadu	Yes	30	24	6	31.12.2007
32	Tripura	Yes	4	4	0	31.12.2007
33	Uttar Pradesh	Yes	74	62	12	31.12.2007
34	Uttaranchal	Yes	13	8	5	31.12.2007
35	West Bengal	Yes	21	21	0	31.12.2007
	<b>TOTAL</b>		<b>613</b>	<b>561</b>	<b>52</b>	

**APPENDIX- IV****INFORMATION REGARDING VACANCY POSITION IN THE  
STATE COMMISSIONS AND DISTRICT FORUMS**

Sl. No.	States	State Commission		District Forum		As on
		President	Member	President	Member	
	<b>National Commission</b>	<b>0</b>	<b>1</b>			<b>07.12.2007</b>
1	Andhra Pradesh	0	0	10	10	31.12.2007
2	A & N Islands	0	0	0	0	31.3.2006
3	Arunachal Pradesh	0	0	0	12	31.01.2008
4	Assam	1	1	2	0	31.12.2007
5	Bihar	0	0	25	36	31.12.2007
6	Chandigarh	0	0	0	0	31.01.2008
7	Chattisgarh	1	0	2	2	31.12.2007
8	Daman & Diu and DNH	0	0	0	0	29.02.2008
9	Delhi	0	0	9	19	29.02.2008
10	Goa	0	0	0	0	31.01.2008
11	Gujrat	0	3	5	15	31.01.2008
12	Haryana	0	3	10	12	29.02.2008
13	Himachal Pradesh	0	0	0	6	29.02.2008
14	Jammu & Kashmir	0	0	0	1	29.02.2008
15	Jharkhand	0	0	1	0	31.12.2007
16	Karnataka	0	1	3	3	29.02.2008
17	Kerala	0	0	6	16	30.06.2007
18	Lakshadweep	1	1	0	0	29.02.2008
19	Madhya Pradesh	0	0	0	30	31.12.2007
20	Maharashtra	0	0	2	12	31.12.2007
21	Manipur	0	1	0	1	31.12.2007
22	Meghalaya	0	1	0	6	31.03.2007
23	Mizoram	0	0	0	0	31.12.2007
24	Nagaland	0	0	0	0	30.6.2006
25	Orissa	1	0	2	3	31.01.2008
26	Puducherry	1	1	0	0	31.12.2007

27	Punjab	0	1	4	9	29.02.2008
28	Rajasthan	0	0	2	25	29.02.2008
29	Sikkim	0	0	0	0	29.02.2008
30	Tamil Nadu	0	1	9	8	29.02.2008
31	Tripura	0	0	0	0	31.01.2008
32	Uttar Pradesh	0	0	13	42	31.12.2007
33	Uttarakhand	0	1	2	16	31.01.2008
34	West Bengal	1	0	2	7	31.12.2007
	<b>TOTAL</b>	<b>6</b>	<b>15</b>	<b>109</b>	<b>291</b>	

**APPENDIX- V****Statement of Cases filed/disposed of/pending in State Commissions**

<b>Sl. No.</b>	<b>Name of State</b>	<b>No. of Cases Decided within 90 days</b>	<b>No. of Cases Decided within 90 - 150 days</b>	<b>No. of Cases Decided beyond 90 - 150 days</b>	<b>As On</b>
1	Andhra Pradesh	234	259	1812	30.06.2007
2	A & N Islands	N.A.	N.A.	N.A.	
3	Arunachal Pradesh	5	3	14	31.10.2005
4	Assam	N.A.	N.A.	N.A.	
5	Bihar	N.A.	N.A.	N.A.	
6	Chandigarh	3199	1860	1850	31.12.2007
7	Chattisgarh	1500	964	2115	31.12.2007
8	D & N Haveli / Daman & Diu	N.A.	N.A.	N.A.	
9	Delhi	5308	N.A.	N.A.	31.3.2005
10	Goa	278	119	1103	30.11.2005
11	Gujrat	1050	5240	15758	30.06.2007
12	Haryana	6331	2978	9416	30.09.2007
13	Himachal Pradesh	N.A.	106	331	31.12.2005
14	Jammu & Kashmir	757	1372	2210	30.9.2006
15	Jharkhand	N.A.	1427	693	31.12.2005
16	Karnataka	6224	932	16599	31.12.2007
17	Kerala	5624	5809	3858	31.3.2005
18	Lakshadweep	1	2	9	28.2.2006
19	Madhya Pradesh	7479	4135	11721	31.03.2007
20	Maharashtra	2363	3200	14256	30.9.2006
21	Manipur	N.A.	N.A.	N.A.	
22	Meghalaya	N.A.	N.A.	N.A.	
23	Mizoram	23	14	81	31.12.2007
24	Nagaland	N.A.	N.A.	N.A.	
25	Orissa	719	197	9281	31.12.2007
26	Pondicherry	243	224	313	31.12.2007

27	Punjab	1048	1647	11468	31.12.2007
28	Rajasthan	3213	2704	26929	30.09.2007
29	Sikkim	N.A.	N.A.	N.A.	
30	Tamilnadu	N.A.	538	2028	31.10.2005
31	Tripura	170	168	530	30.9.2006
32	Uttar Pradesh	N.A.	N.A.	N.A.	
33	Uttaranchal	630	391	1285	31.12.2007
34	West Bengal	707	452	6167	30.06.2007
	<b>TOTAL</b>	<b>47106</b>	<b>34741</b>	<b>139827</b>	

Note : 'N.A.' means - 'Not Available'.

**APPENDIX- VI****Statement of Cases filed/disposed of/pending in District Forums**

Sl. No.	Name of State	No. of Cases Decided within 90 days	No. of Cases Decided within 90 - 150 days	No. of Cases Decided beyond 90 - 150 days	As On
1	Andhra Pradesh	28278	26643	102831	30.06.2007
2	A & N Islands	N.A.	N.A.	N.A.	
3	Arunachal Pradesh	188	30	3	31.10.2005
4	Assam	N.A.	N.A.	N.A.	
5	Bihar	N.A.	N.A.	N.A.	
6	Chandigarh	5658	8621	17403	31.12.2007
7	Chattisgarh	6038	6206	10837	31.12.2007
8	D & N Haveli / Daman & Diu	N.A.	N.A.	N.A.	
9	Delhi	N.A.	N.A.	N.A.	
10	Goa	N.A.	50	4060	30.4.2006
11	Gujrat	2595	4152	98169	30.06.2007
12	Haryana	29821	18432	97519	30.09.2007
13	Himachal Pradesh	N.A.	28156	13030	31.03.2007
14	Jammu & Kashmir	N.A.	N.A.	N.A.	
15	Jharkhand	N.A.	4818	16759	31.12.2005
16	Karnataka	22901	18694	60801	31.12.2007
17	Kerala	83844	20319	28489	31.3.2005
18	Lakshadweep	11	10	30	28.2.2006
19	Madhya Pradesh	34020	32645	37859	31.03.2007
20	Maharashtra	N.A.	52844	106899	30.9.2006
21	Manipur	N.A.	N.A.	N.A.	
22	Meghalaya	N.A.	N.A.	N.A.	
23	Mizoram	N.A.	N.A.	N.A.	
24	Nagaland	N.A.	N.A.	N.A.	
25	Orissa	Nil	32786	34311	31.12.2007
26	Pondicherry	1045	738	614	31.12.2007



27	Punjab	42232	23868	36960	31.12.2007
28	Rajasthan	65633	104868	227780	30.09.2007
29	Sikkim	N.A.	N.A.	N.A.	
30	Tamilnadu	N.A.	28308	55730	31.10.2005
31	Tripura	N.A.	N.A.	N.A.	
32	Uttar Pradesh	N.A.	N.A.	N.A.	
33	Uttaranchal	6996	5350	14910	31.12.2007
34	West Bengal	30613	24584	25917	30.06.2007
	<b>TOTAL</b>	<b>359873</b>	<b>442122</b>	<b>990911</b>	

**Note : 'N.A.' means - 'Not Available'.**

**APPENDIX- VII**

**LIST OF ORGANISATIONS WHO HAVE NOT FURNISHED UTILIZATION  
CERTIFICATES IN RESPECT OF GRANT RECEIVED FROM THE CONSUMER  
WELFARE FUND**

**Andhra Pradesh**

I.N o	NAME OF VCO/NGO	Name of the office bearers of the organisation	Sanction order No. and Date	AM OUNT	D.O. R
1*	Anantpur Consumer Protection Council, Department of Commerce, Sri Krishnadevaraya University, Anantapur, Sri Venkateswarapur am -515003	Shri H.Lajipathi Raj, Secretary	O-11011/462/94- CWF 31/5/95	22,500/-	22- 10-96
2	Village Integrated development Youth Association, Bangaruchennipa lli, Kothacheruvu- Mandal, Ananthpur		O-11011/130/94- CWF	36,000/-	20-03-96
3*	Women Association for Knowledge Earning Unity and Progress, II- 270-2, Society Colony, Madanapalle- 517325, Chittoor Distt.	Mrs. S.Sarojani Reddy, Presedent Mr. S.Siva Rama Reddy, Secretary Treasurer	O-11011/508/94- CWF 15/11/95	74,970/-	1-03-96
4*	Rural development Organiation (Sri Sai Educational	Shri V.Rosaiah, President	O-11011/588/94- CWF	55,330/-	22-11-95

	Society,), H.No-6-2-69, J.B.Road (Jammibanda Road), KHAMMAM-507001.				
5	Guntur Town consumer Association, 3/14, Brodipet, Guntur		O-11011/368/94-CWF	51,500/-	25-09-96
*	Mercy Minority Education Society, D.No.13/580 A, 1 <sup>st</sup> Cross, Ramchandra Nagar, Anantpur-515001	Miriyam Babu, President J.Naga Mani, Secretary	O-1011/106/96-CWF 7/6/1996	31,500/-	30-07-96
7*	SWARE Society for Welfare and Awakening in Rural Environment, Gorantla-515231, Anantpur.(Distt.)	K.N.Raja Reddy, Chairman N.Venkatasiva Reddy, Secretary	O-11011/115/95-CWF 25/9/1996	58,500/-	19-01-97
8*	C R E D S Comprehensive Rural Education and Economic Development Society, 1488, Jawahar Nagar, Vital Nagar,P.O.KARI MNAGAR Dist., A.P.-505 214		O-11011/151/96-CWF 29/10./96	25,000/-	4-4-96
9	Arunodaya Mahila Mandali, 4-600-! 21, Somnath Nagar, Anantpur.		O-11011/346/96-CWF	36,000/-	4-12-98
10	Comprehensive Action for Rural Development society, Kishna.		O-11011/454/97-CWF	36,000/-	30.03.98
11*	<u>Santi Mahila Mandali, Chakraya Palem.</u>	Chendu Mangamma, President Male Srimanthini,	O-11011/278/99-CWF 24/7/2000	22,500/-	18-08-2000

	<u>Kollipara Mandalam, Guntur Distt.</u>	Secretary			
1 2 *	<b>PRAGATI Rural Educational Service Society, Narlapati Vari Street, Kanigiri- 523230, Distt Prakasam</b>	Shri T.Aseervadam, Secretary & Correspondent	0-11011/295/2002- CWF 17/6/2004	1,48,500/-	9-3-05

**BIHAR**

S.No	Name of Organisation	Name of the office bearers of the organisation	Sanction order No. and Date	Amount	Date of release
13	Bihar Gramin Antyodaya Vikas Parishad, 12, Ram Krishna Path, North S.K.Puri, Patna -800013	Shri N.K.Singh, Secretary	O-11011/574/94-CWF 12/11/1996	67,500/-	
14	Lok Manglam, Muhalla-Gudri, P.O. Laharia Sarai Distt, Darbhanga, Bihar-846001. 1128/97	Ms. Kalyani Devi, Secretary	O-11011/1128/97-CWF 27/8/1999	22,500/-	11-11-99

**Delhi**

S.No.	Name of Organisation	Name of the office bearers of the organisation	Sanction order No. and Date	Amount	Date of release
15	Rashtra Bal vikas Kendra, C/20/3, Sadatpur Extension, Delhi-110059		O-11011/504/94-CWF	1,54,800/-	24-8-95

## Tamilnadu

S.No	Name of Organization	Name of the office bearers of the organisation	Sanction order No. and Date	Amount	D.O.R
16	Nehru Social Education Centre, Ayakkaranpulam-2, Sethi PO, Vedaraniam Taluk, Nagil Quaid E Milleth Distt.,Tamilnadu.		O-11011/108/2000-CWF	72,000/-	14.9.01

## Uttar Pradesh

S.N	Name of Organization	Name of the office bearers of the organisation	Sanction order No. and Date	Amount	D.O.R
17	Dr. Ambedkar Anusuchit Jan Jati, Vikas Ashram, Nai Bazar, Naini, Allahabad. 65/96 SO-25/9/96	Shri Ramdin, President Shri Sewa Ram, Vice President	O-11011/65/96-CWF 25/9/1996	18,000/-	19-1-97
18	Adivasi Janjati Mahila Utthan Shiksha Samiti, Vinova Nagar, Naini, Allahabad-211 009	Ved Prakash, Secretary	O-11011/140/95-CWF 29/10/199	40,000/-	11-3-97

	140/95 SO dt. 29/10/1996		6		
19	Chandhary Sadhu Singh sewa Samiti, 147-A Tyula Ram Bagh, Allahabad. 122/95 SO dt. 29/10/96	Indra Sen Singh, President/Secretary/Manager	O- 11011/122 /95-CWF 29/10/1996	40,5 00/-	2-4-97
20	Seva Kula Sikshan Sansthan, Jat Mulpur, P.O. Parpati, Deoria.	Smt. Subhawati Devi President Shri Uma Shankar, Secretary	O- 11011/69/ 96-CWF 16/6/97	40,5 00/-	19-8-97

21	Maya Silai Kadhai Prashikshan Sansthan, Vill. Gunnour Abdulhai, Gunnour(Budau) SO dt.18/3/1998 409/97	Smt. Mithlesh, President  Shri Shivnarayan, Vice- President	O- 11011/409 /97-CWF 6/10/1998	36,0 00/-	17-11-98
22	Vishwa Bhartiya Samajouthan Sansthan 178, Munshi Purava, D- Block, Indira Nagar, Lucknow 660/97 SO dt16/1/1998	Saroj Shukla, President	O- 11011/660 /97-CWF 16/1/1998	36,0 00/-	30-3-98
23	Swami Sant Dass Manav Kalyan Samiti, Village- Baraicha, Post-Panchnai, Distt.-Fatehpur 645/96 SO dt.12/3/1999	Shri Indra Dutt Shukla, President  Shiv Prasad Mihra, Secretary	O- 11011/645 /96	22,5 00/-	15-03-99
24	Pushpanjali,E-200, Sector 'F'. L.D.A. Colony, Kanpur Road, Lucknow-226012. <u>2<sup>nd</sup> address</u> Vill & P.O. Baraura, Kanpur Road, Lucknow-226012.	Smt. Pushpa Bhartiya, Secretary Smt. Anchala Shukla, Tresurer	O- 11011/607/9 8-CWF 26/4/2000	22,500 /-	9-6-2000
25	Gramodyog Sewa – Aashram,Village-Medpur, PO-Kinangar, Distt.- Meerut 01/20/2003-CWF-II SO dt. 20/2/2004	Shri Lallan Singh, President Shri Heero Hito, Secretary	( 01/20/2003 -CWF-II )	2,11,5 00/-	7.4.04
26	Guru Nanak Vikas Dhara, Jhalkari Nagar, Pulia No. 9, Jhansi 274/2003	Bhaiya Lal Verma, President Shri Dhanpat Rai, Tresurer H.P.Singh, Secretary	O- 11011/274/2 003-CWF 7/7/2004	1,62, 000/ -	30.8.04
27	Awadh Sewa Sansthan,Village- Pratappur, P.O.Chatraulii, Distt.	Awadesh Singh, President Shri Kamal	01/548/20 03-CWF- II 27/7/2004	1,75, 500/ -	21.10.2004



	Gonda (U.P.) 01/548/2003-CWF-II SO dt. 27/7/2004	Soni, Secretary			
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**KARNATAKA**

S.No.	Name of Organisation	Name of the office bearers of the organisation	Sanction order No. and Date	Amount	Date of Release
28	Society for Health, Education & Economic Dev., Shed No- 13/3C, 10 <sup>th</sup> Main Road, 17 <sup>th</sup> Cross, Padarayanapura, Bangalore-560 026	K.Ramanamma, President K.N.Raja Reddy, Secretary	O-11011/112/95-CWF 7/6/1996	31,500/-	25-9-96
29	Social Action For the Rural Dev. Orgn. (SARD), L-1, 322/A 5 <sup>th</sup> cross, Mysore.		O-11011/977/97-CWF 16/1/1998	36,000/-	31-3-98
30	Yelahanka Vishva Bharati Welfare Society and Training Institute, Bangalore Rural Development Planning, SM-3 Industrial Area, Near GOGO Garments, Yelahanka Industrial Area, Bangalore-560064, Karnataka	K.S.Chandra Shekar	O-11011/202/99-CWF 27/9/2000	41,400	20-10-2000
31	<u>Dr. B.R. Ambedkar Educational Society, Veebuthipura, opposite keelukote, Antharagange Road, Kolar-563101, Karnataka</u>	Alen Raju, President M.Kumar, Secretary	O-11011/1007/97-CWF 19/6/2001	45,000	21.8.01

<u>32</u>	<u>B.R. Patil Educational Society, R. Goundgaon, Tq-Bhalki, District-Bidar, Karnataka</u>	Babu Rao Matte, President	O-11011/23/20 02-CWF 22/8/2002	81,000 /-	14-11-03
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### **MADHYA PRADESH**

S.No	Name of Organization	Name of the office bearers of the organisation	Sanction order No. and Date	Amount	Date of Release
33	Anusuchi Jati & Jan Jati Kalyan Sansthan H/O Sh Mukesh Agarwal, Durga Bhawan, Near Agrawal STD/PCO, Kire Mohalla, Vidisa, MP	Ms. Urmila, Secretary	O-11011/197/97-CWF 6/10/1998	27,000 /-	29-10-98
34	Shri Balabh Shiksha Prasar Samit, Tewari Bhawan, Tulsi Colony, Morena,	Shri Pradeep Kumar, Secretary	O-11011/105/5/97-CWF 1/9/1998	36,000 /-	29.10.98
35	Helpline Consultancy, 221, Tansen Nagar, Gwalior	Shri Bishambhar Dayal Sharma, Secretary	O-11011/580/2000-CWF 19/6/2001	45,000/-	14-09-2001

### **Manipur**

S.No.	Name of Organisation	Name of the office bearers of	Sanction order No. and Date	Amount	Date of Release
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		the organisation			
36	The Rural Development Association, Thangmeiband, Yumnam Leikai, Imphal	Ch.Pho lentro Singh, President Ch.Bimol Singh, Secretary	O- 11011/ 270/20 03- CWF 22/7/2003	1,53,0 00/-	22.1.04
37	Goodwill & Threive Society, Haochong Village, Jameriglong	Shri Dibou Bariam, Secretary	01/534/2003 -CWF.II 5/7/2004	1,80,0 00	9-3-2005

**NAGALAND**

Sl. No.	<u>Name of the Organisation</u>	Name of the office bearers of the organisation	Sanction order No. and Date	Amount	Date of Release
38	Brotherhood Multipurpose Society, Diphupar, Dimapur, Nagaland	S.Richard Humtsoe, Chairman Akhon Humtsoe, Secretary Mhayilo Lotha, Treasurer	O-11011/424/2003-CWF 21/7/2003	1,35,000/-	17.03.04
39	ASA Multi purpose Coop. society, Ltd, Chumukedima Block-III Dimapur, Nagaland	Smt. Sanuo Ngullie, Chairperson Ms.T.Angami, Secretary Mr.T,Ngullie, Treasurer	O-11011/289/2003-CWF 21/7/2003	1,44,000/-	9.12.03

**ORISSA**

S.No.	<u>Name of the Organisation</u>	Name of the office bearers of the organisation	Sanction order No. and date	Amount	Date of Release
40	Org. for Social Change & Rural Deve. (OSCARD) A/85, Sahidnagar, Bhubaneshwar, Orissa.	S.S.Mohapatra, Secretar Smt. Falgani Santra, Treasurer	O-11011/7 9/95-CWF 7/6/1996	56,700/-	5-12-96
41	Mother Teresa Ladies Mission Vill & PO Chinulei, Dhenkanal.	Sri Mayadhar Rout, President Mrs.Rasmita Nayak, Director-cum-Secretary	O-11011/233/ 97-CWF 20/11/97	27,000/-	31-3-98
42	Peoples' Rural	Rabinatayan Das,	O-	27,0	30-5-97

	reconstruction Institute For Youth action P.O. Bartana, Balasore Dist.	Secretary	11011/544 /96-CWF 11/4/97	00/-	
43	Jagrat Yuva Jyoti Club At : Kantamal, P.O. Utkela, Distt. Kalahandi – 7866 011, Orissa	Himanshu Shekhar Pradhan, Secretary Golak Bihari Pradhan, President	O- 11011/865 /97-CWF 1/2/1999	40,500 /-	16-3-99
44	Association for Social Wel. & Humanitarian Approach Adimata Colony, Post- Mancheswar Rly. Colony, Bhubaneshwar-751 017 , Orissa.	Kishore Chandra Jena, President	O- 11011/463 /99-CWF 25/7/2000	27,000	18-9-2000

**Annexure-VIII****Commodity Wise Retail Prices****Commodity: Rice****Unit (Rs./Kg.)**

Centre	Feb 2005	Feb 2006	Feb 2007	Feb 2008
SHIMLA	15.50	15.50	16.00	16.00
LUCKNOW	9.00	9.50	10.80	13.00
DELHI	13.00	13.00	15.00	18.00
AHMEDABAD	10.00	12.00	13.00	16.00
BHOPAL	9.50	11.00	11.50	12.00
MUMBAI	11.50	11.75	13.00	16.00
JAIPUR	11.00	10.00	13.00	16.00
GUWAHATI	10.00	10.50	12.00	14.50
PATNA	9.00	8.00	10.00	14.50
SHILLONG	10.00	11.00	12.50	14.85
AIZWAL	15.00	16.00	13.00	18.00
BHUBANESHWAR	9.50	9.00	10.50	12.00
KOLKATA	10.00	10.00	11.00	14.00
AGARTALA	10.50	12.00	12.00	15.00
HYDERABAD	10.50	10.50	9.00	11.00
BANGALORE	10.00	10.00	11.00	12.00
THIRUVANANTHAPURAM	14.00	14.50	15.50	18.50
CHENNAI	11.00	12.00	12.00	16.00

**Commodity: Wheat**

SHIMLA	NT	NT	NT	NT
LUCKNOW	8.00	10.50	12.00	12.00
DELHI	9.00	10.50	12.00	13.00
AHMEDABAD	9.50	9.50	11.00	12.25
BHOPAL	8.00	8.00	11.00	11.00
MUMBAI	11.00	12.50	15.75	15.50
JAIPUR	7.75	10.00	11.00	11.75
GUWAHATI	NT	NT	NT	13.00
PATNA	7.50	10.00	11.00	11.75
SHILLONG	10.00	NT	NT	NT
AIZWAL	NT	NT	NT	NT
BHUBANESHWAR	9.00	13.00	16.00	15.50
KOLKATA	NT	NT	NT	NT
AGARTALA	NT	NT	NT	NT
HYDERABAD	10.00	12.50	12.00	12.00
BANGALORE	12.00	14.00	17.00	16.00
THIRUVANANTHAPURAM	16.00	16.00	19.00	18.00
CHENNAI	11.00	14.00	17.00	16.00

**Commodity: Gram**

SHIMLA	23.00	29.00	35.50	33.00
LUCKNOW	20.00	29.00	38.00	34.00
DELHI	23.00	27.00	35.00	34.00
AHMEDABAD	20.00	22.00	30.00	30.50
BHOPAL	17.50	22.00	31.00	28.00
MUMBAI	23.00	27.00	37.00	37.00
JAIPUR	18.00	25.00	30.00	30.00
GUWAHATI	21.00	27.00	38.00	30.00
PATNA	22.00	23.00	34.00	30.00
SHILLONG	21.00	26.00	36.00	31.00
AIZWAL	NR	NR	NR	NR
BHUBANESHWAR	21.00	26.00	35.00	32.00
KOLKATA	24.00	28.00	35.00	36.00
AGARTALA	22.00	28.00	37.00	33.00
HYDERABAD	20.50	26.00	31.00	30.00
BANGALORE	23.00	28.00	31.00	33.00
THIRUVANANTHAPURAM	28.00	38.00	52.00	44.00
CHENNAI	23.00	28.00	32.00	34.00

**Commodity: Tur**

SHIMLA	35.00	32.00	36.50	38.00
LUCKNOW	28.00	32.00	35.00	44.00
DELHI	30.00	33.00	35.00	41.00
AHMEDABAD	30.00	31.00	34.00	39.50
BHOPAL	29.00	24.00	29.00	34.00
MUMBAI	28.00	28.00	36.00	37.00
JAIPUR	27.00	28.00	34.00	38.00
GUWAHATI	26.00	30.00	32.00	37.00
PATNA	31.00	27.50	33.00	44.00
SHILLONG	27.00	26.00	34.00	38.50
AIZWAL	35.00	35.00	35.00	45.00
BHUBANESHWAR	30.00	28.00	35.00	38.00
KOLKATA	30.00	31.00	32.00	36.00
AGARTALA	25.00	28.00	34.00	38.00
HYDERABAD	23.50	25.00	30.00	36.00
BANGALORE	32.00	33.00	40.00	42.00
THIRUVANANTHAPURAM	30.20	32.00	37.00	44.00
CHENNAI	32.00	35.00	40.00	36.00

**Commodity: Sugar**

SHIMLA	21.00	23.00	18.50	17.50
LUCKNOW	19.00	22.50	18.00	17.00
DELHI	20.00	22.00	18.00	17.00
AHMEDABAD	20.00	20.00	16.00	15.50
BHOPAL	19.50	21.00	16.00	15.00
MUMBAI	19.50	22.00	18.00	17.50
JAIPUR	19.00	21.00	17.00	16.00
GUWAHATI	21.00	23.00	19.00	17.00
PATNA	20.00	21.00	17.00	16.00
SHILLONG	21.00	22.00	19.00	17.80
AIZWAL	23.00	23.00	20.00	20.00
BHUBANESHWAR	19.00	22.50	17.00	17.00
KOLKATA	20.00	21.00	17.00	16.00
AGARTALA	22.00	23.00	18.00	18.00
HYDERABAD	19.00	21.00	15.00	14.80
BANGALORE	19.00	22.00	17.00	16.00
THIRUVANANTHAPURAM	19.00	21.50	16.50	17.00
CHENNAI	18.00	20.00	16.00	15.50

**Commodity: Groundnut Oil**

SHIMLA	80.00	78.00	76.00	92.00
LUCKNOW	80.00	80.00	81.00	94.00
DELHI	84.00	85.00	96.00	121.00
AHMEDABAD	56.50	51.50	66.00	73.50
BHOPAL	63.00	55.00	65.00	83.00
MUMBAI	50.00	70.00	82.00	91.00
JAIPUR	60.00	50.00	68.00	86.00
GUWAHATI	NT	NT	NT	NT
PATNA	84.00	80.00	82.00	90.00
SHILLONG	NT	NT	NT	NT
AIZWAL	NT	NT	NT	NT
BHUBANESHWAR	NR	NR	NR	NR
KOLKATA	72.00	80.00	80.00	90.00
AGARTALA	NT	NT	NT	NT
HYDERABAD	56.00	48.00	68.00	67.00
BANGALORE	58.00	50.00	68.00	72.00
THIRUVANANTHAPURAM	60.00	56.00	78.00	75.00
CHENNAI	50.00	49.00	69.00	76.00



**Commodity: Mustard Oil**

SHIMLA	63.00	60.00	65.00	72.00
LUCKNOW	50.00	50.00	50.00	68.00
DELHI	53.00	49.00	56.00	70.00
AHEMEDABAD	47.00	47.00	49.00	58.00
BHOPAL	50.00	45.00	48.00	62.00
MUMBAI	60.00	78.00	66.00	76.00
JAIPUR	46.00	44.00	50.00	51.00
GUWAHATI	47.00	48.00	55.00	62.00
PATNA	56.00	52.00	52.00	66.00
SHILLONG	60.00	58.00	57.00	66.00
AIZWAL	50.00	55.00	55.00	66.00
BHUBANESHWAR	56.00	49.00	56.00	70.00
KOLKATA	52.00	48.00	52.00	65.00
AGARTALA	54.00	50.00	53.00	67.00
HYDERABAD	64.00	58.00	65.00	70.00
BANGALORE	NT	NT	NT	NT
THIRUVANANTHAPURAM	81.00	81.50	80.00	98.00
CHENNAI	NT	NT	NT	NT

**Commodity: Vanaspati**

SHIMLA	50.00	48.00	54.00	58.00
LUCKNOW	46.00	48.00	50.00	63.00
DELHI	51.00	47.00	56.00	68.00
AHEMEDABAD	45.50	42.00	50.00	56.50
BHOPAL	47.00	40.00	45.00	47.00
MUMBAI	50.00	58.00	64.00	68.00
JAIPUR	38.00	43.00	55.00	58.00
GUWAHATI	43.00	45.00	49.00	56.00
PATNA	53.00	48.00	52.00	56.00
SHILLONG	54.00	53.00	54.00	62.00
AIZWAL	60.00	55.00	55.00	62.00
BHUBANESHWAR	49.00	43.00	50.00	57.00
KOLKATA	43.00	44.00	50.00	55.00
AGARTALA	52.00	48.00	56.00	56.00
HYDERABAD	50.00	46.00	55.00	60.00
BANGALORE	54.00	54.00	56.00	66.00
THIRUVANANTHAPURAM	52.00	50.00	55.00	67.00
CHENNAI	48.00	49.00	56.00	69.00

**Commodity: Tea (Loose)**

SHIMLA	100.00	100.00	100.00	100.00
LUCKNOW	160.00	160.00	180.00	188.00
DELHI	102.00	103.50	109.50	107.00
AHEMEDABAD	140.00	140.00	140.00	120.00
BHOPAL	120.00	115.00	110.00	120.00
MUMBAI	136.00	136.00	136.00	144.00
JAIPUR	85.00	80.00	80.00	80.00
GUWAHATI	75.00	75.00	75.00	75.00
PATNA	110.00	110.00	120.00	120.00
SHILLONG	120.00	120.00	120.00	200.00
AIZWAL	100.00	100.00	105.00	120.00
BHUBANESHWAR	120.00	120.00	120.00	120.00
KOLKATA	100.00	100.00	100.00	100.00
AGARTALA	110.00	100.00	100.00	100.00
HYDERABAD	110.00	120.00	120.00	120.00
BANGALORE	200.00	200.00	220.00	220.00
THIRUVANANTHAPURAM	148.00	148.00	148.00	152.00
CHENNAI	210.00	210.00	210.00	230.00

**Commodity: Potato**

SHIMLA	5.50	8.00	8.00	10.00
LUCKNOW	4.00	5.00	5.00	5.00
DELHI	4.50	8.00	7.00	8.00
AHEMEDABAD	7.00	8.00	7.00	9.00
BHOPAL	4.00	6.00	5.00	6.00
MUMBAI	7.50	9.00	11.00	10.00
JAIPUR	4.00	7.00	5.00	6.50
GUWAHATI	5.00	7.00	6.00	8.00
PATNA	4.00	5.00	4.00	7.00
SHILLONG	5.00	6.00	6.00	12.00
AIZWAL	12.00	12.00	10.00	18.00
BHUBANESHWAR	5.00	6.00	6.00	6.00
KOLKATA	3.00	5.00	5.00	6.00
AGARTALA	5.00	6.00	8.00	9.00
HYDERABAD	9.00	13.00	8.00	12.00
BANGALORE	9.00	14.00	10.00	11.00
THIRUVANANTHAPURAM	7.00	12.50	13.00	15.00
CHENNAI	6.00	8.00	9.00	10.00

**Commodity: Onion**

SHIMLA	9.00	8.00	20.00	10.00
LUCKNOW	6.00	6.50	16.00	7.00
DELHI	7.50	7.00	15.00	8.00
AHEMEDABAD	7.00	6.00	10.00	6.50
BHOPAL	4.00	4.00	10.00	8.00
MUMBAI	7.00	5.50	15.00	6.50
JAIPUR	5.00	4.00	10.00	8.00
GUWAHATI	8.00	9.00	19.00	12.00
PATNA	7.00	6.50	16.00	7.00
SHILLONG	9.00	7.00	20.00	10.00
AIZWAL	8.00	21.00	16.00	20.00
BHUBANESHWAR	6.00	7.00	14.00	7.00
KOLKATA	6.00	6.00	12.00	7.00
AGARTALA	11.00	8.00	20.00	10.00
HYDERABAD	6.00	4.00	10.00	7.00
BANGALORE	9.00	6.00	16.00	7.00
THIRUVANANTHAPURAM	9.00	7.75	16.00	9.00
CHENNAI	6.00	7.00	12.00	8.00

**Commodity: Salt (Pack)**

SHIMLA	8.00	9.25	9.00	9.00
LUCKNOW	7.00	9.00	9.00	10.00
DELHI	7.00	8.00	8.00	10.00
AHEMEDABAD	4.50	4.50	4.50	5.00
BHOPAL	7.00	7.00	7.00	7.00
MUMBAI	8.00	9.25	9.00	10.00
JAIPUR	5.00	8.00	8.00	9.00
GUWAHATI	8.00	9.00	9.00	9.00
PATNA	6.00	6.00	9.00	7.00
SHILLONG	7.00	7.00	7.00	10.00
AIZWAL	8.00	10.00	8.00	10.00
BHUBANESHWAR	6.00	7.50	8.00	9.50
KOLKATA	6.00	6.00	6.00	6.50
AGARTALA	7.00	8.00	8.00	9.00
HYDERABAD	5.00	6.00	7.00	7.00
BANGALORE	7.00	7.00	9.00	9.00
THIRUVANANTHAPURAM	4.50	5.50	5.50	5.50
CHENNAI	7.50	8.50	9.00	10.00

**Commodity: Atta**

SHIMLA	10.50	13.00	14.00	13.50
LUCKNOW	9.00	11.25	13.00	14.00
DELHI	9.00	11.50	13.00	14.00
AHEMEDABAD	9.50	9.50	13.00	13.50
BHOPAL	10.50	10.00	12.00	12.00
MUMBAI	12.00	14.00	17.00	16.00
JAIPUR	9.00	11.00	12.40	13.00
GUWAHATI	10.00	13.00	15.00	15.00
PATNA	10.50	10.50	13.00	12.50
SHILLONG	11.00	13.00	15.00	15.75
AIZWAL	8.00	14.00	15.00	15.00
BHUBANESHWAR	11.50	13.00	16.00	15.50
KOLKATA	10.00	12.00	14.00	14.00
AGARTALA	11.00	11.00	15.00	17.00
HYDERABAD	11.00	13.00	15.00	16.00
BANGALORE	12.00	12.00	17.00	16.00
THIRUVANANTHAPURAM	14.00	18.00	21.00	20.00
CHENNAI	13.00	15.00	18.00	18.00

**Commodity: Milk****Unit (Rs./Lt.)**

SHIMLA	16.00	16.00	16.00	16.00
LUCKNOW	20.00	18.00	22.00	22.00
DELHI	15.00	16.00	18.00	20.00
AHEMEDABAD	20.00	20.00	21.00	20.00
BHOPAL	18.00	16.00	18.00	20.00
MUMBAI	14.00	14.00	17.00	20.00
JAIPUR	12.00	13.00	13.00	14.00
GUWAHATI	16.00	18.00	18.00	20.00
PATNA	12.00	12.00	15.00	16.00
SHILLONG	26.00	28.00	30.00	31.00
AIZWAL	26.00	26.00	28.00	28.00
BHUBANESHWAR	14.00	14.00	16.00	18.00
KOLKATA	20.00	23.00	26.00	31.00
AGARTALA	NR	NR	NR	NR
HYDERABAD	15.00	15.00	18.00	18.00
BANGALORE	13.00	13.00	14.00	16.00
THIRUVANANTHAPURAM	14.00	15.00	16.00	19.00
CHENNAI	14.00	14.00	14.00	15.50

## Appendix-I

### Statement Showing BE, RE and Actual in respect of Department of Consumer Affairs for the year 2002-2003 to 2008-2009.

(Rs.in Crore)

Demand No.	Year		Proposed Allocation			Budget Estimates			Proposed Allocation			Revised Estimates			Actual			% w.r. to RE	
			Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total		
39	2002-03	Revenue	8.38	46.48	54.86	8.38	46.48	54.86	6.23	51.65	57.88	6.23	51.65	57.88	5.96	53.70	59.66	103.08	
		Capital	1.77	6.80	8.57	1.77	6.00	7.77	1.27	23.68	24.95	1.27	23.68	24.95	1.18	38.68	39.86	159.76	
		Total	10.15	53.28	63.43	10.15	52.48	62.63	7.50	75.33	82.83	7.50	75.33	82.83	7.14	92.38	99.52	120.15	
18	2003-04	Revenue	7.32	24.76	32.08	7.32	24.76	32.08	8.93	25.48	34.41	7.32	25.48	32.80	7.12	27.35	34.47	105.09	
		Capital	2.35	0.00	2.35	2.35	0.00	2.35	2.35	7.50	9.85	2.35	7.50	9.85	1.12	7.50	8.62	87.51	
		Total	9.67	24.76	34.43	9.67	24.76	34.43	11.28	32.98	44.26	9.67	32.98	42.65	8.24	34.85	43.09	101.03	
18	2004-05	Revenue	9.25	27.30	36.55	9.25	25.59	34.84	9.02	44.15	53.17	34.02	24.58	58.60	33.26	22.88	56.14	95.80	
		Capital	9.00	0.00	9.00	9.00	0.46	9.46	9.23	20.66	29.89	4.23	20.66	24.89	2.85	2.96	5.81	23.34	
		Total	18.25	27.30	45.55	18.25	26.05	44.30	18.25	64.81	83.06	38.25	45.24	83.49	36.11	25.84	61.95	74.20	
18	2005-06	Revenue	98.38	56.90	155.28	98.38	25.40	123.78	131.46	27.97	159.43	86.34	27.97	114.31	83.08	25.11	108.19	94.65	
		Capital	9.56	0.00	9.56	9.56	0.00	9.56	9.87	0.00	9.87	3.66	0.42	4.08	3.01	0.42	3.43	84.07	
		Total	107.94	56.90	164.84	107.94	25.40	133.34	141.23	27.97	169.30	90.00	28.39	118.39	86.09	25.53	111.62	94.28	
17	2006-07	Revenue	147.03	31.50	178.53	147.03	30.00	177.03	152.53	54.74	207.27	140.95	30.31	171.26	132.79	26.36	159.15	92.92	
		Capital	15.97	16.00	32.17	15.97	5.00	20.97	9.73	5.00	14.73	9.05	5.00	14.05	1.17	2.36	3.53	25.12	
		Total	163.00	47.70	210.70	163.00	35.00	198.00	162.26	59.74	222.00	150.00	35.31	185.31	133.96	28.72	162.68	87.79	
17	2007-08	Revenue	183.50	37.04	220.54	183.50	31.64	215.14	189.37	53.35	242.72	140.62	33.68	174.30	81.35	33.03	114.38	65.62	
		Capital	29.50	5.00	34.50	29.50	5.00	34.50	10.95	5.00	15.95	9.38	5.00	14.38	5.07	0.42	5.49	38.18	
		Total	213.00	42.04	255.04	213.00	36.64	249.64	200.32	58.34	258.67	150.00	38.68	188.68	86.42	33.45	119.87*	53.53	
15	2008-09	Revenue		59.04		178.96	36.95	215.91											
		Capital		2.00		30.04	2.00	32.04											
		Total	298.62	61.04	359.66	209.00	38.95	247.95											

\* Provisional Expenditure upto 17.3.2008 which includes amount authorized in favour of other Ministries/Departments.

## Appendix-II

### **MINUTES OF THE TENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION HELD ON WEDNESDAY, 2 APRIL, 2008**

The Committee sat from 1100 hrs. to 1400 hrs. in Committee Room No. 53, Parliament House, New Delhi.

#### PRESENT

Shri Devendra Prasad Yadav - Chairman

#### MEMBERS

##### LOK SABHA

2. Shri G.V. Harsha Kumar
3. Shri Avinash Rai Khanna
4. Shri Parsuram Majhi
5. Shri Sadashivrao Dadoba Mandlik
6. Shri Harikewal Prasad
7. Shri Munshi Ram
8. Shri Ghuran Ram
9. Shri Chandra Bhan Singh

##### RAJYA SABHA

10. Smt. Mohsina Kidwai
11. Shri Ajay Maroo
12. Shri Shantaram Laxman Naik
13. Shri Kanjibhai Patel
14. Shri Rajniti Prasad
15. Shri Matilal Sarkar
16. Shri Ram Narayan Sahu
17. Shri Thanga Tamil Selven

##### SECRETARIAT

1. Shri P.K.Misra - Joint Secretary
2. Shri Raj Shekhar Sharma - Director
3. Shri Jagdish Prasad - Deputy Secretary-II

**REPRESENTATIVES OF THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (DEPARTMENT OF CONSUMER AFFAIRS)**

1.	Shri Yashwant Bhave,	Secretary
2.	Smt. Alka Sirohi,	Special Secretary
3.	Shri N.K. Raghupathy,	AS&FA
4.	Ms. B.K. Teja,	Sr. EA
5.	Shri Sanjay Kumar Singh,	Jt. Secretary
6.	Shri D.S. Kolamkar,	EA
7.	Shri Pradeep Berva,	CCA
8.	Smt. Anandi Ravichandran,	Addl. EA
9.	Shri B.C. Khatua,	Chairman (FMC)
10.	Shri Sayan Chatterjee,	Director General (BIS)
11.	Shri R.N. Mukherjee,	Incharge Dir. Gen. (Inch.) NTH, Kolkata
12.	Shri Rajiv Srivastava,	MD (NCCF)

The Committee took evidence of the representatives of Department of Consumer Affairs (Ministry of Consumer Affairs, Food and Public Distribution) in connection with the examination of Demand for Grants for the year 2008-09. While welcoming the representatives of the aforesaid Department, Hon'ble Chairman drew their attention towards certain observations based on the analysis of various budget documents. In his welcome address, he raised various pertinent issues which included less utilization of fund, uneven utilization of funds as per Monthly Expenditure Plan, Price rise of Essential Commodities, poor performance of some of the schemes viz. Integrated Project on Consumer Protection, computer Networking of Consumer Fora, building of the District Foras, performance of District Courts, non- functional Consumer Fora, Consumer Awareness especially in remote, hilly and backward areas, strengthening of Weight and Measures, FMC and BIS.

3. The Secretary addressed to the concerns raised by the Hon'ble Chairman in his opening remarks. The issues raised by Hon'ble Chairman were further supplemented by the members of the Committee.

The Committee then held detailed discussions on the following issues with specific reference to examination of Demands for Grants 2008-09: -

- (i) Under utilization of funds during 2007-08.

- (ii) Uneven utilization of funds as per Monthly Expenditure Plan,
- (iii) Steps taken by the Government to control the Prices of Essential Commodities.
- (iv) Performance of some of the schemes viz. Strengthening of Weight and Measures, Forward Market Commission, Bureau of Indian Standard.
- (v) Integrated Project on Consumer Protection, Computerization and computer Networking of Consumer Fora.
- (vi) Performance of District Courts, non- functional Consumer Fora.
- (vii) Consumer Awareness especially in to remote, hilly and backward areas.

5. The members raised various queries pertaining to the aforesaid issues. The representatives of the Department responded to the queries raised by the Chairman and members. Valuable suggestions emerged during the deliberations.

A copy of the verbatim proceedings of the sitting of the Committee has been kept on record.

*The Committee then adjourned.*

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## **Appendix-III**

### **MINUTES OF THE TWELFTH SITTING OF THE COMMITTEE HELD ON TUESDAY, 15 APRIL, 2008.**

The Committee sat from 1500 hours to 1600 hours in Committee Room 'B', Parliament House Annexe, New Delhi.

#### **Present**

**Shri Devendra Prasad Yadav - Chairman**

#### **Members**

#### **Lok Sabha**

2. Shri Avinash Rai Khanna
3. Shri W. Wangyuh Konyak
4. Adv. (Smt.) P. Satheedevi
5. Shri Chandra Bhan Singh
6. Shri Harikewal Prasad
7. Smt. Meena Singh
8. Shri Munshi Ram

#### **Rajya Sabha**

9. Shri Shantaram Laxman Naik
10. Shri Rajniti Prasad
11. Shri Matilal Sarkar
12. Shri Kanjibhai Patel

#### **Secretariat**

1. Shri P.K. Misra - Joint Secretary
2. Smt. Raj Shekhar Sharma - Director
3. Shri Jagdish Prasad - Deputy Secretary-II

At the outset, Hon'ble Chairman welcomed the members to the sitting of the Committee and invited their suggestions on two draft reports on Demands for Grants (2008-09) of the respective Ministries/Departments under the jurisdiction of the Committee as circulated by the Secretariat vide letter dated 12 April, 2008.

2. \* \* \* \* \*

3. The Committee then took up for consideration the draft report on Demands for Grants (2008-09) of the Department of Consumer Affairs (Ministry of Consumer Affairs, Food and Public Distribution) and adopted the said report with minor modifications.

4. The Committee authorized the Chairman to finalise the aforesaid reports on the basis of factual verification from the concerned Ministry/Department and present the same to both the Houses of Parliament.

***The Committee then adjourned.***

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## Appendix IV

### SUMMARY OF RECOMMENDATIONS/OBSERVATIONS

Sl. No.	Para No.	Recommendations/Observations
1.	3.13	<p>The Committee note that the Planning Commission had allocated Rs. 213 crore to the Department of Consumer Affairs for its Plan Scheme for the year 2007-08. The allocation was drastically reduced to Rs.150 crore at the Revised Estimates Stage. The Department, however, could not even utilize the reduced funds allocated to them and the expenditure incurred up to 17<sup>th</sup> March, 2008 was only Rs.86.42 crore. There was NIL expenditure in respect of the schemes viz. (i) Construction of NCDRC Building (ii) Consumer Education and Training HRD/Capacity Building and (iii) Standardization of Quality Control. Further, there was huge under utilization of funds under some of the schemes like 'Strengthening of Weights and Measures', where against the allocation of Rs.16.31 crore, the expenditure was only Rs.3.31 crore up to 17<sup>th</sup> March, 2008. Similar was the position in respect of the schemes 'Strengthening of Forward Market Commission' where out of Rs.10 crore, the expenditure was Rs.1.86 crore. The plea of the Government that the shortfall in expenditure was due to delay in approval of the major schemes by the Planning Commission reflects lack of professionalism on the part of the Department of Consumer Affairs. The Committee are constrained to observe that foresightedness was missing on the part of the Department, as they could not take timely action for evaluation of the schemes and getting procedural formalities completed before the expiry of the Xth Plan. The Committee are not happy with the situation and recommend that the Department of Consumer Affairs should get the performance of the schemes evaluated as desired by the Planning Commission and strengthen its monitoring mechanism to ensure full utilization of funds during 2008-09. They also desire that procedural formalities for getting approval should also be curtailed by the Planning Commission in order to release funds in time to the Department for schemes of National Importance.</p>
2.	3.14	<p>The Committee are constrained to note the quarter-wise utilization of funds for the plan schemes of the Department of Consumer Affairs during 2007-08. The Committee observe that out of the revised allocation of Rs. 150</p>

crore, the Department utilized Rs. 6.13 crore in the 1<sup>st</sup> Quarter, Rs. 4.08 crore in the 2<sup>nd</sup> Quarter, Rs. 16.05 crore in 3<sup>rd</sup> Quarter and Rs. 60.16 crore ( up to 17<sup>th</sup> March, 2008) in its plan schemes. The argument put forth by the Department that the late approval of the schemes by the Planning Commission, which was received in September 2007, has largely accounted for low expenditure in the initial months, is not convincing to the Committee. During the course of oral evidence, various reasons were put forth for the under-utilization of funds during the first three quarters of the year. It was explained that the firm allocation of the Eleventh Five Year Plan could become available to the Department sometime in September 2007 whereas the Eleventh Plan commenced from April 2007. Further, as per extant instructions of Planning Commission/Ministry of Finance, the schemes which continued from Tenth to Eleventh Plan required pre-evaluation before they could be taken up for implementation during the first year of the Eleventh Plan. Also, all such schemes required appraisal/approval of the Competent Authority before implementation. The expenditure under the plan schemes cannot be incurred even if funds are available in the budget, unless the schemes have been appraised and approved by the Competent Authority. The appraisal is done through the mechanism of SFC, EFC and PIB. Approval is required at the level of the Department, the Finance Ministry and the CCEA, depending upon the funds allocated for the scheme for the entire Five Year Plan. With a view to avoiding the above mentioned procedural delays and also for the smooth and fast implementation of the plan schemes right from the beginning of the first year of the plan period, the Committee recommend that the Department of Consumer Affairs should convince the Planning Commission to give approval and appraisal of the schemes expeditiously and well in time. The Committee also hope that the Department of Consumer Affairs will follow the concept of Monthly Expenditure Plan strictly and ensure that expenditure is reviewed on monthly basis so that there is no rush of expenditure at the fag end of the financial year.

3. 3.15

The Committee are constrained to note that while on the one hand, the Planning Commission has identified consumer protection as the thrust area in the Tenth Five Year Plan and on the other, it has not approved the projected demand of the Department of Consumer Affairs

for Rs. 1484 crore for the Eleventh Five Year Plan (2007-12). In spite of the fact that the Working Group of the Planning Commission had deliberated on the Eleventh Plan and given a total requirement of Rs. 2165 crore, the Planning Commission had approved only Rs. 1083 crore for the entire Eleventh Five Year Plan period, which is half of the funds estimated by the Working Group. The Committee are of the opinion that consequent upon the awareness invoked amongst the consumers of rural, remote and backward areas of their rights, the scope of the consumer welfare has widened and more funds will be required in the years to come. The Committee, therefore, recommend that the Department of Consumer Affairs should convince the Planning Commission for allocation of additional funds so that the schemes being implemented by the Department do not suffer for want of funds during the Eleventh Plan Period.

4. 4.11

The Committee note that the Government has accorded a high priority to the programmes of consumer protection and taken a number of steps for creating awareness amongst the consumers of all sections of the society. Further, the Committee note that the Planning Commission has been very liberally allocating funds to the Department for creating the awareness among the masses which is evident from the fact that the outlay which was Rs. 15 crore in the Xth Five Year Plan has been increased to Rs. 409 crore during the XIth Five Year Plan. Although the Department of Consumer Affairs has utilized the entire funds from 2002-03 to 2005-06, but for the last two years, the actual expenditure for consumer awareness programmes has been less than the Budget provided by the Planning Commission which is evident from the fact that out of an allocation of Rs. 58.50 crore, the Department could utilize only Rs. 46.00 crore during 2007-08, which is 25% less than the Revised Estimates. The Committee feel that the Department has failed to come up to the expectation of the Planning Commission by not utilizing the entire funds for the purpose it was allocated. The Committee cannot accept the contention of the Department that the reasons for under utilization of funds during 2007-08 are the procedural requirements such as obtaining approval in principle of the Planning Commission and preparation of Memorandum for EFC/CCEA, etc. which took time. In their opinion, the consumers, especially those living in remote, hilly and backward areas, are ignorant of their rights and are

subject to exploitation by the unscrupulous traders. The Committee, therefore, recommend that the Department should make all out efforts to complete the procedural formalities required for getting the approval of the competent authority in time so that funds do not remain unutilized at the end of the financial year and benefits are passed on to the targeted masses.

5. 4.12 The Committee are constrained to note that the publicity campaign for creating awareness amongst the people of the North-Eastern States is far from satisfactory. Although the Government is coordinating with the Song and Drama Division to organize musical events/folk song programmes for the North-Eastern region yet the message is not being spread through the modern methods of print and electronic media due to very limited newspapers and TV channels empanelled with DAVP. The Department has stated that besides an in-depth evaluation of the scheme would be initiated in 2008-09. The creatives, both print and electronic would also be designed keeping the special target audience in view. The Committee hope that the Department would make concerted efforts to increase awareness in the most neglected areas of the North-Eastern region through private TV channels so that justice is not denied to the consumers due to lack of awareness especially amongst the people of remote, rural, hilly and backward areas.

6. 4.19 The Committee are constrained to note that the funds are being released only to 21 States/UTs under the 'Integrated Project on Consumer Protection'. According to the Department, the aim of the scheme is to fill up the critical gap in infrastructure on actual need basis so as to ensure that every consumer forum is provided with a minimum level of facilities required for its effective functioning. The remaining States are not availing the benefits of the scheme as they could not fulfill the pre-condition for receiving the funds because they were either unable to report full utilization of the assistance under the scheme of 'One Time Grant' of 1995 and 2004-05 or were not able to identify land for building of Consumer Fora. The Committee are unable to understand the reasons for non-submission of utilization certificates even after a time gap of 13 years and identification of land for construction of building of Consumer Fora. In the opinion of the Committee, there seems to be some lethargy on the part of the Department due to which such an important issue could not be resolved for the smooth functioning of the

Consumer Fora. The Committee, therefore, strongly recommend that the Department should take up the matter at the highest level with the concerned States/UTs to resolve the issue in order to enable them to avail the benefits of the scheme of 'Integrated Project on Consumer Protection'.

7. 4.27 The Committee regret to note that despite their recommendation made in Para 4.22 of their 19<sup>th</sup> Report on Demands for Grants (2007-08) to make provisions in the Consumer Protection Act, 1986 for constitution of Circuit Benches, the Government has not yet introduced the Bill in Parliament. The Department has informed that they have circulated the proposed amendment in the Act to the Ministries and are hoping to bring amendment to the bill in Parliament early. The Committee do not appreciate the lackadaisical attitude of the Department in making the amendment in the Consumer Protection Act, 1986 as they took more than one year in finalizing the draft proposal. The Committee, therefore, reiterate their earlier recommendation and desire that the Government should complete all the procedural formalities required for amendment in the Act and ensure that the Bill is introduced during the current financial year, so that more and more Circuit Benches are set up in the States/UTs for early disposal of cases at the door-step of the consumers, which are piling up at different District Forums.

8. 4.36 The Committee note that the Scheme 'Computerization and Computer Networking of Consumer Fora' in the country (CONFONET) was launched in March, 2005 with a view to facilitating the consumers to file cases online and assess the status of their cases pending with the State Commissions and District Forum. Every year a large amount is released to NIC for providing necessary hardware and sustain software, developing application software and providing maintenance and necessary training to officials of Consumer Fora. At present, 12 State Commissions and 255 District Fora and NCDRC have started hosting the cause of list and judgement on web. Out of 628 locations where hardware is supplied, the installation has been completed in 504 District Fora and at all State Commissions. Installation in 61 locations is in process and is pending in balance 28 locations either due to lack of space or office being shifted. The Committee are of the view that with the advancement of technology, everything should be available on the website and internet. Thus, there is an urgent need to put all the

consumer related information on the website of State Governments/UTs. The Committee, therefore, strongly recommend to vigorously pursue with the State Governments/UT Administrations to provide the necessary location/ infrastructure to NIC for installation of computer hardware for the purpose. The Committee also recommend that a Bill to amend the Consumer Protection Act, 1986 may be brought before the Parliament at the earliest to facilitate the online filing of cases by the aggrieved consumer.

9. 4.51

The Committee are highly perturbed to note that the number of non-functional District Fora which were 22 in 2006 has increased to 52 in 2007. The Committee view this development as a serious hurdle in imparting justice to the aggrieved consumer in many parts of the country. The Committee find the plea of Government that it was due to delay in issuing the appointment order to the selected candidates is very unconvincing. The argument of the Department that filling up of vacancies in the Consumer Fora and ensuring that they remain functional is entirely the responsibility of the State Government seems to be the excuse of the Department to wash of their hands from their responsibility in this regard. The Committee are of the view that the Department of Consumer Affairs is equally responsible for the smooth functioning of the District Fora as the State Governments are. Sufficient amount of funds are released to States/UTs for strengthening the infrastructural facilities of District Fora. The Committee, therefore, recommend that the Department of Consumer Affairs should take up the matter with State Governments/UTs on priority basis and persuade them to take all possible measures for proper functioning of these District Fora, which have become non-functional overtime.

10. 4.52

The Committee further note that the vacancy position of President and Members in State Commissions and District Fora has increased in 2008 as compared to 2007. As on 26.03.2007, two posts of President and a post of Member were vacant in different States whereas the position of vacant posts of President and Members as on 30.03.2008 has increased to 6 and 15, respectively. Similarly, the position of vacant post of President and Members in District Fora has increased from 49 and 181 in 2007 to 109 and 291 in 2008, respectively. In the opinion of the Committee, the non-filling up of vacant posts in State Commissions and District Fora are making them non-



functional and causing denial of justice to the consumers of the respective regions. The Committee regret to note that the Department has passed on the responsibility to State Government/UT for any shortcoming noticed in the functioning of the District Fora. The Committee desire that as a remedial measure, the Department should take up the matter with the State Governments/UTs and persuade them to urgently prepare a panel of Presidents and Members for the posts which are likely to fall vacant and issue appointment letters immediately so that the vacant posts of President and Members are filled up in time. The Committee also desire that training programme for presiding officers should be conducted regularly so that they become well versed with the techniques of working of State Commission and District Fora.

11. 4.53 The Committee observe that although 74.30% cases were disposed off by the National Commission and State Commissions during 2007-08 yet the position of disposal of cases in respect of the States namely, Assam, Haryana, Maharashtra, Orissa and Uttar Pradesh was dismally poor as only 53.04%, 57%, 58.12%, 60.87% and 35.78% cases respectively were disposed off during the same year. According to the Department, the performance/disposal rate in any Consumer Forum depended on various factors such as uninterrupted functioning, workload, number of adjournments being given, availability of requisite infrastructure, staff and funds, etc. In this connection, the Committee find that some of the State Commissions are performing creditably well despite many shortcomings encountered by them. The poor performing State Commissions should take a cue from them to improve the disposal of cases pending with them. Incidentally, the Committee are of the opinion that a number of schemes are being implemented by the Department for consumer protection and there is no dearth of funds to resolve the issues mentioned above. The Committee, therefore, desire that the Department of Consumer Affairs should vigorously pursue with the State Governments to avail the benefits of the scheme and continue to make efforts to take remedial action, wherever necessary, for improvement in the performance of the disposal of cases pending in the National Commission, State Commission and District Fora.
12. 4.54 The Committee observe that the National Commission is maintaining data with regard to disposal of cases by the State Commission and District Fora within 90 days and

150 days and beyond 90-150 days. However, some of the States namely, Andhra Pradesh, Assam, Bihar, Delhi, Manipur, Meghalaya, Nagaland, Sikkim and Uttar Pradesh are not sending the information to the National Commission. Similarly, the States namely, Andhra Pradesh, Assam, Bihar, Dadra and Nagar Haveli, Delhi, Himachal Pradesh, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Uttar Pradesh are not sending the information in respect of the cases disposed off by the District Fora within the prescribed time. The Committee desire that all the States should be persuaded to furnish the details regarding disposal of cases by the State Government/UTs within the prescribed period in order to enable the National Commission to analyze the reasons for non-disposal of cases by the State Commission and District Fora. It will also help the National Commission to provide useful remedial measures to State Commissions and District Fora to dispose of cases in an expeditious manner and within time frame laid down for the purpose.

13. 4.62

The Committee note that under the scheme 'Consumer Welfare Fund', financial authority is provided to States/UTs in the form of seed money to promote and protect the welfare of the consumers, generate consumer awareness and strengthen consumer movement in the country. Despite the fact that the ratio of amount of seed money has been increased from 1:10 to 50:50 (Centre:State), only 19 States/UTs viz Andhra Pradesh, Chhattisgarh, Goa, Gujarat, Haryana, Karnataka, Maharashtra, Orissa, Punjab, Rajasthan, Tamilnadu, Uttar Pradesh, West Bengal, Arunachal Pradesh, Uttarakhand, J&K, Mizoram, Sikkim and Tripura have created the State Consumer Welfare Fund in their respective States Budget and the remaining States/UTS are lagging behind as they have not been able to first deposit in advance in separate account the matching share of 50:50 and 90:10 ( in case of Special Category States/UTs) from their own side. The Committee are of the opinion that these States and in particular the Special Category States/UTs have not accorded the Consumer Welfare due priority it deserves. The Committee, therefore, recommend that the matter may be taken up with the State Governments/UTs at the highest level and impress upon them the importance of the Fund in order to create the State Consumer Welfare Fund in their respective State Budgets to protect the interests of the consumers.

14. 4.63 The Committee note with concern that utilization certificates in respect of Rs. 40,25,200 released to 46 VCOs/NGOs from 1995 onwards have not been received by the Department of Consumer Affairs so far. Only one NGO namely, Shiv Ganga District of Tamil Nadu have been black listed on the recommendation of the State Government. The Department has put the names of the defaulting NGOs on the website of the Department and District Collectors are being reminded to obtain utilization certificates or take action against the defaulting organizations. It has also been informed that the Department have revised their guidelines for Consumer Welfare Fund and asked the State Governments to modify them as per their requirements. In the opinion of the Committee, the funds have been released to VCO/NGOs without properly verifying their credentials as well as antecedents from the State Governments/UTS. The Committee, therefore, strongly recommend that in future the funds should be released only to the reputed VCO/NGOs whose performance is known to be satisfactory. The Committee, therefore, desire that funds may be recovered from these defaulting NGOs with interest, failing which a case may be filed in the Court of Law against them for early recovery of funds released to them.
15. 5.33 The Committee express their concern over the rising trend in the prices of most of the essential commodities during the last six months. The Department of Consumer Affairs is entrusted, inter alia, with the task of monitoring of the prices and availability of essential commodities in the country. The Price Monitoring Cell (PMC) in the Department regularly monitors on a daily basis the retail prices of 14 essential commodities viz. rice, wheat, atta, gram, tur/arhar, tea, milk, sugar, vanaspati, mustard oil, groundnut oil, potato, onion and salt. Report in this regard is sent regularly to PMO, Cabinet Secretariat, Ministry of Finance and other concerned Departments. Despite the monitoring mechanism being in place, it is observed from the information furnished by the Department that the price rise in case of pulses and edible oils is more marked as compared to other essential commodities. The main reason for rise in prices have been stated to be shortfall in domestic supplies relative to demand and hardening of international prices as well as seasonal factors. The Secretary, Department of Consumer Affairs also stated during evidence that due to progressive policies of the

Government money in the hands of the people in rural areas has increased, thereby increasing their purchasing power, which has also contributed to rise in prices. The steps taken by the Government to contain the price rise include measures like augmenting domestic supplies of wheat and pulses through imports at reduced rates of duty and ban on exports. The Government has also imposed stock limits for wheat, pulses, edible oil, oilseeds and on rice. On the monetary side, RBI has increased CRR by .25 points on two occasions to reduce money supply in the market to reduce inflationary pressures on prices. For improving productivity and production in the medium-term in the agricultural sector, the Government have taken initiatives such as National Food Security Mission and Rashtriya Krishi Vikas Yojana. The Committee note that 40 per cent of the edible oil requirement of the country is met by the imports which is susceptible to international pressures on price front. Therefore, its impact is felt on the price rise of the edible oils in domestic sector also. The Committee feel that although the Government is vigilant about the adverse impact of price rise on the economy of the country culminating into inflationary trends yet the measures taken by the Government are not proving to be effective in bringing down the prices of the essential commodities. The Committee desire that the Department in consultation with other concerned Departments should chalk out a long-term strategy to meet such a situation so that it does not assume gigantic proportions, affecting the development and growth of the country. They should also take such steps that would insulate the prices in the country from international price fluctuations.

16. 5.34

In order to control the prices of foodgrains, the Central Government had issued a Central Order dated 29.08.2006 under 'The Essential Commodities Act, 1955' to enable State Governments to invoke stock limits in respect of wheat and pulses for a period of six months. By virtue of this order, the State Governments/UT Administrations have been empowered to take effective action to bring out the hoarded stock of these items to ensure availability to the common people at reasonable prices. The Government has on 1<sup>st</sup> March, 2008 extended the validity of the Central Order by another six months. From the information furnished to the Committee, it is observed that there is no uniformity in following the Central Order by the States/UTs, as while 13 States/UTs have issued notifications for fixing stock limits/licensing/stock

declaration requirements in respect of wheat and pulses, 11 other States/UTs namely, Andaman and Nicobar, Chhattisgarh, Haryana, Jammu & Kashmir, Lakshadweep, Madhya Pradesh, Meghalaya, Mizoram, Nagaland, Pondicherry and Tripura are not in favour of fixing any stock limit, whereas 6 States are still considering the issue of stock limits and finally the remaining 5 States/UTs are silent on the issue. In the opinion of the Committee, this attitude of some of the States/UTs does not augur well for controlling the price rise of essential commodities. The Committee, therefore, recommend that Department of Consumer Affairs should impress upon all the States to follow the Central Order uniformly in order to fight the menace of hoarding and black marketing by unscrupulous traders.

17. 5.35 The Committee note that as per the 'Standing Order', all the State Governments/UT Administrations have to submit monthly reports to the Department of Consumer Affairs indicating the action taken under the provisions of 'Essential Commodities Act, 1955' as also 'Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980'. The State Governments and UT Administrations are not regularly furnishing the monthly reports inspite of reminders sent to them from time to time. It is observed from the information furnished to the Committee that during the years 2005, 2006 and 2007, some of the States are furnishing 'NIL' reports and some are not submitting any report at all. According to the Department, going by the 'NIL' reports sent by some State Governments/UTs, it can be presumed that these State Governments/UTs might not have conducted any raids nor have detained any persons for indulging in malpractices in essential commodities. The Committee deplore the lackadaisical approach of State Governments/UTs in either not furnishing any 'monthly action taken reports' or by giving 'NIL' reports. They desire that the Department should impress upon the State Governments/UTs to strictly follow the 'Standing Order' to regularly submit the 'monthly action taken reports' and also conduct raids on hoarders and black marketers in order to have a saluting effect on them. According to the Committee, it will also help the Government to keep a check over the rising prices of essential commodities.
18. 5.36 The Committee note that as per Section 3 of the 'Prevention of Black-Marketing and Maintenance of Supplies of Essential Commodities Act, 1980', the State

Governments/UTs are required to report the details of detention cases to the Central Government within 7 days from the date of approval of detention case by the State Governments/UTs. The Committee find that only 5 State Governments have furnished information in this regard to the Department of Consumer Affairs during the year 2005, 2006 and 2007. According to the Department, as the other State Governments have not furnished any information so it may be construed that these State Governments/UTs have not made any detention under the said Act. The Committee are surprised by the plea of the Department that except 5 State Governments/UTs, other State Governments/UTs have not made any detention under the Act. It appears to the Committee that the Department of Consumer Affairs is being kept in the dark by most of the State Governments by not abiding by Section 3 of the aforesaid Act. The Committee, therefore, desire that the State Governments should be prevailed upon to supply the information of detention cases within the prescribed time limit as per the Act.

19. 5.37 The Committee note that Essential Commodities Act, 1955 and Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 empowers the State Governments/UTs to take action against the unscrupulous persons indulging in hoarding and blackmarketing of essential commodities. During 2007, 6474 persons were arrested and 4481 persons were prosecuted but only 348 persons were convicted. The Committee find that the conviction rate of persons arrested is as low as 5.37% and 7.76%, if compared with persons prosecuted. The Committee desire that in view of the low convictions in such cases, the Department should examine whether there is any lacunae in the Act due to which most of them go scot free despite serious offences. The outcome of the examination alongwith the suggestions of the Department for bringing in any new amendment to meet the situation may be reported to the Committee within six months of the presentation of this report to the Parliament.

20. 5.38 The Standing Committee had examined the Forward Contracts (Regulation) Amendment Bill, 2006 and presented their Seventeenth Report to Parliament on 19<sup>th</sup> December, 2006. In their Report, the Committee had strongly recommended that agricultural commodities especially foodgrains including coarsegrains, pulses and sugar need not be permitted to be traded in the

Commodity Market, including forward/future trade derivatives and options. In this context, the Government has set up an Expert Committee under the Chairmanship of Prof. Abhijit Sen, Member, Planning Commission to examine the impact of forward trading on prices of agricultural commodities but the Report is yet to be submitted by the Committee. The Committee feel that considerable time has elapsed since this Expert Committee was constituted by the Government. The Committee desire that the Government should expedite the submission of report by the Expert Committee, so as to assess accurately the impact of forward trading on prices of essential commodities and take appropriate remedial action in this regard.

21. 6.9 The Committee note that an amount of Rs.20 crores was allocated to the Department of Consumer Affairs for strengthening the Forward Market Commission during 2007-08, which was reduced to Rs.10 crore at RE stage but the actual expenditure during the year was Rs.2.17 crore. The reasons put forth by the Department for underutilization of fund was non-finalization of rent agreement by the owner of building for office premises and delay in getting approval for price dissemination project. The Committee feel that these are very trivial issues which could have been tackled by the Department very easily. In the opinion of the Committee, if the Department would have made advance planning for settling the aforesaid issues, the question of surrendering large some of funds during 2007-08 would not have arisen. The Committee hope that all the procedural formalities required for getting the building for office premises on rent and the ground work required for implementation of price dissemination project would be completed expeditiously to ensure that the funds earmarked for the purpose do not remained unutilized in financial year.

22. 6.10 The Committee note that the Planning Commission has given due weightage to the Price Dissemination Project and allocated Rs. 10 crore each year during the XIth Five Year Plan. The project will be implemented through AGMARKET Mandis and later carried forward to other mandis. One of the objectives of "Price Dissemination Project" is to empower the farmers by providing them with useful price information that would facilitate decision making in the pre-sowing and post harvest period. Price Dissemination would not only increase the farmers

bargaining capacity but also reduce the impact of middleman and traders on price realization by farmers. The Government contemplates to implement the project in 300 rural post offices in the States of Haryana, Rajasthan, Punjab, Andhra Pradesh, Maharashtra, Madhya Pradesh, Uttar Pradesh, Karnataka and Tamil Nadu and have taken up the matter with some Nationalised Banks. The Committee, while appreciating the concept of Price Dissemination Project, desire that the project may be implemented in other States also, so that the small and marginal farmers may also be benefited by the price discovery.

23. 7.14

The Committee are deeply concerned to note that the Department of Consumer Affairs could not utilize even one crore out of the revised estimate of Rs.16 crore allocated during 2007-08 for the Hallmarking of Gold Jewellery Scheme. The Committee are unable to accept the contention of the Government that the shortfall in expenditure was due to non-approval of the Projects under the Hallmarking of the Gold Jewellery Scheme and deplore the slackness on the part of the Government in this regard. The Committee feel that if the Department could have made advance preparations for getting the approval at the end of the Xth Five Year Plan i.e. in 2007-08 or early in the 2007-08, such problem could have been resolved. The Committee desire that the Department should make sincere efforts for obtaining the approval of the whole scheme in the current year itself so that the fund is fully utilised in the subsequent financial years. Similarly, adequate funds may be released to the State/UTs well in time for creating awareness of the scheme so that the people, particularly who live in backward and hilly areas, are not deprived of the benefits which may accrue to them by the BIS Schemes.

24. 7.15

The Committee note with dismay that out of 162 samples of Gold and Gold Jewellery collected from 16 cities, only 16 samples passed and 146 failed the test of purity. It is more disturbing that in the capital, all the samples collected failed the test of purity of Gold. The scheme of Hallmarking of gold was launched in 2000 with the aim to prevent sale of inferior quality of gold and boost the confidence of the consumers and assure them the intrinsic value of their holdings. But from the above facts, the Committee feel that the very purpose of launching the schemes has been defeated. The Committee therefore recommend that the BIS should strengthen its



enforcement activities by conducting regular survey, particularly of the Shops who have opted for the Hallmarking of Gold Jewellery. If need be, a penal provision in the BIS Act, 1986 may be made to prevent the sale of inferior quality of Gold Jewellery.

25. 7.16 The Committee note with dissatisfaction that the Department could not fulfill its commitments made before the Parliamentary Committee during the examination of Demands for Grants for the year 2007-08 to bring the Hallmarking of Gold Jewellery under the mandatory certification w.e.f. 1.1.2008. Instead, the Department proposed an amendment in Bureau of Indian Standard Act, 1986 to bring the Hallmarking of Gold Jewellery under compulsory certification regime. The Secretary, Department of Consumer Affairs has admitted during evidence that there is a slight peculiar trade practice in the Jewellery so they are willing to change the BIS Act. The Committee, therefore, desire that a Bill in this regard should be introduced in the Parliament at the earliest to bring the Hallmarking under compulsory certification regime.
26. 8.5 The Committee note that like other schemes of the Department, the expenditure in the scheme for strengthening of 'Weight and Measures' is not satisfactory. Amongst all the schemes, this is the only scheme where the BE has been increased substantially at revised estimate stage. Despite that, the Department could not fulfill the expectation of the Planning Commission and the actual expenditure was only to the tune of Rs.4.27 crore. The Committee feel that the 'Weight and Measures Wing' of the Department failed to get the required number of mobile kits from Director General of Supply and Disposal (DGS&D) due to non-fulfillment of the terms and conditions laid down by the DGS&D. The Committee view this lapse on the part of the 'Weight and Measures Wing' seriously and desire that they should complete all the procedural formalities for procurement of necessary equipments like secondary standard and mobile kits in time, so that the intended purpose of these devises is not defeated.
27. 8.6 The Committee are happy to note that the Government have accepted their recommendation to merge Standards of Weight and Measures Act, 1976 and Standard of Weight and Measures (Enforcement) Act, 1985 and have decided to bring a fresh Bill namely "Indian Legal Metrology Bill". The draft Bill along with a draft note for
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Cabinet has been sent to Ministry of Law on 20.4.2008. Taking into consideration the paramount importance of the consumer and to protect their rights relating to 'Weight and Measures', the Committee desire that the aforesaid Bill be introduced in the Parliament at the earliest.

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