

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION (2004-05)**

FOURTEENTH LOK SABHA

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

DEMANDS FOR GRANTS (2005-2006)

SEVENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2005/Vaisakha, 1927 (Saka)

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DEMANDS FOR GRANTS
(2005-2006)

Presented to Lok Sabha on 27.4.2005
Laid in Rajya Sabha on 27.4.2005



LOK SABHA SECRETARIAT
NEW DELHI

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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 Harish Nagpal
16. Shri K.P. Naidu
17. Shri Hari Kewal Prasad
18. Smt. Daggubati Purandareswari
19. Shri Ajit Kumar Singh
20. Shri Chandrabhan Singh
21. Shri Ramakant Yadav

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 Thanga Tamil Selvan
29. Shri Vikram Verma
30. Shri Vijay Singh Yadav
31. Shri Nabam Rebia

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 (2004-05), having been authorised by the Committee to submit the Report on their behalf present this Seventh Report on Demands for Grants (2005-2006) relating to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

2. The Committee examined/scrutinized the detailed Demands for Grants (2005-2006) of the Ministry which were laid on the Table of the House on 24th March, 2005.

3. The Committee took evidence of the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) on 9th April, 2005.

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

5. The Report was considered and adopted by the Committee at their sitting held on 25th April, 2005.

6. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

New Delhi
25 April, 2005
5 Vaisakha, 1927 (Saka)

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

CHAPTER-I

INTRODUCTORY

The Department of Consumer Affairs was created in the Central Government in the year 1997 to act as the nodal Department to exclusively focus on protecting the rights of consumers and promote standards of goods and services.

1.2 The Department of Consumer Affairs is entrusted with the functions of monitoring of prices and availability of essential commodities, control of futures trading and matters relating to regulation of Weights and Measures, Standardization and Quality Control, Consumer Protection and Integrated Management of prices. In the field of Cooperation, the Ministry is responsible for Consumer Co-operative Schemes only.

1.3 The Department has following attached and subordinate offices entrusted with the responsibility for implementation of policies laid down by the Government of India.:-

- (1) Weights and Measures Unit;
- (2) Forward Markets Commission; and
- (3) National Test House.

1.4 The following Organisations functions under the administrative control of the Ministry:-

- (1) Bureau of Indian Standards (BIS);
- (2) National Consumer Disputes Redressal Commission (NCDRC);
- (3) National Co-operative Consumers' Federation (NCCF); and
- (4) Super Bazar, New Delhi.

1.5 The Minister of Consumer Affairs, laid on the Table of the Lok Sabha, the Detailed Demands for Grants (2005-2006) relating to the Department of Consumer Affairs on 24 March, 2005. The Detailed Demands for Grants for the Department of Consumer Affairs shows a budgetary provision of Rs. 133.34 crore. This includes Rs. 107.94 crore for plan activities and another Rs. 25.40 crore, for non-plan programmes and Schemes.

1.6 The Committee has examined the Detailed Demands for Grants of the Department of Consumer Affairs in detail. The Committee approve the Demands for Grants of the Department of Consumer Affairs, subject to their observations/recommendations, which are contained in the subsequent Chapters.

CHAPTER II

General Performance of the Department of Consumer Affairs

2.1 Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) have furnished the following statement showing the Budget Estimate (BE), Revised Estimate (RE) and Actual Expenditure (AE) during the financial years 2003-2004, 2004-2005 and Budget Estimate 2005-2006:-

Plan Schemes

(Rs. in crores)

SL No.	Scheme	Major Head	2003-2004			2004-2005			2005-2006
			BE	RE	AE	BE	RE	AE	BE
1.	Consumer Protection		3.10	3.10	3.10	3.25	8.59	3.02	79.27
2.	National Test House		3.80	3.80	3.39	5.73	5.69	4.00	5.66
3	Consumer Disputes Redressal Agencies		0.50	0.50	0.00	5.40	0.40	0.00	7.40
4	BIS		0.00	0.00	0.00	0.00	0.00	0.00	0.90
5	Contribution to QCI		0.15	0.15	0.15	0.15	0.00	0.00	0.00
6	Weights and Measures		1.02	1.02	0.87	1.06	0.99	0.44	1.17
7	Regulation of Markets		0.25	0.25	0.21	0.25	0.25	0.07	2.25
8	Information Technology (Office Expenses)		0.25	0.25	0.26	0.35	0.35	0.06	0.50
9	Lumpsum provision for scheme in North – Eastern Region		0.60	0.60	0.39	2.06	1.98	1.86	10.79
	Total		9.67	9.67	8.37	18.25	18.25	9.45	107.94

Non-plan Schemes

(Rs. in crores)

SL No	Scheme	Major Head	2003-2004			2004-2005			2005-2006
			BE	RE	AE	BE	RE	AE	BE
1	Secretariat		6.58	7.23	7.10	7.03	7.00	6.03	7.25
2	Forward Markets Commission (FMC)		2.11	1.96	1.67	2.01	2.11	1.59	2.19
3	Weights and Measures		1.42	1.50	1.31	1.45	1.49	1.19	1.55
4	Consumer Protection Unit		0.13	0.13	0.12	0.14	0.14	0.12	0.15
5	National Consumer Dispute Redressal Commission		1.44	1.56	1.34	1.65	1.64	1.33	1.70
6	National Test House		10.95	10.57	9.89	11.17	11.06	9.79	11.41
7	Contribution to International Organization of Legal Metrology		0.13	0.13	0.14	0.14	0.14	0.14	0.15
8	National Agricultural Cooperative Marketing Federation of India		2.00	2.00	1.59	2.00	1.00	0.05	1.00
9	Project under Consumer Welfare Fund		5.00	5.00	4.00	6.50	19.57	5.79	31.50
10	Deduct Refund		-5.00	-5.00	-4.00	-6.50	-19.57	-5.79	-31.50
11	Loans to Super Bazar		0.00	7.50	7.50	0.46	20.66	0.46	0.00
	Total (Non-plan)		24.76	32.58	30.66	26.05	45.24	20.70	25.40
	(Plan)		9.67	9.67	8.37	18.25	18.25	9.45	107.94
	Grand Total		34.43	42.65	39.03	44.30	63.49	30.15	133.34

2.2 It has been noted that the utilisation of plan allocation of the Department of Consumer Affairs was 86.5% in the year 2003-04. Out of Rs. 18.25 crore allocated for its Plan Scheme for the year 2004-05, the Ministry could utilize only Rs. 9.45 crores up to January, 2005 i.e. 50 % of the funds. In this context, the Committee asked about the reason for not utilizing the remaining 50% of the funds allocated for (2004-2005). The Ministry informed the Committee as follows:-

“Out of total allocation of Rs. 18.25 crore under PLAN schemes in BE 2004-05, an amount of Rs. 6.00 crores is meant for construction of building for NCDRC at INA Complex. But execution of work of Construction could not be started by CPWD for want of clearance from MCD etc. Hence the proposed R.E. ceiling was reduced to Rs. 13.25 crore in pre-budget discussion with M/o Finance. Later on, a proposal has been approved by M/o Finance to utilize this amount towards networking/computerization of NCDRC/Department of Consumer Affairs with all consumer forums. Accordingly technical supplementary has been sought for Rs. 5.00 crore in final batch of supplementary grant 2004-05 under Revenue Section (Plan) by surrendering an equal amount from Capital Section. Thus expenditure incurred is 71.32% w.r.t. Revised allocation for Rs. 13.25 crore.

On a request made by the Department for additional funds and on the recommendation of the Planning Commission, the Ministry of Finance provided further Rs. 20 crores, (Rs. 10 crores for Computerization of Consumer Fora and Rs. 10 crores for Lumpsum grant to the states for strengthening of Fora) at the final supplementary stage for the financial year 2004-05. The approval of the EFC has since been obtained for the proposal and additional funds would be utilized in the current financial year itself.”

2.3 The Planning Commission has allocated Rs. 107.94 crore for Financial year 2005-06 for the Plan-Schemes of the Department of Consumer Affairs. Asked about the manner in which the Ministry propose to utilize the entire funds which is six fold as compared to BE for the year 2004-05, the Ministry in their written reply stated that certain new schemes have been proposed to be implemented from the financial year 2005-06. Accordingly the proposal has been got approved from the Planning Commission.

2.4 In this regard the Secretary, Department of Consumer Affairs inter alia stated during evidence:

“Our Plan provision for the current year has been raised to Rs. 107 crore, which is almost double the entire 10th Five-Year Plan provision of Rs. 55 crore. That is entirely due to the personal support you as Chairman have extended to this Department, and the Committee which has consistently raised the issue of adequate resources being given to this Department.”

2.5 The Secretary, Department of Consumer Affairs further stated during evidence:

“We recognise that our responsibility has increased to that extent. We would do our best to fulfil the expectations that are kept from us.”

2.6 There has been an increase (5 times) in the funds allocated under “lump sum provision for schemes in North East”, from Rs. 2.06 crores in BE (2004-2005) to Rs. 10.79 crore in BE (2005-2006). In this context the Committee wanted to know the reasons for this sharp increase in allocation and whether the Department has formulated any strategy for utilization of these enhanced funds. The Ministry in their written reply, stated that as per standing instructions of the M/o Finance, 10% of Gross Budgetary support is required to be allocated to the North Eastern Region. For the year 2005-06, 10% out of Rs. 107.94 Crore comes to Rs. 10.79 Crore. Scheme-wise break up is as under:

Name of Scheme	Amount in crore
Consumer Protection (Adv. & Publicity)	7.03
Estt. Expenses	0.16
Information Technology (New Scheme)	1.70
Strengthening of W&M Infrastructure in N.E. Areas New Scheme	0.05
Strengthening of FMC in N.E. Areas New Scheme	0.25
Setting up of Gold Hallmarking/Assaying Centres in India (New Scheme)	0.10
RRSL Guwahati (Capital)	0.90
Construction of Building for NCDRC	0.60
Total	10.79

2.7 During evidence the Committee enquired about the break-up of funds which is to be utilised for advertisement and publicity in the North-Eastern States. The Secretary, Department of Consumer Affairs thereupon stated:-

“This is the broad allocation. We are working out the details. It is not merely advertisement. It will be a multi media campaign taking any form. What we have done is, we have called for top 15 agencies in the country to make presentation to us as to how this amount can be utilised, etc. We have constituted a Committee to evaluate this presentation for North-East. We will ask them to give special attention. Therefore, all these details will be worked out.”

2.8 The Committee pointed out that during the first quarter of the year, 2004-05 under Plan Scheme, only 2.87% expenditure was incurred. Regarding uneven expenditure in Plan Scheme during the year, the Secretary, Department of Consumer Affairs stated during evidence

“As far as Plan expenditures spread out across the year is concerned, my submission is that that is a general problem with the Government expenditure. It will be there in every Ministry. This is a matter of concern.”

2.9 On this point, he further stated during evidence:

“There have been problems of ratio of expenditure till the last that is still taking place. There has been an improvement. I assure you this year you will see further improvement in this regard. we will try to ensure that.”

NON-PLAN EXPENDITURE

2.10 A total amount of Rs. 26.05 crore was allocated in the BE (2004-2005), which was increased to Rs. 45.24 crore at RE stage but the expenditure upto January, 2005 only Rs. 20.70 crore i.e. less than 50%. In this context, the Committee enquired the reasons for increase in funds at RE stage (Scheme-wise). The Ministry in a written note furnished to the Committee has stated that increase in Non Plan Budget from Rs. 26.05 Crore in BE 2004-05 to Rs.45.24 Crore in RE 2004-05 is for the reasons that an additional amount of Rs. 20.21 crore has been sought for in the first supplementary Grant for 2004-05, which includes Rs. 20.20 crores as loans to Super Bazar under MH 7475 to bridge their resource gap. The provision of Rs. 20.20 crore include Rs. 1.20 Crore on account of salary for skelton staff & Rs. 19.00 crore for payment of retrenchment compensation in view of the Court Verdict.

2.11 On being asked the reasons for under utilisation of funds despite increase in allocation mid term, the Ministry stated in a written reply that the proposal for release of Rs. 2.50 crore to Super Bazar has already been received & cleared. Balance amount will be released in lumpsum as & when the requisition for the same is received from Co-op Division/Liquidator.

2.12 The Committee pointed out that a large sum of funds are released at the fag end of the financial year and asked about the reasons thereof. Explaining the reasons, the Secretary, Department of Consumer Affairs inter alia stated during evidence:

“In spite of our best efforts, we cannot help the expenditure being pushed to the last quarter.”

2.13 The Committee find that the expenditure under Plan Schemes of the Department of Consumer Affairs during 2003-04 was 86.5% whereas during the year 2004-05 the Actual Expenditure went down to 71.32% indicating a downward trend in the expenditure. The Committee express their concern over the downward trend in the expenditure and recommend that the Department should make all out efforts to expend the allocated provisions.

2.14 The Committee have noted that the allocation under Plan Scheme for the Department of Consumer Affairs for the year 2005-06 has been enhanced considerably. The Secretary, Department of Consumer Affairs was candid during evidence in stating that the responsibility of the Department has increased and the Department would do its best to fulfill the expectations expected from it. The Committee hope and trust that the enhanced allocation will be utilised judiciously and in a time bound manner.

2.15 The Committee also expect that an allocation of Rs. 7.03 crores for advertisement and publicity for North East for the year 2005-06 will be utilised fully. The Committee has been informed that 15 agencies in the country have been called to make presentation on how to spend the amount and a Committee has been constituted to evaluate the presentation for North East. The Committee recommend that the Department accord special attention to this aspect and spread the consumer awareness to every region of the North East after working out all the details. The Committee would like to be informed of the steps taken in this regard.

2.16 The Committee are distressed to note that there was uneven spread of expenditure during the year and there was rush of expenditure at the fag end of the year. The Secretary, Department of Consumer Affairs admitted during evidence that it is a matter of concern. The Secretary, also admitted during evidence that there have been problems of ratio of expenditure. The Committee was assured of further improvement this year. The Committee hope that the Department will keep their promise and show better results this year.

2.17 The Committee note that the allocation for Non-plan Scheme of the Department of Consumer Affairs has also been enhanced substantially from Rs. 26.05 crores during the year 2004-05 to Rs. 45.24 crores for the year 2005-06. The Committee desire that the allocated amount be spent evenly and judiciously. For this, the Committee recommend that the Department should make concerted efforts by monitoring closely the trend of expenditure at the highest level and ensure that the allocated budget is expended for the Schemes for which it was sanctioned and as per the targets set for the purpose.

CHAPTER-III

(a) Consumer Protection

3.1 The Committee have been informed that the Government accords highest priority to the consumer protection programme. The Department of Consumer Affairs being the nodal Department in the area of consumer protection have already taken a number of administrative, legal and other measures to promote a strong and broad based dynamic consumer movement in the country, particularly at the grass roots level. The Department made efforts to strengthen the consumer movement through consumer awareness programmes and continuous interaction with consumer organisations and consumer activist, State Governments and other agencies. Sustained efforts were made to ensure proper functioning of the Consumer Disputes Redressal Agencies through monitoring and persuading State Governments/UT Administrations to fill up vacant posts of Presidents/Members on time.

3.2 The Planning Commission at the 50th National Development Council (NDC) meeting, identified and included "Consumer Awareness and Redressal and Enforcement of Consumer Protection Act, 1986" as one of the priority agenda for action, among others, for the year 2003-04 and asked the Department to prepare a National Action Plan. A National Action Plan was accordingly prepared and sent to the Planning Commission. The action plan contained various components.

3.3 The details of allocation sought for different activities in the National Action Plan for which Rs. 311.81 crores has been sought is given as under;

I. Consumer Protection:

Sl.	Item	10th Plan allocation Rs. in crores.	10th Plan allocation proposed. Rs. in crores.
1.	Consumer protection	15.50	200.00
2.	One-time grant for new consumer forums	--	19.20
3.	One-time-grant for old consumer forums (additional to earlier grant)	---	30.90
4.	One-time-grant for UTs which could not be drawn	---	1.62
5.	Computerisation of consumer	---	27.39

	forums		
	Total:	15.50	279.11

II. National Consumer Disputes Redressal Commission (NCDRC):

Sl .	Item	10 th Plan allocation Rs. in crores	10 th Plan allocation proposed Rs. in crores
1	Construction of National Commission office accommodation at INA Complex.	4.00	11.00

III. Weights & Measures:

Sl .	Item	10th Plan allocation Rs. in crores.	10th Plan allocation proposed. Rs. in crores.
1.	Purchase of Weights & Measures standards for Central Govt. laboratories.	7.70	7.70
2.	Purchase of Weights & Measures standards for State Govts./UT Admns. Laboratories.	---	14.00
	Total:	7.70	21.70

Grand Total (I+II+III)	27.20	311.81
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3.4 For undertaking Plan Schemes/activities the Consumer Protections Unit was allocated Rs. 3.25 crores during BE (2004-05) which was increased to Rs. 8.59 crores at RE stage, out of which only Rs. 3.02 crores have been spent. This year an amount of Rs. 79.27 crore has been earmarked for three purpose. In this context, the Committee asked about the strategy for utilisation of Rs. 79.27 crore in 2005-06, the Ministry in its written replies stated that the proposal for "Computerisation and Computer Networking of the Consumer Forums" in the country through NIC in three phases in three years i.e. from 2004-2005 onwards at an estimated cost of Rs.48.64 crores was approved by the Expenditure Finance Committee on 24.3.2005. The fund earmarked i.e. Rs.15 crores for 2004-2005 and Rs.17 crores for 2005-2006 which will be utilized for on time. The projects for "Consumer Awareness" and " Financial Assistance to Consumer Forums" will be prepared for obtaining appropriate financial sanction.

3.5 In reply to question, the Department of Consumer Affairs informed the Committee that the Department has prepared and submitted a National Action Plan to the Planning Commission. They have not communicated any formal approval as such. However, Planning Commission have started taking due notice of the Department's enhanced proposals. As a result, increased BE have been agreed for the year 2005-06.

3.6 It was further informed to the Committee that States were advised to prepare their own State Action/Annual Plans by taking into account the components given in the National Action Plan among others & directly seek funds from the Planning Commission for the consumer protection programmes. Subsequently the Committee was informed that the States of Maharashtra, Meghalaya, Delhi, Punjab, West Bengal and Haryana have prepared their Action Plan.

3.7 The Committee note that the Planning Commission identified the “Consumer Awareness and Consumer Protection” as one of the important projects in 2003-04 and asked the Department to prepare a National Action Plan for carrying out different activities for the welfare of the consumers. Accordingly, the Department gave priority to the “computerization and computer networking of the consumer forums in the country through NIC in three phases and sought a handsome amount from Planning Commission during 2004-05 and 2005-06. The Department also urged the States to prepare their own action plan and directly seek funds from the Planning Commission for the Consumer Protection Programmes. As such six States viz. Maharashtra, Maghalaya, Delhi, Punjab, West Bengal and Haryana have prepared their separate action plans. The Committee are of the view that such a measure of having Action Plan at National and State levels, will further strengthen the Consumer Movement in the country. The Committee hope and trust that the Ministry would strengthen its monitoring mechanism and ensure that funds for different activities planned under National Action Plan are fully utilized. The Committee also desire that vigorous efforts should be made to persuade the remaining States/UTs to prepare their action Plan for Consumer Welfare and submit to Planning Commission for their consideration.

(b) Consumer Courts/Consumer Foras

3.8 The Consumer Protection Act, 1986 (68 of 1986) is a milestone in the history of socio-economic legislation in the country. It is one of the most progressive, comprehensive and unique pieces of legislation enacted for better protecting the interest of consumers. Under the Act, a three-tier quasi-judicial consumer dispute redressal machinery was established at the national, State and District level. These agencies are popularly known as consumer forums or consumer courts. These forums provide simple, speedy and inexpensive redressal of the consumers' grievances.

3.9 A sum of Rs. 17 crores has been earmarked in (2005-06) for computerization of all the Consumer Forums in the country, in addition to Rs. 15 crores provided for the purpose during (2004-2005). In this regard the Committee wanted to know the position of computerization of Consumer Forums. The Committee was informed that the scheme of computerization of all the Consumer Forums in the country is to be implemented by the National Informatics Centre (NIC) in three phases independently (without leaning on the level of computerization at State level) for the purpose of compatibility and uniformity. Presently, there is almost zero level of computerization in the States excepting some active States. The Department has requested all the States/UTs to inform the names of District Forums for each phase. In the first phase only those forums are to be taken up which are having adequate infrastructural facilities and manpower in place.

3.10 On being asked on the impact the Computerisation will have on providing speedy justice to the consumers, the Department of Consumer Affairs informed the Committee in a written reply as follows:

“The scheme will help in a systematic process of various types of cases/data and generation of reports and exercising better administrative control. It will also enable consumers to file their complaints online and see the status of their cases on the website. The scheme would provide I.T. solutions in order to achieve e-governance, transparency and efficiency, thereby rendering quick justice delivery system to the consumers.”

3.11 When the Committee enquired about the disposal of cases in the consumer courts, the Department of Consumer Affairs informed that 78.20% cases in National Commission, 67.89% in State Commissions and 88.64% in District Forums were disposed since inception.

3.12 The Committee then desired the reasons for not disposing the cases within the stipulated time as provided in Consumer Protection Act, 1986 and the efforts made by the Dept. to improve the position. The Committee was informed that the pendency of cases in the State Commission was mainly on account of a single bench in the Commission irrespective of the fact whether the State is small or large and further there is no provision for appointment of additional members. The Amendment made in the year 2002 in the Consumer Protection Act, 1986, has therefore empowered the President to constitute benches with one or more members. The State Government was also empowered to appoint additional members as may deem fit.

3.13 When the Committee pointed out that in many States Consumer Courts are not functional where the courts are functional, there is dearth of the basic infrastructure. Sanctions Judges have not been appointed. The Department of Consumer Affairs in their post evidence replies stated:

“The setting up of consumer forums and their smooth functioning is the responsibility of respective States/UTs. However, they often complain about financial constraints in discharging their responsibilities. Keeping this in view, the Department proposed to provide additional funds with the approval of Planning Commission to supplement their efforts in strengthening the infrastructural facilities.”

3.14 In order to improve disposal of cases, the President, NCDRC have recommended constitution of additional Benches in the States, having heavy workload. Accordingly, all these States have been requested to create additional benches, the details for which are given below:

State	Additional Bench
Andhra Pradesh	1
Bihar	2
Delhi	3
Gujarat	3
Haryana	4
Karnataka	2
Kerala	2
Madhya Pradesh	2
Maharashtra	5
Orissa	4
Punjab	3
Rajasthan	5
Tamilnadu	3
Uttar Pradesh	6
West Bengal	1
Total	46

In Uttar Pradesh, the number of cases pending in the State Commission have increased manifold. The State has been requested to create 6 additional benches. The pendency of cases in the State Commission, Manipur is due to non-functioning of the State Commission on account of vacancies of the Presidents and the Members since long time. The Department is impressing upon all the States/UTs periodically to fill up the vacant posts in consumer forums.

3.15 To a query whether the process of additional bench in rest of the States have been started by the Government, the Ministry in their written replies furnished to the Committee has stated that the suggestions for setting up of additional benches in State Commissions is required to be considered by the States/UTs. It requires creation of posts of members, posts of supporting staff, acquiring additional accommodation, budget provisions etc. which involve lot of time and

efforts on their part. The Department has not been informed about setting of any additional bench.

3.16 On being asked about the non-functional District Fora, the Committee have been informed by the Department of Consumer Affairs that out of total 588 District Fora, 76 are non-functional. Out of which 63 non-functional district forums relates to three States viz Orissa (15), Tamil Nadu (13), and Uttar Pradesh ((35).

3.17 To a query of taking steps to make non-functional consumer courts and District Fora, functional the Committee was informed that the responsibility of filling the vacant posts by initiating advance action, maintaining a ready panel etc., exclusively rests with the respective State/UT. The Department is monitoring the vacancies of President/Members in consumer forums and taking up with the States/UTs to fill the vacancies on time. However, much will depend upon the administrative efficiency of each State Government.

3.18 Commenting upon the review of the functioning of Consumer Courts, the Department of Consumer Affairs stated in a note that the President of the Commission recently visited various State Commissions e.g. Maharashtra, Rajasthan, Madhya Pradesh, Karnataka, Gujarat and Andhra Pradesh and had discussions with the Presidents of the State Commissions, Chief Secretary/Secretary, Consumer Affairs of the State Governments regarding functioning of the State Commissions/District Forums and the problems being faced by the consumer forums in the States. He had observed that more or less all the consumer forums are facing problems, with regard to infrastructure and staff. Though the State Commissions have been provided with skeleton infrastructure, the position of District Forums is very glaring, even the Stenographer is not available in some of the District Forums to take down orders in the cases after hearing the parties. The staff has been taken on loan from the Department of Food & Civil Supplies. These problems are contributing in increasing the pendency of the cases. President, NCDRC brought these problems to the notice of the State Governments, as a result there is an improvement in the functioning of the State Commissions and District Forums in the States.

3.19 The Committee drew the attention of the representatives of the Department of Consumer Affairs wherein the cases in the consumer courts are required to be disposed off within 90 to 150 days and the reasons for pendency a large number of cases for a long period. The Secretary stated that it was due to not filling the vacant posts of judiciary and not providing the basic infrastructure.

3.20 The Committee note with satisfaction the disposal of cases in Consumer Courts. The 78.20% cases were disposed by National Commission, 67.89% by State Commissions and 88.64% by the District Forum since inception. There are 8,036 cases still pending in National Commission, 1,19,783 in State Commissions and 2,23,380 in District Forums at the end of 2004. The Committee are, however, concerned to note that the target of disposal of cases within the stipulated period of 90 to 150 days, as contemplated in the Consumer Protection Act, 1986, is still to be achieved. The Committee are also concerned with the alarming situation in the State of Uttar Pradesh where out of 41,362 cases only 10,458 cases i.e. 25.28% have been disposed by the State Commission and 30,904 cases were pending as on 30.9.2004. Keeping in view the heavy workload in the State Commission, the Government have proposed to create additional 46 benches including 6 benches in Uttar Pradesh. The Committee feel that creating additional benches will help in overcoming pendency in the Consumer Courts. At the same time, the Committee also desire that they be provided with adequate supporting staff, accommodation and sufficient financial support. The Committee would like to be apprised of the action taken by the Government in the matter.

3.21 The Committee are concerned to note that despite their recommendations in their reports to make non-functional District Fora functional, the number of such non-functional Fora have rather increased considerably. In 2002 there were 33 non-functional District Fora which rose to 53 in 2003 and 76 in 2004. It is alarming to note that 50% District Forum in Uttar Pradesh and Orissa and 45% in Tamil Nadu were non-functional. It is more concerning to note that adequate action was not taken by the Ministry except passing the recommendations of the Committee to the States/UTs for their notice and appropriate action. The Committee find that in its field visit, the President of National Commission had noted some serious shortcomings in the functioning of District Fora. Even the stenographers were not posted to take down orders. Besides there were District Fora where basic infrastructure was lacking. The Committee, therefore, recommend that all the difficulties should be discussed at highest levels and all the District Forums should be made functional in the current financial year.

(C) Consumer Welfare Fund

3.22 The Consumer Welfare Fund was created in 1992 with the objective of providing financial assistance to promote and protect the welfare of the consumers, create consumer awareness and strengthen consumer movement in rural areas. The Fund was set up by the Department of Revenue under the Central Excise and Salt Act, 1944. However, it is operated by the Ministry of Consumer Affairs, Food and Public Distribution. Till March 2004, a sum of Rs. 87 crore has been credited to the Fund and grants amounting to Rs. 1.99 crore during 2004-05 have been sanctioned to 93 organizations (upto December, 2004).

3.23 A statement showing the Budget Estimates, Revised Estimates and Actual Expenditure for the last three years (year-wise) and Budget Estimates for the year 2005-06 showing the non-plan expenditure is given below:-

NON-PLAN					(Rs. in crores)	
Year	Budget Estimate (BE)	Revised Estimate (RE)	Actual Expenditure (AE)	AE as percentage of RE	as of	
2002-03	5.00	4.00	3.53	88.25		
2003-04	5.00	5.00	4.185	83.70		
2004-05	6.50	19.47	5.736 UPTO 15 Feb' 05	29.50		
2005-06	31.50					

3.24 From the above statement it may be observed that an amount of Rs. 19.47 crores was allocated for RE (2004-2005). Out of which only Rs. 5.7 crores has been utilized till 15th February, 2005. Now an amount of Rs. 31.50 (5 times) than the actual expenditure during 2004-2005 has been allocated for the schemes in the BE (2005-2006). In this context the Committee wanted to know the reasons for under utilization of the funds. The Department has stated that the funds under the following sub-heads for BE 2004-2005 were exhausted by October/December, 2004:-

Grants-in-aid for Awareness Programme including Training & Education	Rs. 2.00 crores
Other Charges	Rs. 1.00 crore”

3.25 The Committee wanted to know the reasons for seeking additional funds in RE (2004-05). The Department of Consumer Affairs furnished the following information:

“Additional Funds were sought for RE 2004-2005 for the following projects/schemes:

- (a) To establish State Consumer Welfare Fund
- (b) Allocation of funds to respective State Governments under the scheme for setting Consumer Clubs in Schools/Colleges which has been transferred to the State Government.
- (c) National Consumer Helpline project sanctioned to the Delhi University.
- (d) Consultancy Project sanctioned to the Indian Institute of Public Administration, New Delhi.
- (e) Consumer Online Research and Empowerment Centre (CORE) Project sanctioned to the Consumer Coordination Council.”

3.26 When the Committee enquired the reasons for enhanced funds in BE (2005-06), the Department informed the Committee as follows:

“Under the scheme of setting State Consumer Welfare Fund in every State/UT and that for setting Consumer Clubs in Schools/Colleges transferred to the State Government, it is proposed to give grants to the States/UTs in proportion to the number of Districts. Besides this, funds are required for the National Consumer Helpline project , IIPA Consultancy Project and the Consumer Online Research and Empowerment Centre (CORE) Project. The Department also hopes to evolve new projects in areas which require high technical expertise. Additional Funds have therefore been requested for BE 2005-2006.”

3.27 In reply to another question whether Consumer Welfare Fund is operational in all States/UTs, the Committee was informed that for setting up of State Consumer Welfare Fund seed money in the ratio of 50:50 (Center State) is given, subject to the condition that the State Government puts its contribution first. This is a one-time grant and the amount has been worked out in proportion to the number of districts in the State/UT. One time grant has so far been sanctioned from the

Consumer Welfare Fund to Maharashtra (Rs 50.00 lakhs) and West Bengal (Rs.25.00 lakhs). Applications have also been received from Gujarat, Rajasthan, Orissa, Punjab, Karnataka, Goa, Sikkim, Meghalaya, Delhi, Haryana, Andhra Pradesh, Chhattisgarh, Tamil Nadu and Uttar Pradesh which are in various stages of process.

3.28 The Department of Consumer Affairs has furnished the following statement showing grants from Consumer Welfare Fund released to various State during the last three years

Sl. No.	State/ UT	Total Grant released in 2001-02 (in Rs.)	Total Grant released in 2002-03 (in Rs.)	Total Grant released in 2003-04 (in Rs.)	Total Grant released in 2004-05 (upto (in Rs.))
1.	Andhra Pradesh	4,66,000		23,47,000	90,55,500
2.	Arunachal Pradesh	-			
3.	Assam	-		3,42,000	4,27,100
4.	Bihar	-		5,93,588	2,16,000
5.	Chhattisgarh	-			
6.	Delhi	4,00,000	2,50,000	53,65,691	18,62,900
7.	Goa	-		50,000	
8.	Gujarat	6,08,000	2,50,000	6,75,000	11,55,000
9.	Haryana	2,50,000		67,500	
10.	Himachal Pradesh	-			
11.	Jammu & Kashmir	-			99,000
12.	Jharkhand	-		2,50,000	
13.	Karnataka	99,000	3,66,000	17,96,000	12,55,300
14.	Kerala	-	2,50,000	3,15,000	
15.	Madhya Pradesh	4,25,000		17,40,300	23,85,500
16.	Maharashtra	3,22,000	4,80,000	7,06,000	62,93,000
17.	Manipur	-	15,75,000	18,18,500	18,63,000
18.	Meghalaya	-			
19.	Mizoram	2,50,000			1,26,000
20.	Nagaland	-		5,29,200	4,81,500
21.	Orissa	20,29,500	1,85,000	8,35,000	25,83,050
22.	Punjab	-			
23.	Rajasthan	-	2,48,100	4,40,000	8,23,500

24	Sikkim	-		6,75,000	
25	TamilNadu	1,86,000	2,89,000	12,17,000	21,61,400
26	Tripura	-			
27	Uttar Pradesh	71,119	75,000	69,46,400	35,42,500
28	Uttaranchal	5,45,000	3,85,000	8,42,800	13,55,200
29	West Bengal	5,72,000	1,44,000	16,25,500	58,89,200
30	Andaman & Nicobar Islands	-	0		
31	Chandigarh	2,50,000			88,000
32	Dadra & Nagar Haveli	-			
33	Daman & Diu	-			
34	Lakshadweep	-			
35	Pondicherry	2,50,000	2,50,000	2,94,000	1,35,000

3.29 When asked about the difficulty being faced by the States/UTs in providing their matching share, the Committee was informed that the State/UT Governments were informed of the Department's decision to provide seed money for setting up State Consumer Welfare Fund in the pattern of 50:50 (Centre: State) vide letter dated 27th February, 2004 and the conditions for setting up the Fund were informed vide letter dated 18th June, 2004. Therefore most of the States could not make necessary provision of their share of seed money in their annual budget (2004-05). Further, the State/UT Governments have also been asked to set up the State CWF in the same pattern as the Central CWF i.e. non-plan, non-transferable, non-lapsable fund outside the consolidated fund and in a separate Head of Account. 7 more States have been sanctioned seed money.

3.30 The following statement showing the grants in aid given to NGOs/VCOs from Consumer Welfare Fund released to various State during 2003-2004 and the Reports/utilization Certificate have been received from them.

Sl. No	State/ UT	No of NGOs/VCOs Total Amount of Grant	No of NGOs/VCOs from whom Reports/UCs have been received
1.	Andhra Pradesh	14/Rs.23,47,000/-	8
2.	Arunachal Pradesh		
3	Assam	2/Rs.3,42,000/-	1
4.	Bihar	3/Rs.5,93,588/-	1

5.	Chhattisgarh		
6.	Delhi	7/Rs.53,65,691/-	2
7.	Goa		
8.	Gujarat	3/Rs.6,75,000/-	
9.	Haryana	1/Rs.67,500/-	
10	Himachal Pradesh		
.			
11	Jammu & Kashmir		
.			
12	Jharkhand	1/Rs.2,50,000/-	
.			
13	Karnataka	10/Rs.17,96,000/-	2
.			
14	Kerala	2/Rs.3,15,000/-	1
15	Madhya Pradesh	8/Rs.17,40,300/-	1
.			
16	Maharashtra	3/Rs.7,06,000/-	1
.			
17	Manipur	12/Rs.18,18,500/-	4
18	Meghalaya		
19	Mizoram		
20	Nagaland	4/Rs.5,29,200/-	2
21	Orissa	6/Rs.5,85,000/-	1
22	Punjab		
.			
23	Rajasthan	2/Rs.4,40,000/-	
24	Sikkim	3/Rs.6,75,000/-	
25	TamilNadu	7/Rs.12,70,000/-	1
26	Tripura		
27	Uttar Pradesh	33/Rs.70,54,400/-	7
28	Uttaranchal	5/Rs.8,42,800/-	1
29	West Bengal	13/Rs.16,25,500/-	7
30	Andaman & Nicobar Islands		
31	Chandigarh		
32	Dadra & Nagar Haveli		
33	Daman & Diu		
34	Lakshadweep		
35	Pondicherry		

3.31 When asked about the steps taken by the Government to obtain the utilization certificate and progress reports from the remaining NGOs/VCOs, the Ministry in their post evidence replies stated that the grantee organizations are required to utilize the grant within 12 months of the date of release of grant and submit the documents required for settlement of grant. During 2003-04, 139 organizations had been given grants under the consumer awareness scheme

covering 20 States. Out of these, utilization reports have been received from 40 organizations representing 15 States. Letters are being issued to the remaining organizations for submission of the documents required for settlement of the grant.

3.32 The Committee note that the Consumer Welfare Fund was created with the objective of providing financial assistance, to promote and protect the interest of the consumers, create consumer awareness and strengthen consumer movement in the country. The allocation for the purpose was Rs. 19.47 crore in 2004-05. The allocation for the year 2005-06 has been considerably increased to Rs. 31.50 crore. The Ministry has proposed to utilize the funds for setting up the Consumer Welfare Fund in all the States/UTs provided they also provide their matching share in ratio of 50:50. The Ministry has sanctioned one time grant to some of the States and applications from another 14 States/UTs viz. Gujarat, Rajasthan, Orissa, Punjab, Karnataka, Goa, Sikkim, Meghalaya, Delhi, Haryana, Andhra Pradesh, Chandigarh, Tamil Nadu and Uttar Pradesh have been received and are being processed in the Ministry. The State Governments are required to set up the State Consumer Welfare Fund on the pattern of Central Government i.e. non-plan, non-transferable, non-lapsable fund outside the consolidated fund in separate head of account. Unfortunately, most of the State Government expressed their inability in providing their matching share in the form of seed money due to financial crunch. The Committee feel that the consumer awareness and consumer movement particularly in rural areas is a burning topic which has also been recognized by the Planning Commission. The Committee, therefore, recommend that the Ministry should persuade the remaining States/UTs to provide their matching share and make provision in their budget. The Committee also desire that Planning Commission should also enhance the funds for the Consumer Welfare Funds further so as to fulfill the requirement of the States/UTs.

3.33 The Committee are concerned to note that Ministry has given grants-in-aid to as many as 139 NGOs/VCOs during 2003-04 from the Consumer Welfare Funds but only 40 NGOs/VCOs have submitted their utilization certificates in respect of the funds released to them. The Committee have been apprised that the Grantee Organizations are required to utilize the funds within 12 months of the date of release and submit the documents required for settlement of grant. The Committee are of the view that the Ministry should evaluate the working of VCOS and release money only to the genuine and reputed NGOs/VCOs who fulfill the terms and conditions laid down by the Ministry. The Committee strongly recommend that Ministry should make sincere efforts to obtain utilization certificate from defaulting NGOs/VCOs without fail.

CHAPTER-IV National Test House

4.1 The National Test House (NTH) under the administrative control of Ministry of Consumer Affairs, Food & Public Distribution, Department of Consumer Affairs, Govt. of India, is a premier Scientific Institution of the country. It was established way back in 1912 under the then Railway Board and since then it has grown into a Laboratory of National importance in the field of Testing, Evaluation & Quality-control of various engineering materials and finished products. It is actively involved in all aspects of technology connected with industry, commerce, trade and standardization. It has played a pivotal role in the development of indigenous industries and serves as a vital link between industrial research and manufacture of finished products under rigid quality control. The main functions of the NTH are as under: -

- (i) Testing and evaluation of materials, products, equipments, apparatus and systems in practically all branches of Science & Technology except food, pharmaceuticals, arms and ammunitions.
- (ii) Research and Development in testing and measurement technology and related areas including consultancy, failure analysis and allied problems.
- (iii) Helping industries in developing indigenous products for import substitution and in their quality assurance programmes.
- (iv) Calibration at the level of Echelon-II and maintenance of proper standards and reference in areas of its competence.
- (v) Assisting the 'National Accreditation Board for Testing and Calibration Laboratories' (NABL) in accreditation of the testing and calibration laboratories.
- (vi) Association with Bureau of Indian Standards (BIS) for evolving of national and international specifications and standards.
- (viii) Training of Scientists, Technologists & Technicians in 'Testing and Measurement Technology'.
- (ix) Providing Welders' Certificates to the candidates, after they are being duly examined in the field.

4.2 NTH with its Headquarter at Kolkata, functions through its six laboratories located in Kolkata (at Alipore and Salt Lake), Mumbai, Chennai, Ghaziabad (along with a Sample Collection Centre at New Delhi), Jaipur and Guwahati.

4.3 The BE, RE and Actual Expenditure incurred by the Department on NTH during the last three years and BE for 2005-06 is given below:

Year	BE		RE		Actual Expenditure	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
2002-03	3.45	10.08	2.50	10.24	2.45	9.45
2003-04	3.80	10.95	3.80	10.57	3.39	9.98
2004-05	5.73	11.17	5.69	11.06	4.00	9.74
2005-06	5.66	11.41				
Total						

4.4 The Committee noted that out of Rs. 11.40 crores earmarked as non-Plan funds by the Planning Commission in 2005-06 will be utilized on the salary of staff, office expenses and miscellaneous expenses of NTH. Asked as to why the NTH is not meeting its expenses from its own resources on the pattern of BIS, the Committee was informed that BIS have a control over the market force and revenue-earning by its Certification and Marking Scheme, backed by a Government Act. However, NTH has no such legal umbrella and customers (both Government and Private) have no compulsion to get their products evaluated only through NTH laboratories. Moreover, since its inception, NTH has been treated as a Service Organization. Hence, financial footage of NTH is not comparable with that of BIS. However, initiative has been taken to generate revenue for sustainable growth by diversifying NTH- activities, keeping in view the technological development and market requirement.

4.5 In their post evidence replies the Ministry stated that collection of revenue has already started with deposit of testing fees by the respective customers in various NTH regional laboratories.

4.6 In reply to a question, the Department stated that NTH has separate set-up to look after the vigilance matters, headed by the Vigilance Officer at Head Quarters and Assistant Vigilance Officer at the six Regional Laboratories. The present staff strength of NTH is 601 as against the sanctioned strength of 767.86

nos. of scientific posts are lying vacant out of a total of 166 vacant posts. Further the case is being processed for obtaining exemption from the Govt. for 100% filling up of posts in scientific cadre.

4.7 Asked whether the proposal for obtaining exemption for 100% filling up of posts in Scientific Cadre has been finalised and submitted, the Ministry in their post-evidence reply stated that the case is under consideration of the Department of Consumer Affairs.

4.8 The Committee note that more than 10% of the total non-Plan budget of the Ministry is allocated to the National Test House (NTH) which is being utilized by them on the salary of staff, office expenses and miscellaneous expenses. The Committee have been informed that NTH has no legal umbrella and customers (both Government and private) have no compulsion to get their products evaluated only through NTH. The Committee feel that due to induction of new Technology in the Trade and Commerce it has become necessary for all the institutions/organizations to get their products tested through recognized institutions. It is not understandable that when the Government have imposed service tax on almost all the items, why the NTH is not charging any fees for the testing service they are providing. However, the Committee have been informed that of late the NTH has given a thought to earn revenue and have started charging testing fees in various laboratories. In this regard the Committee recommend that the Govt. should make amendments in the NTH Act and Rules and make it mandatory to deposit the testing fees in advance by all the agencies/organizations. The Committee would like to be apprised of the action taken by the Government in this regard.

4.9 The Committee note with dissatisfaction that the Government is not paying due attention to NTH which plays a pivotal role in the development of industries in the country and monitors quality control of the products. As many as 80 posts of scientific cadre are still vacant in the NTH. The Committee note that the case is being processed for obtaining exemption from Govt. for 100% filling up of the posts in Scientific Cadre. The Committee desire that sincere efforts should be made to obtain the exemption to fill the vacant posts of Scientific cadre in NTH without any further loss of time.

CHAPTER-V

Weights and Measures

5.1 The Weights and Measures laws in the country are enforced through the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985. Through these legislations, the Government ensures that all weights or measures used for trade or commerce, for industrial production or for protection of human health and safety are accurate and reliable so that users are guaranteed of their performance. This in turn enables the consumer to get the right quantity/quality for which he has paid for. With the developments in the field of Science & Technology coupled with economic liberalization policy being pursued by the Government, a number of state-of-art weighing and measuring instruments are being introduced in the Indian market rapidly. To accommodate these new types of weights or measures, their specification also needs to be adopted/updated. Adoption of the new specifications would help the Indian industries to compete in the international market. The specification relating to Water meter (domestic type) is being revised to align it with the Bureau of Indian Standard specification.

5.2 The Weights and Measures regulation in India also regulate the sale of commodities in “pre-packed form”. The Standards of Weights and Measures (Packaged Commodities) Rules, 1977 require mandatory declaration of certain basic information on the packages to safeguard the interest of consumers. The Rules also require importers to provide certain basic declarations on imported packages, similar to those for indigenous packages. The Department has constituted a Standing Committee to review the provisions of the Rules from time to time. The Committee has inter alia representations from trade, industry associations, voluntary consumer organizations etc.

5.3 The Central Government has established 5 Regional Reference Standards Laboratories (RRSL) at Ahmedabad, Bangalore, Bhubaneswar, Faridabad and Guwahati. These RRSLs serve as a vital link in dissemination of the values of national standards of Legal Metrology down to the commercial level. During the 10th Five year plan, the Department has taken up schemes to modernize the

RRSLs at Ahmedabad, Bhubaneswar, Bangalore and the Indian Institute of Legal Metrology at Ranchi which provides training to the enforcement officials of the States and UT s. The construction of a new laboratory building for RRSL Guwahati is in progress and is likely to be completed by the middle of 2005.

The BE, RE and Actual Expenditure on both Plan and Non-Plan Scheme w.r.t. Weights and Measurers Division during the financial year 2003-04 and 2004-05 and BE for 2005-06 is as under :-

Year	Plan			Non-Plan		
	BE	RE	AE	BE	RE	AE
2003-04	1.02	1.02	0.87	1.42	1.50	1.31
2004-05	1.06	0.98	0.44	1.45	1.49	1.19
2005-06	1.17	--	--	1.55	--	--

5.4 From the above statement it may be observed that the Department could not utilize entire funds allocated during the last two years on the scheme. In this context the Committee enquired the manner in which the Department is likely to utilize Rs. 85 lakh in the last two months of financial year, the Department in a note furnished to the Committee has stated that the Establishment related expenditure of Weights and Measures unit in the Department, Regional Reference Standards Laboratories [R R S L] at Ahmedabad, Bangalore, Bhubaneshwar and Indian Institute of Legal Metrology [I I L M], Ranchi amounting to Rs 25 lakhs, construction related expenditure of R R S L at Ahmedabad, Bhubaneshwar, Faridabad and I I L M ,Ranchi amounting to Rs 13 lakhs and Purchase of equipments to R R S L at Ahmedabad, Bangalore, Bhubaneshwar, Faridabad and I I L M, Ranchi amounting to Rs 47 lakhs account for the utilization of Rs 85 lakhs.

5.5 When asked as to how the Department will utilize the amount of Rs. 2.72 crore allocated in 2005-06, the Committee was informed that Rs. 1.55 crore is for meeting establishment related the expenditure of Weights and Measures unit in the Department , R R S L s at Ahmedabad, Bangalore, Bhubaneshwar, Faridabad and I I L M, Ranchi. The remaining Rs. 1.17crore is for purchase of instruments for R R S L s at Ahmedabad, Bangalore, Bhubaneshwar, Faridabad and I I L M , Ranchi .

5.6 On being asked whether it is a fact that in the absence of effective coordination between the Ministry and the departments concerned of the

states/UTs, it has not been possible to update the information on various enforcement activities undertaken by the States/UTs, and whether there is any proposal with the Department of Consumer Affairs to link Weights and Measures organization of all States/UTs with the Centre through NIC network. The Committee was informed that a proposal to link Weights and Measures organization of all States/UTs with the Centre through N I C is being considered in consultation with NIC.

5.7 When asked as to whether the Department of Consumer Affairs have ever advised States Governments/UTs to strengthen their enforcement machinery, the Committee was informed that the Department has been urging the States the need to modernize their standard laboratories through adequate provision in the State Plan schemes. Few of the States have purchased or in the process of purchasing digital type standard equipments as well. Andhra Pradesh has purchased vehicle fitted with crane and higher denomination weights of 1 tonne capacity each, for checking weighbridges etc.

5.8 Asked whether the Government is satisfied with the overall performance of Weights and Measurers Department, the Committee was informed that there is still scope for enlarging the activities of weights and measures Department for better consumer protection. Given the various constraints in the existing set up, the Government has proposal to make use of other agencies to supplement the enforcement activities of the States through amendment to the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985.

5.9 Asked whether it is fact that testing equipments in many of the standards laboratories are worn/outdated and are unable to give accurate result in Weights and Measurers and whether the Government is contemplate to replace the existing equipments with digital type balances having appropriate accuracy, the Committee was informed that the existing standard equipments in the standards laboratories of most of the States are due for replacement in keeping with the advancement in the technology .The State Governments have been advised to induct digital type weighing instruments in the standards laboratories. To begin with, a proposal is under consideration to supply digital type secondary standard

balances to all Secondary standard laboratories, few number of digital type working standard balances and one vehicle fitted with crane for handling higher denomination weights to each States/Union Territories, so that the States/Union Territories can replicate them in due course.

5.10 When asked whether it is mandatory to obtain the license from the Government for manufacturing/sale/repair of Weights and Measurers instruments, the Committee was informed that vide provisions contained in Section 19 of the Standards of Weights and Measures (Enforcement) Act, 1985, it is mandatory to obtain licence from the State Government concerned for manufacturing/sale/repair of weights and measures.

5.11 Asked whether the re-stamping on the Commodity is done at the regular interval before the expiry date, the Ministry informed the Committee that the verification and stamping is done on weight or measure only and not on any commodity. The re-stamping of different weight or measure before the expiry of date of re-verification is required to be done. Where a weight or measure is presented to the inspector for verification after expiry of due date, additional fees at the rate of one half of the fee prescribed in the Rules shall be levied for every quarter of the year or part thereof. However if on inspection of the premises of the user, the enforcement authority finds unverified weight or measure being used, he is empowered under the Act to seize it and take action as per the provisions of the law.

5.12 Asked whether the Department of Consumer Affairs have sufficient manpower for effective implementation of Weights and Measurers Act, the Committee was informed that the Weights and Measures unit in the Department of Consumer Affairs need to be strengthened for better and effective coordination with the States.

5.13 When asked whether it is a fact that standards of measurement vary from state to state and the enforcement department of the Ministry is handicapped in this regard for want of equipment and other infrastructure for effective enforcement and the steps taken by the government for enforcement of a uniform standard of measurement in the country, the Committee was informed that the existing standard equipments in the standards laboratories of most of the States are due for replacement in keeping with the advancement in the technology .The State

Governments have been advised to induct digital type weighing instruments in the standards laboratories. A proposal is under consideration in the Central Government to provide digital type standard balances to all Secondary standard laboratories and few number of digital type working standard balances and one vehicle fitted with crane for handling higher denomination weights to each States/Union Territories, so that they can replicate them in due course.

5.14 The Committee are not at all satisfied with the working of the Weights and Measures Department of the Ministry. The reply furnished by the Ministry to the Committee clearly shows that the data furnished by the States Government regarding the number of cases detected, number of cases furnished/fined, number of raids conducted in respect of misuse of weights and measures are incomplete and it is clearly evident from the statements that the Department of Consumer Affairs itself is not paying adequate attention towards safeguarding the rights of the Consumers. The Committee further note that the Ministry have been urging the States, the need to modernize their standard laboratories through adequate provision in the State plan schemes for enlarging the activities of Weights and Measures. But the slow pace of progress achieved so far in regard to modernizing the laboratories is hardly convincing. The Committee, therefore, strongly recommend that the matter should be taken up with the respective State Governments on priority for overall improvement in the performance of Weights and Measures Departments and the existing standard equipments in the Standards Laboratories may be replaced with the digital type weighing instruments. The laws in this regard should be enforced strictly for protecting the interest of the consumers. The Committee are also of the opinion that the Government should ask the State Governments to monitor the working of Weights and Measures Department regularly

5.15 The Committee also desire that the State Governments should be impressed upon to ensure that the provisions of Weights and Measures(Packaged Commodities) Rules, 1977 are strictly enforced to check the cases of display of proper information on the packages and overcharging. There is also a need to follow proper procedures etc. in the surprise checks/raids so that the defaulters are not acquitted on technical grounds.

CHAPTER-VI REGULATION OF MARKET (Forward Markets Commission)

6.1 The Forward Markets Commission, FMC is a statutory body set up under the Forward Contracts (Regulation) Act, 1952 (FCRA). The Commission functions under the administrative control of the Ministry of Consumer Affairs, Food & Public Distribution; Department of Consumer Affairs, Government of India. Under the Act, the Commission has following functions:-

- (i) to advise the Central Government in respect of recognition or withdrawal of recognition of any association and other matters arising out of the administration of the Act.
- (ii) to keep forward markets under observation and take appropriate action in relation to them.
- (iii) to collect and publish information regarding trading conditions in respect of goods to which any of the provisions of the Act is made applicable including information regarding supply, demand and prices and to submit to Central Government periodical reports on the operation of this Act and on the working of the forward markets relating to such goods;
- (iv) to make recommendations to improve the organisation and working of forward markets.
- (v) To undertake inspection of the accounts of recognised associations and / or any members thereof.
- (vi) to perform other duties prescribed by the Central Government.

6.2 The Commission is thus entrusted with regulatory functions under the Act. The Commission, at present comprises 3 Members, one of whom is its Chairman. It has its headquarters at Mumbai and a Regional Office at Calcutta. The sanctioned strength of FMC is of 41 officers and 97 staff members. The Commission has 3 functional wings to carry out various tasks as detailed below:

- | | |
|-------------------------------|---|
| (i) The Commodity Division | Concerns itself with the regulation of forward trading in commodities. |
| (ii) The Enforcement Division | Assists the police authorities in the States and Union Territories in enforcing the |

provisions of the Act, conducts training courses, scrutinizes documents seized by the police during the course of raids and renders help to the prosecution with its officers appearing as expert witnesses in the different Courts of Law in the country.

(iii) The Administration Division

Deals with the personnel and staff matters of the Commission.

6.3 The Budget estimate of the Commission for the last three years and actual expenditure are given below: -

<i>Year</i>	<i>Budget grant Revised (Rs. Lakhs)</i>		<i>Annual Expenditure (Rs.lakhs)</i>	
	<i>PLAN</i>	<i>NON PLAN</i>	<i>PLAN</i>	<i>NON PLAN</i>
2002-2003	5.80	191.00	5.80	181.30
2003-2004	25.00	206.00	22.36	169.38
2004-2005	25.00	201.00	5.66	143.00
2005-2006	225.00	219.00	-	-

6.4 It has been seen from the above table that during 2004-05 the utilization of funds is on the lower side. Asked about the factors responsible for this lower utilization of funds, the Committee was informed that during the year 2004-2005 the allocation of Rs.201.00 lakhs under non-plan will be utilized. In case of Plan an expenditure of Rs.21.0 lakhs has been incurred. The short-fall is mainly due to savings on Foreign Travel Expenditure as no foreign tour was undertaken as per the directions of the Government as economy measures.

6.5 The Committee have been further informed that futures trading performs two important economic functions of price discovery and price risk management. This trading in commodities is useful to all sectors of the economy. The increasing trend in the forward price indicates an imbalance between demand and supply. This enables the government and the private sector to make plans and arrangements for timely actions. This ensures availability of adequate supplies and averts spurt in prices. Futures Market also helps the farmer in planning his 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 probable supply and demand of various commodities in advance.

6.6 Asked as to how the regulation of forward contract/future trading benefit the farmers/consumers in the country, the Committee was informed that futures contracts perform two important functions of price discovery and price risk management with reference to a particular commodity. It is useful to farmers as it helps them in getting an idea of the price likely to prevail at a future point of time and therefore can decide between various competing commodities that suit him the best. The farmers can benefit by planning their acreage on the basis of the price signals emanating from a Commodity Exchange.

6.7 The farmers do not generally participate directly in the commodity market as the mechanism of futures trading involves daily clearing (pay-ins and pay-outs) which the farmers find cumbersome. Farmers producing rubber and black pepper are however, reported to be participating in the futures trading. Options as a tool are more suited as a risk management tools to the farmers. However, at present options are prohibited under F.C. (R) Act, 1952. Futures contracts cannot play a direct role in a preventing distress sale. It can play complementary role by facilitating the banking and other financial institutions to finance the hedged crop kept in accredited warehouses. The role of Warehouse Receipt Finance is critical to prevent distress sale.

6.8 During evidence, the Committee enquired as to how a farmer may get maximum profit of his produce by way of future trading, the Secretary stated that they have conducted the study through International Agency to suggest certain measures to protect the interest of farmers. The important recommendation of the study unit are as follows:

(a) Standardization and grading of agricultural commodities

There needs to be a formal and rational relationship between the quality of a product and its price. This can be achieved by grading the product in conformity with certain accepted quality standards viz. shape, size, form, weight, and other physical and technical characteristics. The product brought to the market is very often contaminated with dust, stones and other foreign matter added either by accident, or deliberately. Sometimes the product is immature, not properly dried, contains shriveled

grains or damaged and rotten material. Such a product brings a lower price to the farmers. Control should be exercised while assembling the product of different farmers so that the goods material is not mixed with the inferior material brought in by some farmers.

(b) Improving price transparency of mandis

A key step in this direction would be to establish a pilot programme in several States, linking major mandis with appropriate national multi-commodity exchanges, and making the mandis' operations include electronic and transparent price boards. These pilot mandis could then display both spot and futures prices, and provide new advantages to farmers as they decide when to move their produce to the mandis to sell. This should be done irrespective of the implementation of the APMC Act.

(c) Authorize options on futures in commodity markets

Commodity futures contracts permit the parties to lock into a pre-determined price, to be paid at contract expiration. This ensures that the seller of a product is buffered against the downside of prices falling at the time of settlement or harvest. However, should the price move favorably, then the seller cannot take the benefit of the upside. If options were permitted, then the seller would have the right, but not the obligation, to sell at the end of the contract for which an option premium is paid. Options would give farmers the right, but not the obligation, to sell their product at a pre-determined price, for a small premium. Today, commodity options are not allowed, whereas options in the securities markets are permitted.

6.9 The Committee was furnished the following statement showing the number of cases registered under F.C.(R) Act, 1952 during last three years.

Year	No. of cases		Total	Cases dropped / no. evidence*	No. of cases in which prosecution suggested	Pending cases with Police Court
	With out assistance	Police on their own				
2002-03	1	17	18	8	10	10
2003-04	--	4	4	3	1	1
2004-05	--	1	1	1	--	--
Total	1	22	23	12	11	11

* includes the cases where in no documents recovered and documents do not contain evidence

6.10 Asked whether FMC has any separate vigilance cell of its own to conduct raids/surprise checks on the illegal forward trading at the Recognised Association, the Committee was informed that FMC has no separate unit called as “vigilance cell” to conduct raids/surprise checks on the illegal forward trading at the Recognised Associations. However, the officers of the Commission conduct surprise checks on the Recognised Associations. Later on the Ministry informed the Committee that there is a proposal to strengthen the FMC after which the functions of (i) Development; and (ii) Market Monitoring and Surveillance (including) vigilance will be separated. This is expected during the current financial year.

6.11 When asked about the efforts made by FMC to improve the working of those Exchanges which are not functioning smoothly due to their weak management structure both at the levels of the Board of Directors and their Secretariat, the Committee was informed that Exchanges are required to provide in their Articles of Association equitable representation to diverse interests on their Boards rather than representation of various interests based on numerical strength. They are also required to provide for a minimum of one third representation to independent Directors. Experts in the fields of Economics, Law, Accountancy, Management, etc. are nominated as independent directors.

6.12 When asked about the difficulties being faced by the exchanges to appoint independent Directors in their Board of Directors, the Ministry in their Post-evidence replies stated that exchanges are finding it difficult to find experienced, qualified and willing persons, who would attend meeting of the Boards at short notice and contribute to improve functioning of the Exchange, for appointment as Independent Directors on the Board of Exchanges.

6.13 The Committee note that future trading programmes have two important economic functions of price discovery and price risk management. Future markets also help the farmers in planning their cultivation in advance as well as to determine the kind of crops which they would prefer to raise, by taking advantage of the advance information of the price and probable supply and demand of various commodities. The Committee further note that farmers generally do not participate directly in the commodity market and consequently the futures contracts cannot play a direct role in preventing distress sale. In order to protect the interest of the farmers a detailed study was conducted by the Ministry through a International Agency who *inter-alia* recommended (i) Standardization and grading of agricultural commodities; (ii) Improving price transparency of mandis; and (iii) Authorize options on futures in commodity markets. The Committee feel that if the above suggestions are implemented in letter and sprit, there would certainly be improvement in the financial conditions of the Indian farmers. The Committee, therefore, concur with the suggestions given by the Study Unit and desire that the above recommendation should be implemented expeditiously.

6.14 The Committee are concerned to note that the advantages of price discovery and risk management, associated with the Commodity Markets, have not been availed by the farmers, due to lack of awareness, education and training. The future and spot commodity markets are at times, manipulated and rigged by the traders and other middlemen who out number the farmers. The Committee desire that the participation of farmers in the Commodity Markets – both Future and spot should be increased, so that farmers can reap the benefit of commodity Market. In this context, the Committee recommend that e-chaupal Model propagated by I.T.C. or any Cooperative structure should be in place to assist and guide the farmers venturing into the commodity Markets. There has been a spate of illegal forward trading taking place, all over the country. The Committee desire that Government should curb such trading. The Committee would like to be apprised of the action taken by the FMC in these matters.

6.15 The Committee note with concern that there is slackness on the part of FMC in dealing with the vigilance cases which is evident from the fact that all the 11 cases in which the prosecution were suggested are pending with police/court since 2002-03. The Committee are of the view that one of the reasons for pendency of the cases in the court, may be due to absence of a separate vigilance cell in FMC. The Committee, therefore, recommend that a separate Vigilance Cell may be constituted in the FMC. Also efforts should be made to settle all the 11 cases pending in different courts expeditiously.

6.16 The Committee note that as per the Articles of Association all the Exchanges are required to nominate minimum one third independent Directors having expertise in the field of Economics, Law, Accountancy. Management etc. But most of the Exchanges are facing difficulty in finding experienced/qualified and willing persons who may attend meetings of Board at short notice and contribute to improve functioning of the Exchanges. The Committee feel this may be due to inadequate salary and other perks being paid to the Directors. The Committee recommend that the Ministry should look into the matter with due seriousness and make concrete efforts so that the vacant posts of Directors are filled up at the earliest.

CHAPTER-VII

BUREAU OF INDIAN STANDARDS

7.1 Bureau of Indian Standards (BIS) came into existence, through an Act of Parliament dated 26 November 1986, on 1 April 1987, with a broadened scope and more powers taking over the staff, assets, liabilities and functions of erstwhile Indian Standards Institution (ISI). Through this change over, the Government envisaged building a climate for quality culture and consciousness and greater participation of consumers in formulation and implementation of National Standards. The Bureau is a Body Corporate consisting of members representing both Central and State governments, Members of Parliament, industry, scientific and research institutions, consumer organizations and professional bodies with Union Minister of Consumer Affairs, Food and Public Distribution as its President.

7.2 A network of 5 Regional Offices at Kolkata (Eastern), Chennai (Southern), Mumbai (Western), Chandigarh (Northern) and Delhi (Central) and Branch Offices at Ahmedabad, Bangalore, Bhubaneswar, Bhopal, Coimbatore, Faridabad, Ghaziabad, Guwahati, Hyderabad, Jaipur, Kanpur, Lucknow, Nagpur, Nalagarh, Pune, Rajkot, Patna, Thiruvananthapuram and Vishakhapatnam serve as effective links between State Governments, industries, technical institutions, consumer organizations, etc. of the region. The activities of BIS can be broadly grouped under the following heads:

- a) Standards Formulation
- b) Certification
- c) Laboratory Services
- d) International Activities
- e) Consumer Related Activities
- f) Promotional Activities
- g) Training Services
- h) Information services
- i) Financial, Resources- Mobilization and utilization

7.3 A statement showing the Budget Estimates, Revised Estimates and Actual Expenditure for the last three years (year-wise) and Budget Estimates for the year 2005-06 is given below:

Year		BE	RE	AE
2002-03	NITS	0.30	0.30	0.30
	QCI	0.15	0.15	0.15
2003-04	NITS	-	-	-
	QCI	0.15	0.15	0.15
2004-05	NITS	-	-	-
	QCI	-	-	-
2005-06	NITS	-	-	-
	QCI	-	-	-

7.4 The details of the licences whose performance were not found satisfactory and were refused renewal, i.e. licences expired during the last three years are as under:-

PERIOD	NO. OF LICENCES EXPIRED
2002-2003	1544
2003-2004	1602
2004-2005(UPTO FEB 2005)	1340

7.5 These licences were not renewed due to various reasons such as unsatisfactory performance which may include repeated failure of samples drawn from the factory/market, non implementation of BIS Scheme of Testing and Inspection for Process-control, non- submission of renewal application/marketing fee dues, or combination of such reasons. No action is warranted or taken by BIS against the licensees who do not apply for renewal of the licence. The licences of such licensees are expired/cancelled and they are not allowed to mark their product with BIS Standard Mark. As regards products under Mandatory Certification, the State Authorities are informed as and when the licence is either not renewed or is cancelled so that such units do not manufacture products with ISI Mark. BIS also keeps a check on such units through market surveillance. More than 18000 standards are in force as on date. In case misuse of BIS standard mark is noticed in respect of ex-licensees, legal action is taken as per the provisions of BIS Act.

7.6 Asked whether any penalty is imposed on the licence holder for not renewal of the licence for the products brought under mandatory certification of BIS, the Committee was informed in a subsequent note as per BIS act and regulation,

there is no provision for imposing any penalty on the licence holder for non-renewal of the licence for the products under mandatory certification of BIS.

The statewise details of pending cases pertaining to prosecution proceedings filed under BIS Act, 1986 for misuse of BIS Standard Mark are given below:

<u>STATE</u>	<u>NO. OF PENDING COMPLAINT CASES</u>	
ASSAM		02
ANDHRA PRADESH		15
BIHAR		01
CHANDIGARH		03
DELHI	56	
GUJARAT	36	
HIMACHAL PRADESH		05
HARYANA	16	
KARNATAKA		11
KERALA		02
MADHYA PRADESH		11
MAHARASHTERA	31	
ORISSA		01
PUNJAB		14
RAJASTHAN	12	
TAMIL NADU		08
UTTAR PRADESH	30	
WEST BENGAL		14

TOTAL		268
	====	

7.7 Asked whether BIS has any special arrangement to check/control the quality of items affecting the health and safety of the consumers, the Committee was informed that the BIS laboratories have been equipped to test more than 1600 varieties of products. These include complete testing facilities for safety of electrical appliances, such as Electric Iron, Radiators, Immersion Rods, Switches, Sockets, Cables and Health Safety Requirements for food products including Packaged Drinking Water and Natural Mineral Water. These facilities include Microbiological testing. It is however, clarified, that BIS checks the quality of only those products that are covered under its Certification Scheme.

7.8 The details about the number of inspection visits carried out during the last three years are as follows:

Sl. No.	Year	No of Inspections
1	2001-02	47469
2	2002-03	42378
3	2003-04	35930

7.9 Asked about the reasons for decreasing the number of inspections carried out during the last three years, the Committee was informed that number of licences have been increased and the manpower has been decreased. As such, the inspections are conducted keeping in view the availability of manpower without compromising the quality of the product.

Setting up of Gold Hallmarking/Assaying Centres in India.

7.10 The Committee have been informed that the annual consumption of gold which was estimated at 65 tonnes in 1982, has increased to over 800 tonnes in the year 2003-04 . About 80% of it is for jewellery fabrication (mainly of 22 carat purity) for domestic demand, 15% for investor demand and barely 5% for industrial use. Indian consumer is very often a victim of irregular metal quality. A buyer, for instance, will be told that he has bought gold of 22 carats. When he goes to sell or exchange it he/she discovers that the gold is actually of lower purity, may be of 18 carats thus losing substantial money. Government of India took cognizance of the need for protecting the public in its purchase of gold jewellery and the prevention of adulteration, be it deliberate or accidental by launching of Gold Hallmarking Scheme in the year 2000. Bureau of Indian Standards (BIS) was identified as the sole body to operate Hallmarking Scheme in India. It is, therefore, proposed to introduce a Central Scheme to facilitate establishment of laboratories for testing and hallmarking of gold jewellery and artifacts by providing financial assistance from the Central Government with the objective:-

- (a) To protect consumers from sale of inferior quality of gold;
- (b) To boost the confidence of the consumers and to reassure them of the intrinsic value of their holdings; and
- (c) To provide third party assurance to the consumers, on purity and weightage of gold.

7.11 It is proposed to set up testing laboratories for Assaying and Hallmarking of gold jewellery across the country with one in every district. This is proposed to be done in a phased manner (2005-06 – 1st phase, 2006-07 – 2nd phase and 2007-08- 3rd phase) so that all the districts are covered by the end of 2007-2008. These facilities will form a countrywide infrastructure for assaying and hallmarking which can also be utilized by the ordinary consumer to get his jewellery tested for its purity.

7.12 To give further boost to gold hallmarking in the country, the plan proposal includes an effective publicity campaign for gold hallmarking which will help build up 'Hallmark' as a brand name and induce pressure on jewellers to obtain licence to hallmark their jewellery . Presently BIS, is creating awareness about the hallmarking scheme among common consumers through Consumer Awareness Programmes, Jewellers' Meet , Press, TV etc. This will help in growth of the scheme across the country thereby benefiting the consumers in the rural areas including remote and inaccessible areas.

7.13 In the Budget Estimates 2005-06 the Planning Commission has allocated Rs. One crore for setting up gold Hallmarking/ Assaying Centre in India. It is proposed to cover all the 602 Districts of the country with an anticipated cost of Rs. 421.40 crore. The establishing costs on one unit of Assaying and Hallmarking has been worked out to Rs. 70 lakhs excluding infrastructure costs. In this context the Committee enquired that manner in which the Department proposes to utilize Rs. 1 crore in 2005-06. The Committee was informed that Rs. 1 crore is only a token provision made by the Planning Commission. The Planning Commission has been requested to provide a budget allocation of Rs. 90 crores during the year 2005-2006 for this scheme. In the first phase 100 districts are proposed to be covered in 2005-06.

7.14 Asked whether the proposals for setting up of 602 Assaying/ Hallmarking Centres have been approved by the Planning Commission, the Committee was informed that the proposal is yet to be approved by the Planning Commission. An

EFC note has been circulated among appraising Departments including the Planning Commission for the approval of the scheme.

7.15 In this regard the representatives of Department of Consumer Affairs stated during evidence:

“We are very concerned about the quality of gold that is available in the country. Eight hundred tones of gold is imported into India and most of it goes into jewellery. Every family at the time of marriage and other things spend a sizeable amount of jewellery. We have done some survey. It is disheartening to note that most of these jewellery which are sold as 24 carats or 22 carats are actually 18 or 14 carats. So, a lot of cheating is going on. Therefore, the Government, on the advice of this Committee, had set up a Committee under the Chairmanship of Secretary, Consumer Affairs to go into this whole issue as to how to provide adequate protection to consumers purchasing gold. Now, this Committee has been deliberating for one or two years. Now, we are in the final stages of implementing the scheme. The idea is that it would be made voluntary for the time being. As the Secretary said it is the chicken and egg syndrome. Consumers buy the gold jewellery, but they do not know where the consumers can go and check it. Since the centers are very expensive we need demand for that. For the centers to run and to be viable, there has to be enough demand. We are going at it in a two-pronged way. One is to create widespread consumer awareness that you must go and get your jewellery checked and that you may have been cheated. So, they will be wanting to go and get it checked. Secondly, we want to check those assaying centers. For this we have made a very huge scheme. We are very fortunate that the Planning Commission has supported it and the Department of Revenue is also very keenly supporting us in this. We are almost hopeful to get Rs. 300 or so in the next year to get going. In the first case we want to set up about 100 or 150 assaying centers. This will be set up in those areas which are identified as those areas where there is a lot of gold transaction. This could be at the district level or may be in the big cosmopolitan centers. Eventually, we want to take it to each and every district.

Our idea is to help the farmers also so that when they buy gold for their daughters marriage etc., they can take it to the banks for getting the loan. We are in touch with the banks also. Once the gold is hall marked and once it has the BIS logo, whether it is 22 carat or not, the banks can extend loans on that jewellery. You just see how exciting it is. The whole scene changes in the agriculture centers. Loans are easily available to the farmers through this method. We are almost ready and we want to go a step further. We want to help not only the farmers but also the exporters. When the exporters export gold to the other countries, it has to be first hall marked in U.K. they have to pay the hallmark fees over there. Why should not the hallmark centers be in India which are recognized the world over? For that we have to join the Vienna Convention. Then, we will be allowed to

use the Common Control Market which is used in the European countries. So, in the first stage we could set up hallmark centers in the export zones or in places like Mumbai from where all the export takes place. This will be allowed to have CCM, Common Control Market. This will be valued in European countries also. So, we are looking at it in a wide spectrum.”

7.16 The Secretary, Department of Consumer Affairs further supplemented as under:

“if we become the member of Vienna Convention, which we are trying also, then this will be accepted the world over. This will answer your point too. Here, India is accounting for only one per cent of the world trade in gold jewellery. Now, if this happens, we expect that we will have a sizable share of gold jewellery trade the world over. Then, you would require not only the existing goldsmiths but also more people would be required to make jewellery in this country. It will be a vast opportunity of creating employment for our people.”

7.17 The Committee note that a large number of licences of BIS marks have not been renewed after the expiry of renewal date due to various reasons such as (i) unsatisfactory performance (ii) repeated failure of samples drawn from the factory/market (iii) non-implementation of BIS Scheme of testing and implementation for process control (iv) non-submission of renewal application (v) non-furnishing the marking fees. The BIS is helpless to take any action against the defaulters as there is no provision in the BIS Act to impose any penalty even on the products which come under mandatory certification of BIS. The Committee feel that the very purpose of setting up of the BIS will be defeated unless and until the Government make it mandatory to get the licences renewed after the expiry date. The Committee, therefore, recommend that a penalty clause should be inserted in the BIS Act to make the renewal compulsory at least for the products which are under mandatory certification of BIS. The Committee desire that a Bill in this regard should be introduced in the Parliament at the earliest.

7.18 The Committee note that the Scheme of Hallmarking of gold was launched in 2000 with the aim (i) to protect consumers from sale of inferior quality of gold; (ii) to boost the confidence of the consumers and assure them to intrinsic value of their holdings; and (iii) to provide third party assurance to the consumers on purity and weightage of gold. There are 24 hallmarking centres through which 935 jewellers have hallmarked their 59 lakh jewellery articles. Keeping in view its popularity and increasing demand, the Government have decided to set up at least one hallmarking/Assaying centre in all 602 districts of the country with an anticipated cost of Rs. 421.40 crore in three phases upto 2007. The establishment cost of one unit of Assaying and Hallmarking centres has been worked out to Rs. 70 lakh excluding infrastructure cost. The Committee recommend that the awareness programme should be strengthened so that every consumer of remote and rural areas may go and get their jewellery checked at the nearest point. The Committee also desire that sincere efforts should be made to get the approval of Scheme from the Planning Commission.

7.19 The Committee further note that the Hallmarking of gold jewellery will also be fruitful for consumers and exporters. The consumers may get loan from the Banks by hypothecating their hallmarked jewellery items. Similarly it will help the exporters to save the hallmarking fees which is presently paid in UK. To compete in the Common Control Market of European countries, the Government of India proposes to join the Vienna Convention. While considering that it is wise step, the Committee desire that the Government should join the Vienna Convention and go ahead with setting up of Hallmark Centre in the export zone so that the country may have sizable share of gold jewellery trade in the world market.

New Delhi
25 April, 2005
5 Vaisakha 1927 (Saka)

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

**MINUTES OF THE EIGHTH SITTING OF THE STANDING COMMITTEE ON
FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION HELD ON
SATURDAY, THE 9TH APRIL, 2005.**

The Committee sat from 1130 hrs. to 1330 hrs. in Committee Room 'C', PHA, New Delhi.

PRESENT

Shri Devendra Prasad Yadav - Chairman

MEMBERS
LOK SABHA

2. Shri A.P. Abdullakutty
3. Shir Ranen Barman
4. Shri Alakesh Dass
5. Shri Zora Singh Mann
6. Shri Hari Kewal Prasad
7. Shri Ajit Kumar Singh
8. Shri Ramakant Yadav

RAJYA SABHA

9. Shri T.S. Bajwa
10. Shri Palden Tsering Gyamtso
11. Shri Lalitbhai Mehta
12. Smt. Bimba Raikar
13. Shri Nabam Rebia
14. Shri Vikram Verma
15. Shri Vijay Singh Yadav

SECRETARIAT

1. Shri R.S. Kambo - Deputy Secretary
2. Shri B.S. Dahiya - Under Secretary
3. Shri Jagdish Prasad - Assistant Director

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

1. Shri L.Mansingh - Secretary
2. Shri D.N. Padhi - AS &FA
3. Smt. Satwant Reddy - Addl. Secretary and DG (BIS)
4. Shri D.K. Mukhopadhyay - Economic Advisor
5. Shri A.N. Bokshi - Chief Controller of Accounts
6. Dr. Jayashree Gupta - Joint Secretary
7. Shri A.C. Pandey - Additional Director General (BIS)

8.	Shri Y.P. Singh	-	Additional Director General (BIS)
9.	Shri Alok Chandra	-	Deputy Economic Advisor
10.	Shri S.K. Choudhary	-	Deputy Director General (Lab)
11.	Shri B.G. Sankara Rao	-	Dy. Director General (Finance)
12.	Shri Anant Dhul	-	Chief Vigilance Officer
13.	Shri Balwant Rai	-	Dy Director General Marks Deptt.(I)
14.	Shri S. Sundareshan	-	Chairman (FMC), Mumabi
15.	Dr. Kewal Ram	-	Member (FMC)
16.	Shri L.B. Singh	-	Managing Director (NCCF)
17.	Shri N.C. Chatterjee	-	Director General (NTH)
18.	Shri P.A. Krishnamurty	-	Director (W&M)
19.	Shri G.S. Nagi	-	Director (IT)
20.	Shri P. Venkatesan	-	Director (CPU)

2. At the outset, Hon'ble Chairman welcomed the Secretary and other officials of the Department of Consumer Affairs and apprised them of Direction 58 of the Directions by the Speaker. The Committee then took evidence of the representative of the Department of Consumer Affairs in connection with the examination of Demands for Grants (2005-06). The following important topics were discussed by the Committee.

- (i) General Performance of the Department of Consumer Affairs
- (ii) Consume Protection
- (iii) Consumer Courts and Consumer Forums
- (iv) Consumer Welfare Fund
- (v) Essential Commodities
- (vi) National Test House (NTH)
- (vii) Weights and Measures (W&M)
- (viii) Regulation of Market (Forward Market Commission)
- (ix) Bureau of Indian Standards (BIS)
- (x) Hallmarking of Gold Jewellery
- (xi) Consumer Cooperative (National Cooperative)
Consumers Federation of India Ltd. (NCCF)

3. A copy of the verbatim proceedings of the sitting of the Committee has kept on records.

The Committee then adjourned.

2. XXX

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XXX

3. The Committee then took up Draft Seventh Report on Demands for Grants (2005-2006) relating to Department of Consumer Affairs for consideration and adopted the same without any amendment.

4. The Committee authorized the Chairman to finalise these Reports after making consequential changes arising out of factual verification of the reports by the concerned Departments and present/lay the Reports in both the Houses of Parliament.

5. XXX

XXX

XXX

The Committee, then, adjourned.

XXX Not related to this Report.

