

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION
(2008-2009)**

(FOURTEENTH LOK SABHA)

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

[Action Taken Report on Action Taken by the Government on the observations/recommendations contained in the Twenty fourth Report of the Committee on Demands for Grants (2008-09) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs)]

TWENTY- EIGHTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

February, 2009/Magha, 1930 (Saka)

TWENTY EIGHTH REPORT
STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION
(2008-2009)

(FOURTEENTH LOK SABHA)

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

{ Action Taken Report on Action Taken by the Government on the observations /recommendations, contained in the Twenty fourth Report of the Committee on Demands for Grants (2008-2009) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs)}

Presented to Lok Sabha on

Laid in Rajya Sabha on



LOK SABHA SECRETARIAT
NEW DELHI

February, 2009/Magha, 1930 (Saka)

CONTENTS

COMPOSITION OF THE COMMITTEE(ii)
INTRODUCTION.....(iii)
CHAPTER I Report6
CHAPTER II Observations /Recommendations which have been accepted by the Government24
CHAPTER III Observations /Recommendations which the Committee do not desire to pursue in view of the Government's replies.....39
CHAPTER IV Observations /Recommendations in respect of which replies of the Government have not been accepted by the committee.....44
CHAPTER V Observations /Recommendations in respect of which the final replies of the Government are still awaited.48

APPENDICES

I Minutes of the Fourteenth sitting of the Committee held on 16.01.2009.....52
II Analysis of the action taken by the Government on the recommendations contained in the Twenty-fourth Report of the Committee.....54

**COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER
AFFAIRS AND PUBLIC DISTRIBUTION – 2008-2009.**

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 Ghuran Ram
16. Shri Francisco Cosme Sardinha
17. Shri Daroga Prasad Saroj
18. Adv. (Smt.) P. Satheedevi
19. Vacant
20. Vacant
21. Vacant

Rajya Sabha

22. Smt. Mohsina Kidwai
23. Shri Mangala Kisan
24. Shri Shantaram Laxman Naik
25. Shri Kanjibhai Patel
26. Shri Rajniti Prasad
27. Shri Parshottam Khodabhai Rupala
28. Shri Ram Narayan Sahu
29. Shri Matilal Sarkar
30. Vacant
31. Vacant

Secretariat

1. Shri A.K. Singh - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri B. S. Dahiya - Deputy Secretary-I
4. Shri Jagdish Prasad - Deputy Secretary-II

(ii)

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2008-2009) having been authorized by the Committee to submit the Report on their behalf, present this Twenty-eighth Report on Action Taken by the Government on the observations /recommendations contained in the Twenty-fourth Report of the Committee (14th Lok Sabha) on Demands for Grants (2008-2009) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

2. The Twenty-fourth Report was presented to Lok Sabha and laid in Rajya Sabha on 16th April, 2008. The Government furnished their replies indicating Action Taken on the observations /recommendations contained in the Report on 4th December, 2008.
3. Report was considered and adopted by the Committee at their sitting held on 16th January 2009.
4. An analysis of the action taken by the Government on Observations/ Recommendations contained in the Report is given in **Appendix-II.**

NEW DELHI ;
16 February, 2009
Magha, 1930 (Saka)

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

CHAPTER I

REPORT

This Report of the Standing Committee on Food, Consumer Affairs and Public Distribution deals with the action taken by the Government on the observations/recommendations contained in the Twenty-fourth Report of the Committee on 'Demands for Grants (2008-09)' relating to the Department of Consumer Affairs.

1.2 The Twenty-fourth report of the Committee was presented to Lok Sabha and laid on the Table of Rajya Sabha on 16th April, 2008. The action taken replies of the Government on all the 27 observations/recommendations contained in the report have been received on 4th December, 2008 and categorized as follows:-

(i) Observations/Recommendations which have been accepted by the Government:

Serial Nos. 4, 5, 6, 7, 9, 10, 11, 13, 14, 16, 17, 18, 22, 26 and 27.

(Paragraph Nos. 4.11, 4.12, 4.19, 4.27, 4.51, 4.52, 4.53, 4.62, 4.63, 5.34, 5.35, 5.36, 6.10, 8.5 and 8.6)

(Chapter –II Total 15)

(ii) Observations /Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

Serial Nos.15, 20 and 23

(Paragraph Nos. 5.33, 5.38 and 7.14)

(Chapter –III Total 3)

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Serial Nos. 1, 2, 12 and 21

(Paragraph Nos. 3.13, 3.14, 4.54 and 6.9)

(Chapter –IV Total 4)

(iv) Observations/Recommendations in respect of which the final replies of the Government are still awaited:

Serial Nos. 3, 8, 19, 24 and 25

(Paragraph Nos. 3.15, 4.36, 5.37, 7.15 and 7.16)

(Chapter –V Total 5)

1.3 In their Twenty-fourth report, the Committee had recommended for strengthening of monitoring mechanism to ensure full utilization of funds during 2008-09, timely approval and appraisal of the schemes alongwith monthly reviewing Expenditure Plan, completion of the procedural formalities required for getting the approval of the competent authority as well as for amendment in the Act so that the bill regarding Consumer Protection Act was introduced during the current financial year, making concerted efforts to increase awareness in the most neglected areas of the North-Eastern region through private TV Channels, to put all the Consumer related information on the website of State Governments/UTs and to provide the necessary location/infrastructure to NIC for installation of computer hardware for the purpose, proper functioning of District Fora, which have become non-functional overtime, speedy disposal of cases pending in the National Commission, State Commissions and District Fora, recovery of funds from defaulting NGOs with interests or filing of cases in the court of law, following the Central Order as well as Essential Commodities Act uniformly in order to fight the menace of hoarding and black marketing by unscrupulous traders, penal provision in the BIS Act, 1986 to prevent the sale of inferior quality of Gold Jewellery, bringing Hallmarking under compulsory certification regime and procurement of necessary equipments like secondary standard and mobile kits for strengthening of 'Weight and Measures' and its introduction in the Parliament.

1.4 The Committee desire that action taken notes on the Observations/Recommendations contained in Chapter I and recommendations contained in Chapter V of this report for which only interim replies have been received from the Government be furnished to the Committee at the earliest and in any case not later than three months of the presentation of the Report.

1.5 The Committee will now deal with action taken by the Government on some of their recommendations which need reiteration or merit comments.

(A) Need for full utilization of funds

Recommendation(SI.No.1,Para No.3.13)

1.6 The Committee in Para No. 3.13 of their earlier report had recommended as below:-

“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 17th 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 17th 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.”

1.7 The Ministry in their action taken replies have stated as under:-

“Recommendations of the Committee have been noted for compliance. Secretary(CA) is taking regular meetings of Divisional Heads with the objective that the scheme are evaluated without any delay and expenditure of the schemes is incurred as per targets. As a result the expenditure in 2008-09 is better than the expenditure in 2007-08. Last year upto 30.9.2007, the Plan expenditure was Rs. 10.31 Crores, where in the current year the Plan expenditure was Rs.68.49 crores is on 30.9.2008.”

Recommendation(SI.No.2,Para No.3.14)

1.8 The Committee had recommended as below:-

“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 1st Quarter, Rs. 4.08 crore in the 2nd Quarter, Rs. 16.05 crore in 3rd Quarter and Rs. 60.16 crore (up to 17th 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.”

1.9 The Ministry in their action taken replies have stated as under:-

“Secretary(CA) reviews the progress of plan expenditure regularly with a view to ensure that the expenditure is incurred proportionately through out the year as far as possible.”

1.10 The Committee while observing that the Ministry did not take timely action for evaluation of schemes and getting procedural formalities completed before the expiry of X Plan had recommended for strengthening of monitoring mechanism to ensure full utilization of funds. They had also desired that Planning Commission should curtail procedural formalities for getting approval so that the funds could be released in time. The Department of Consumer Affairs in action taken replies compared the expenditure for the corresponding year stating that the expenditure upto 30.09.2007 was Rs. 10.31 crore whereas the expenditure upto 30.09.2008 was Rs. 68.49 crore. The Committee are not at all satisfied with the action taken replies and observe that the Department of Consumer Affairs have not responded to their major concern regarding evaluation of the schemes and simplifying the procedural formalities to ensure full utilization of funds during the financial year. The Committee, therefore, while reiterating their earlier recommendation that the Ministry should strengthen its monitoring mechanism, desire that it should be impressed upon the Planning Commission to evaluate the schemes and curtail the procedural formalities for releasing the funds to Departments for the schemes of National Importance. The Committee further desire that the Department of Consumer Affairs should follow the concept of monthly expenditure plan strictly so that there is no rush of expenditure at the fag end of the financial year.

(B) Need to get timely approval for full utilization of funds under the programme of Consumer Protection.

Recommendation(SI.No.4,Para No.4.11)

1.11 The Committee in their earlier report had recommended as below:-

“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.”

1.12 The Ministry in their action taken replies have stated as under:-

“Secretary(CA) reviews the expenditure head-wise/scheme-wise regularly to ensure that funds are utilised as per the expenditure budgeted and in accordance with the guidelines for ensuring that not more than 33% is spent in the last quarter. However, consumers the especially living

in remote, hilly and backward areas will be given adequate attention regarding the publicity programme so that the benefits of the awareness scheme could reach them.”

Recommendation (Sl.No.5,Para No.4.12)

1.13 The Committee in their earlier report had recommended as below:-

“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.”

1.14 The Ministry in their action taken replies have stated as under:-

“Adequate attention will be given to the rural, remote and North Eastern Regions.”

1.15 The Committee while noting that the Department of Consumer Affairs had failed to utilize the budgeted allocation for the Consumer Awareness Programme during the last two years had recommended in their earlier report that procedural formalities be completed in time so that the funds do not run unutilized and the benefits are passed on to the targeted masses. The Committee had also desired the Department of Consumer Affairs to make concerted efforts to increase awareness in the most neglected areas of North-Eastern region. From the action taken replies of the Government, the Committee find that the Department has not given due weightage to the recommendation of the Committee regarding programmes of Consumer Protection. It has simply stated that adequate attention regarding publicity programme will be given especially for the consumers of rural, remote and North-Eastern Regions. The Committee feel that consumers of rural, remote and hilly areas are subject to exploitation by the unscrupulous traders for want of awareness about their consumer rights. The Committee, while reiterating its earlier recommendation desire that the Department of Consumer Affairs should make concerted efforts to complete procedural formalities required for getting approval of competent authority and ensure that the entire fund is utilized on publicity campaign for creating awareness amongst the most neglected people of remote, rural and hilly areas of North-Eastern Region.

(C) Need for timely disposal of cases by State Commissions and District Foras

Recommendation(SI.No.12,Para No.4.54)

1.16 The Committee had recommended as below:-

“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.”

1.17 The Ministry in their action taken replies have stated as under:-

“The concerns of the Committee have been conveyed to the States/UTs vide D.O. letter No. 5(3)/2008-CPU dated 23.05.2008 from Secretary (CA) addressed to the Chief Secretaries. This will be followed up with the State Governments in future also.”

1.18 The Committee in their earlier report had observed that some of the States/UTs were not sending the information regarding disposal of cases by the State Commissions and District Fora within the prescribed time of 90 days to 150 days. They had, therefore, desired that all the States/UTs be persuaded to furnish the details about disposal of cases within prescribed period so as to enable the National Commission to analyze the reasons for non-disposal of cases by the State Commissions and District Fora. The Department of Consumer Affairs in their action taken reply has simply stated that the concern of the Committee had been conveyed to the States/UTs vide letter addressed to Chief Secretaries. The Committee deplore the casual approach of the Government in the matter. In the opinion of the Committee, simply forwarding of their recommendation to the States/UTs will not give any tangible result. The Committee, therefore, emphasize that the Department of Consumer Affairs should take up the matter with the States/UTs at highest level to obtain the actual number of cases disposed off by the State Commission and District Fora to arrive at a right conclusion for disposal of cases in an expeditious manner and within time frame laid down for the purpose.

(D) Need to create State Welfare Fund.

Recommendation(SI.No.13,Para No.4.62)

1.19 The Committee in their earlier report had recommended as below:-

“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.”

1.20 The Ministry in their action taken replies have stated as under:-

“The advice of the Committee has been noted for compliance. On 16th June 2008, this was reviewed with State Secretaries and they were requested to start Consumer Welfare Fund in their States where they have not done so, so far.”

1.21 The Committee had noted that despite the ratio of amount of seed money been increased from 1:10 to 50:50 (Centre:State), only 19 States had created Consumer Welfare Fund. The Committee had recommended that the matter be taken up at highest level and State Governments/UTs be impressed upon to create State Consumer Welfare Fund in their respective State Budgets. From the action taken reply, the Committee note that although the Department of Consumer Affairs have reviewed the position with State Secretaries on 16th June, 2008, yet 16 States/UTs have not created the State Consumer Welfare Fund in their State Budget. The Committee take it seriously and desire that the Ministry should pursue the matter with remaining States/UTs to create State Consumer Welfare Fund in their respective State Budgets to protect the interests of the consumers.

(E) Detention Cases under Section 3 of Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980.

Recommendation (SI.No.18,Para No.5.36)

1.22 The Committee in their earlier report had recommended as below:-

“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.”

1.23 The Ministry in their action taken replies have stated as under:-

“The enforcement of the Essential Commodities Act, 1955 lies with the State Governments/ Union Territories. The State Governments/UT Administrations have been delegated powers to take necessary action under the provisions of both “The Essential Commodities Act, 1955” and “The Prevention of Blackmarketing of Essential Commodities Act, 1980”, to prevent mal-practices in essential commodities. Besides, Central Government is also regularly monitoring actions being taken by various States/UTs under the aforementioned two Acts.

2. Directions have been given to States/UTs from time to time to take necessary actions under both the Acts to prevent hoarding and smuggling. Secretary (Consumer Affairs) has also vide his d.o. letter dt. 14.06.2007 advised Chief Secretaries of all States/UTs, to strengthen the enforcement machinery to prevent mal practices in essential commodities and take necessary action against the unscrupulous persons indulging in hoarding and blackmarketing of essential commodities.

3. For this purpose this Department has asked all state Governments/UT Administrations to submit monthly reports to the Central Government (this Department) indicating the action taken under the provisions of these two Acts. Conferences with the Secretaries of Consumer Affairs, Food & Civil Supplies Departments of all States/UTs are held by this Department periodically in which all the State Governments/UT Administrations are emphasized upon to take necessary actions under the provisions of these two Acts to check hoardings, smugglings etc. of essential commodities by unscrupulous traders/persons. Another meeting with State Secretaries has been held on 16th June, 2008 in which it has been emphasized upon them to take all necessary measures to prevent hoarding and blackmarketing which lead to non-availability of essential commodities coupled with rise in prices. Further, periodical video conferences are also arranged with States/UTs under the chairpersonship of Additional Secretary (Consumer Affairs) wherein the need for taking effective action under these two Acts by the States/UTs is reiterated. So far seven such video conferences have been held between May, 2006 and May, 2008. This was taken up in the recently held Chief Secretaries conference under the chairmanship of Cabinet Secretary on 22.04.2008.

4. It is also mentioned that the recommendations of the Committee contained in its 24th Report on Demands for Grants (2008-09) of Department of Consumer Affairs, have already been communicated to the State Governments/UTs vide Secretary (Consumer Affairs)'s d.o. letter No.2/1/2008-ECR&E dated 16.06.2008 for taking immediate action to check price rise in essential commodities and keep this Department posted with the action taken by them. For this purpose this Department has asked all state Governments/UT Administrations to submit monthly reports indicating the action taken under the provisions of these two Acts.

5. Because of the regular interaction with the State Governments, State Government of Andhra Pradesh have taken action against unscrupulous persons and reported 3 cases of detention under the Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980. The number of detention reports received from various State Governments during the current year 2008 (Upto 26th September, 2008) is as given below:

S.No.	Name of the State Govt.	During 2008 (January to 26th September,2008)
1.	Gujarat	13
2.	Tamil Nadu	89
3.	Maharashtra	-
4.	Madhya Pradesh	-
5.	Andhra Pradesh	03
	TOTAL:	105

1.24 The Committee express their dismay over the fact that only 105 detention orders have been reported by the three States viz Gujarat (13), Tamil Nadu (89) and Andhra Pradesh (3) during 2008 (from January to 26th September, 2008). From the action taken reply, the Committee observe that most of the States/UTs are not serious to check hoarding and smuggling of the essential commodities by unscrupulous traders/persons in their States. The Committee, therefore, recommend that the Government should impress upon the State Governments/UTs to strengthen their enforcement machinery and take all necessary measures to prevent hoarding and blackmarketing which lead to non-availability of essential commodities resulting in rise in prices and submit a monthly report to the Central Government.

(F) Under utilization of funds earmarked for Price Dissemination Project of FMC.

Recommendation(SI.No.21,Para No.6.9)

1.25 The Committee in their earlier report had recommended as below:-

“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 remain unutilized in financial year.”

1.26 The Ministry in their action taken replies have stated as under:-

“As considerable ground work (like discussions with AGMARK, NIC, State Governments, finalisation of technical specifications of the ticker board, identification of the mandis, etc.) was involved in case of the price dissemination project, it took some time to complete these works.

Since sufficient ground work has already been done, the project would pick up pace during 2008-09. The shifting to a new office requires availability of a suitable office premises. A premise was identified during 2007-08. However, the owners of the property did not rent it on the valuation done by the CPWD. Fresh efforts would be initiated in the current financial year for identification of suitable premises. Fresh Technical and financial bids have already been invited by FMC through advertisements in the current financial year. The short listed properties will be sent to CPWD for valuation. However, it may be mentioned that FMC is facing difficulties in hiring premises due to rents quoted by the owners being much higher than the valuation done by CPWD.”

1.27 The Committee in their original report had expressed concern over the underutilization of funds earmarked for strengthening of FMC and desired that the procedural formalities regarding rent agreement for office premises for Price Dissemination Project be completed expeditiously so that the funds do not remain unutilized. The Committee regret to note that the rent agreement of the premises have not yet been finalized. The Committee are surprised that the short listed properties identified for office premises have not yet been sent to CPWD for valuation which in the opinion of the Committee is slackness on the part of FMC. The Committee, therefore, reiterate that all the formalities required for getting the office premises on rent should be completed within a period of three months for Price Dissemination Project.

CHAPTER-II

OBSERVATIONS/ RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

RECOMMENDATION (SL.NO. 4, PARA NO.4.11)

2.1 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.

REPLY OF GOVERNMENT

2.2 Secretary(CA) reviews the expenditure head-wise/scheme-wise regularly to ensure that funds are utilised as per the expenditure budgeted and in accordance with the guidelines for ensuring that not more than 33% is spent in the last quarter. However, consumers the especially living in remote, hilly and backward areas will be given adequate attention regarding the publicity programme so that the benefits of the awareness scheme could reach them.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

Comments of the Committee

(Please see Para No.1.15 of Chapter I of the Report)

RECOMMENDATION (SL.NO. 5, PARA NO.4.12)

2.3 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.

REPLY OF GOVERNMENT

2.4 Adequate attention will be given to the rural, remote and North Eastern Regions.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

Comments of the Committee

(Please see Para No.1.15 of Chapter I of the Report)

RECOMMENDATION (SL.NO. 6, PARA NO.4.19)

2.5 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'.

REPLY OF GOVERNMENT

2.6 The Department of Consumer Affairs has regularly been taking up the matter at the highest levels viz. with the concerned Chief Secretaries/Administrators or Secretaries in-charge of Consumer Affairs to meet the pre-conditions under the scheme of 'Integrated Project on Consumer Protection' (IPCP) for release of grant for strengthening the infrastructure of Consumer Fora. However, in spite of this Department's best efforts, many of the States still did not meet the necessary conditions & therefore could not avail the benefits under the scheme of 'Integrated Project on Consumer Protection' (IPCP).

The scheme of 'Integrated Project on Consumer Protection' (IPCP) has since come to a close on 31.03.2008. The new scheme of 'Strengthening Consumer Fora' is to be formulated for appraisal/approval after the scheme of IPCP is got evaluated for which action has already been initiated. It is expected that all these States/UTs which could not avail grant under the scheme of IPCP would be able to do so under the new scheme.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 7, PARA NO.4.27)

2.7 The Committee regret to note that despite their recommendation made in Para 4.22 of their 19th 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.

REPLY OF GOVERNMENT

2.8 The views of the Standing Committee have been noted and all efforts are being taken to enable introduction of the Bill for amending the Consumer Protection Act at the earliest.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 9, PARA NO.4.51)

2.9 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.

REPLY OF GOVERNMENT

2.10 The concerns of the Committee have been conveyed to the States/UTs vide D.O. letter from Secretary (CA) addressed to the Chief Secretaries.

Apart from this, the Central Government in collaboration with the National Commission, conducted three Conferences on 17th -18th August, 2007, 14th -15th March, 2008 & 16th -17th August, 2008 respectively with the Presidents of the State Commissions and the Secretaries in-charge of Consumer Affairs in States/UTs. In these meetings, the working of consumer disputes redressal machinery was reviewed and ways & means were suggested to improve the working of Consumer Fora. In order to ensure that the Consumer Fora remain functional, the States/UTs were advised to take action well in advance for filling up the vacant posts of Presidents & Members and also to maintain a panel of the suitable candidates for immediate appointment so that Consumer Fora do not become non-functional due to vacancies. They were also advised to attach the

non-functional Forum with the neighbouring functional Forum or depute the other President or Members to such Forum so that it functions till regular arrangements are made.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 10, PARA NO.4.52)

2.11 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.

REPLY OF GOVERNMENT

2.12 The concerns of the Committee have been conveyed to the States/UTs vide D.O. letter No. 5(3)/2008-CPU dated 23.05.2008 from Secretary (CA) addressed to the Chief Secretaries.

Apart from this, the Central Government in collaboration with the National Commission, conducted three Conferences on 17th -18th August, 2007, 14th -15th March, 2008 & 16th -17th August, 2008 respectively with the Presidents of the State Commissions and the Secretaries in-charge of Consumer Affairs in States/UTs. In these meetings, the working of consumer disputes redressal machinery was reviewed and ways & means were suggested to improve the working of Consumer Fora. The States/UTs were advised to take action well in advance for filling up the vacant posts of Presidents & Members and also to maintain a panel of the suitable candidates for immediate appointment. They were also advised to attach the non-functional Forum with the neighbouring functional Forum or depute the other President or Members to such Forum so that it functions till regular arrangements are made.

Training programmes for Presidents and Members of District Fora & Members of State Commission are being organized regularly every year through IIPA under the guidance of NCDRC. So far, 1444 persons have been trained in 59 training programmes.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 11, PARA NO.4.53)

2.13 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.

REPLY OF GOVERNMENT

2.14 The concerns of the Committee have been conveyed to the States/UTs vide D.O. letter No. 5(3)/2008-CPU dated 23.05.2008 from Secretary (CA) addressed to the Chief Secretaries. During periodical meetings held by this Department with the Secretaries in-charge of Consumer Affairs in States/UTs to review working of Consumer Fora and progress of Consumer Protection measures, the States/UTs have been advised to take remedial action for improvement in the performance of disposal of pending cases. Quarterly & Monthly Progress Reports are also called for from all States/UTs & remedial measures for improving their performance suggested after analyzing these reports.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 13, PARA NO.4.62)

2.15 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.

REPLY OF GOVERNMENT

2.16 The advice of the Committee has been noted for compliance. On 16th June 2008, this was reviewed with State Secretaries and they were requested to start Consumer Welfare Fund in their States where they have not done so, so far.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

Comments of the Committee
(Please see Para No.1.21 of Chapter I of the Report)

RECOMMENDATION (SL.NO. 14, PARA NO.4.63)

2.17 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.

REPLY OF GOVERNMENT

2.18 The directions/advice of the committee have been noted. In order to keep a check on the misuse of funds by the grantee institutions particularly VCOs/NGOs, concerned State Govt./UT Admn. are asked to send their comments/recommendations on the basis of antecedents/bonafides and also the past activities of the applicant organisation with project sustaining capability during post grant period of the VCO/NGO.

Regarding blacklisting/recovery with penal interest of grant from defaulting VCOs/NGOs who have not been settling accounts of the grant released earlier, the State Govt./UT Administration have been requested to take action against such organizations at the earliest.

Intensive efforts have been made by the Department to recover funds, as a result of which 10 UCs for an amount of Rs. 18,88,700/- were recovered in the last one year.

While providing funds to VCOs procedure of obtaining views of States/UTs regarding credibility and capacity is being followed

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 16, PARA NO.5.34)

2.19 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 1st 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.

REPLY OF GOVERNMENT

2.20 To enable the State Governments/UT Administrations to continue to take effective action for undertaking de-hoarding operations under the Essential Commodities Act,1955, the price situation was further reviewed by the Government and it was decided with the approval of the Cabinet to further impose similar restrictions in addition to wheat and pulses with respect to edible oils, edible oilseeds and rice for a period of one year vide Central Order dated 07.04.2008, so as to tackle the rising trend of prices as well as availability of these commodities to the common people. Further it has been decided by the Cabinet in its meeting on 21.08.2008 that similar restriction may be imposed by keeping in abeyance some provisions of the Central Order dated 15.02.2002 for a period upto 30.04.2009 with respect to Paddy, so as to tackle the rising trend of prices as well as availability of these commodities to the common people. An Order dated 27.08.2008 has been published in Gazette of India to this effect.

2. Upto 26th September, 2008 only 17 State Governments/UTs have either issued stock limits for all the five items or wheat and pulses only or have issued only licensing requirements/ stock declaration (of these 17, 12 States/UTs have actually issued stock limit Orders/ in the process of issuing. 5 States/UTs have issued licensing requirements/stock declarations). 7 States are considering to issue stock limit orders. 7 States/UTs have decided not to issue stock limit orders. The remaining 4 States/UTs have not responded at all.

3. While forwarding the recommendations of the Committee contained in its 19th Report on Demand for Grants (2007-08), Department of Consumer

Affairs, have communicated to the State Governments/UTs vide Secretary (Consumer Affairs)'s d.o. letter No.10(3)/2007-ECR&E dated 14.06.2007 for taking necessary action to fix stock limits for wheat and pulses and to strengthen their enforcement machinery to prevent malpractices in essential commodities and take necessary action against the unscrupulous persons indulging in hoarding and black-marketing of essential commodities. Such actions on the part of State Governments would enable controlling price rise in essential commodities.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 17, PARA NO.5.35)

2.21 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.

REPLY OF GOVERNMENT

2.22 The State Govts./UTs in accordance with the powers delegated to them by the Central Govt. action under the Essential Commodities Act, 1955 and Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 are empowered to take action to conduct raids, arrests and institution of cases, etc. against unscrupulous persons indulging in malpractices in essential commodities.

2. In order to ensure that the State Govts./UTs are taking adequate action to prevent malpractices in essential commodities, the Central Govt. had devised monthly reporting system long back and also prescribed two different formats viz.

one for reporting action taken under the Essential Commodities Act, 1955 and other for the action taken under the Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980. Regular follow up action to obtain the “monthly action reports” from the State Govts./UTs are carried out by the Central Government. In this connection it may be mentioned that despite regular reminders, some State Govts. either do not respond at all or continue to furnish monthly reports in an irregular manner. The matter was also taken up at high levels with the State Govts./UTs vide D.O.letter No.13/1/2003-ECR&E dated 20.10.2003 from Additional Secretary (Consumer Affairs). Directions are given to States/UTs from time to time to take necessary actions under both the Acts to prevent hoarding and smuggling. Secretary (Consumer Affairs) has earlier vide his d.o. letter dt. 14.06.2007 written to Chief Secretaries of all States/UTs, advising them to strengthen the enforcement machinery to prevent mal-practices in essential commodities and take necessary action against the unscrupulous persons indulging in hoarding and blackmarketing of essential commodities and also to send regularly monthly reports on the action taken by them under the aforesaid two Acts.

3. Conferences with the Secretaries of Consumer Affairs, Food & Civil Supplies Departments of all States/UTs are also held by this Department periodically in which all the State Governments/UT Administrations are emphasized upon to take necessary action under the provisions of these two Acts to check hoardings, smugglings etc. of essential commodities by unscrupulous traders/persons. During the last two years, such Conferences with State Secretaries were held on 25.8.2006, 19.1.2007 and 16.06.2008.

4. Further, periodical video conferences are also arranged with States/UTs under the chairpersonship of Additional Secretary (Consumer Affairs) wherein the need for taking effective action under these two Acts by the States/UTs is reiterated. So far seven such video conferences have been held between May, 2006 and May, 2007.

5. It is also mentioned that the recommendations of the Committee contained in its 24th Report on Demand for Grants (2008-09), have already been communicated to the State Governments/UTs vide Secretary (Consumer Affairs)'s d.o. letter No.2/1/2008-ECR&E dated 16.06.2008 for taking immediate action to check price rise in essential commodities and keep this Department posted with the action taken by them. For this purpose this Department has asked all state Governments/UT Administrations to submit monthly reports indicating the action taken under the provisions of these two Acts.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 18, PARA NO.5.36)

2.23 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.

REPLY OF GOVERNMENT

2.24 The enforcement of the Essential Commodities Act, 1955 lies with the State Governments/ Union Territories. The State Governments/UT Administrations have been delegated powers to take necessary action under the provisions of both "The Essential Commodities Act, 1955" and "The Prevention of Blackmarketing of Essential Commodities Act, 1980", to prevent mal-practices in essential commodities. Besides, Central Government is also regularly monitoring actions being taken by various States/UTs under the aforementioned two Acts.

2. Directions have been given to States/UTs from time to time to take necessary actions under both the Acts to prevent hoarding and smuggling. Secretary (Consumer Affairs) has also vide his d.o. letter dt. 14.06.2007 advised Chief Secretaries of all States/UTs, to strengthen the enforcement machinery to prevent mal practices in essential commodities and take necessary action against the unscrupulous persons indulging in hoarding and blackmarketing of essential commodities.

3. For this purpose this Department has asked all State Governments/UT Administrations to submit monthly reports to the Central Government (this Department) indicating the action taken under the provisions of these two Acts. Conferences with the Secretaries of Consumer Affairs, Food & Civil Supplies Departments of all States/UTs are held by this Department periodically in which all the State Governments/UT Administrations are emphasized upon to take necessary actions under the provisions of these two Acts to check hoardings, smugglings etc. of essential commodities by unscrupulous traders/persons. Another meeting with State Secretaries has been held on 16th June, 2008 in which it has been emphasized upon them to take all necessary measures to prevent hoarding and blackmarketing which lead to non-availability of essential commodities coupled with rise in prices. Further, periodical video conferences are also arranged with States/UTs under the chairpersonship of Additional Secretary (Consumer Affairs) wherein the need for taking effective action under these two Acts by the States/UTs is reiterated. So far seven such video conferences have been held between May, 2006 and May, 2008. This was taken

up in the recently held Chief Secretaries conference under the chairmanship of Cabinet Secretary on 22.04.2008.

4. It is also mentioned that the recommendations of the Committee contained in its 24th Report on Demands for Grants (2008-09) of Department of Consumer Affairs, have already been communicated to the State Governments/UTs vide Secretary (Consumer Affairs)'s d.o. letter No.2/1/2008-ECR&E dated 16.06.2008 for taking immediate action to check price rise in essential commodities and keep this Department posted with the action taken by them. For this purpose this Department has asked all State Governments/UT Administrations to submit monthly reports indicating the action taken under the provisions of these two Acts.

5. Because of the regular interaction with the State Governments, State Government of Andhra Pradesh have taken action against unscrupulous persons and reported 3 cases of detention under the Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980. The number of detention reports received from various State Governments during the current year 2008 (Upto 26th September, 2008) is as given below:

S.No.	Name of the State Govt.	During 2008 (January to 26th September,2008)
1.	Gujarat	13
2.	Tamil Nadu	89
3.	Maharashtra	-
4.	Madhya Pradesh	-
5.	Andhra Pradesh	03
	TOTAL:	105

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)

O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

Comments of the Committee

(Please see Para No.1.24 of Chapter I of the Report)

RECOMMENDATION (SL.NO. 22, PARA NO. 6.10)

2.25 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 AGMARKNET 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.

REPLY OF GOVERNMENT

2.26 The price dissemination project is proposed to be implemented through AGMARKNET and Rural Post Offices in the first phase. The location of the price ticker board has been decided on the basis of availability of infrastructural capacity of the proposed sites to host the price ticker board. Thus, in the first phase, the price ticker boards are proposed to be installed in 1000 APMCs, identified under the AGMARKNET. These APMCs are spread over EIGHTEEN States. The price ticker boards are also proposed to be placed in 300 rural post offices identified by the Postal Department based on the IT capability of these locations. These post offices are spread over 9 States. FMC would endeavour to ensure that the project is extended to all the States during the XIth Plan.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 26, PARA NO. 8.5)

2.27 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.

REPLY OF GOVERNMENT

2.28 The supply of equipments by DGS & D has since improved and is meeting the target, set by the Department. The expenditure progress is monitored on a

regular basis. Since the progress has been good, the scheme is being expended beyond the budgetary provision.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 27, PARA NO.8.6)

2.29 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.

REPLY OF GOVERNMENT

2.30 The Legal Metrology Bill, 2008 integrating the provisions of the existing 2 Acts on Weights and Measures and incorporating the recommendations of Parliamentary Standing Committee on Food, Consumer Affairs and Public Distribution as confirmed in the Xth Report, including the unification of the 2 Acts into single Act has since been introduced in the Rajya Sabha on 24th October, 2008.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

CHAPTER-III

OBSERVATIONS/ RECOMMENDATIONS, WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

RECOMMENDATION (SL.NO. 15, PARA NO.5.33)

3.1 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.

REPLY OF GOVERNMENT

3.2 (i) The situation of prices of essential commodities is regularly monitored by the High Level Meetings such as Committee of Secretaries (COS), Cabinet Committee on Prices (CCP) and the Cabinet Committee on Economic Affairs (CCEA), notes of which are prepared and circulated by the PMC (Price Monitoring Cell) on the basis of information/ suggestion/comments/inputs collected from different Ministries/Departments. Policy measures whether short term, medium term or long term to increase production, productivity of agricultural commodities come under the purview of the concerned Departments.

(ii) It is not possible to insulate the prices in the country from international price fluctuations since India is not self-sufficient in some of the essential commodities like edible oils and pulses. Import dependence on POL also make India susceptible to price rise in international market. In this context, Government has been taking a series of measures to protect the vulnerable sections of society from the impact of global price rise. Due to these measures, even when prices were spiraling in the world market, domestic prices did not rise much. For example, The FOB prices for rice for Pakistan rose from \$275 per tonne to \$820 per tonne (198%) on 03.05.08 as compared to last year. Similarly, for Vietnam it rose from US\$ 290 per tonne to US\$ 602 per tonne (108%) and for Thailand from US\$ 306 per tonne to US\$ 602 per tonne (97%) over the same period. World prices of wheat reflected in the Chicago Board of Trade rose over the year, from US\$ 172 to \$292 per tonne (100%) (as on 2.5.08). It had touched \$438 on 14.3.2008. However, the domestic price of rice has increased by 20% over the year, while that of wheat, by only 8.33%. The international prices of edible oils have increased between 60.71 (Crude Palm oil) to 80.64 (soya oil) to about 48.955% (sunflower oil) as on 05.05.08. During the last one year, prices of soyabean oil, mustard oil, sunflower oil, RBD Palmolein and vanaspati in the domestic market increased by 15.51%, 21.15%, 19.54%, 17.72% and 13.04% respectively (as of 05.05.2008).

iii) In the recent past the overall level of inflation has come down and it is now less than 9% (as on 8.11.2008).

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 20, PARA NO.5.38)

3.3 The Standing Committee had examined the Forward Contracts (Regulation) Amendment Bill, 2006 and presented their Seventeenth Report to Parliament on 19th 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.

REPLY OF GOVERNMENT

3.4 The Expert Committee set up by the Government under the Chairmanship of Professor Abhijit Sen to study , inter-alia, the extent of impact, if any, of futures trading on wholesale and retail prices of agricultural commodities submitted its Report to the Government on 29.05.2008. The Expert Committee set up by the Government has analyzed the daily, weekly and monthly data on price volatility (spot price). The analysis made by the Expert Committee led it to conclude as follows:

“Given these conflicting results from daily as against weekly and monthly data, no strong conclusion can be drawn on whether introduction of futures trade is associated with decrease or increase in spot price volatility”

The Expert Committee also analyzed annual growth rate in prices of sensitive commodities (food grains and sugar) in pre-future period and post future period and concluded that although inflation clearly increased post-futures in some sensitive commodities that have higher weight in consumer price indices, it is not possible to make any general claim that inflation accelerated more in commodities with futures trading.

In view of observations of the Expert Committee, the Government has not agreed to the recommendation of the Standing Committee. However, as a matter of abundant caution the Government has suspended futures trading in eight commodities namely, tur and urad w.e.f. 23.1.2007, wheat and rice w.e.f. 27.2.2007 and rubber, soy oil, chana and potato w.e.f. 7.05.2008.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 23, PARA NO.7.14)

3.5 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.

REPLY OF GOVERNMENT

3.6 It is clarified that the Scheme on Gold Hallmarking was approved during the Xth Five Year Plan period. The funds allocated for the Scheme during 2007-08 was only Rs.4.00 crores (and not Rs.16.00 crores as inadvertently indicated in this para) out of the total XIth plan outlay of Rs. 10.5 crore for it. Against this allocation, an amount of Rs.1.00 crore was utilised during that year. Inadequate utilisation of funds was mainly due to lack of response from entrepreneurs to set up Hallmarking & Assaying Centres under the scheme. The Scheme also includes provision for training of artisans, personnel of Hallmarking & Assaying Centres and BIS officers. Two programmes for artisans have already been conducted out of a total of 15 programmes planned for them. Programmes for the other categories would also be taken up shortly.

The Scheme for setting up of Gold Hallmarking & Assaying Centres with central assistance was introduced with a view to provide incentive to entrepreneurs for creation of adequate infrastructure facilities in different parts of the country, particularly in remote and backward areas, in view of Government's intention to bring gold jewellery under compulsory certification in a phased manner. Under the scheme, financial incentive of 15% of the cost of machinery and equipment required for setting up of the Centres, subject to a maximum of Rs.15 lakhs (30% of cost of machinery and equipment subject to maximum of Rs.30 lakhs in North-Eastern Region and special category states of Himachal Pradesh, Jammu & Kashmir and Uttarakhand) is extended. Subject to availability of applicants, priority is given for setting up of the Centres in locations where such Centres do not exist. Assistance under the Scheme is released directly to the beneficiaries and not through States/UT Govts. The Scheme however has not been popular, apparently since such Centres may not be viable in the States and cities which are not major gold consuming/producing centres. As suggested by the Planning Commission, an evaluation study is being undertaken to assess the effectiveness or otherwise of the Scheme, the reasons

for lack of interest of entrepreneurs to avail the assistance under the Scheme, suggest measures for its more effective implementation, etc. and based on the findings of the study, suitable modifications may be considered at a later stage.

It may be mentioned here that BIS has been operating a Hallmarking Scheme since the Xth Five Year Plan period under which Hallmarking & Assaying Centres for gold and silver jewellery are set up by organisations in private or public sector and authorisation for hallmarking is given to them subject to their meeting the conditions laid down by BIS. As on 30.9.2008.117 such Hallmarking & Assaying Centres were functioning in 16 States and Union Territories in the country. Against the XI plan target of 50 such Centres, 19 have already been set up and recognized by BIS. The Gold Hallmarking Scheme with central financial assistance was introduced to give a further boost to that Scheme.

As per the World Gold Council data, offtake of gold in the 7 major consuming States of Tamil Nadu, Kerala, Karnataka, Andhra Pradesh, Maharashtra, Gujarat & Delhi constitute about 67% of the total gold offtake and 88% of gold jewellery is produced in 67 cities in the country with only the remaining 12% being produced in all other towns, villages and backward areas put together. As such the requirement of Hallmarking & Assaying Centres is more in those major consuming/producing centres and accordingly more such Centres have come there. Apparently the insignificant quantum of jewellery being produced in small towns, villages and backward/remote areas is the reason for lack of response from entrepreneurs to set up such Centres in these areas where they may not be viable. Majority of jewellers in the rural/remote areas are not manufacturers but only retailers who purchase jewellery items from the cities. Since the cities that produce major part of the jewellery are already having a number of Hallmarking & Assaying Centres, consumers in the villages/remote areas are also beneficiaries of hallmarking.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

CHAPTER-IV

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

RECOMMENDATION (SL.NO. 1, PARA NO.3.13)

4.1 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 17th 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 17th 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.

REPLY OF GOVERNMENT

4.2 Recommendations of the Committee have been noted for compliance. Secretary(CA) is taking regular meetings of Divisional Heads with the objective that the scheme are evaluated without any delay and expenditure of the schemes is incurred as per targets. As a result the expenditure in 2008-09 is better than the expenditure in 2007-08. Last year upto 30.9.2007, the Plan expenditure was Rs. 10.31 crores, where in the current year the Plan expenditure was Rs.68.49 crores is on 30.9.2008.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 2, PARA NO.3.14)

4.3 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 1st Quarter, Rs.4.08 crore in the 2nd Quarter, Rs. 16.05 crore in 3rd Quarter and Rs. 60.16 crore (up to 17th 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.

REPLY OF GOVERNMENT

4.4 Secretary(CA) reviews the progress of plan expenditure regularly with a view to ensure that the expenditure is incurred proportionately through out the year as far as possible.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

Comments of the Committee

(Please see Para No.1.10 of Chapter I of the Report)

RECOMMENDATION (SL.NO. 12, PARA NO.4.54)

4.5 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.

REPLY OF GOVERNMENT

4.6 The concerns of the Committee have been conveyed to the States/UTs vide D.O. letter No. 5(3)/2008-CPU dated 23.05.2008 from Secretary (CA) addressed to the Chief Secretaries. This will be followed up with the State Governments in future also.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

Comments of the Committee

(Please see Para No.1.18 of Chapter I of the Report)

RECOMMENDATION (SL.NO.21 PARA NO. 6.9)

4.7 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 sum 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 remain unutilized in financial year.

REPLY OF GOVERNMENT

4.8 As considerable ground work (like discussions with AGMARK, NIC, State Governments, finalisation of technical specifications of the ticker board, identification of the mandis, etc.) was involved in case of the price dissemination project, it took some time to complete these works.

Since sufficient ground work has already been done, the project would pick up pace during 2008-09. The shifting to a new office requires availability of a suitable office premises. A premise was identified during 2007-08. However, the owners of the property did not rent it on the valuation done by the CPWD. Fresh efforts would be initiated in the current financial year for identification of suitable premises. Fresh Technical and financial bids have already been invited by FMC through advertisements in the current financial year. The short listed properties will be sent to CPWD for valuation. However, it may be mentioned that FMC is facing difficulties in hiring premises due to rents quoted by the owners being much higher than the valuation done by CPWD.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

Comments of the Committee
(Please see Para No.1.27 of Chapter I of the Report)

CHAPTER-V

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

RECOMMENDATION (SL.NO. 3, PARA NO.3.15)

5.1 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.

REPLY OF GOVERNMENT

5.2 As the XI Plan final allocation has been finalise, this would be taken up with the Planning Commission at the time of Mid Year Review, if it is found necessary to ask for additional allocation.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 8 PARA NO.4.36)

5.3 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.

REPLY OF GOVERNMENT

5.4 So far, National Commission, 34 State Commissions and 593 District Fora have been supplied the required computer systems with peripherals and software. Out of these 628 locations, computer systems have been installed in 528 District Fora and 33 State Commissions. The concerned State Governments are being requested regularly to give their full cooperation in implementation and timely completion of the project & to provide the necessary location/infrastructure to NIC for installation of computer hardware for the purpose. Simultaneously, the Government is also processing for getting the evaluation of the performance of the implementation of the scheme so far.

Efforts are also being made for early finalization of proposals for amendments to the Consumer Protection Act and for introduction of the Bill in the Parliament.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 19, PARA NO. 5.37)

5.5 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.

REPLY OF GOVERNMENT

5.6 The recommendations of the Committee contained in its 24th Report on Demands for Grants (2008-09) of Department of Consumer Affairs, have already been communicated to the State Governments/UTs vide Secretary (Consumer Affairs)'s d.o. letter No.2/1/2008-ECR&E dated 16.06.2008 . They have been requested to send their views on the recommendation made by the Committee in para 5.37 whether there is any lacunae in the Essential Commodities Act due to which most of the unscrupulous person go scot free despite serious offences. Some of the States have furnished their views. The response from other States/UTs are awaited. However, as directed by the Committee, a report is being submitted to the Committee separately.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 24, PARA NO.7.15)

5.7 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 scheme 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.

REPLY OF GOVERNMENT

5.8 The survey referred to in this paragraph was carried out in 2006 on non-hallmarked gold jewellery not coming within the purview of BIS Hallmarking Scheme and 146 out of 162 samples collected from 16 cities were found to be failing in purity. Another survey was proposed to be conducted, covering both hallmarked and non-hallmarked gold jewellery in some more centres including semi urban and rural areas. The proposal has however been kept in abeyance pending completion of an evaluation study of the existing Gold Hallmarking Scheme.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

RECOMMENDATION (SL.NO. 25, PARA NO.7.16)

5.9 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.

REPLY OF GOVERNMENT

6.0 It was proposed to bring hallmarking of gold jewellery under mandatory certification w.e.f 1st January, 2008 in a phased manner – in the four metro cities of Delhi, Mumbai, Kolkata and Chennai in the first phase and in the rest of the country later, based on the experience gained in the four metros. The Scheme however could not be introduced so far as the enabling legislative framework for its implementation under the Bureau of Indian Standards Act is actively being pursued. A draft Bill for amendment of the Act is presently under consideration of The Ministry of Law (Legislative Department). Necessary legislation would be brought before Parliament after approval of the competent authority.

[Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
O.M. No. G11027/8/2008-P&C Dated 4.12.2008]

NEW DELHI;
16February, 2009
27Magha, 1930 (Saka)

DEVENDER PRASAD YADAV,
Chairman
Standing Committee on Food,
Consumer Affairs and Public Distribution.

APPENDIX I

**Minutes of the Fourteenth sitting of the Standing Committee on Food,
Consumer Affairs and Public Distribution held on Friday, the 16th January,
2009.**

**The Committee sat from 1130 hrs. to 1200 hrs. in Committee Room
'C', Parliament House Annexe, New Delhi**

PRESENT

Shri Devendra Prasad Yadav - Chairman

MEMBERS

LOK SABHA

2. Shri Atma Singh Gill
3. Shri Sadashivrao Dadoba Mandlik
4. Shri Harikewal Prasad
5. Shri Munshi Ram
6. Shri Francisco Cosme Sardinha
7. Shri Daroga Prasad Saroj
8. Smt. Adv. P. Satheedevi

RAJYA SABHA

9. Smt. Mohsina Kidwai
10. Shri Shantaram Laxman Naik
11. Shri Kanjhibhai Patel
12. Shri Matilal Sarkar
13. Shri Rajniti Prasad
14. Shri Mangala Kisan
15. Shri Parshottam Khodabhai Rupala

SECRETARIAT

1. Shri A.K. Singh - Joint Secretary (AK)
2. Smt. Veena Sharma - Director
2. Shri B. S. Dahiya - Deputy Secretary-I
3. Shri Jagdish Prasad - Deputy Secretary-II

At the outset Hon'ble Chairman welcomed the Members to the sitting of the Committee. The Committee then took up for consideration the draft report on Action Taken by the Government on observations/recommendations contained in the Twenty-fourth Report (14th Lok Sabha) of the Standing Committee on Food, Consumer Affairs and Public Distribution on Demands for Grants (2008-09) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) and adopted the same with slight modifications.

2. The Committee then authorized the Chairman to finalise the aforesaid report and present the same to the Parliament in the ensuing Session of Parliament.

The Committee then adjourned.

APPENDIX II

(Vide Introduction of the Report)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWENTY FOURTH REPORT OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (FOURTEENTH LOK SABHA)

(i)	Total Number of Recommendations	27
(ii)	Recommendations/observations which have been accepted by the Government: Recommendation Nos. 4, 5, 6, 7, 9, 10, 11, 13, 14, 16, 17, 18, 22, 26 and 27. Total	15
	Percentage	56
(iii)	Recommendations/observations which the Committee do not desire to pursue in view of the replies received from the Government: Recommendation Nos. 15, 20 and 23 Total	3
	Percentage	11
(iv)	Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: Recommendation Nos. 1, 2, 12 and 21 Total	4
	Percentage	15
(v)	Recommendations/observations in respect of which the replies of the Government are still awaited. Recommendation No. 3, 8, 19, 24 and 25 Total	5
	Percentage	18