

STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION
(2004-2005)

FOURTEENTH LOK SABHA

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

{Action Taken by the Government on the recommendations/observations contained in the
Second Report of the Committee on Demands for Grants (2004-2005). of the Ministry of Food,
Consumer Affairs and Public Distribution (Department of Consumer Affairs.)}

FIFTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI

April, 2005 /Vaisakha, 1927 (Saka)

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Presented to Lok Sabha on 27.4.2005

Laid in Rajya Sabha on 27.4.2005



LOK SABHA SECRETARIAT
NEW DELHI

April, 2005 / Vaisakha, 1927 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION – 2004-05**

Shri Devendra Prasad Yadav - Chairman

**MEMBERS
LOK SABHA**

2. Shri A.P. Abdullakutty
3. Shri Suresh Angadi
4. Shri Ranen Barman
5. Shri Alakesh Dass
6. Shri Tukaram Gadakh
7. Shri Atma Singh Gill
8. Shri Govinda
9. Shri Abdul Mannan Hossain
10. Shri Jaiprakash*
11. Shri Baliram Kashyap
12. Shri Avinash Rai Khanna
13. Shri Parsuram Majhi
14. Shri Zora Singh Mann
15. Shri K.P. Naidu
16. Shri Hari Kewal Prasad
17. Smt. Daggubati Purandareswari
18. Shri Ajit Kumar Singh
19. Shri Chandrabhan Singh
20. Shri Ramakant Yadav
21. Shri Harish Nagpal

RAJYA SABHA

22. Shri Santosh Bagrodia**
23. Shri T.S. Bajwa
24. Shri Palden Tsering Gyamtso
25. Shri Narayan Singh Kesri
26. Shri Lalitbhai Mehta
27. Smt. Bimba Raikar
28. Shri Nabam Rebia
29. Shri Thanga Tamil Selvan
30. Shri Vikram Verma
31. Shri Vijay Singh Yadav

SECRETARIAT

1. Shri P.D.T. Achary - Secretary
2. Dr. (Smt.) Paramjit Kaur Sandhu - Joint Secretary
3. Shri R.S. Kambo - Deputy Secretary
4. Shri B.S. Dahiya - Under Secretary
5. Shri Jagdish Prasad - Assistant Director

* Nominated to the Committee w.e.f. 19th April, 2005 *vide* Bulletin Part II (Lok Sabha) No. 1116 dated 19th April, 2005.

** Nominated to the Committee w.e.f 24th April, 2005 *vide* Bulletin Part II (Rajya Sabha) No. 42642 dated 25th April 2005.

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2004-2005) having been authorised by the Committee to submit the Report on their behalf, present this Fifth Report on Action Taken by the Government on the recommendations/observations contained in the Second Report of the Committee (Fourteenth Lok Sabha) on Demands for Grants (2004-2005) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

2. The Second Report was presented to Lok Sabha and laid in Rajya Sabha on 25th August, 2004. The Government have furnished their replies indicating Action Taken on the recommendations contained in the Report on 19th Novemebr,2004 . The Draft Report was considered and adopted by the Committee at their sitting held on 8th April, 2005.

3. An analysis of the action taken by the Government on Recommendations contained in the Report is given in Appendix II.

NEW DELHI
21st April, 2005
1 Vaisakha 1927 (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 Second Report (Fourteenth Lok Sabha) on “Demands for Grants (2004-2005)” pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

1.2 The Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 25th August, 2004. It contains 13 recommendations/observations.

1.3 Action Taken Notes in respect of all the 13 observations/recommendations contained in the Report have been received and categorized as follows:

- (i) Recommendations/observations which have been accepted by the Government:
Recommendations Nos. 1, 4, 5, 6, 7, 12 and 13
(Chapter –II, Total 7)
- (ii) Recommendations/observations which the Committee do not desire to pursue in view of the Government’s replies:
Recommendations Nos. 3, 8 and 11
(Chapter – III, Total 3)
- (iii) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee:
Recommendations Nos. 2, and 10
(Chapter – IV, Total 2)
- (iv) Recommendations/observations in respect of which replies of the Government are still awaited.
Recommendation No. 9
(Chapter – V Total 1)

1.4 The Committee desire that the final replies in respect of the Observations/Recommendations for which only interim replies have been received from the Government should be furnished to the Committee expeditiously.

1.5 The Committee strongly emphasize that utmost importance should be given to the implementation of Observations/Recommendations accepted by the Government. In cases where it is not possible for the Government to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee in time with reasons for non-implementation.

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

A. Allocation of Funds for Consumer Awareness

(Recommendation Sl. No. 2 Paragraph No. 2.21)

1.7 Expressing their concern over meagre allocation by Planning Commission for consumer protection programmes and plans, the Committee had recommended that Planning Commission should reconsider their decision of reducing the budgetary allocation for the Tenth Plan and instead step up allocation for the purpose.

1.8 The Department of Consumer Affairs in their Action Taken Reply inter-alia stated that they have been making all out efforts for enhancement of the budget provisions during 10th Plan period as well as for the financial year 2004-05 also by bringing the concerns expressed by the Standing Committee. However, Dy. Chairman, Planning Commission while appreciating the important responsibilities the Department has to shoulder, has expressed inability to provide any extra funds due to other pressing demands. The observations and recommendations of the Standing Committee are being brought to the notice of the Deputy Chairman, Planning Commission by Hon'ble Minister for Consumer Affairs, Food and Public Distribution (file under submission) to facilitate the allocation of funds as sought since the current allocation is grossly inadequate to undertake any meaningful/workable programme, to enable the Department to proceed with programmes on consumer protection during rest of the years of 10th Plan Period.

1.9 The Planning Commission, while agreeing with the important responsibilities entrusted to the Department of Consumer Affairs, stated that it was at the initiative of the Planning Commission that a National Action Plan and Strategy for Consumer Awareness, Redressal and Enforcement was drafted. Tenth Five Year Plan outlay for the Department has been approved at Rs. 55 crores. Because of other pressing high priority competing demands on limited GBS made available to the Planning Commission, it has not been possible to step up the level of Plan support during the subsequent Annual Plans. However, Planning Commission has suggested to the Department to explore alternative for funding the activities of the Department of Consumer Affairs as part of the Mid Term Appraisal of the Tenth Five Year Plan.

1.10 The Committee regret to note the plea of the Planning Commission that because of other pressing high priority competing demands on limited GBS, it has not been possible to step up the level of Plan support during the subsequent Annual Plans. The Committee feel that while on one hand, the Planning Commission has identified Consumer Protection as a thrust area and on the other, it has not been able to fulfill its commitment to provide adequate funds to meet the requirement of the Scheme. The Committee wonder that when the Department of Consumer Affairs is already starved of funds, how it can explore alternatives for funding its activities. The Committee feel that unless and until adequate infrastructure and manpower is provided to all District Fora and Publicity Programmes for Consumer Awareness, the Consumer Movement would remain on paper only. The Committee, while reiterating their earlier

recommendation, desire that Planning Commission should fulfill its commitment and provide adequate funds to enable the Department of Consumer Affairs to proceed with programme on Consumer Protection during the remaining part of the Tenth Five Year Plan.

B Levy of Court Fee on Small Consumers

(Recommendation Sl. No. 4 Para No. 2.23)

1.11 To relieve small consumers fee, the Committee recommended that the Court fee should be exempted from consumers having a pecuniary limit of Rs. 1 to 20,000. All cases above this pecuniary limit be subjected to court fee as contemplated in the 2002 amendment carried cut in the Consumer Protection Act, 1986.

1.12 The Ministry in their Action Taken Reply have stated that the Department has considered this suggestion received from other quarters. It was felt that providing a blanket relaxation for all categories of consumers from payment of fee may not be desirable. Therefore, in consultation with Ministry of Finance and Ministry of Law, it is being considered to provide exemption of fee only for those consumers who are "Antyodaya Anna Yojana" cards holders living under Below Poverty Line for a claim valuing upto Rs. 1.00 lakh.

1.13 The Committee note that Government propose to exempt levying of fee only for those consumers who are "Antyodaya Anna Yojana" card holders living under Below Poverty Line for a claim valuing upto Rs. 1.00 lakh. The Committee are of the view that since a large number of beneficiaries of Antyodaya Anna Yojana live in rural areas only, a large number of urban small consumers will be deprived of this concession. The Committee, accordingly, reiterate their earlier recommendation and desire that all consumers whose claim does not exceed Rs. 20,000 should be exempted from the provision of court fee.

C. Search and Seizures by BIS

(Recommendation Sl. No. 10 Paragraph No. 4.12)

1.14 Taking serious note of the misuse of ISI mark and also conviction rate, the Committee recommended that Enforcement Department of BIS should be activated and adequate number of officers appointed in the regions and branch offices of BIS so as to prevent the misuse of ISI mark. The Committee also desired that market surveys, visits to exhibitions, interactions with industry and trade associations, feed back from BIS licencees and other sources be stepped up in the interest of the consumers.

1.15 The Ministry in their Action Taken Reply have stated that the activity of Search and Seizure has shown marked improvement during the year 2003-04 as compared to the performance in the earlier years due to the initiative taken by the Government. Search and Seizure carried out during the year 2003-04 were 206 which are significantly higher than the number of such operations conducted

during earlier years. For the current year i.e. 2004-05 targets for search and seizure have been further raised to 250 on all India basis. All the Regional and Branch offices of BIS are working in this direction to achieve prescribed target. The activity is being undertaken on proactive basis and covers visits to markets/exhibitions, feedback from industry/trade association and BIS licensees in addition to complaints received. Co-coordinators at the Regional/Branch Offices have been named for effectively and efficiently carrying out the enforcement activity amongst existing officers.

The cases against persons violating different provisions of BIS Act and rules framed thereunder including misuse of ISI Mark have to be filed within one year of detection. Hence, the cases against the violations detected during the year 2003-04 are still being filed in the court against violations are likely to further increase. During the current year 2004-05 upto 30.9.2004, 115 cases have been registered out of which criminal complaints have been filed in courts in 85 cases. One case has so far been decided in favour of BIS and the accused has been convicted.

1.16 The Committee are not satisfied with action taken by the Government to prevent misuse of ISI mark. The Committee are concerned to note that upto September 2004, 115 cases have been registered out of which criminal complaints have been filed in 85 cases and conviction was only in one case. The Committee feel that very few cases are being filed and the conviction rate is even lesser. The Committee are of the view that unless and until strict enforcement measures are carried out, the misuse of ISI mark will go unabated. The Committee apprehend that the reasons for low prosecution may be on account of the cases not being carefully examined and scrutinized by the legal department of BIS. The Committee, therefore, reiterate their earlier recommendation and desire that before filing a case in the court, it should be vetted in Legal Department of Regional Office and Branch Office and loopholes/infirmities etc. removed so that the cases are not dismissed in the Court of Law on flimsy grounds. The Committee would also like to be apprised of the position of pending 29 cases filed by BIS.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation
(Serial No: 1 Paragraph: 1.12)

The Committee find that the Actual Expenditure of Plan Schemes of the Department of Consumer Affairs during the years 2002-03, 2003-04 was Rs.7.14 and Rs.8.37 crores respectively. As such, the utilization of plan expenditure of the Department of Consumer Affairs which was 95% during the year 2002-03 dropped to 86% in the year 2003-04. The under-utilisation of funds is stated to be on the grounds of non-approval of construction of building of the National Consumer Disputes Redressal Commission (NCDRC) by the Planning Commission, delay in construction of National Test House at Jaipur and stoppage of work for the construction of Building of Regional Reference Standards Laboratory, Guwahati. In the opinion of the Committee, the reasons cited by the Department point towards the administrative slackness on the part of the Department of Consumer Affairs. The Committee have now been informed that the problems confronted in the construction of buildings have been resolved amicably. The Committee further find that the allocation for the year 2004-05 has been stepped up to Rs. 18.25 crores. The Committee strongly recommend that concrete and result oriented steps should be taken by the Government to ensure that the higher allocated funds during the financial year 2004-05 are fully utilized. For this, the projects and various activities proposed to be undertaken during the year should be closely monitored at the highest level in each quarter so that there is no slippage in the targets set forth for the purpose.

Reply of the Government

The Plan allocation, actual expenditure and percentage expenditure during 2002-03 and 2003-04 were as under: -

(Rs. In crore)

Year	BE	RE	Actual Expenditure	Percentage reference to BE	Expenditure with RE
2002-03	10.15	7.50	7.14	70.34	95.20
2003-04	9.67	9.67	8.37	86.56	86.56

It may be seen from above that the percentage expenditure during 2002-03 was higher when it was worked out with reference to RE 2002-03. The percentage expenditure with reference to BE 2002-03 during that year was 70.34%. This was due to reduction in Plan funds which was reduced from Rs. 10.15 crore in BE to Rs. 7.50 crore in RE.

During the year 2003-04, the Department constantly monitored the Plan expenditure as a result of which there was no reduction in plan funds during 2003-04. The percentage expenditure of 86.56% with reference to BE 2003-04 is higher than the percentage expenditure of 70.34% with reference to BE 2002-03.

The construction of NTH, Jaipur has been entrusted to the Central Public Works Department under the administrative control of Ministry of Urban Development and Poverty Alleviation. As per the report received from the Central Public Works Department, Jaipur against the authorized fund of Rs.30 lacs during the financial year 2002-03, the expenditure incurred was Rs.29,66,783/-. During the year 2003-04, fund to the tune of Rs.40 lacs was allocated to CPWD against which CPWD incurred in expenditure of Rs.14,97,687/-. However, constant liaison has been kept with the Central P.W.D at the regional level by the Scientist In charge, NTH, Jaipur and at the Headquarters level by NTH Administration, Kolkata for full utilization of the allocated fund and timely completion of the building. The pace of construction of RRSL Guwahati has also been stepped and is being closely monitored by the Department.

Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) O.M. No. G-11027/1/2004-P&C Dated 25th November, 2004

Recommendation
(Serial No. 4 Paragraph 2.23)

The Committee are also of the view that introduction of small Court fee goes against the spirit of inexpensive justice to the consumer. In this connection, the Committee recommend that Court fee should not be charged for cases having a pecuniary limit of Rs. 1 to 20,000. All cases above this pecuniary limit be subjected to court fee as contemplated in the 2002 amendment carried out in the Consumer Protection Act, 1986.

Reply of the Government

The Department has considered this suggestion and the suggestions received from other quarters. It was felt that providing a blanket relaxation for all categories of consumers from payment of fee may not be desirable. Therefore, in consultation with Ministry of Finance and Ministry of Law, it is being considered to provide exemption of fee only for those consumers who are "Antyodaya Anna Yojana" card holders living under Below Poverty Line for a claim valuing upto Rs. 1.00 lakh.

Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) O.M. No. G-11027/1/2004-P&C Dated 25th November, 2004.

Comments of the Committee

(Please see Para No. 1.13 of the Chapter I of the Report)

Recommendation
(Serial No. 5 Paragraph 2.24)

The Committee are concerned to note the ever increasing number of non-functional District Fora. Last year, the number of District Fora which were 36, have swelled to 53 this year. The Committee find that cases in a consumer redressal agency set up at National/State/ District levels are to be disposed of within a period of 90 days and 150 days, where laboratory test is to be undertaken. However, the cases have not been decided within the stipulated time period, as many of the Consumer Fora remained non-functional. It has been brought to the notice of the Committee that the main reasons for non-functional Fora, is the delay in filling up the vacant posts. With a view to streamlining the system, so that the Fora function even in the absence of the President, two important provisions have been incorporated in the recent amendment made to the Consumer Act, 1986, i.e., (i) Provision for senior most members to preside over the Consumer Forum in the absence of President for any reason; and (ii) Sitting Judge of the High Court to preside over the Selection Committee for selection of President and Members of the State Commission and District Fora, when State Commission President is absent for any reason. The Committee hope and trust that the recent amendments, would go a long way, in clearing the Consumer Court cases.

Reply of the Government

These observations are being brought to the notice of all the Chief Ministers of the States and Lt. Governors of Union Territories as well as to the President, National Consumer Disputes Redressal Commission by Hon'ble Minister for Consumer Affairs, Food and Public Distribution (file under submission) for their notice and appropriate action.

Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) O.M. No. G-11027/1/2004-P&C Dated 25th November, 2004

Recommendation
(Serial No. 6 Paragraph 2.25)

It has been brought to the notice of the Committee that out of 53 non-Functional Consumer Fora, 33 were in the State of Uttar Pradesh. The unanimous recommendation of the State Selection Committee, forwarding the names of suitable persons against vacancies, were turned down by the State Government. The State Selection Committee expressed their reservations and requested State Government to issue notification for appointing recommended persons. The Committee find that such unhealthy trends have also been noticed in the case of Punjab & Haryana where the State Governments have turned down the recommendations made by the State's Selection Committee. The Committee take a serious note of such incidents and recommend that in the

interest of Consumer Protection, the States should honour the recommendations made by the Selection Committee for appointment of Presidents and other Members of the Forums, the Committee hope and trust that Department of Consumer Affairs will bring to the notice of State Governments the views expressed by the Committee in this regard. The Committee also desire that Department Of Consumer Affairs should monitor the vacancy position in various Consumer Fora in the various States/UTs closely and impress upon the States/UTs to fill the same at the earliest.

Reply of the Government

These observations are being brought to the notice of all the Chief Ministers of the States and Lt. Governors of Union Territories as well as to the President, National Consumer Disputes Redressal Commission by the Hon'ble Minister for Consumer Affairs, Food and Public Distribution (File under submission) for their notice and appropriate action.

In so far as the vacancy position is concerned the department is already monitoring the same.

Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) O.M. No. G-11027/1/2004-P&C Dated 25th November, 2004.

Recommendation (Serial No. 7 _ Paragraph 2.26)

The Committee find that the publicity campaign launched by the Department of Consumer Affairs has not yielded the desired results, especially in the rural and other inaccessible areas, where exploitation of consumers is on the higher side. Although, a budget provision of 2.77 crore has been proposed in the year 2004-05, this seem to be inadequate, considering the difficult task which the Department has to undertake. Further, educating more than 100 crore people on various subjects of consumer interest which are being dealt with under different Ministries /Department is no doubt a gigantic task and thee same cannot be undertaken as a sustained national Budget. Even the Department of Consumer Affairs have proposed an allocation of Rs.2.00 crores during Tenth Plan for generating and strengthening consumer awareness in the country. The Committee have taken note of various steps taken by the Department to generate awareness about rights cannot be fructifies unless adequate budgetary support is provided to the Department .The Committee further recommend that the budgetary allocation for publicity measure should be enhanced considerably for protecting thee rights of consumers.”

Reply of the Government

The para was already replied at para No. 2.21

The observations and recommendations made by the Standing committee are being brought to the notice of the Deputy Chairman of

Planning Commission and request is being made to enhance the allocation of funds to enable the Department to proceed with the Consumer awareness programme during the rest of the years of 10th Plan period since the current allocation is inadequate for launching the aggressive consumer awareness campaign throughout the country.

Some of the important measures taken by the Central Government during the year 2004-05 to generate consumer awareness, within its limited budget are given as under; -

- “Jago Grahak Jago” weekly radio programme – Radio, being cheapest and having widest reach, a 15 minute weekly programme “Jago Grahak Jago” is being broadcasted through 70 stations in 20 regional languages. To make the programme popular, a prize of Rs.500/- per programme in every language, is given.
- Gyanvani Channel: The Department has provided programmes produced in the field of consumer protection for broadcasting through Gyanvani FM Radio Stations functioning under Indira Gandhi National Open University (IGNOU) for the benefit of Students.
- Radio Spots: The Department has produced 6 audio spots of 20 seconds duration on various consumer related issues such as M.R.P. (Maximum Retail Price) Short Measurement, Expiry date on medicine, adulteration, ISI mark, Redressal system and started broadcast from October 14th Onwards in All India Radio, Radio Mirchi and Radio City stations.
- Video programmes ‘Grahak dost’: A 12 episode Video programme namely, “Grahak Dost” of 30 minutes duration was produced by the Department in Hindi language which was telecast on Doordarshan. This programme is further made in 4 regional languages to spread the message of consumer awareness in remote areas. It has also been decided by the Department to provide copies of these entire programmes to the Field Publicity Units of Ministry of Information and Broadcasting for creating awareness particularly in rural areas.
- Video programmes for school: Department also prepared 4 video programme in Hindi each of 30 minutes duration specially targeting primary, upper –primary and secondary level student of school during the year and got it telecast through Doordarshan .The programme will be made available in CD to schools, consumer clubs in the school, State Governments and other concerned to involve the students in the consumer movement
- . Kissan Channel: The Department has decided to provide the copies of video programmes produced in the field of consumer protection for telecast through Kissan Channel functioning under Indira Gandhi Nation Open University (IGNOU) for the benefit of Farmers.

- Video Spots: The Department has produced 6 video spots of 20 seconds duration on various consumer related issues such as M.R.P. (Maximum Retail Price) Short Measurement, Expiry date on medicine, adulteration, damaged product, Redressal system and started the telecast from October 14th onwards through Doordarshan and also planning to telecast in private news channels.
- Quarterly Magazine “ Upabhokta Jagran”- Department is bringing out a bilingual quarterly magazine which is sent free of Cost to Voluntary consumer organization, State Consumer Protection Council (CCPC) members, State Governments and other concerned to disseminate consumer related information at the grass root level.
- Booklet on welfare scheme of the Ministry: Department has distributed booklet on welfare schemes of the Ministry in Hindi and English language up to block level for giving wide publicity and to enable the people to derive benefit from the schemes.
- Newspaper advertisements are being brought out on the occasion of National Consumer Day on 24th December and World Consumer Right Day on 15th March. Department is also considering to issue regular advertisements for creating awareness among the consumer during Dec. 2004 to March, 2005, i.e., between “National Consumer Day” and World Consumer Right Day”
- Repeated News Paper Advertisements: To educate the consumers about their rights and responsibilities, the Department has started publishing small advertisements repeatedly in leading dailies of Delhi and North Eastern Regions from 6th October 2004 onwards.

Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) O.M. No. G-11027/1/2004-P&C Dated 25th November, 2004

The Planning Commission, in their reply stated that the Planning Commission agree that the Department of Consumer Affairs is entrusted with very important responsibilities. In fact, it was at the initiative of the Planning Commission that a National Action Plan and strategy for Consumer Awareness, Redressal and Enforcement was drafted. Tenth Five Year Plan outlay for the Department has been approved at Rs. 55 crore. Because of other pressing high priority competing demands on limited GBS made available to the Planning Commission, it has not been possible to step up the level of plan support during the subsequent Annual Plans.

However, Planning Commission has suggested to the Department to explore alternatives for funding the activities of the Department of Consumer Affairs as part of the Mid-Term Appraisal of the Tenth Five Year Plan.

Planning Commission (I&M Division) M –13024/62/2/2004-I&M.

Recommendation
(Serial No. 12 Paragraph 5.8)

The Committee are happy to note that future trading is permitted and legalized in certain commodities notified by the Government with effect from 1st April, 2003. Now the commodity exchanges can trade in futures of any commodity. It will not only benefit the farmers by preventing distress sale of agriculture produce but also help stabilizing the prices of commodity in a market. Further it will also improve liquidity position in agriculture sector thereby benefiting farmers to a large extent. The Committee find that the farmers and growers may not directly participate in the future market. They benefit through the price signals emitted by futures markets. The futures market lead to the reduction in the amplitude of seasonal price variation and help the farmers in realizing somewhat better price at the time of harvest. This helps the farmer in planning cultivation in advance as well as to determine the kind of crop which he would prefer to raise by taking advantage of the advance information of the price and probably supply and demand of various commodities in advance. By providing the manufacturers and the bulk consumers, a mechanism for price risk, the futures market induces them to pay higher price to the producers, as the need to pass on price risk to farmers is obviated. The manufacturers are able to hedge their requirement of the raw material and also to hedge their finished products. This results in greater competition in the market and ensures viability of the manufacturing units.

Reply of the Government

The FMC has been impressing upon the Exchanges from time to time to disseminate future and spot prices of the commodities in which futures trade is organised at their Exchanges. The futures prices of the commodities traded at the Exchanges are disseminated through electronic media (like price tickers on TV channels such as CNBC and Doordarshan and Radio) and print media. The futures prices of the commodities traded at the Exchanges are published in the local dailies. Most of the Exchanges have set their own Website giving volume and price related details. FMC has also set up its own Website where the Exchanges update price and volume related details on a daily basis for wider dissemination.

Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) O.M. No. G-11027/1/2004-P&C Dated 25th November, 2004

Recommendation
(Serial No. 13 Paragraph 5.9)

The Committee are of the view that consequent upon lifting of prohibition on futures trading in all commodities and conversion of mutualised exchanges into de-mutualised ones, there is an urgent need to strengthen the Forward Markets Commission. The Committee find that the proposal to create 50 additional posts in the Forward Markets Commission is pending. The Committee

desire that the proposal be approved at the earliest. At the same time the Committee desire that the process of de-mutualisation in the various trading exchanges be done in a transparent manner. The Committee find that the average trading volume in the three de-mutualised exchanges ranges from Rs.600 to 700 crores per day. Besides trading is carried out in other trading exchanges also. Most of the items traded in futures are agro commodities. A better handling and dissemination of information emerging from such trading have the potential to change the face of Indian Agriculture. The Committee, therefore, recommend that the price signals of agricultural products emitted by activities of futures trading in the exchanges be dovetailed to the best advantages of Indian farmers.

Reply of the Government

As per the revised proposal of the Department, Ministry of Finance has agreed to the creation of 39 additional posts in FMC.

A consultancy was assigned to the Indian Institute of Capital Markets, Vashi, Navi Mumbai for preparing a 'Road Map for Transition of Mutual Form of Exchanges into Demutualised Ones'. The report outlines the major steps to be taken by Exchanges, FMC and the Government for converting themselves into *for-profit* corporations. Based on the inputs of the consultant, draft guidelines for demutualization of existing mutual exchanges was attempted by the FMC, which were sent to the Ministry for their approval. However, in view of the proposal for convergence of commodities and securities market (including FMC and SEBI) and new demutualization model, being unfolded in the securities market (with the issue of a reported ordinance for demutualization of stock exchanges) the same is being modified / revised based on new inputs.

Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) O.M. No. G-11027/1/2004-P&C Dated 25th November, 2004.

CHAPTER III

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

Recommendation (Serial No. 3 Paragraph 2.22)

The Committee find that the Consumer Protection Act, 1986 was enacted to provide inexpensive and quicker redressal of consumers' complaints. As per the provision of the Act, the cases would be required to be decided within a period of 90 to 150 days. Sadly, the freedom given to Legal Practitioners to appear in Consumer Courts have contributed considerable delays in deciding the cases. At times, the Legal Practitioners replicate the nitty-gritty of the Courts leading to delays. The Committee have been informed that with the recent amendment carried out in the Act, under which time limit has been prescribed for various stages in the disposal of the complaints, restriction on adjournments that may be granted, coupled with awarding of cost, would then lead to speedier disposal of complaints.

Reply of the Government

These observations are being brought to the notice of all the Chief Ministers of the States and Lt. Governors of Union Territories as well as to the President, National Consumer Disputes Redressal Commission by Hon'ble Minister for Consumer Affairs, Food and Public Distribution for their notice and appropriate action (file under submission).

Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) O.M. No. G-11027/1/2004-P&C Dated 25th November, 2004.

Recommendation (Serial No. 8 Paragraph 3.18)

The Committee finds that the liability of Super Bazar after deducting the value of assets as on date is 113.56 crore, of which certain dues are of suppliers, Government loan before liquidation and after liquidation and loan required for retrenchment of employees. The Committee further find that 700 employees of Super Bazar have opted for Voluntary Separation Schemes and another 102 employees are still on the payroll of Super Bazar whose services are being utilized for liquidation of the completion proceedings. The Committee desire that Government should impress upon the official liquidator to complete the proceedings at the earliest so that the pending liabilities of Super Bazar could be liquidated. The Committee also desire that the remaining 102 employees of Super Bazar should be either persuaded to opt for Voluntary Retirement Scheme or gainfully employed after giving them some training in some other Department of the Government.

Reply of the Government

The Official Liquidator, Super Bazar has informed that the Liquidation proceedings in the Super Bazar could not be completed within the stipulated period as the group of the employees and their Unions filed various writ petitions in Delhi High Court challenging the winding up of the Super Bazar. The writ petition were dismissed on 19.12.2003. A revision petition filed by the employees was also dismissed on 19.3.2004. As soon as the liquidation proceedings were restarted, the Super Bazar Karamchari Dalit Sangh filed a Special leave petition in Supreme Court of India challenging the order of the Delhi High Court. At the admission stage on 20.8.04, the petitioners submitted a proposal for taking over Super Bazar.

The Apex Court on 15.10.2004, after hearing the aforesaid appeal adjourned the case for eight weeks with the direction to the petitioners to furnish a concrete proposal indicating the definite source of money for purchasing the assets of Super Bazar on present market value as well as the liability of the Society.

The legal barriers are not allowing the completion of the proceedings in a time bound manner. Efforts have been made to defend the issues in an effective manner in the courts. However, the SLP is yet to be decided by Supreme Court of India.

There is no provision in the MSCS Act to absorb the 102 employees already working as the skeleton staff, in any other society. However, these employees are being persuaded to opt for voluntary retirement scheme. As on date 88 employees are on the role of Super Bazar engaged as the skeleton staff required for the completion of liquidation proceedings.

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Recommendation (Serial No. 11 Paragraph 4.13)

The Committee find that a large number of technical posts are lying vacant in BIS. The Committee recommend that sincere efforts should be made to fill up all the posts lying vacant at the earliest.

Reply of the Government

There was a ban on direct recruitment but due to vigorous efforts made by this Department, the same has been lifted in the case of BIS. This Department granted permission to BIS for recruitment of officers to 37 technical posts out of which 23 technical officers have already been selected. The process is on for the selection of the remaining officers. For filling up of vacancies arisen during 1.4.2002 to 31.3.2004 and also for residual vacancies in the recent recruitment,

the matter is under process in BIS. Further, in order to take care of the shortage of the technical officers, BIS has recently taken a decision to utilize the services of outside technical experts including retired BIS officers having requisite expertise in relevant activities. This would ease the situation to some extent.

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CHAPTER IV

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

Recommendation
(Serial No. 2_ Paragraph 2.21)

In accordance with the decision taken in the 50th National Development Council meeting held on 21.12.2002, the Consumer Protection has been identified as a thrust area and the Department of Consumer Affairs assigned a role to evolve a "National Action Plan For Consumer Awareness And Redressal and Enforcement of Consumer Protection Act 1986". In pursuance to this direction, the Department of Consumer Affairs prepared a National Action Plan and sought Rs.279.11 crore for consumer protection i.e., Rs. 200 crores for publicity programme Rs.79.11 crores to strengthen Consumer Forums in the States including computer network, Rs.11 crores for construction of building for National Commission and another Rs.21.71 crores for strengthening the State Laboratories of the Weights-and Measures during the Tenth Plan period and also revised Annual Plan 2004-05 to Rs.158.30 crores for initiating/formulating the meaningful and workable schemes for generating consumer awareness and strengthening the Consumer Protection Activities nationwide. The Committee are constrained to note that a meager budget of Rs.3.1 0 crore has been provided per annum in the Tenth Plan for consumer protection which is not only inadequate to undertake any meaningful and sustained programme at National level but also frustrates the National Action Plan programme undertaken for the purpose. The Committee are of the view that unless higher and adequate budgetary support is provided to the Department of Consumer Affairs by the Planning Commission, the consumer movement in the country would remain a distant dream and the consumers would continue to be exploited as before with no one to fall upon. The Committee, therefore, recommend that Planning Commission should reconsider their decision of reducing the budgetary allocation for the Tenth Plan and step up the allocation in accordance with the wishes of this Standing Committee.

Reply of the Government

The Department of Consumer Affairs has been making all out efforts for enhancement of the budget provisions during 10th Plan period as well as for the financial year 2004-05 also by bringing the concerns expressed by the Standing Committee. However, Dy. Chairman, Planning Commission while appreciating the important responsibilities the Department has to shoulder, has expressed inability to provide any extra funds due to other pressing demands. The Commission has however, promised to explore alternatives to provide additional funds during the mid-term review of the Tenth Plan vide his letter No. M-13024/62/2004-I&M / DCH / 11/04/928 dated 13th October, 2004. The

observations and recommendations of the Standing Committee are being brought to the notice of the Deputy Chairman, Planning Commission by Hon'ble Minister for Consumer Affairs, Food and Public Distribution (file under submission) to facilitate the allocation of funds as sought since the current allocation is grossly inadequate to undertake any meaningful/workable programmes., to enable the Department to proceed with programmes on consumer protection during rest of the years of 10th Plan period

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The Planning Commission, in their reply stated that the Planning Commission agree that the Department of Consumer Affairs is entrusted with very important responsibilities. In fact, it was at the initiative of the Planning Commission that a National Action Plan and strategy for Consumer Awareness, Redressal and Enforcement was drafted. Tenth Five Year Plan outlay for the Department has been approved at Rs. 55 crore. Because of other pressing high priority competing demands on limited GBS made available to the Planning Commission, it has not been possible to step up the level of plan support during the subsequent Annual Plans.

However, Planning Commission has suggested to the Department to explore alternatives for funding the activities of the Department of Consumer Affairs as part of the Mid-Term Appraisal of the Tenth Five Year Plan.

Planning Commission (I&M Division) M –13024/62/2/2004-I&M.

Comments of the Committee

(Please see Para No. 1.10 of the Chapter 1 of the Report)

Recommendation

(Serial No. 10 Paragraph 4.12)

The Committee find that the Search and Seizures carried out for the misuse of ISI mark is far from satisfactory. During the year 2001-02 only 30 Search and Seizures were conducted. The figures for the years 2002-03 and 2003-04 are 12 and 206, respectively. The Committee find that the conviction rate of such Search and Seizures is also not satisfactory. For instance, out of 206 raids conducted during the year 2003-04, 56 prosecution were filed and only in one case the accused pleaded guilty and convicted, other 55 cases are under-trial. In this context, the Committee desire that enforcement Department of BIS should be activated and adequate number of officers appointed in the regions and branch offices of BIS so as to prevent the misuse of ISI mark. There is also a need to step up market surveys, visits to exhibitions, interaction with industry and trade associations, feed back from BIS licensee and other sources. This will go a long way in protecting the interests of the consumers.

Reply of the Government

The activity of Search & Seizure has shown marked improvement during the year 2003-04 as compared to the performance in the earlier years due to the initiative taken by the Government. Search and Seizure carried out during the year 2003-04 were 206 which are significantly higher than the number of such operations conducted during earlier years. For the current year i.e. 2004-05 targets for search and seizure have been further raised to 250 on all India basis. All the Regional and Branch offices of BIS are working in this direction to achieve prescribed target. The activity is being undertaken on proactive basis and covers visits to markets/ exhibitions, feedback from industry/ trade association & BIS licensees in addition to complaints received. Co-coordinators at the Regional/ Branch Offices have been named for effectively and efficiently carrying out the enforcement activity amongst existing officers.

The cases against persons violating different provisions of BIS Act and rules framed thereunder including misuse of ISI Mark have to be filed within one year of detection. Hence, the cases against the violations detected during the year 2003-04 are still being filed in courts as these are within limitation period and therefore, the number of cases filed in the court against violations are likely to further increase. During the current year 2004-2005 upto 30.9.2004, 115 cases have been registered out of which criminal complaints have been filed in courts in 85 cases. One case has so far been decided in favour of BIS and the accused has been convicted.

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(Department of Consumer Affairs) O.M. No. G-11027/1/2004-P&C
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Comments of the Committee

(Please see Para No. 1.16 of the Chapter I of the Report)

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

Recommendation
(Serial No. 9 Paragraph 4.11)

The Committee find that in pursuance to Inquiry Committee on Pesticides Residues on Bottled Water, test method for pesticides residues to meet the new limits were specified in the Indian Standard IS 14543 packaged drinking water (other than packaged natural mineral water) after due notification by the Ministry of Health. The new limits of pesticides residue for packaged mineral water (IS 13428) has been recommended to the Ministry of Health and Family Welfare. The certification of packaged drinking water (IS 14543) and packaged natural mineral water (IS: 13428) are under mandatory BIS Certification. Surprisingly, the notifications on new limits of pesticides for packaged natural mineral water and packaged drinking water by the Ministry of Health, which is the Regulatory Authority are still awaited. Taking into consideration, the health point of view, the Committee recommend that Ministry of Health and Family Welfare be impressed upon to issue the notification at the earliest, so as the protect the health of the consumers.

Reply of the Government

Ministry of Health and Family Welfare has implemented revised stringent limits for pesticides residues in the packaged drinking water w.e.f. 1st January, 2004. However, the revised limits for pesticides residues in the packaged natural mineral water have not yet been finalized by the Ministry of Health and Family Welfare. The concerned Sectional Committee of BIS has already recommended revision of the pesticide residue limits for packaged natural mineral water along with revised lists of pesticides on the lines similar to the packaged drinking water. The matter is being pursued by Bureau of Indian Standards with Ministry of Health and Family Welfare.

Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) O.M. No. G-11027/1/2004-P&C Dated 25th November, 2004.

NEW DELHI
21st April, 2005
1 Vaisakha 1927 (Saka)

Devendra Prasad Yadav
Chairman
Standing Committee on Food, Consumer
Affairs and Public Distribution

APPENDIX-I

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION HELD ON FRIDAY, THE 8TH APRIL, 2005.

The Committee sat from 1100 to 1800 hours. in Committee Room '53', Parliament House, New Delhi.

Present

Shri Devendra Prasad Yadav - Chairman

MEMBERS LOK SABHA

2. Shri A.P. Abdullakutty
3. Shri Alakesh Dass
4. Shri Atma Singh Gill
5. Shri Avinash Rai Khanna
6. Shri Baliram Kashyap
7. Shri Hari Kewal Prasad
8. Smt. Daggubati Purandareswari
9. Shri Chandrabhan Singh
10. Shri Ramakant Yadav

RAJYA SABHA

11. Shri T.S. Bajwa
12. Shri Palden Tsering Gyamtso
13. Shri Lalitbhai Mehta
14. Smt. Bimba Raikar
15. Shri Thanga Tamil Selvan
16. Shri Vikram Verma
17. Shri Vijay Singh Yadav

SECRETARIAT

1. Dr. (Smt.) Paramjit Kaur Sandhu - Joint Secretary
2. Shri R.S. Kambo - Deputy Secretary
3. Shri B.S. Dahiya - Under Secretary
4. Shri Jagdish Prasad - Assistant Director

2. xxx xxx xxx

3. The Committee, then, took up following two draft Reports for consideration:

(i) xxx xxx xxx

(ii) Draft Fifth Report on Action Taken by the Government on the recommendations contained in their Second Report on Demands for Grants (2004-2005) relating to Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

4. The Committee adopted the draft Report at (i) above with minor changes. The Committee, then, authorised the Chairman to make consequential changes in the Report and present/lay the same in both the Houses of parliament in the ongoing Budget Session.

5. xxx xxx xxx

6. xxx xxx xxx

7. A copy of the verbatim proceedings of the sitting of the Committee have been kept on records.

The Committee, then, adjourned.

XXX Not related to this Report.

APPENDIX II

(Vide Introduction of the Report)

Analysis of the Action Taken by the Government on the recommendations contained in the Second Report of the Standing Committee on Food, Consumer Affairs and Public Distribution (Fourteenth Lok Sabha)

(i)	Total Number of Recommendations	13
(ii)	Recommendations/observations which have been accepted by the Government: Recommendation Nos.1, 5,6,7, 12 and 13	
	Total	6
	Percentage	46%
(iii)	Recommendations/observations which the Committee do not desire to pursue in view of the Government's replies: Recommendation Nos. 3,8 and 11	
	Total	3
	Percentage	23%
(iv)	Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee: Recommendation Nos. 2, 4 and 10	
	Total	3
	Percentage	23%
(iv)	Recommendations/observations in respect of which replies of the Government are still awaited. Recommendation No. 9	
	Total	1
	Percentage	8%