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**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION
(2010-11)**

FIFTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2011-12)**

THIRTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

June, 2011/ -- Jyaistha, 1933 (Saka)

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**DEMANDS FOR GRANTS
(2011-12)**

Presented to Lok Sabha on 05.08.2011

Laid in Rajya Sabha on 05.08.2011



**LOK SABHA SECRETARIAT
NEW DELHI**

June, 2011/ -----Jyaistha, 1933 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION – 2010-11.**

Shri Vilas Muttemwar - **Chairman**
Members

Lok Sabha

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3. Shri Kamlesh Balmiki
4. Shri Tara Chand Bhagora
5. Shri Shivraj Bhaiya
6. Shri Arvind Kumar Chaudhary
7. Shri Sanjay Singh Chauhan
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28. Shri Sanjay Raut
29. Dr. T.N. Seema
30. Shri Veer Singh
31. Shri Kaptan Singh Solanki

SECRETARIAT

1. Shri P.K. Misra - Joint Secretary
2. Smt Veena Sharma - Director
3. Shri Khakhai Zou - Under Secretary

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2010 -11), having been authorized by the Committee to submit the Report on their behalf present this Thirteenth Report on Demands for Grants (2011-12) 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 (2011-12) of the Ministry, which were laid on the Table of the House on 15th March, 2011. The Committee took evidence of the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) on 20th April 2011.

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

4. The Report was considered and adopted by the Committee at their sitting held on 15.06.2011.

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

NEW DELHI
15 June, 2011
25 Jyaistha, 1933 (Saka)

VILAS MUTTEMWAR,
Chairman,
Standing Committee on Food
Consumer Affairs and Public Distribution

CHAPTER I

INTRODUCTORY

1.1 The Department of Consumer Affairs (DCA) is one of the two Departments under the Ministry of Consumer Affairs, Food & Public Distribution. It was constituted as a separate Department in June 1997 as it was considered necessary to have a separate Department to give a fillip to the nascent consumer movement in the country. The Department has been entrusted with the following work:-

1. Internal Trade.
2. Control of Future Trading: The Forward Contracts (Regulation) Act, 1952 (74 of 1952).
3. The Essential Commodities Act, 1955 (10 of 1955) (Supply, Price and Distribution of Essential Commodities not dealt with specifically by any other Department).
4. Prevention of the Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980 (7 of 1980).
5. Regulation of packaged commodities.
6. Training in Legal Metrology.
7. The Emblems and Names (Prevention of Improper Use) Act, 1952.
8. The Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985. The Legal Metrology Act, 2009 (1 of 2010) will be implemented from 1st April, 2011 replacing the existing two Acts.
9. The Bureau of Indian Standards Act, 1986.
10. Laying down specifications, standards and codes and ensuring quality control of bio-fuels for end uses.
11. Forward Markets Commission.
12. Consumer Cooperatives.
13. Monitoring of prices and availability of essential commodities.
14. National Test House.
15. The Consumer Protection Act, 1986.

1.2 The Department of Consumer Affairs mandate consists of 4 main areas of responsibilities: (i) consumer protection, (ii) internal trade, (iii) quality infrastructure and policies consisting of standards and legal metrology, and (iv) monitoring of prices and availability of essential commodities. In carrying out its mandate, the Department is assisted by the following organizations:

- (A) Bureau of Indian Standards (BIS).
- (B) National Test House (NTH).
- (C) National Consumer Disputes Redressal Commission (NCDRC).
- (D) National Cooperative Consumer's Federation (NCCF).
- (E) Forward Markets Commission (FMC).
- (F) Indian Institute of Legal Metrology (IILM).
- (G) Regional Reference Standards Laboratories (RRSLs).

1.3 The Minister of Consumer Affairs, Food and Public Distribution laid on the Table of the Lok Sabha, the Detailed Demands for Grants (2011-2012) relating to the Department of Consumer Affairs on 15th March, 2011. The Detailed Demands for Grants for the Department of Consumer Affairs shows a budgetary provision of Rs. 580.56 crore. This includes Rs.225.00 crore for plan activities and Rs. 355.56 crore for non-plan programmes and schemes.

1.4 The Committee have examined the various issues related to implementation of different schemes/programmes of the Department in the context of Demands for Grants (2011-12); the detailed analysis alongwith the observations/recommendations has been given in the succeeding Chapters of the report.

CHAPTER II

General Performance of the Department-

Allocation of funds for Plan and Non-Plan Schemes during XI plan period:

2.1 The Department of Consumer Affairs has furnished the following statement showing BE, RE & Actual Expenditure (for Plan and Non-Plan schemes) incurred during the year 2008-09 , 2009-10, 2010-11 and BE for 2011-12:-

(Rs. in crore)

Year	Budget Estimates			Revised Estimates			Actual Expenditure		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2008-09	209.00	38.95	247.95	160.00	245.00	405.00	142.33	184.42	326.75
2009-10	209.00	258.00	467.00	164.00	253.66	417.66	146.23	220.66	366.89
2010-11	220.00	255.20	475.20	198.00	504.94	702.94	150.92	213.15	364.07 (upto Jan. 2011)
2011-12	225.00	355.56	580.56	-	-	-	-	-	-

2.2 The BE, RE and Actual Expenditure (for Plan and Non-Plan schemes) in respect of Department of Consumer Affairs for the years 2008-09 to 2010-11 and BE for 2011-12 (scheme-wise) is given below:-

(a) Plan Schemes

(Rs. in crore)

Sl No	Name of the scheme/project/ program	2008-09			2009-10			2010-11			2011-12
		BE	RE	Actual Expn.	BE	RE	Actual Expn.	BE	RE	Actual Expn. (upto Jan. 2011)	BE
1.	National Consumer Disputes Redressal Commission	11.00	10.00	10.00	9.90	9.90	9.98	3.44	2.39	2.39	0.00
2.	Consumer Awareness (Publicity)	67.50	80.50	80.50	69.90	70.00	70.60	75.47	72.47	72.70	78.41
3.	Consumer Protection	38.71	17.45	16.69	29.78	15.12	17.47	28.90	21.85	17.12	32.42

4.	Weights and Measures Establishment of Laboratories	16.20	21.60	21.18	34.20	30.20	26.89	56.25	54.75	43.21	58.00
5.	National Test House	12.60	10.22	9.99	13.50	12.95	13.47	15.45	15.45	10.06	19.00
6.	Bureau of Indian Standards (standardization & Quality Control)	18.69	0.63	0.66	13.72	0.60	0.40	2.07	0.90	1.00	1.58
7.	Forward Markets Commission	20.70	3.60	3.31	16.20	8.10	6.79	15.75	9.68	4.41	12.50
8.	Setting up of Gold Hallmarking Assaying Centres in India.	2.70	0.00	0.00	0.90	0.73	0.81	0.67	0.42	0.03	0.59
9.	Lumpsum provision for NE project/scheme for the benefit of NE region.*	20.83	16.00	0.00	19.26	16.32	0.00	21.69	19.91	0.00	22.25
	Total	209.00	160.00	142.33	209.00	164.00	146.23	220.00	198.00	150.92#	225.00

#Includes Rs. 61.40 Crore authorized in favour of other Ministries/Departments.

(b) Non-Plan Scheme**(Rs. in crore)**

SI No	Name of the scheme/ project/ program	2008-09			2009-10			2010-11			2011-12
		BE	RE	Actual Expn.	BE	RE	Actual Expn.	BE	RE	Actual Expn. (upto Jan. 2011)	BE
1.	Secretariat Economic Services	10.27	11.28	10.83	13.44	15.17	14.45	16.21	16.19	12.77	16.42
2.	National Test House	15.03	19.65	18.03	26.24	22.96	23.35	21.67	22.24	19.42	22.26
3.	Consumer Co-operatives	1.05	200.01	143.90	200.05	200.00	168.02	200.00	450.00	168.56	300.00
4.	Consumer Protection	3.45	4.49	4.28	5.85	6.16	5.89	6.39	6.34	5.07	6.57
5.	Regulation of Weights and Measures	2.37	3.06	2.88	3.83	3.90	3.70	4.24	4.06	3.08	4.02
6.	International Cooperation	0.08	0.08	0.09	0.10	0.10	0.09	0.10	0.10	0.08	0.10
7.	Regulation of Markets	4.70	4.43	4.06	6.49	5.37	5.16	6.59	6.01	4.17	6.19
8.	Project under Consumer Welfare Fund	16.08	8.65	5.00	13.90	11.20	10.86	13.80	16.78	6.12	19.80
9.	Loans to Super Bazar	2.00	2.00	0.35	2.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Gross	55.03	253.65	189.42	271.90	264.86	231.52	269.00	521.72	219.27	375.36
10.	Deduct Refund*	-16.08	-8.65	-5.00	13.90	11.20	10.86	13.80	16.78	6.12	19.80
	Net Total	38.95	245.00	184.42	258.00	253.66	220.66	255.20	504.94	213.15	355.36

2.3 From the above statements, it has been observed that:-

- (i) The BE for 2009-10 was Rs. 209.00 crore for plan schemes which was reduced to Rs. 164 crore at RE stage whereas the actual expenditure was Rs. 146.23 crore. Similarly, the BE for 2010-11 for plan schemes was Rs. 220 crore which was later reduced to Rs. 198.00 crore at RE stage and the actual expenditure was only Rs. 150.92 crore (upto January, 2011) and that includes Rs. 61.14 crore authorized in favour of other Ministries/Departments
- (ii) The BE of Rs.225 crore has been allotted for Plan Schemes during the year 2011-12.
- (iii) There was 'nil' expenditure in respect of the schemes for the benefit of NE region during 2008-09, 2009-10 and 2010-11.
- (iv) The major reduction of BE at RE stage during the years 2009-10 and 2010-11 have been made for the plan schemes such as Consumer Protection, Bureau of Indian Standards and Forward Market Commission.

In the non-plan side:

- (i) The BE for 2008-09 was Rs. 38.95 crore which was sharply raised to Rs. 245.00 crore at RE stage whereas the actual expenditure was only Rs. 184.42 crore.
- (ii) The BE of Rs.258.00 crore earmarked for 2009-10 was reduced to Rs. 253.66 crore at RE stage and the actual expenditure incurred was Rs. 220.66 crore only.
- (iii) The BE of Rs. 255.20 crore during the year 2010-11 was also sharply raised to Rs. 504.94 crore at RE stage but the actual expenditure incurred upto January, 2011 was Rs. 213.15 crore only.

2.4 The Committee enquired the reasons for reducing the allocation at RE stage and shortfall in expenditure during the year 2010-11 for the Plan Schemes, the Department in their replies stated that BE allocation was reduced at RE stage keeping in view the expenditure trends. In some of the schemes it was felt that, many States may not be able to send proposals in time and hence less amount was proposed at RE stage. The shortfall in the actual expenditure on the Scheme on Strengthening of Consumer Fora and State Helplines was due to incomplete proposals sent by some of the State Governments without proper documents as mentioned in the guidelines. In the scheme for Strengthening of NCDRC, the executing agency, i.e. CPWD failed to utilize the entire amount in 2010-11 and the Department was informed of this only towards the latter half of March, 2011.

2.5 The BE for the "Consumer Awareness" scheme for the FY-2010-11 was Rs. 84.02 crore and this was reduced to Rs. 80.67 crore in RE stage. This was due to overall reduction of funds allocated to the Department at RE stage and also due to reduction in the programme for grants to States because of low receipt of Utilization Certificates.

2.6 In the case of BIS, BE of Rs. 9.55 crore was reduced to Rs. 2.62 crore on the basis of realistic assessment of likely expenditure and that of the Forward Markets Commission the BE for 2010-11 was Rs. 17.50 crore which was reduced to Rs. 10.53 crore at RE stage. This is due to the fact that FMC's actual expenditure at that stage was lower than anticipated.

2.7 The Committee wanted to know the reasons for sharp enhancements in allocation of BE for the year 2010-11 from Rs. 255.20 crore to Rs. 504.94 crore at RE stage in respect of non-Plan Schemes. The Department stated that the enhancement was mainly due to payment of pending bills on subsidy to PSUs for import of pulses. There was higher performance in the Schemes for distribution of imported pulses and as a result, against BE of Rs. 200 crores, the RE was fixed at Rs. 450 crore for this scheme. This provision was utilized in full. The Department further stated that the overall availability of funds being limited, the Planning Commission reduced the total plan size of the department. Proportionate cuts were made in all schemes including FMC.

2.8 In this context, the Secretary, Department of Consumer Affairs stated during evidence as under:-

“The Budget provisions for the schemes for this year was Rs. 220 crore which was reduced to Rs. 198 crore in the RE. As on 31st March, our total expenditure is around Rs. 187 crore which is around 94 per cent of RE. The percentage has increased over the last year. We have spent around 28 percent more than the last year. That is what I want to submit in respect of plan schemes.

So far as non-plan schemes are concerned, we had asked for more money but we were given less. In the RE, a provision of Rs. 450 crore was made for the non-plan schemes which we spent fully. The RE was Rs. 504 crore as against which Rs. 500 crore has been spent as non-plan expenditure”

2.9 In reply to a query as to what steps were taken by the Department to ensure timely evaluations & approval of the schemes by SFC/EFC, the Ministry stated that the Department had taken up early clearance of all the schemes proposed for the XIth Plan. As a result of these efforts, all the schemes have been approved except one on which the Planning Commission had some reservations and as a result this could not be approved. As a result of these efforts plan expenditure in 2011-12 had substantially gone up as compared to the previous years.

2.10 Keeping in view that NE Region is comparatively less developed, the Committee enquired whether the Department of Consumer Affairs contemplated any special schemes/projects for the regions during the current financial year. The Department

replied that there is no special scheme/project for the North Eastern Region during the current financial year. The Department further stated that no need has been felt for formulation of special schemes/projects for the NE Region & other underdeveloped areas in respect of Consumer Protection, as the existing schemes, being implemented throughout the country, already cover all the States in the country including NE Region & States having underdeveloped areas. In the last two years, expenditure for NE has been more than the minimum requirement.

2.11 Regarding the monitoring mechanism available with the Department to check the proper utilization of funds by the States/UTs, the Department stated that periodical meetings are held and letters are also sent to ascertain the utilization of funds provided to States/UTs. In case utilization certificate is not made available, further release of funds is stopped. This applies to all States/UTs.

2.12 Asked whether all the NE States/UTs furnish their utilization certificates of the funds timely and regularly, the Department stated that in most of the cases utilization certificates are being received timely. However, under consumer awareness programmes utilization certificates are still pending from North Eastern States namely Arunachal Pradesh for the year 2007-08, Assam for the year 2006-07, Manipur for the year 2006-07. Under Consumer Protection Unit programme relating to the old schemes of One-Time OTG 1995 & OTG 2004-05 and IPCP, only Part Utilization Certificates have been received. The defaulting NE States and UTs are being regularly reminded at the level of Secretary/Chief Secretary concerned for submission of UCs.

2.13 Regarding steps taken to utilize the entire funds allocated for the schemes/programmes for North Eastern Region, the Department stated that during the review meetings as well as interactions with the State Governments efforts have been made to ensure that the required emphasis is given to the North East. In 2009-10, the expenditure in the North-Eastern States was more than the minimum prescribed. During the year 2010-11, according to the provisional estimates it is expected that there will be no shortfall and the actual expenditure will be in excess of the prescribed minimum.

2.14 The Committee are disturbed to note that the Department has not been able to fully utilize the Budgetary Allocation for Plan Schemes continuously during the last 3 years. During the year 2010-11, the BE of Rs. 220.00 crore was reduced to Rs. 198 crore at RE and the Department could utilize Rs. 150.92 crore only, which includes Rs. 61.14 crore authorized in favour of other Ministries/Departments. The Committee further note that on Non-Plan Schemes, the BE of Rs. 255.20 crore during 2010-11 was sharply raised to Rs. 504.90 crore at RE stage but the Department could actually spend Rs. 213.15 crore only. The reasons given by the Department for their failure to make full utilization of Budgetary Allocation year after year such as submission of incomplete proposals by some State Governments; reduction in programmes for grant to States due to low receipt of Utilisation Certificates, etc, are not convincing to the Committee. The Department has also stated that payment of pending bills on subsidy to PSUs for import of pulses was the reason for the sharp enhancement of allocation under non plan schemes for 2010-11 at RE stage i.e. from Rs. 255.20 crore (BE) to Rs. 504.94 crore (RE). The Committee are not convinced with the argument as they feel that it could have been anticipated at the time of Budget preparation itself. The Committee are of the view that such repeated failures to make full utilization of allocated funds every year and sharp increase/decrease of allocation at RE stage indicates lack of proper planning on the part of the Department. Further, the reported shortcomings on the part of some State Governments also could have been avoided if the Department had maintained strict vigil and supervision on the implementation of the schemes/programmes/projects by the State Governments on a regular basis. The Committee, therefore, recommend that the Department

should make proper assessment of their requirement of funds for both Plan and Non-Plan Schemes at the time of budgetary preparation itself and make sincere efforts to make full utilization of funds to ensure timely completion of all the schemes/programmes/projects being implemented by the States both under Plan and Non-Plan Schemes.

2.15 The Committee also note that while on the one hand the Department could not fully utilize the allocated funds in both Plan and Non-Plan Schemes for the last three years, it incurred NIL expenditure in respect of the schemes for the benefit of NE Region. This reflects gross negligence on the part of the Department towards the socio-economic development of the people of the NE Region, who are comparatively less developed in all human development indicators. The Committee are surprised to note that though there is lack of infrastructure in all sectors such as transport, power, telecommunication, education, etc. in the NE Region as compared to other regions of the country, the Department does not contemplate any special schemes/projects for the region during the current financial year. The Committee are also not convinced with the Department's contention that no need has been felt for formulation of special schemes/projects for the NE Region in respect of Consumer Protection, as the existing schemes, being implemented throughout the country, already cover all the States in the country including NE Region & States having underdeveloped areas. The Committee, therefore, strongly recommend that the Department should give special attention towards implementation of the schemes/programmes/projects of the Department in the NE region for the benefit of the people of the Region.

CHAPTER III

CONSUMER PROTECTION

3.1 Protecting and promoting the welfare of consumers is one of the major concerns of Government. Policies have been designed and legislations enacted to protect the interest of the consumers and grant them the rights of choice, safety, information and redressal. A separate Department of Consumer Affairs had been created in the Central Government in the year 1997 to act as the nodal Department to focus exclusively on protecting the rights of consumers including redressal of consumer grievances as well as to promote standards of goods and services, standards in weights & measures, regulation of packaged commodities, maintenance of essential commodities, etc.

(A) The Consumer Protection Act, 1986

3.2 One of the most important milestones in the area of consumer protection/consumer movement in the country has been the enactment of the Consumer Protection Act, 1986. This Act has been necessitated because the well organized sectors of manufacturers, traders and service providers with the knowledge of market and manipulative skills often attempt to exploit the consumers, in spite of the existence of various provisions of different laws for protecting their interests. Moreover, the increase in population has resulted in enormous pendency and delay in disposal of cases in the civil courts. Consumers, therefore, cannot be asked to wait endlessly to settle even small claims. Hence, the Consumer Protection Act, 1986 was enacted to better protect the interests of consumers. It is one of the most progressive and comprehensive pieces of legislation and is an umbrella legislation covering all goods and services. The Act provides for a separate three-tier quasi-judicial consumer dispute redressal machinery at the national, state and district levels.

3.3 This Act has set in motion a revolution in the field of consumers' rights. The Act is intended to provide simple, speedy and inexpensive redressal to the consumers' grievances. It also provides relief of a specific nature and awards compensation, wherever appropriate, to the consumer. The Salient Features of the Act are as under:

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

3.4 The Consumer Protection Act has been amended thrice during the years 1991, 1993 and in 2002. The Department also stated that further amendments to the Consumer Protection Act, 1986 are presently under consideration. These amendments are aimed at:

- (a) Widening the scope and amplifying the provisions of the Act,
- (b) Facilitating quicker disposal of complaints and
- (c) Rationalising the qualifications and procedure of selection of President and Members of the Consumer Fora

3.5 Asked about the measures taken by the Government to ensure vibrancy of the Act during the last three years, the Department stated as under:-

- (a) Amendment to Consumer Protection Act, 1986.

The Department has informed the Committee that as a pro-active measure, the Central Consumer Protection Council in its 23rd meeting held in July 2003 recommended that a Working Group may be set up for considering further amendments to the Act, to make it more relevant to protect the interests of consumers. Accordingly, a Working Group was set up in January, 2004 in order to examine the provisions of the Act and to consider relevant amendments to make the Act more meaningful, vibrant, dynamic and functional and to help the

redressal agencies in rendering quick justice by strengthening the provisions of the Act more appropriately after taking into account the various practical difficulties experienced/ encountered in the implementation of the Act. Suggestions were also invited in this regard from the State Governments, the Central Government Ministries/ Departments and the General Public, etc. The Working Group, after considering all the suggestions received, finalized its recommendations and submitted its report to the Govt. in March, 2006.

The Working Group's recommendations were considered in the Department of Consumer Affairs and based on these recommendations a number of amendments to the said Act were proposed. These proposed amendments were circulated to all the State Governments, concerned Central Ministries/ Departments and the National Consumers Disputes Redressal Commission (NCDRC) in July, 2006. In the light of these comments received in response, these proposals were revised and re-circulated to all concerned in January, 2009 soliciting comments from 65 Central Government Ministries/Departments, all the 28 States and 7 Union Territories besides the National Consumer Disputes Redressal Commission (NCDRC). Comments on the revised amendment proposals were received from various quarters.

Accordingly, the draft Cabinet Note was sent to Ministry of Law & Justice for vetting and approval. The final draft version of Cabinet Note has been sent to PMO for comments. Thereafter, it would be sent to Cabinet for consideration.

(b) Faster disposal of cases

For reducing pendency of cases and bringing about faster disposal of cases, Additional Benches of the State Commission have been set up in Gujarat, Uttar Pradesh, West Bengal, Madhya Pradesh and Punjab while Circuit Benches have been set up in Maharashtra at Nagpur & Aurangabad. An additional bench NCDRC has been set up for a period of 5 years.

3.6 When asked as to why it is felt necessary to further amend the Consumer Protection Act, 1986 after it was amended thrice, the Department stated that the major

objectives of the amendments proposed are to widen and amplify the scope of some of the provisions of the Act in the light of practical experience; to facilitate faster disposal of cases; and to rationalise the qualifications and procedure of selection of the Presidents and Members of the National/State Commissions and District Fora. Among the various amendments proposed, the definition of 'defect of goods' and 'deficiency in services' has been widened to better protect the interests of the consumers. It is proposed to also allow online filing of cases in consumer fora. Non-issue of bill/cash memo is being treated as an unfair trade practice. The term 'unfair contract' has been clearly defined based on the draft in the 199th Report of the Law Commission, so as to protect consumers who are placed in an unequal bargaining capacity, amalgamating changes as required. The State Governments have been allowed the flexibility to club neighbouring District Fora so as to avoid non-functionality of District Fora for want of man power, due to vacancies. In the interest of justice and transparency, persons who have held the post of President/Member in Consumer Fora are proposed to be debarred from pleading before any Consumer Forum where they had either held office or over which they had exercised administrative control. The concept of Additional and Circuit Benches is being extended to the District Fora also. The Consumer Fora are now being conferred the powers to award interest also, so as to compensate consumers who have suffered due to protracted litigation. The amount required to be deposited before filing an appeal against any order of a Consumer Forum has been fixed straightaway for all levels at 50% of the decretal value. Like the National Commission, the State Commissions are also being empowered to review their own orders, when there is any error on the face of record. The powers of a judicial magistrate of the 1st class for trial of offences under the Act, already available with Consumer Fora, have been made more explicit. The amendment proposals were finalized by the Department of Consumer Affairs in consultation with the Ministry of Law and Justice who concurred in the proposals. The proposed amendment bill is likely to be placed in the forthcoming session of the Parliament.

3.7 The Committee note that the Consumer Protection Act, 1986 had been amended thrice in 1991, 1993 and 2002 in order to protect the interest of the consumers. The Act is proposed to be further amended to widen and amplify its scope. However, the Committee are perturbed to note that in spite of the existence of various provisions in the Act for protecting their interest, the consumers are often exploited by manufacturers, traders and service providers who have knowledge of market and possess manipulative skills. The Committee, therefore, consider that the proposed further amendment of the Act is a step in the right direction as it seeks to widen and amplify the scope of some of the provisions of the Act, facilitate faster disposal of cases, rationalize the qualification and procedure of selection of Presidents and Members of the National/State Commissions and District Fora, etc. The Committee further note that the proposal for amendment of the Act has been concurred by the Ministry of Law and Justice and the final draft version of the Cabinet Note has been sent to PMO for comments, after incorporating the comments received from 65 Central Government Ministries/Departments, all the 28 States and 7 Union Territories and the National Consumer Disputes Redressal Commission. The Committee, therefore, strongly urge the Department to complete all the procedures and formalities in this regard and make earnest efforts to introduce the Bill during the forthcoming Session of the Parliament.

(B) Strengthening the Infrastructure of Consumer Fora

3.8 The Consumer Protection Act seeks to better protect the rights of consumers by establishing an “Alternate Justice Delivery System” to render quick and inexpensive redressal to the consumers. A three-tier quasi judicial redressal machinery at the National, State and District level has been set up to provide simple, inexpensive and time bound redressal of consumer grievances against defective goods, deficient services, restrictive/unfair trade practices etc. adopted by any trader or person through summary trials.

3.9 At present, a National Commission in New Delhi, 35 State Commissions and 629 District Fora at the State and district level respectively have been established in the country. The responsibility for setting up of the National Consumer Disputes Redressal Commission (NCDRC) rests with the Central Government. The President of National Commission has been empowered to constitute Benches with one or more Members. The responsibility for setting up of the State Commissions and District Fora and to ensure their effective functioning lies with the State Governments/UT Administrations. The State Commissions have been set up in the State capitals. The President of State Commission has also been empowered to constitute Benches with one or more Members. The District Fora are to be set up in each District.

3.10 The Ministry further stated that under section 24B of the Consumer Protection Act, 1986, National Commission have administrative control over all the State Commissions in the following matters, namely:

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

3.11 The National Commission is maintaining State-wise data in respect of cases filed, disposed of and pending, since inception, in the National Commission, State Commissions and District Fora. The position regarding cases filed, cases disposed and cases pending in the National Commission, State Commissions and District Fora as provided by the National Commission as on 09.02.2011 is as under:

Sl. No.	Name of Agency	Cases filed since inception	Cases disposed of since inception	Cases Pending	% of total Disposal
1.	National Commission	68137	59494	8643	87.32
2.	State Commissions	529504	426163	103341	80.48
3.	District Fora	2938332	2685693	252639	91.40
	Total	3535973	3171350	364623	89.69

The statement of cases filed, disposed of and pending, since inception, in the National Commission, State Commissions and District Fora (State-wise) during the last three years are as under:

(Upto 31.03.2011)

	2008		2009		2010	
	Filed	Disposed	Filed	Disposed	Filed	Disposed
National Commission	5873	5456	5399	7350	4236	3394
States	2008		2009		2010	
	Filed	Disposed	Filed	Disposed	Filed	Disposed
Andhra Pradesh	2014	1595	1485	552	1518	221
A & N Islands	N.A.	N.A.	N.A.	N.A.		
Arunachal Pradesh	3	4	0	0		
Assam	146	20	79	194	73	133
Bihar	616	755	720	717	700	389
Chandigarh	2376	1448	783	1127	575	1061
Chattisgarh	962	451	891	1232	843	1109
D & N Haveli/Daman & Diu	0	0	4	0		
Delhi	1464	1859	1359	1129		
Goa	89	176	73	119		
Gujrat	2428	1739	2248	2516		
Haryana	2274	2134	1923	3906	2013	4201
Himachal Pradesh	1508	1521	1694	1789	1722	1689
Jammu & Kashmir	187	234				

Jharkhand	583	515	448	418	368	435
Karnataka	3149	3105	4610	4500	5569	3056
Kerala	463	1632	834	1684	792	1545
Lakshadweep	0	0	2	2	0	0
Madhya Pradesh	3250	3201	2764	1962	2880	2228
Maharashtra	4673	3935	3839	3783	3532	3645
Manipur	N.A.	N.A.	N.A.	N.A.		
Meghalaya	22	4	11	6		
Mizoram	21	25	9	9	12	12
Nagaland	N.A.	N.A.	N.A.	N.A.		
Orissa	1122	573	1216	1136	840	1725
Pondicherry	48	34	19	25	9	12
Punjab	1742	1926	2020	1791	2339	1681
Rajasthan	3196	4604	2887	3902	3535	3201
Sikkim	0	2	4	0	3	6
Tamilnadu	1039	933	566	309	1056	1180
Tripura	68	121	71	63	53	57
Uttar Pradesh	2832	3569	2733	2161	2760	6998
Uttaranchal	290	289	242	391	482	330
West Bengal	502	694	769	825	967	743
TOTAL	37067	37098	34303	36248	32641	35657

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

3.12 The Committee enquired about the position regarding the vacancy of Presidents/Members in the National Commission, State Commissions and District Forums. In reply, the Department furnished the following data to the Committee:

Sl. No.	State	State Commission		District Forum		As on
		President	Member	President	Member	
	National Commission	0	2			28.02.2011
1.	Andhra Pradesh	0	1	1	16	28.02.2011
2.	A&N Islands	0	0	0	0	31.03.2006
3.	Arunachal Pradesh	0	0	0	14	31.01.2011
4.	Assam	1	0	0	13	31.01.2011

5.	Bihar	0	1	0	10	31.12.2010
6.	Chandigarh	1	0	1	0	28.02.2011
7.	Chhattisgarh	0	0	1	2	31.12.2010
8.	Daman & Diu and D N H	0	0	0	2	30.06.2010
9.	Delhi	0	1	0	1	28.02.2011
10.	Goa	0	0	1	0	28.02.2011
11.	Gujarat	0	2	9	13	31.01.2011
12.	Haryana	0	1	1	9	31.01.2011
13.	Himachal Pradesh	1	1	0	4	31.01.2011
14.	Jammu & Kashmir	0	0	0	0	31.03.2009
15.	Jharkhand	0	0	2	6	31.12.2010
16.	Karnataka	0	0	1	5	28.02.2011
17.	Kerala	0	0	0	1	31.12.2010
18.	Lakshdweep	0	0	0	0	31.03.2009
19.	Madhya Pradesh		01	0	45	31.01.2011
20.	Maharashtra	0	4	8	23	31.12.2010
21.	Manipur	1	0	0	1	31.12.2008
22.	Meghalaya	0	0	0	0	30.09.2010
23.	Mizoram	0	0	0	0	08.03.2010
24.	Nagaland	0	0	0	0	31.12.2008
25.	Orissa	0	0	7	17	31.12.2010
26.	Puducherry	0	0	0	1	31.12.2010
27.	Punjab	0	0	1	1	31.01.2011
28.	Rajasthan	0	0	10	15	28.02.2011
29.	Sikkim	0	0	0	4	31.12.2010
30.	Tamil Nadu	0	0	0	3	31.01.2011
31.	Tripura	0	0	0	0	31.01.2011

32.	Uttar Pradesh	0	0	15	50	31.12.2010
33.	Uttarakhand	0	0	1	6	28.12.2011
34.	West Bengal	0	2	2	2	31.12.2010
Total		4	14	61	264	

3.13 When asked the steps taken to fill up the vacancies during the last three years, the Department has stated that although it is the responsibility of the respective State Government to fill up the vacant posts of Presidents & Members in the State Commissions & District Fora, the Central Government has also been requesting State Governments to take advance action for filling up expected vacancies of President and Members in the State Commission & District Fora. They are also being advised to maintain a panel of names, which can be used for filling up vacant posts. Moreover the President of the National Commission also writes letters to the Chief Ministers of the States from time to time for issuing instructions for filling up the vacancies, so that State Commission/District Forums may not remain non-functional due to vacancies of President/Member.

3.14 The Committee note that apart from the National Commission at New Delhi, 35 State Commissions and 629 District Fora are functioning in the country to protect the rights of the consumers and render quick and inexpensive redressal to their grievances. The Committee are however unhappy to note that a large number of cases are pending disposal in these Fora, i.e. 8643 cases in the National Commission, 103341 in State Commissions and 252639 in the District Forums as on 09.02.2011, which indicates that the grievances of a large number of consumers remain to be addressed. The Committee, therefore, recommend that the Central Government, in coordination with the State Governments/UT Administrations, should make earnest efforts to dispose of the pending cases in the National Commission, State Commissions and District Forums in a time bound manner so as to achieve the objective of quick redressal of grievances of the consumers, for which these Fora were set up.

3.15 The Committee are concerned that despite the efforts made by the Central/State Governments, posts of as many as 4 Presidents and 14 Members in State Commissions and 61 Presidents and 264 Members in the District Fora are still lying vacant, rendering many State Commissions and District Forums non-functional. The Committee note that though the State Governments are responsible to fill up the vacancies in the State Commissions and District Fora, yet the Central Government has been requesting State Governments to take advance action for filling up of expected vacancies. The President of the National Commission also writes letters to the Chief Ministers of State Governments from time to time. The Committee are disturbed to note that despite all these steps, a large number of vacancies still exist. The Committee, therefore, strongly recommend that the Department should ascertain the reasons for existence of the vacancies in the State Commissions and District Fora and persuade the State Governments to fill up the vacancies expeditiously. The Committee suggest that a time frame of three months may be fixed for the State Governments to fill up the vacancies failing which the Central Government may appoint any person having the necessary qualifications and experience to the post of Presidents in the State Commissions/District Fora so that they do not remain non-functional.

(C) Schemes for improving the Functioning of Consumer Fora

3.16 The following schemes/programmes/projects are being implemented by Consumer Protection Unit for improving the functioning of Consumer Fora:

(a) Computerization and Computer Networking of Consumer Fora in the country (CONFONET) – The project was launched during the 10th Plan period in March, 2005 at a cost of Rs. 48.64 crore. The project is being implemented by the National Informatics Centre (NIC) on a turnkey basis. The CONFONET project has been extended to 11th Plan with a total outlay of Rs. 25.69 crore. In the extended period of project, stress is being laid upon continued HR support by means of Technical Support Personnel (TSP) and training for eventual adoption of the system by the Consumer Fora themselves. An expenditure of Rs. 8.89 crore has been incurred during 2010-11 under the extended CONFONET project. Out of 629 locations being covered under the scheme 519 Consumer Fora are uploading cause lists while 450 Consumer Fora are uploading judgments.

(b) Construction of Building of the National Commission- A new office building for National Commission is being constructed at INA, New Delhi, which is part of an Integrated Building Complex at INA, New Delhi. The cost of construction of the building has been estimated at Rs. 19.91 crore. Accordingly, an amount of Rs. 19.90 crore has been released to Central Public Works Department (CPWD), NCDRC has informed that the building is expected to be completed by June 2011.

(c) Strengthening the infrastructure of new NCDRC Building – A scheme for strengthening the infrastructure of the new NCDRC building, being constructed by CPWD, was implemented during 2010-11. The objective of the scheme was to provide necessary infrastructural facilities in the new building for effective functioning of NCDRC, in a consumer friendly environment. An allocation of Rs. 3.44 crore was made for this scheme in BE 2010-11 which was reduced to Rs. 2.39 crore at RE stage. The entire amount of Rs. 2.39 crore has been released to CPWD.

(d) Scheme of 'Strengthening Consumer Fora- The scheme, 'Strengthening Consumer Fora' has been formulated for implementation with an overall outlay of Rs. 54.50 crore during the last 4 years of the XIth Plan viz. 2008-09 to 2011-12. The primary objective of this scheme is to complete the infrastructure of those Consumer Fora, which were covered under the earlier 'Integrated Project on Consumer Protection' scheme. An amount of Rs. 8.03 crore has been released to eligible States upto 31.01.2011 during 2010-11.

The details of BE, RE and Actual Expenditure incurred for strengthening of infrastructure of consumer fora during the last three years is as under:

(Rs. in Crores)

	BE	RE	Actual Exp.
2008-09	25.00	11.12	13.24
2009-10	9.71	4.00	7.01
2010-11	14.91	12.71	10.58

It has been noted that the Budget Estimates (BE) for strengthening the Consumer Fora during the year 2009-10 has been decreased to Rs. 9.71 crore from the previous years BE of Rs. 25.00 crore. The BE for the year 2010-11 was again raised to Rs. 14.91 crore which was reduced to Rs. 12.71 crore at RE stage and the actual expenditure was only Rs. 10.58 crore.

(e) Consumer Protection Cell – This is an ongoing scheme. The scheme aims to enable the Consumer Protection Cell to render secretarial assistance to the Department in administering the Consumer Protection Act, and other related activities, including holding of meetings of the Central Consumer Protection Council (CCPC). The term of the last CCPC expired on 13.09.2010 and the CCPC has been reconstituted recently vide notification dated 10.03.2011.

3.17 As regards the setting up of State Consumer Protection Councils (SCPCs), the Committee are informed that out of the 35 States/UTs, the SCPCs have been constituted in 20 States/UTs and the remaining States/UTs have either not constituted or not given any information regarding the constitution of the SCPCs. In the case of District Consumer Protection Councils (DCPCs), the States of Arunachal Pradesh, D&N

Haveli, Daman & Diu, Goa, Himachal Pradesh, Karanataka, Kerala, Lakshadweep, Meghalaya, Mizoram, Nagaland, Orissa, Puducherry and West Bengal have constituted in all the Districts. Further Andaman & Nicobar Islands have also constituted in both the Districts whereas Andhra Pradesh constituted in 7 out of 23 Districts, Chhattisgarh constituted in 16 out of 18 Districts and Maharashtra constituted 2 out of 35 Districts. The remaining States have either not constituted any DCPCs or not given any information in this regard.

3.18 The Committee observe that a number of projects such as computerization and computer networking of Consumer Fora in the country (CONFONET), construction of building of the National Commission, strengthening of the infrastructure of new NCDRC Building and strengthening of Consumer Fora are being implemented by the Department for improving the functioning of Consumer Fora. The Committee regret that all these schemes are yet to be completed and particularly, the project 'CONFONET' which was launched during the 10th Plan period in March, 2005 at a cost of Rs. 48.65 crore and extended to 11th Plan period, has not been completed so far. The construction of Building of the National Commission being constructed at INA, New Delhi at the estimated cost of Rs. 19.91 crore is also still to be completed. The Committee are of the view that such inordinate delays in completion of schemes hampers the smooth functioning of the Consumer Fora. The Committee, therefore, urge the Department to impress upon the NIC to expedite the work and ensure total computerization of all the Consumer Fora in the country during the year 2011-12. The Committee further recommend that the Department should ensure that the works relating to the projects of construction of building of the National Commission and strengthening the infrastructure of NCDRC Building are also completed in time since the entire funds have been released to CPWD.

3.19 The Committee note that the Consumer Protection Cell is an ongoing scheme that render secretarial assistance to the Department in administering the Consumer Protection Act including holding of meetings of the Central Consumer Protection Council. The Committee observe that the State Consumer Protection Councils as well as the District Consumer Protection Councils have not been constituted in the States of Assam, Bihar, Chhattisgarh, Delhi, J&K, Jharkhand, Tripura & Uttarakhand. The States of Haryana, Punjab, Rajasthan, Sikkim, Tamil Nadu and Uttar Pradesh have not given information as to whether they have constituted SCPCs/DCPCs or not. The Committee, therefore, recommend that the Department should obtain the information from all the States/UTs regarding constitution of SCPCs/DCPCs and persuade the remaining States/UTs to constitute SCPC/DCPCs in their States/UTs in the interest of the consumers.

(D) Consumer Welfare Fund (CWF).

3.20 The Central Excise and Salt Act, 1944 was amended in 1991 to enable the Central Government to create a Consumer Welfare Fund where the money, which is not refundable to the manufacturers, etc. is being credited. Consumer Welfare Fund was created in 1992 with the objective of providing financial assistance to promote and protect the welfare of the consumer, create consumer awareness and strengthen consumer movement in the country, particularly in rural areas. The department of Consumer Affairs operates the Fund, setup by the Department of Revenue under the Central Excise and Salt Act, 1944.

3.21 The Consumer Welfare Fund Rules were framed and notified in the Gazette of India in 1992. Under these Rules, any agency/organization engaged in consumer welfare activities for a period of three years and registered under the Companies Act, 1956 or any other law for the time being in force, village/mandal/samiti-level cooperatives of consumers, industries State Governments etc. are eligible for seeking financial assistance from the Fund. An Inter-Ministerial Standing Committee has been constituted under the Rules to make recommendations for proper utilization of the money credited to the Consumer Welfare Fund for the welfare of the consumers. So far, a sum of about Rs.122.15 crores has been credited to the fund and an expenditure of Rs.69.19 crore has been incurred till 31.01.2011.

3.22 The BE, RE and Actual Expenditure during last 3 years is as given below:

Non Plan Schemes			(Rs. in crores)
Year	BE	RE	Actual Expenditure
2008-09	16.08	8.65	4.91
2009-10	13.90	11.19	10.94
2010-11	13.80	13.80	13.65

Plan Schemes			(Rs. in crores)
Year	BE	RE	Actual Expenditure
2008-09	7.00	2.00	2.17
2009-10	5.00	2.50	1.57
2010-11	1.50	1.50	1.36

3.23 In the case of Non Plan Schemes, the BE of Rs. 16.08 crore in 2008-09 was reduced to Rs. 8.65 crore at RE stage and the Actual Expenditure was Rs. 4.91 crore only. The BE, RE & AE of the following two years are more or less satisfactory. On the Plan Scheme, the BE, RE and AE were constantly reduced during the last three years.

3.24 The Committee has been informed that under the Consumer Welfare Fund, the projects submitted by some NGOs viz. Voice Society, New Delhi (Rs. 225.25 lakhs), Federation of Consumer Association, West Bengal (Rs. 2.08 crore), Council for Fair Business Practices, Mumbai (Rs. 80.00 lakhs), Consumer Education Research Centre, Ahmedabad (Rs. 1.82 crore), CONCERT, Chennai (Rs. 336.00 lakhs) including Government of Kerala (Rs. 25.44 lakhs) were recently approved/sanctioned from Consumer Welfare Fund under Non-Plan Schemes for the purpose of comparative Testing of Products and Services.

3.25 The National Consumer Helpline (NCH) is a land mark project set up in collaboration with the University of Delhi at a cost of Rs.3.13 Crores. The Helpline was formally launched on 15th March 2005, on World Consumer Rights Day. Consumers from all over the country can access the toll-free number 1800-11-4000 and seek telephonic counseling, advice and guidance to sort out their consumer related problems that they face as consumers relating to various sectors such as telecom, courier, banking, insurance, financial services etc. The service is available in English and Hindi. Average complaints received are 5000 in a month and out of that an average of 30% complaints/grievances have been resolved every month. The project has been evaluated recently by an independent agency and the project has been extended for further period of three years in Phase-II at a cost of Rs.3.78 crore from the year 2010.

3.26 Another project Consumer Online Resource & Empowerment (CORE) is an initiative taken by the Ministry towards web based consumer awareness & protection programme aimed at identification of consumer problems and their redressal through Information Technology methods. The project is being executed through Consumer Coordination Council. The main objectives of the CORE Project are to develop National Information gathering mechanisms on consumer related issues, disseminate information on important consumer issues, to provide information and analysis of consumer related

Laws and Judgments and to provide online support and pursue consumer complaints. The project was sanctioned on 15.3.2005 with a total budgetary outlay of Rs.3.50 crores spread over a period of five years and the project has now been extended up to 31.12.2012 within the same budgetary allocation.

3.27 The Department also undertake another project under the Consumer Welfare Fund to set up Consumer Clubs in Schools /Colleges. This scheme was launched in 2002, according to which a consumer club can be set up in each Middle/High/Higher secondary School/College affiliated to a Government recognized Board/University. A grant of Rs.10,000/- per consumer club is admissible under this scheme. This scheme has been decentralized and transferred to the State Govts./UTs with effect from 1.04.2004. Proposals can be submitted under the scheme to the Nodal Officer in the Food, PD & Consumer Affairs Department of the respective States/UTs by eligible organizations/ VCOs. Funds are transferred to the Nodal officer in the State on receipt of the list of schools from the State. So far, 7,249 consumer clubs have been sanctioned in 23 States. Remaining States have been asked for setting up consumer clubs, expeditiously. An amount of Rs.201.80 lakhs in 2007-08, Rs.115 lakhs in 2008-09 and Rs.55 lakhs in 2009-10 have been sanctioned to the States/UTs.

3.28 The Committee note that the Consumer Welfare Fund, set up by the Department of Revenue in 1992, is being operated by the Department of Consumer Affairs to provide financial assistance to promote and protect the welfare of the consumers, create consumer awareness and strengthen consumer movement in the country. A sum of Rs. 122.15 crore has been credited to the fund and an expenditure of Rs. 69.19 crore has been incurred till 31.01.2011 with the recommendation of an Inter-Ministerial Standing Committee constituted for the purpose. The Committee further note that to conduct corporative testing of products and services, various NGOs and the State Government of Kerala have been sanctioned funds recently viz. Voice Society New Delhi (Rs. 225.25 lakhs), Federation of Consumer Association, West Bengal (Rs. 2.08 crore), Council for Business Practices, Mumbai (Rs. 80.00 lakhs), Consumer Education Research Centre, Ahmedabad (Rs. 1.82 crore), Concert Chennai (Rs. 336 lakhs) and project from Government of Kerala (Rs. 25.44 lakhs). The Committee hope that the Department would properly monitor the utilisation of funds released to all these NGOs. The Committee further recommend that all these NGOs should be asked to furnish audited statement of accounts regarding proper utilization of the funds released to them.

3.29 The Committee also note that a land mark project namely the National Consumer Helpline (NCH) was launched on 15.03.2005 in collaboration with the University of Delhi at a cost of Rs. 3.13 crore. Phase –II of the project at a cost of Rs. 3.78 crore from the year 2010 has been extended after evaluation by an independent agency. The Committee further note that another project viz Consumer Online Resource & Empowerment (CORE) project, which is a web-based consumer awareness & protection programme to identify consumer problems and redress them through Information Technology Method has been initiated by the Ministry with a total budgetary outlay of Rs. 3.50 crore. The Committee hope that both the National Consumer Helpline as well as the CORE Project, if implemented, would go a long way in addressing the problems of the consumers and also strengthen the consumer movement in the country to a great extent. The Committee, therefore, strongly recommend that the Department should make sincere efforts to complete these projects on time within the budgetary allocation, in the interest of the consumers.

(E) State Consumer Helpline

3.30 State Consumer Helpline Scheme has been approved/sanctioned from Consumer Welfare Fund under Plan Scheme This is a plan scheme to set up State Consumer Help lines on similar lines as National Consumer Help Line which will be a partnership effort between State and active VCOs of the States. These State Help lines will extend service in the regional language of the State concerned and in Hindi and English. Under the scheme funds are provided for first five years to State/UTs, after which the State/UTs are expected to take over the running of the Helpline project at their level. So far 20 States/UTs have been sanctioned funds to set up Consumer Help lines and 3 more received from State of Uttarkhand and UT of Puducherry and Dadra Nager Haveli are under active consideration for sanction within March 2011. Grant has been released to 20 States/UTs, as per statement below:

Statement showing the grant released for setting up of State Consumer Helpline:

S. No	Name of the State	Amount released (in Rs.)	Date of sanction	Release of balance 50 % of 1st year recurring/date	Release of 2 nd Installment/ date
1.	Andhra Pradesh	27,25,000	02.01.2008		
2.	Madhya Pradesh	27, 25,000	02.01.2008		
3.	Gujarat	27, 25,000	08.01.2008	5,49,148 (25.11.2010)	
4	Orissa	27, 25,000	12.02.2008		
5	Chattisgarh	24,25,000	12.02.2008		
6	Sikkam	21,95,000	29.7.2008	5,70,000 (12.11.2009)	11,41,616 (11.10.2010)
7	Mizoram	21,95,000	15.7.2008	5,71,616 (22.02.2010)	
8	Karnataka	27,60,000	15.7.2008		
9	Tamilnadu	27,60,000	15.7.2008	11.36.616 (27.01.2010)	
10	Kerala	24,10,000	17.06.2008	7,86,616 (12.02.2010)	

11	West Bengal	16,25,000 7,85,000	05.01.2009 12.03.2009		
12	Arunachal Pradesh	23,96,616	16.01.2009		
13	<i>Assam</i>	24, 10,000	12.03.2009		
14	Punjab	27,60,000	17.8. 2009		
15	Bihar	27.60,000	2.9.2009		
16	Nagaland	21.95,000	30.9.2009		
17	Manipur	21,95,000	11.11.2009		
18	Maharashtra	27,60,000	19.02.2010		
19	Rajasthan	27,60,000	15.10.2010		

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S. No	Name of the State	Amount released (in Rs.)	Date of sanction	Release of balance 50 % of 1st year recurring /date	Release of 2nd Installment/ date
1.	Lakashadeep	21,95,000	31.12.2008		

3.31 The Committee pointed out that out of the 20 States/UTs that have been given sanction for setting up of State Consumer Helplines, the 2nd Installment of funds was not released to 18 States/UTs due to non-submission of Utilization Certificates and asked the reasons for non –submission of Utilization Certificates in time by the States/UTs and the steps taken by the Department to ensure expeditious submission of Utilization Certificates by these States. The Ministry stated that the States/UTs have taken time to set up the Helplines during the 1st year as they have to select a proper agency, locate suitable office premises and staff .Hence in first year expenditure has been tardy and is likely to pick up once it becomes operational. The Ministry keeps sending regular reminders as well as telephonic requests.

3.32 The Committee note that State Consumer Helpline Scheme, which will be implemented as partnership efforts between the States and active VCOs of the States will extend service in the regional language of the State concerned besides Hindi and English. . So far 20 States/UTs have been sanctioned funds from the Consumer Welfare Fund. Three proposals for setting up of State Consumer Helplines received from State of Uttarakhand and UTs of Puducherry and Dadra Nagar Haveli are under active consideration of the Department. The Committee, however, regret to note that out of the 20 States/UTs that have been released the grant, the balance 50% of 1st year recurring funds has been released to only 5 States so far and the 2nd installment has been released to only 1 State. The Committee feel that unless the funds are released to the States/UTs on time, the project will get delayed and the consumers of the States/UTs would be deprived of the benefits of the scheme. The Committee, therefore, urge the Department to persuade the State Governments/UT Administration to submit utilisation certificates and release the allocated funds to all the States/UTs so as to enable them to complete the State Consumer Helpline Scheme without delay.

(F) Programmes for Consumer Awareness

3.33 The Department has stated that every citizen is a consumer irrespective of his or her status in the society. Hence, protection of consumer interests and welfare has become a critical function of good governance. Consumer awareness and protection has been recognized as a major thrust area for the Government of India consequent to a decision taken in the 50th National Development Council meeting held on 21.12.2002. Though the consumer movement is slowly gaining ground in our country, it is still in its infancy as the success of consumer movement mainly depends upon the level of consumer awareness about their rights and responsibilities. Within India, the level of consumer awareness varies from State to State depending upon the level of literacy and the social awareness of the people. Educating more than 110 crore people of various categories of population particularly those in rural areas where consumers are more susceptible to exploitation, on various subject matters on consumer interests which are being dealt by different Ministries/Department, is a gigantic task that can only be undertaken as a sustained national programme with adequate funds made available for the purpose.

3.34 Accordingly, a scheme for Consumer Awareness in the XIth Plan had been approved by the Government for Rs. 409 crore. Under this scheme the “Jago Grahak Jago” campaign has been undertaken as a multi media campaign covering several government Departments.

3.35 The BE, RE and Actual Expenditure incurred for Consumer Awareness during the last three years is given below:

Sl. No	Year	Scheme	Funds Allocated (Rs. in crore) BE	RE (Rs. in crore)	Expenditure (Rs. in crore)
1	2008-09	Consumer Awareness	75.00	91.00	80.50
2.	2009-10	do	77.90	78.00	70.60
3.	2010-11	do	84.02	80.67	80.60

3.36 When asked reasons for incurring less expenditure under the Schemes "Consumer Awareness Publicity" as well as Consumer Education & Training HRD/Capacity Building, the Department stated that the RE for the "Consumer Awareness" scheme for the FY-2010-11 was Rs. 80.67 crores. The target expenditure upto 31st December, 2010 @ 75% (25% for each Quarter) was Rs. 60.50 crores. However, on account of advance planning and well coordinated mounting of publicity Campaign through DAVP/ Doordarshan/All India Radio, the actual expenditure till 31st December was Rs. 67.36 crores which represents 80.17% of BE (84.02 crores) and 83.50% of RE (80.67 crores). Thus the targets for expenditure under the "Consumer Awareness" scheme were not only met but suitably exceeded which is an achievement for the department.

3.37 As regard the other scheme, the Department stated that under Consumer Education & Training HRD/Capacity Building the expenditure has been less than anticipated. Accordingly, the estimates were scaled down at RE stage and actual expenditure has been close to this figure.

3.38 The Committee are informed that the Department has constituted an Inter Ministerial Empowered Committee headed by Secretary (CA) to review the implementation and performance of the scheme periodically. A multi media committee also reviews and monitors the physical and financial performance of the scheme. A concurrent evaluation of the scheme was got carried out in March, 2010 through an empanelled agency of the Planning Commission and suitable changes were made in the strategy for implementation on basis of the findings of the reports. Another study is being initiated for concurrent evaluation in FY 2011-12.

3.39 The Committee note that under the scheme for consumer awareness, Government had approved Rs. 409.00 crore in the XIth Plan period. The Committee are happy to note that on account of advance planning the actual expenditure under the scheme til 31.12.2010 was Rs. 67.36 crore which represents 80.17% of BE (Rs. 84.02 crore) and 83.50% of RE (Rs. 80.67 crore). The Committee, however, regret to observe that the Department could not make full utilization of the funds under the Consumer Education & Training HRD/Capacity Building during last year. Considering the fact that every citizen is a consumer irrespective of his or her status, and protecting his interest is of utmost importance, the Committee strongly recommend that the Department should make vigorous efforts to fully utilise the Budgetary Allocation for Consumer Awareness during the year 2011-12. The Committee further desire that the Department should, in consultation with other Ministries/Departments of the Central and State Governments make every effort to educate the consumer about their rights and responsibilities particularly to the consumers living in remote, rural and hilly areas.

CHAPTER - IV

Strengthening Weights and Measures Infrastructures of States/UTs.

4.1 There are two schemes in Weights and Measures namely (i) Strengthening of Weights & Measures Infrastructure of States/UTs and (ii) Strengthening of Regional Reference Standards Laboratories [RRSLs] & Indian Institute of Legal Metrology[IILM],Ranchi during eleventh five year plan . The details are as follows:

(Rs. In Crore)

Sl No.	Name of the Scheme/Project/ Programme	2008-2009			2009-2010			2010-2011		
		BE	RE	Actual Expd.	BE	RE	Actual Expd.	BE	RE	Expd.
1	Strengthening of Weights & Measures Infrastructure of States/UTs	11.6	17.0	16.67	32	31.5	26.01	50	50	49.34
2	Strengthening of RRSL & IILM Ranchi	6.4	6.4	4.51	6	2.0	0.88	12.5	11	10.65

4.2 The objective of the scheme Strengthening Weights and Measures Infrastructures of States/UTs is augmentation of State's Legal Metrology infrastructure in holistic way by construction of laboratory building, supply of equipments and capacity building of enforcement officials for effective implementation of weights and measures laws. The Central Government is committed to modernization of enforcement machinery of States/UTs. During 2007-09, 59 sets of Secondary Standard Balances and 41 No. of mobile kits for testing of Weighbridges have been supplied to various States/UTs.

4.3 A new scheme with an outlay of Rs. 143.286 crore is being implemented during 2009-12 to strengthen the State enforcement machinery in a holistic way. Under this scheme, Grant in Aid of amount Rs. 38.37 Crore was given to 24 States/UTs States for the construction of Secondary/ Working Standard Laboratories/Calibration towers for testing of tank lorries and Rs. 36.98 Cores was spent towards machinery and equipments.

4.4 In reply to a query, the Department stated that the detailed status of construction of Secondary/Working Standard Laboratories/ Calibration towers in respect of Grant-in-Aid given to 24 States/ UTs is as follows:

Sr. No.	Name of States/UTs	Grant in Aid (Rs. in Crores) 2009-10	Grant in Aid (Rs. in Crores) 2010-11	Detailed Status
1.	Andhra Pradesh	2.24	-	Acquiring of land is in process.
2.	Arunachal Pradesh	1.25	2.00	The construction of 5 laboratories situated at Roing, Namsai, Yaspia, Aalo & Naharlagun is at the stage of completion and the grant of 2.0 crore was given recently in March, 2011.
3.	Assam	1.25	-	Land has been identified at Guwahati, Bishwanathcharali, Jorahat, Morigaon and Bongaigaon for the construction of laboratories.
4.	Chhatisgarh	1.25	-	Land has been acquired at Ambikapur and Jagadapur and order has been placed for construction to PWD. Other lands are in process of acquisition.
5.	Goa	0.50	-	Land has been acquired at Margaon, & Mapuca for construction.
6.	Gujarat	2.25	-	The land has been acquired at Rajkot, Jamnagar, Amreli, Rajpipla, Navsari, Vyara and Baroda and action is with PWD.
7.	J&K	1.50	-	Land has been acquired at Srinagar and Jammu.
8.	Karnataka	2.00	-	Land has been acquired at Mysore, Gulbarga, Belgaon, Dagak, Raichur, Bellary, Chitradurga, Tumkur, Chikkaballapur and Dawangiri for construction.
9.	M.P.	2.00	-	Land has been identified at Gwalior, Khargaon, Jabalpur, Satna, Khandawa, Shivpuri, Shahdol, Annupur, Vidisha, Shajapur and Dhar for the construction of laboratories..
10.	Manipur	0.50	0.16	Construction of one laboratory building is near to be completed at Lamphelpur and Grant for Calibration tower was issued during March, 2011.
11.	Meghalaya	0.50	1.00	Construction of laboratories at Tura & Shillong has nearly been completed.

				New places Cherrapuji, Yuliumnagar, Nanpo, Nongspoing has been acquired for construction.
12.	Mizoram	1.25	-	Lands at Kolochip, Champhai, Mamig, Lunlalei & Serchip has been acquired for construction.
13.	Nagaland	1.25	-	Construction of laboratories building are at the completion stage at Kohima, Kimpur. Hoka, Mokokchunk & Kohima.
14.	Orissa	1.75	-	Land has been acquired at Sambhalpur, Barahampur, Baleswar, Banangir, Angul, Sundargarh & Barahampur for construction of laboratories.
15.	West Bengal	1.75	-	Land has been identified at Hubali, Kolkotta & Silligurhi for the construction of laboratories..
16.	Puducherry	0.25	-	Construction is near to completion at Thattalchavadi.
17.	Bihar	-	2.00	Land has been identified at Patana, Mujafferpur, Taran, Purnia, Darbhanga and at Bhagalpur for the construction of laboratories.
18.	Himachal Pradesh	-	1.25	Land has been identified at Solan, Bilaspur, Mandi & Kanasia for the construction of laboratories.
19.	Kerala	-	2.89	Acquiring of land is in process.
20.	Maharashtra	-	2.25	Land has been identified at Nasik, Aurangabad, Stara & Kolhapur Patana, for the construction of laboratories.
21.	Sikkim	-	0.25	The grant was issued recently in March, 2011.
22.	Tripura	-	2.31	Land has been identified at Agartalla, Teliamura, Ambasa, Dharamnagar & Udaipur for the construction of laboratories.
23.	U.P.	-	1.67	Land has been identified at Meerut, Agara, Varanasi, Gorakhpur and Muradabad for the construction of laboratories
24.	Andaman Nicobar	-	0.25	The grant was issued recently in March, 2011.

4.5 The Ministry further stated that the objective of the scheme Strengthening of Regional Reference Standards Laboratory (RRSL) and Indian Institute of Legal Metrology (IILM), Ranchi is to strengthen RRSLs and IILM by complementing the existing facility in mass, volume and length measurement. The total outlay of the scheme is 23.1 crore. The scheme aims at providing better testing facilities in force, torque and flow measurement for better consumer protection.

4.6 The mass comparators were provided to RRSLs and IILM, Ranchi to make testing facility of international level. The new testing facility of force and torque measurements were given to RRSLs. The flow measurement testing facility has been created at RRSL, Ahmedabad. Electrical simulators and G-TEM has been provided to RRSLs for testing of electronic equipments. Rs.3.5 crore was spent for renovation of IILM building to make it as Centre of Excellence.

4.7 The Committee note that in order to strengthen the State enforcement machinery in a holistic way, a new scheme with an outlay of Rs. 143.286 crore is being implemented by the Department during 2009-2012 under strengthening of weights & measures infrastructures of States/UTs. So far Grant-in-Aid of Rs. 38.37 crore has been given to 24 States/UTs for construction of Secondary/working Standard Laboratories/Calibration towers for testing of tank lorries and Rs. 36.98 crore was spent towards machinery and equipments. The Committee observe that out of the 24 States/UTs to whom Grant-in-Aid has been given for construction of Secondary/Working Standard Laboratories/Calibration towers, the construction work is yet to be started in most cases. The Committee also find that acquiring of land is in process in the States of Andhra Pradesh and Kerala whereas land has been just identified in the States of Assam, Madhya Pradesh, West Bengal, Bihar, Andhra Pradesh, Maharashtra and Tripura. In the remaining States/UTs also, the construction work are progressing at various stages only. The Committee, therefore, desire that the Department should follow up with all the States/UTs so as to expedite the process of acquiring land as well as construction of the Secondary/Working Standard Laboratories/Calibration towers in all the States/UTs.

CHAPTER - V

Price Monitoring of Essential Commodities.

5.1 The Price Monitoring Cell (PMC) of the Department of Consumer Affairs has been monitoring retail and wholesale prices of essential commodities based on the information furnished by the Food and Civil Supplies Departments of the States. During 2008-09 and 2009-10, the prices of 17 essential commodities viz. rice, wheat, gram dal, arhar dal, moong dal, urad dal, masoor dal, tea, sugar, salt, potato, onion, vanaspati, groundnut oil, mustard oil, milk and atta were monitored by this Department. The retail prices were monitored on daily basis and wholesale prices on weekly basis after collecting from 27 and 37 centres respectively located across the country.

5.2 During 2010-11, the number of essential commodities monitored by this Department was increased from 17 to 21 with the addition of 4 more essential commodities namely gur, soya oil, palm oil and sunflower oil. Further, the number of reporting centres were increased to 49 from where information on retail and wholesale prices are presently collected on daily basis. The retail and wholesale prices of essential commodities are updated on daily basis which are available in the web site of the Department of Consumer Affairs at (<http://fcamin.nic.in>) which is updated regularly.

5.3 Any variation, especially an increase in prices at the wholesale/retail level, is immediately taken note of and the State Food and Civil Supplies Department concerned is requested to furnish a report alongwith details thereof. In general, the Price Monitoring Cell studies and analyses the trend of major commodities of international and domestic market from various sources and the information collected alongwith status report are placed before the High Level Meetings such as Committee of Secretaries (COS) and Cabinet Committee on Prices (CCP) which are held regularly. The decisions taken in these meetings are implemented by the Ministries/Departments concerned those are charged with the responsibility of the subject matter of the decision and in overall the Department of Consumer Affairs monitors the same.

5.4 Timely and effective steps are being taken by the Government to bridge the gap between demand and supply of essential commodities and to control inflation. Due to the various preventive measures taken by the Government, there has not been any sharp increase in the prices of essential commodities during the last one year. The retail prices of rice, atta, pulses such as tur dal, moongdal, masoor dal, sugar, tea, potato and onion had witnessed steady to declining trends over the last one year in Delhi.

5.5 The details of retail prices of essential commodities in Delhi as on 18.2.2011 along with their variation over a period of one year is indicated in the Table below:

Commodity			Variation
	Current Date 18/02/2011	One year	
Rice	23	23	0
Wheat	15.5	15	0.5
Atta \$	17	17	0
Gram Dal	39	37	2
Tur Dal #	73	77	-4
Urad Dal	75	69	6
Moong Dal	72.5	79	-6.5
Masoor Dal	55	60	-5
Sugar	33	43	-10
Milk @	25	22	3
Groundnut Oil	131	112	19
Mustard Oil	79	70	9
Vanaspati	77	57	20
Soya oil	79	56	23
Sunflower	93	66	27
Palm Oil	NR	NR	NR
Gur	30	NR	NR
Tea Loose	150	157	-7
Salt Pack I	14	12	2
Potato	7	9	-2
Onion	17	23	-6
Note:* refined; @ per litre NR=Not reported. Source: State Civil Supplies Department			

5.6 When asked about the monitoring mechanism available with the Department or State governments to check and prevent local shopkeepers from selling the commodities at exorbitantly high price, the Department stated that there is a possibility of prices differing between centres as well as from market to market within the same

centre owing to differences in the quality of the product, transport costs, as well as difference in demand preferences. It is further stated that the Government closely monitors the wholesale/retail prices of select essential commodities at select centres. In a market driven economy, State Governments can better influence the prices of essential commodities by intervening in the market by selling these essential commodities at specific retail outlets at prices below the prevailing market prices. It has been reiterated by the Minister for Food, Consumer Affairs and Public Distribution and the Prime Minister, that the State Governments have an important role in checking the rise in the prices of essential commodities through a set of administrative and regulatory measures. State governments also have in place systems to watch prices and take corrective measures. For example, the Government of Tamil Nadu have constituted a Price Watch Committee under Chairmanship of Chief Secretary; Government of Maharashtra has in place a Price Monitoring Cell under the chairmanship of the Chief Secretary.

5.7 During the periodic meetings with the State Governments and UT Administrations, they were requested to initiate steps to bring down the prices. It has also been reiterated by the Minister for Food, Consumer Affairs and Public Distribution and the Prime Minister, that the State Governments have an important role in checking the rise in the prices of essential commodities through a set of administrative and regulatory measures.

5.8 The Department further stated that the States have to take proactive measures in this regard. This has been done by some state governments. For instance, few state governments like Maharashtra and Goa had taken steps to make available vegetables, particularly, potato and onion, to consumers at prices that are lower than market rates, when their prices were ruling high last year. Zonal meetings of the Ministers of Food/PD/ Consumer Affairs of the States were recently held in South Zone, North Zone, East Zone and West Zone, to devise ways to control rise in prices and ensure adequate availability of essential commodities at affordable prices for consumers. Discussions/recommendations focused on issues related to allocation and PDS, improving storage related issues, FCI related issues regarding procurement, storage

and movement, availability of levy sugar under TPDS, effective implementation of Essential Commodities Act and stock holding limits.

5.9 Asked about the strategy, if any, chalked out in consultation with other Departments, Traders and FMC to control the prices of essential commodities, the Department replied that the prices of essential commodities are reviewed regularly at high level committees, such as Committee of Secretaries (COS), Cabinet Committee on Prices (CCP) and appropriate action is recommended. Thus there is an interministerial consultation mechanism at the highest level. The decisions taken at the Cabinet Committee on Prices (CCP)/ Committee of Secretaries (COS) Meetings are conveyed to the Ministries/Departments concerned to take appropriate action. Subsequently, Department of Consumer Affairs follows up with the Ministries/Departments to submit the action taken report to the Cabinet Secretariat.

5.10 The Price Monitoring Cell prepares agenda Notes for the High level Committee Meetings based on inputs received from various Departments of the Government. This requires coordination with different Ministries /Departments, NAFED, NHRDF, State Agencies and Private agencies. Data and information related to domestic prices, import & export, international prices, acreage, weather, production, demand and other issues are analysed by the PMC and included in the agenda notes for these meetings. Ministry of Agriculture is entrusted with the task of compiling/computing estimates of acreage, yield and production in respect of agricultural commodities. Officials of the Department of Consumer Affairs interact with Ministry of Agriculture in various forums, including various meetings convened to review/monitor prices, where all possible short, medium and long-terms measures to contain prices are discussed. An official of Department of Consumer Affairs also attends weekly meetings on Crop Weather Watch Group of the Department of Agriculture and Cooperation. This Group discusses issues relating to production, yield, acreage, weather outlook, prices situation, fertilizers and reservoir status etc. Report on the Trend of domestic spot and futures prices on Gram, Wheat, Maize, Mustard Seed, Potato etc are sent by FMC which helps in analysis of the future trends of the behaviour of prices.

5.11 It is the endeavour of the Central Government to ensure that essential commodities are available to consumers at reasonable prices. Considered decisions are taken at the high level committee meetings to improve the domestic availability of essential commodities and thereby soften the domestic prices. The Government has taken steps to protect poor sections of society through Targeted Public Distribution System (TPDS) and Antodaya Anna Yojna (AAY) and the Central Issue Price for rice and wheat has also not been revised since 2002. Further, Government has two schemes in place for supply of subsidised pulses and edible oils to the vulnerable sections of the society.

5.12 The Committee enquired about the steps taken by the Central/States Governments during the last three years to prevent local shopkeepers from indulging in malpractices of selling the commodities at exorbitantly high prices. The Ministry responded as under:

'State Governments have taken several pro active measures to prevent the local shopkeepers from indulging in malpractices of selling the commodities at exorbitantly high price. For instance, few state governments like Maharashtra and Goa had taken steps to make available vegetables, particularly, potato and onion, to consumers at prices that are lower than market rates, when their prices were ruling high last year; in Maharashtra, market cess and supervision fee was waived for vegetables sold in retail in the APMC area by farmers groups, cooperatives and consumer societies. In Maharashtra, market cess and supervision fee was waived for vegetables sold in retail in the APMC area by farmers groups, cooperatives and consumer societies up to 20th October 2009; in Goa, mobile units are engaged in selling potato and onion and other vegetables at prices lower by Rs 3-Rs 4 per kg and the state government is bearing the subsidy. Again in February, 2010, Delhi Government has intervened directly by supplying pulses and atta at lower rates through various outlets.

NAFED and NCCF sold Onion at reduced prices from their retail outlets in Delhi. The review of the price situation and steps taken by State Governments was done through video conference with Chief Secretaries of all states. Several State Governments have been intervening in the market through co-operatives/farmer's markets.

Powers have been vested with State Governments for taking action under the provisions of Essential Commodities Act, 1955 and Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980. At present 27 States / UTs have issued orders imposing stock

limits/licensing /stock declaration requirements for the essential commodities for which Government of India have issued orders permitting the issue of such restrictions. These commodities are pulses, rice, paddy, edible oils, edible oilseeds and sugar.

The Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980 gives powers to the State Government to detain people upto 6 months if it is found that they could act in a manner prejudicial to the maintenance of supplies of Essential Commodities. During the calendar year 2010 detention orders have been passed for 205 persons.'

5.13 In this context, the Secretary, Department of Consumers Affairs stated during evidence that -

'The Ministry of Consumer Affairs is responsible for implementation of Essential Commodities Act and under this Act, the State Governments have powers to impose stock limit on certain essential commodities and make licence requirement mandatory. The department is constantly in touch with the State Governments in this regard.'

5.14 The Committee are concerned to note that except a few items, the prices of the essential commodities such as pulses and edible oils have shown a rising trend over the prices prevailing during the past year. The committee note that the prices Monitoring Cell studies and analyses the trend of major commodities of international and domestic market from various sources and the information collected along with the status report are placed before the High Level Meetings such as Committee of Secretaries (COS) and Cabinet Committee on Prices (CCP) which are held regularly. Further, the Prime Minister and the Union Minister of Consumer Affairs, Food and Public Distribution had advised the State Governments to check the rise in prices of essential commodities through a set of administrative and regulatory measures. Despite all these measures taken by the Central and State Governments, the prices of most of the essential commodities did not show a declining trend. The Committee, therefore, desire that the Department should take more stringent measures to control the prices of essential commodities and chalk out effective strategies in consultations with other Departments, Traders and FMC to ensure that the prices of essential commodities are kept in check.

CHAPTER - VI

Hoarding and Black-marketing of Essential Commodities.

6.1 Hoarding and Black-marketing of Essential Commodities being one of the reasons for rise in prices of Essential Commodities, the Committee wanted to know the infrastructure available at National, State and District level for preventing the traders from hoarding and black-marketing of essential commodities. In response, the Department stated that the enforcement of the Essential Commodities Act, 1955 lies with the State Governments/ Union Territories. The State Governments/UT Administrations have been delegated powers to take necessary action under the provisions of both "The Essential Commodities Act, 1955" and "The Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980", to prevent hoarding and black-marketing of essential commodities. Orders have been issued permitting the State Government to prescribe licensing & stock hoarding limits for rice, paddy, pulses, edible oils, edible oil seeds and Sugar. These orders are valid till 30/7/2011. In the case of Sugar minimum stock holding limits & turnover limits have been fixed by Government of India. The State Governments/UT Administrations have been repeatedly requested to strictly enforce both the Acts and also monitor enforcement of these Acts.

6.2 There is a standing order issued to all the State Governments and UT Administrations to submit monthly reports to the Central Government (Department of Consumer Affairs) indicating the action taken under the provisions of the Essential Commodities Act, 1955 as also the Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980. The defaulting State Governments/UT Administrations are reminded periodically

6.3 Asked to state as to how the Central and State Governments coordinate in dealing with matters relating to hoarding and black-marketing of essential commodities, the Ministry stated that in accordance with the provision under Sub Section 4 of the Section 3 of the Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980, (PBM Act, 1980) every detention order has to be reported by the State Government concerned to the Central Government, together with ground on which the order has been made and such other particulars as, in the opinion

of the State Govt., have a bearing on the necessity for the detention order, within 7 days from the date of approval given by the State Govt. to such detention order. Based on these provisions, the State Governments which are passing detention order, are reporting the facts together with the grounds of detention as well as other connected particulars to the Central Government (D/o of Consumer Affairs) within the stipulated period of 7 days.

6.4 The details of detention orders issued under the said Act and reported to the Central Government by the State Governments year-wise and state-wise during 2008, 2009 and 2010 are given as under:

Name of the State	2008	2009	2010
Gujarat	16	31	79
Tamil Nadu	141	112	120
Orissa	01	02	02
Maharashtra	-	02	02
Andhra Pradesh	04	-	01
Chhattisgarh	-	-	01
Total	162	147	205

6.5 The State Governments/UT Administrations are empowered to detain such persons under the Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980, whose activities are found to be prejudicial to the maintenance of supplies of commodities essential to the community. The details of the raids conducted, value of goods confiscated and persons booked for violation of rules under the Essential Commodities Act, 1955, during the year 2008, 2009 and 2010 as reported by State Governments/UT Administrations are as under:

YEAR	No. of raids	No. of Persons arrested	No. of Persons prosecuted	No. of Persons convicted	Value of goods confiscated (Rs. in Lakhs)
2008	268775	8001	6425	790	6095.22
2009	209413	9012	5131	127	18805.29
2010	204783	10906	4539	161	10500.7

6.6 On being asked to state the reasons for low convictions vis-à-vis the number of persons arrested/prosecuted, the Department replied that the States/UTs had been requested to indicate the reasons for Low Conviction vis-à-vis the number of persons arrested and prosecuted. This issue was also taken up during the Video Conferences held on 28.01.2010 and 29.01.2010 with the States/UTs wherein some the States gave the following reasons for the low convictions:

- (i) Government of Bihar gave the reasons as witnesses not turning up or even if they do turn up their turning hostile is one of the reasons. The other reason is not drawing up proper FIRs which is thrown out by the courts.
- (ii) Government of Chhattisgarh informed that the main reason for low prosecution/conviction is that the cases investigated by the police go off track and are not investigated properly.
- (iii) Government of Gujarat gave the following reasons for low prosecution etc.:
 - (a) The burden of proof is on the accused as per Section 14 of the EC Act. Hence, the courts treat these cases as any other criminal case leading to delay in prosecution.
 - (b) Since the cases take a long time in the courts, there are transfers of judges leading to delay in hearing, the delay also leads to witnesses turning hostile etc.
- (iv) Government of Punjab intimated that the low prosecution is due to the courts since there are no special courts/fast track courts for these matters.

6.7 When pointed out that the figure of surprise raids or seizure is very big but hardly 5-10 per cent persons are convicted, the Secretary admitted during evidence that conviction rate is very less under the Essential Commodities Act. He further stated that the Department constantly take up this issue with the State Governments and received their suggestions. A Committee was also appointed with the Gujarat Chief Minister as its Chairman. The State Governments have given the suggestion to make violation of the provisions of the Essential Commodities Act a cognizable offence.

6.8 The Committee note that the State Governments/UT Administrations have been delegated the powers to prevent hoarding and black-marketing of essential commodities under the provisions of the Essential Commodities Act, 1955 and the Prevention of Black-marketing and Maintenance of Essential Commodities Act, 1980. The Committee are surprised to note that despite the standing orders issued by the Government to all States Governments/UT Administration to submit monthly reports, only 6 States viz. Gujarat, Tamil Nadu, Orissa, Maharashtra, Andhra Pradesh and Chhattisgarh have furnished the information regarding detention orders issued by them during the years 2008, 2009 and 2010 and the remaining States/UTs have not furnished any such information. The Committee are dismayed to note that the Department does not appear to have taken any action against the defaulting States/UTs. The Committee feel that though States Governments have been delegated the powers for enforcement of Essential Commodities Act., 1955 and Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act. 1980, it is the responsibility of the Central Government to monitor the proper enforcement of the Acts which they are hardly doing which is evident from the fact that only 6 States have been submitting the monthly reports. The Committee, therefore, strongly recommend that the Department of Consumer Affairs should strictly monitor the enforcement of the Acts by the State Governments/UT Administration so as to check the prices of essential commodities.

6.9 The Committee also find that the number of raids conducted, numbers of persons arrested, prosecuted and convicted as well as the value of goods confiscated during the years 2008, 2009 and 2010 are very negligible. The Committee observe that the number of Persons convicted was only 161 against 4539 persons prosecuted during the year 2010 which is indicative of the fact that the State Governments/UT Administrations are not serious in this regard. The Committee, therefore, urge the Department of Consumer Affairs to impress upon all the State Governments/UT Administrations to conduct more raids in order to check hoarding and black-marketing of essential commodities to avoid artificial scarcity of goods and prevent rise in prices of essential commodities.

CHAPTER - VII

Forward Markets Commission.

7.1 The Forward Markets Commission (FMC) is a statutory body set up under the Forward Contracts (Regulation) Act, 1952. It functions under the administrative control of the Department of Consumer Affairs in the Ministry of Consumer Affairs, Food and Public Distribution, Government of India. The Commission has its headquarter at Mumbai and one regional office at Kolkata. The Forward Markets Commission is organized into five administrative divisions to carry out various tasks.

7.2 The Ministry stated that no commodity is prohibited for futures trading at present. As of now, only suspension of futures trading in Rice, Tur and Urad by the Forward Markets Commission is in force since early 2007. The futures trading in these commodities were suspended as a measure of abundant precaution in the wake of rising prices to curb inflationary expectations.

7.3 The Committee enquired whether the Government has ever conducted any study/survey to ascertain the percentage of small and marginal farmers benefited from future/Forward Trading during the last 3 years. In response, the Ministry stated that the Department of consumer Affairs/FMC had commissioned a study during 2010 to ascertain the percentage of small and marginal farmers benefited from future/forward trading. The scope of the study was to ascertain the benefits accruing to the farmers directly or indirectly through price discovery and price risk management through the commodity futures market and to determine the percentage of small and marginal farmers that have benefited from the operation of the futures market.

7.4 It is also stated that the study covered the impact of the future market on farmers in the following crops across the states mentioned below:

	Crop	States
i)	Cotton	Punjab, Gujarat
ii)	Coffee	Karnataka
iii)	Jeera	Gujarat
iv)	Turmeric	Maharashtra

v)	Pepper	Kerala
vi)	Cardamom	Kerala
Vii)	Rubber	(Kerala)
viii)	Chilli	Andhra Pradesh
ix)	Maize	Andhra Pradesh

7.5 The Committee has been informed that the final report of the study is expected to be submitted in April, 2011 and the findings of the study will be shared thereafter.

7.6 As the Committee desired to know whether the FMC has enough Officers and Staff to carry out its mandate effectively, the Department was asked to furnish the details of the sanctioned strength vis-à-vis effective strength of the Officers and Staff for the FMC in each category of posts/service. In response, the Department stated that out of 135 posts of Officers/Staff sanctioned, there are only 80 officers/staff in the FMC with 55 vacancies.

7.7 The Ministry further stated that the Department Consumer Affairs/FMC has taken steps to augment its manpower position and the challenges faced by FMC as under:-

1) 39 temporary Group A posts were created in the year 2004 and continued on year to year basis. Action to fill up the vacant posts under the 39 posts has been taken up by the Department of consumer Affairs / FMC time and again. The advertisements were published for filling up the vacant posts during the year 2005, 2006-07, 2008 and 2009. However, it has been difficult to fill up the vacancies to these posts due a lukewarm response for the posts in general; non-availability of suitable candidate fulfilling the requirements for various disciplines of the posts of Director/DS/DD; non-joining the posts by candidates even after selection; non-extension of the period of deputation of the appointed officers by the parent organization and the consequent repatriation of the officers to the parent organization; Inability to attract suitable professional candidates for the posts due to lack of adequate incentives. During the year 2009 13 officers i.e. 8 Director/DS and 5 DD were selected. However, only 4 Directors and 1 DD have joined the post.

2) Apart from the 39 temporary Group A posts, the Commission has got 12 IES cadre posts of EA/Director/DD/AD. Out of the 10 posts of DD/AD only 2 posts of DD has been filled up by the IES and the remaining 8 posts are vacant. The IES Cadre has been requested to fill up the vacant posts time and again but to no effect.

3) The Group B and Group C posts of Assistant Secretary, Economic Officer, Stenographers are vacant due to officers holding higher posts on deputation/temporary basis; repatriation of officer after completion of deputation period; non-availability of eligible candidates in spite of repeated advertisement and circulation of vacancy.

7.8 The Secretary, Department of Consumer Affairs stated during evidence that the State Governments were asked to fill up the vacancies at the earliest and there is a lot of improvement in the situation. Recently, a meeting involving all the States had been held in February-March where this issue was taken up.

7.9 The Committee note that the Department of Consumer Affairs/FMC had commissioned a study during the year 2010 to ascertain the percentage of small and marginal farmers benefited from Futures/Forward Trading in the country. The scope of the study was to ascertain the benefits accruing to the farmers directly or indirectly through price discovery and price risk management through the commodity futures market and it covered about 10 essential commodities in various States. It is understood that the report was expected to be submitted in April, 2011. Hoping that the report might have been submitted by now, the Committee urge the Department/FMC to study the findings of the study thoroughly and share the same with all the States/UTs for the benefit of the farmers.

7.10 The Committee are surprised to note that the Forward Markets Commission having a sanctioned strength of 135 Officers/Staff, is presently functioning with a manpower of only 80 Officers/Staff with a vacancy of 55 Officers/Staff. It is stated that the Department as well as the Commission have been making efforts to fill up the vacant posts time and again. However, due to non-availability of suitable candidates, lack of adequate incentives, non-extension of deputation period etc., the Department/Commission have not been able to fill up all the vacancies in the Commission. The Committee are of the view that existence of such a large number of vacancies in a small organization like the FMC would adversely affect the functioning of the Commission. The Committee, therefore, recommend that the Department of Consumer Affairs and the Forward Markets Commission should earnestly make sincere efforts to find suitable candidates and fill up all the vacancies in the Commission on priority.

CHAPTER- VIII

Revival of Supar Bazar.

8.1 The Cooperative Store Ltd., (Super Bazar), was registered under the Multi-State Cooperative Societies (MSCS) Act, 1984 with its area of operation being the entire country. The Super Bazar had a total membership of 40020. The total paid up share capital, as on 31.3.2009 was Rs. 158.99 lakhs of which Government of India's contribution was Rs. 116.49 lakhs i.e. 73%. Since the Cooperative Store Ltd., was continuously running on loss, the Central Registrar of Societies, Department of Agriculture and Cooperation, after following the due procedure, issued order for winding up of the Super Bazar on 5.7.2002 under sub section (2) of section 77 of Multi State Cooperative Societies Act, 1984 and appointed a Official Liquidator (OL) to complete the proceedings. The Liquidator assumed office on 25.7.2002.

8.2 Under Section 90 of MSCS Act 2002, the claims of all creditors and claimants were ascertained from the suppliers and investigated by the Accounts and Finance Wing of Super Bazar.

8.3 The accounts upto the year 2008-2009 have been completed and the final balance sheets are prepared by the Statutory Auditor of Super Bazar. The audited statement of accounts up to the year 2007-2008 and the statement for assessment of sales tax have been laid on the table of both the Houses of Parliament.

8.4 The assets of all branches, like chairs, tables, steel rack, counters are shifted from each branch to concerned RDCs for taking measures of liquidating these things. Some of the assets like fixtures, furniture, old motor vehicles were disposed. The asset value of these items amounting to Rs.55.50 lacs were deposited in liquidation account. However, the remaining assets could not be disposed as the Hon. Supreme Court restrained the Official Liquidator on 4.2.2005 for further alienation or surrender of shops.

8.5 The following amount of goods/items supplied by various suppliers to Super Bazar has been returned to concerned suppliers. Details are as under :-

S.No.	Name of Deptt.	Amount (Rs. in lakhs)
(i)	Edible/Non edible, Pulses, Spices Deptt.	: 18.62
(ii)	Medicines & Surgical Equipment	: 1.69
(iii)	Stationery & O.E.	: 0.92
(iv)	Ready Made Garments	: 0.19
(v)	Handloom	: 1.05
(vi)	Textile	: 0.32
(vii)	Cycle/Tyre	: 0.44
(viii)	Sports/Toys	: 0.58
(ix)	Footwear	: 0.62
(x)	Household	: 8.16
(xi)	Paints & Hardware	: 0.13
	Total:	: 32.72

8.6 The Disposal Committee after examining the condition of dead & damaged stock of Super Bazar, decided to dispose these items in the interest of the Society. It is relevant to mention here, that as per the report of the Chartered Accountant the cost price of all these items was "Nil". The disposal Committee had approved the tender of Rs.55,350/- of M.I. & Sons after observing the condition of all the goods. This is a net profit of Super Bazar during the liquidation.

8.7 Textile, handloom, readymade garments, fabrication items and cut piece goober were lying in Super Bazar since last many years and pieces of textiles, handloom items were shown damaged having a bad smell and no specific size and length. M/s. Bharat Enterprises, who had obtained a decree from the Court of Addl. Sessions Judge, Delhi, agreed to lift back these items against their decretal amount. M/s. Bharat Enterprises had lifted the goods amounting to Rs.1.80 lakhs. Further, M/s. Basement Colleciton has also lifted the goods amounting to Rs.1.40 lakhs (approx.). Thereafter, the remaining cut pieces and damaged items of the Department were disposed of in favour of M/s. Varanasi Silk Enterprises.

8.8 The dues amounting to Rs.11.25 lakhs payable to Syndicate Bank, Delhi in respect of finance made for purchasing of 10 Swaraj Mazda vehicles had been retired by making an adjustment of the rent for the premises occupied by the bank. In other

words liability of Syndicate Bank has been reduced. All motor vehicles have been disposed off at a competitive prices and an amount of Rs.36.74 lacs (with tax) was collected and deposited in Super Bazar asset value.

8.9 Stock Recovery against the employees has been completed up to 31.3.2009 and recovery orders amounting to Rs 58 lakhs has been issued after a scrutiny of personal files of the employees by Shortage Recovery Cell.

8.10 Due to retail marketing in the Society, mini Branches and Regional Distribution Centres (RDCs) were operating the bank account in most of the Nationalized banks. After the liquidation, these bank accounts of mini Branches and RDCs have been closed and their balances were transferred in Super Bazar liquidation account.

8.11 The 42 vigilance cases and 32 suspension cases of the employees were pending since last few years in Super Bazar. The Disciplinary Authority decided all the cases except only two, where the CVC or CBI advice is awaited.

8.12 A Voluntary Separation Scheme (VSS) was offered to all the outgoing employees of Super Bazar, who were seeking separation as per the Scheme suggested by the Government. Up to 31.3.2009, 915 employees have been separated from the services of Super Bazar and their terminal benefits have been paid after raising loan from the Government.

8.13 Pension and Provident Fund form of all the employees who have been superannuated or opted VSS are furnished to Employees Provident Fund Organization after verifying the records for making payment of their P.F. benefits. Most of the employees have obtained their claim from Provident Fund Organization and their monthly family pension has already been fixed by the organization.

8.14 One of the employees Union namely Super Bazar Karmachari Dalit Sangh filed a Special Leave Petition No. 8398-8399/2005 in the Supreme Court of India against the Union of India to revive the Super Bazar. On 26/2/2009, the Hon'ble Supreme Court disposed the aforesaid SLP with the directions to take steps for revival of Super Bazar. The Administrators of Super Bazar have been appointed under section 123 of Multi-State Cooperative Societies Act, 2002(MSCS Act, 2002). The Administrators of Super

Bazar has informed that the offer of employment to the employees of Super Bazar has been given and about 965 employees have joined their duties. In addition, renovation work of some shops, completion of fire fighting measures in Connaught Place Building are under process and to be completed before operations' begin. An amount of Rs. 2.01 crores has been paid to the NDMC by the Super Bazar towards arrears of rent/license fees.

8.15 When asked as to whether the Super Bazar has been revived and functioning, the Department replied that the Hon'ble Supreme Court vide order dated 26.02.2009 accepted the report of the Evaluation Committee suggesting the name of M/s Writers' & Publishers for revival of Super Bazar Delhi and directed the Central Registrar of Cooperative Societies and Official Liquidator to take steps for implementation of the order passed by this Court from time to time. Thereafter, the Government of India (Department of Consumer Affairs) appointed three representative of the bidder as Administrator of Super Bazar. The management of Super Bazar has informed that the dues of NDMC (Rs. 3,53,31,250/-), DDA (Rs. 3,61.45.225/-), MCD (Rs. 2,06,840/-) has been paid. The 996 employees have joined their duties on 08.10.2009 in the Super Bazar. Thereafter, renovation work was started in 16 shops and the firefighting work has been completed. An amount of Rs. 38.23 crores has been paid to the workmen as arrears of wages upto 31.12.2007.

8.16 The Committee also wanted to know whether Hon'ble Court has given any time limit for the revival of the Super Bazar. In reply, the Department stated that no time limit has been given by the Hon'ble Supreme Court for revival of Super Bazar. However, efforts has been made by the management of Super Bazar to comply with the orders of the Supreme Court. The Department further stated that the Board of Directors is elected to manage the day to day affairs of the Super Bazar in terms of the orders passed by the Hon'ble Supreme Court.

8.17 The Committee note that since the Super Bazar (The Cooperative Store Ltd.) was continuously running on loss, the Central Registrar of Societies, Department of Agriculture and Cooperation, after following due procedure, ordered its winding up on 05.07.2002. Accordingly, the Liquidator, after ascertaining claims of all creditors and claimants initiated action for the winding up. The Committee further note that while disposing of the Special Leave Petition filed by Super Bazar Karmachari Dalit Sangh, Hon'ble Supreme Court, on 26.09.2002 had directed that steps be taken for revival of the Super Bazar. The Department of Consumer Affairs therefore, appointed three Administrators of the Super Bazar and subsequently, about 965 employees of the Super Bazar also joined duties. The Committee further note that renovation work of some shops, completion of fire fighting measures in Connought Place Building are under process and the dues of NDMC, DDA and MCD have since been paid. The Committee further note that no time limit has been given by the Hon'ble Supreme Court for the revival of Super Bazar. However, the Board of Directors has been elected to manage the day to day affairs of the Super Bazar. The Committee are of the view that since Super Bazar is supposed to operate in the entire country to provide standard goods at competitive prices, the Department may expedite all the remaining works and procedures and revive the Super Bazar at the earliest for the benefit of the consumers at large. They also desire that it must be ensured that the Super Bazar has the requisite infrastructure and financial capacity, before it is handed over to a Group or Society for management.

NEW DELHI
15 June, 2011
25 Jyaistha, 1933 (Saka)

VILAS MUTTEMWAR,
Chairman,
Standing Committee on Food
Consumer Affairs and Public Distribution

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION (2010-11)**

**MINUTES OF THE EIGHTH SITTING OF THE STANDING COMMITTEE ON
FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION HELD ON
MONDAY, THE 20 APRIL, 2011**

The Committee sat from 1200 hrs. to 1340 hrs. and again from 1440 hrs. to 1550 hrs. in Committee Room No. 53, Parliament House, New Delhi.

PRESENT

Shri Vilas Muttemwar - **Chairman**

MEMBERS

LOK SABHA

2. Shri Tarachand Bhagora
3. Shri Kamlesh Balmiki
4. Shri Arvind Kumar Chaudhary
5. Shri Sanjay Singh Chauhan
6. Shri Lal Chand Kataria
7. Shri Shivraj Bhaiya
8. Shri Sukhdeo Singh Libra
9. Shri Marotrao Sainuji Kowase
10. Shri Purnmasi Ram
11. Shri Ramakant Yadav

RAJYA SABHA

12. Smt. T. Ratna Bai
13. Shri Lalhming Liana
14. Shri Sanjay Raut
15. Dr. T. N. Seema
16. Shri Kanjibhai Patel
17. Shri Shantaram Laxman Naik
18. Shri Rajniti Prasad
19. Shri Kaptan Singh Solanki

SECRETARIAT

1. Shri P.K.Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Khakhai Zou - Under Secretary

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

1.	Shri Rajiv Aggarwal	-	Secretary (CA)
2.	Shri Rakesh Kacker	-	Special Secretary
3.	Shri T. S. Randhawa	-	AS & FA
4.	Shri Sharad Gupta	-	DG, BIS
5.	Shri B. R. Meena	-	DG, NTH
6.	Shri D. S. Kolamkar	-	Member, FMC
7.	Shri Anandi Ravichandran	-	Economic Advisor
8.	Shri G. N. Sreekumaran	-	Joint Secretary (CPU)
9.	Shri Chandy Andrews	-	CCA
10.	Smt. Alka Panda	-	ADG, BIS
11.	Shri Alinda Chandra	-	ADG, BIS
12.	Shri P. K. Gambhir	-	Scientist, BIS
13.	Shri R. K. Trehan	-	Director (BIS), (HRD Head)
14.	Shri Anil Kumar	-	Scientist, BIS, (HMD Head)
15.	Shri M. A. Khan	-	MD, NCCF
16.	Shri Brij Mohan	-	Director
17.	Shri S. K. Nag	-	Director
18.	Shri A. K. Jain	-	Director
19.	Shri T. N. Murugan	-	Director
20.	Shri B. N. Dixit	-	Director
21.	Dr. A. K. Mishra	-	Director (Coop)

1. At the outset, Hon'ble Chairman welcomed the members to the sitting. Thereafter, the Secretary and other officials of the Department of Consumer Affairs were invited to the sitting of the Committee. After welcoming them, the Hon'ble Chairman apprised them of the provisions of Direction 55(1) of the Directions by the Speaker. Thereafter, the Committee took evidence of the representatives of the Department of Consumer Affairs in connection with the examination of Demand for Grants for the year 2011-12. Hon'ble Chairman, in his welcome speech, raised various important issues such as failure of the Department to make realistic projection of funds at initial stage, rising prices of the essential commodities and the steps taken to curtail the same, lack of consumer awareness especially in remote, hilly and backward areas, unsatisfactory performance of National Commission, State Commissions/District Forums and existence of a large number of vacancies in these Consumer Fora, problems faced by the consumers in the other sectors namely telecom, courier, banking, insurance, financial services, etc.

2. Thereafter, the Secretary, Department of Consumer Affairs addressed to the concerns raised by the Hon'ble Chairman in his opening remarks. The issues raised by Hon'ble Chairman were further supplemented by the members of the Committee

3. The following are some of the important points that emerged during the deliberations of the Committee:-

- (i) Need for effective implementation of the Essential Commodities Act in order to curtail the rising prices;
- (ii) Need for strengthening and computerization of Consumer Fora;
- (iii) The effect of hoarding on price rise and steps taken to curb the same;
- (iv) Need to fill up the vacant posts in the National Commission, State Commissions and District Forums and the efforts made by the Ministry in this direction;
- (v) Need for special schemes for the North Eastern States;
- (vi) Need to expand the activities of the Gold Hallmarking Scheme under the BIS; and
- (vii) Need to empower the Department to take *suo motto* action for better protection of consumers, etc.

4. The representatives of the Department responded to the queries raised by the Chairman and the members on the aforesaid issues.

5. The Hon'ble Chairman then thanked the Secretary and other representatives of the Department of Consumer Affairs for their free and frank discussion and also for briefing the Committee properly.

6. A verbatim record of the proceedings has been kept.

The Committee then adjourned.

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION (2010-11)**

**MINUTES OF THE TENTH SITTING OF THE STANDING COMMITTEE ON FOOD,
CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION HELD ON WEDNESDAY,
THE 15 JUNE, 2011.**

The Committee sat from 1430 hrs to 1510 hrs in Committee Room 'D', Parliament House Annexe, New Delhi.

Present

Shri Vilas Muttemwar - Chairman

Members

2. Smt. Harsimrat Kaur Badal
3. Shri Kamlesh Balmiki
4. Shri Tarachand Bhagora
5. Shri Arvind Kumar Chaudhary
6. Shri Anant Gangaram Geete
7. Shri Lal Chand Kataria
8. Shri Marotrao Sainuji Kowase
9. Shri Sukhdeo Singh Libra
10. Shri Sohan Potai
11. Shri Purnmasi Ram
12. Shri Danapal Venugopal

RAJYA SABHA

13. Smt. T. Ratna Bai
14. Shri Shantaram Laxman Naik
15. Shri Kanjibhai Patel
16. Shri Rajniti Prasad
17. Shri Sanjay Raut
18. Dr. T. N. Seema
19. Shri Kaptan Singh Solanki

SECRETARIAT

1. Shri P.K.Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Khakhai Zou - Under Secretary

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee convened for consideration and adoption of the draft report on Demands for Grants (2011-12) pertaining to the Department of Consumer Affairs. In his opening remarks Hon'ble Chairman highlighted the important recommendations contained in the draft Report.

3. The Committee then took up for consideration the draft report and adopted the same without any amendments/modifications.

4. The Committee then authorized the Chairman to finalize the aforesaid Report and present the same to Parliament during the Monsoon Session of Parliament. The Committee also decided to convene the next sitting on 4 July 2011.

The Committee then adjourned.

/...../

SUMMARY OF OBSERVATIONS/RECOMMENDATIONS

Sl. No.	Para No.	Observation/ Recommendation
1.	2.	3.
1.	2.14	<p>The Committee are disturbed to note that the Department has not been able to fully utilize the Budgetary Allocation for Plan Schemes continuously during the last 3 years. During the year 2010-11, the BE of Rs. 220.00 crore was reduced to Rs. 198 crore at RE and the Department could utilize Rs. 150.92 crore only, which includes Rs. 61.14 crore authorized in favour of other Ministries/Departments. The Committee further note that on Non-Plan Schemes, the BE of Rs. 255.20 crore during 2010-11 was sharply raised to Rs. 504.90 crore at RE stage but the Department could actually spend Rs. 213.15 crore only. The reasons given by the Department for their failure to make full utilization of Budgetary Allocation year after year such as submission of incomplete proposals by some State Governments; reduction in programmes for grant to States due to low receipt of Utilisation Certificates, etc, are not convincing to the Committee. The Department has also stated that payment of pending bills on subsidy to PSUs for import of pulses was the reason for the sharp enhancement of allocation under non plan schemes for 2010-11 at RE stage i.e. from Rs. 255.20 crore (BE) to Rs. 504.94 crore (RE). The Committee are not convinced with the argument as they feel that it could have been anticipated at the time of Budget preparation itself. The Committee are of the view that such repeated failures to make full utilization of allocated funds every year and sharp increase/decrease of allocation at RE stage indicates lack of proper planning on the part of the Department. Further, the reported shortcomings on the part of some State Governments also could have been avoided if the Department had maintained strict vigil and supervision on the implementation of the schemes/programmes/projects by the State Governments on a regular basis. The Committee, therefore, recommend that the Department should make proper assessment of their requirement of funds for both Plan and Non-Plan Schemes at the time of budgetary preparation itself and make sincere efforts to make full utilization of funds to ensure timely completion of all the schemes/programmes/projects being implemented by the States both under Plan and Non-Plan Schemes.</p>

2. 2.15 **The Committee also note that while on the one hand the Department could not fully utilize the allocated funds in both Plan and Non-Plan Schemes for the last three years, it incurred NIL expenditure in respect of the schemes for the benefit of NE Region. This reflects gross negligence on the part of the Department towards the socio-economic development of the people of the NE Region, who are comparatively less developed in all human development indicators. The Committee are surprised to note that though there is lack of infrastructure in all sectors such as transport, power, telecommunication, education, etc. in the NE Region as compared to other regions of the country, the Department does not contemplate any special schemes/projects for the region during the current financial year. The Committee are also not convinced with the Department's contention that no need has been felt for formulation of special schemes/projects for the NE Region in respect of Consumer Protection, as the existing schemes, being implemented throughout the country, already cover all the States in the country including NE Region & States having underdeveloped areas. The Committee, therefore, strongly recommend that the Department should give special attention towards implementation of the schemes/programmes/projects of the Department in the NE region for the benefit of the people of the Region.**
3. 3.7 **The Committee note that the Consumer Protection Act, 1986 had been amended thrice in 1991, 1993 and 2002 in order to protect the interest of the consumers. The Act is proposed to be further amended to widen and amplify its scope. However, the Committee are perturbed to note that in spite of the existence of various provisions in the Act for protecting their interest, the consumers are often exploited by manufacturers, traders and service providers who have knowledge of market and possess manipulative skills. The Committee, therefore, consider that the proposed further amendment of the Act is a step in the right direction as it seeks to widen and amplify the scope of some of the provisions of the Act, facilitate faster disposal of cases, rationalize the qualification and procedure of selection of Presidents and Members of the National/State Commissions and District Fora, etc. The Committee further note that the proposal for amendment of the Act has been concurred by the Ministry of Law and Justice and the final draft version of the Cabinet Note has been sent to PMO for comments, after incorporating the comments received from 65 Central Government Ministries/Departments, all the 28 States and 7**

Union Territories and the National Consumer Disputes Redressal Commission. The Committee, therefore, strongly urge the Department to complete all the procedures and formalities in this regard and make earnest efforts to introduce the Bill during the forthcoming Session of the Parliament.

4. 3.14 The Committee note that apart from the National Commission at New Delhi, 35 State Commissions and 629 District Fora are functioning in the country to protect the rights of the consumers and render quick and inexpensive redressal to their grievances. The Committee are however unhappy to note that a large number of cases are pending disposal in these Fora, i.e. 8643 cases in the National Commission, 103341 in State Commissions and 252639 in the District Forums as on 09.02.2011, which indicates that the grievances of a large number of consumers remain to be addressed. The Committee, therefore, recommend that the Central Government, in coordination with the State Governments/UT Administrations, should make earnest efforts to dispose of the pending cases in the National Commission, State Commissions and District Forums in a time bound manner so as to achieve the objective of quick redressal of grievances of the consumers, for which these Fora were set up.

5. 3.15 The Committee are concerned that despite the efforts made by the Central/State Governments, posts of as many as 4 Presidents and 14 Members in State Commissions and 61 Presidents and 264 Members in the District Fora are still lying vacant, rendering many State Commissions and District Forums non-functional. The Committee note that though the State Governments are responsible to fill up the vacancies in the State Commissions and District Fora, yet the Central Government has been requesting State Governments to take advance action for filling up of expected vacancies. The President of the National Commission also writes letters to the Chief Ministers of State Governments from time to time. The Committee are disturbed to note that despite all these steps, a large number of vacancies still exist. The Committee, therefore, strongly recommend that the Department should ascertain the reasons for existence of the vacancies in the State Commissions and District Fora and persuade the State Governments to fill up the vacancies expeditiously. The Committee suggest that a time frame of three months may be fixed for the State Governments to fill up the vacancies failing which the Central Government may appoint any person having the necessary qualifications and experience

to the post of Presidents in the State Commissions/District Fora so that they do not remain non-functional.

6. 3.18 The Committee observe that a number of projects such as computerization and computer networking of Consumer Fora in the country (CONFONET), construction of building of the National Commission, strengthening of the infrastructure of new NCDRC Building and strengthening of Consumer Fora are being implemented by the Department for improving the functioning of Consumer Fora. The Committee regret that all these schemes are yet to be completed and particularly, the project 'CONFONET' which was launched during the 10th Plan period in March, 2005 at a cost of Rs. 48.65 crore and extended to 11th Plan period, has not been completed so far. The construction of Building of the National Commission being constructed at INA, New Delhi at the estimated cost of Rs. 19.91 crore is also still to be completed. The Committee are of the view that such inordinate delays in completion of schemes hampers the smooth functioning of the Consumer Fora. The Committee, therefore, urge the Department to impress upon the NIC to expedite the work and ensure total computerization of all the Consumer Fora in the country during the year 2011-12. The Committee further recommend that the Department should ensure that the works relating to the projects of construction of building of the National Commission and strengthening the infrastructure of NCDRC Building are also completed in time since the entire funds have been released to CPWD.
7. 3.19 The Committee note that the Consumer Protection Cell is an ongoing scheme that render secretarial assistance to the Department in administering the Consumer Protection Act including holding of meetings of the Central Consumer Protection Council. The Committee observe that the State Consumer Protection Councils as well as the District Consumer Protection Councils have not been constituted in the States of Assam, Bihar, Chhattisgarh, Delhi, J&K, Jharkhand, Tripura & Uttarakhand. The States of Haryana, Punjab, Rajasthan, Sikkim, Tamil Nadu and Uttar Pradesh have not given information as to whether they have constituted SCPCs/DCPCs or not. The Committee, therefore, recommend that the Department should obtain the information from all the States/UTs regarding constitution of SCPCs/DCPCs and persuade the remaining States/UTs to constitute SCPC/DCPCs in their States/UTs in the interest of the consumers.

8.	3.28	<p>The Committee note that the Consumer Welfare Fund, set up by the Department of Revenue in 1992, is being operated by the Department of Consumer Affairs to provide financial assistance to promote and protect the welfare of the consumers, create consumer awareness and strengthen consumer movement in the country. A sum of Rs. 122.15 crore has been credited to the fund and an expenditure of Rs. 69.19 crore has been incurred till 31.01.2011 with the recommendation of an Inter-Ministerial Standing Committee constituted for the purpose. The Committee further note that to conduct corporative testing of products and services, various NGOs and the State Government of Kerala have been sanctioned funds recently viz. Voice Society New Delhi (Rs. 225.25 lakhs), Federation of Consumer Association, West Bengal (Rs. 2.08 crore), Council for Business Practices, Mumbai (Rs. 80.00 lakhs), Consumer Education Research Centre, Ahmedabad (Rs. 1.82 crore), Concert Chennai (Rs. 336 lakhs) and project from Government of Kerala (Rs. 25.44 lakhs). The Committee hope that the Department would properly monitor the utilisation of funds released to all these NGOs. The Committee further recommend that all these NGOs should be asked to furnish audited statement of accounts regarding proper utilization of the funds released to them.</p>
9.	3.29	<p>The Committee also note that a land mark project namely the National Consumer Helpline (NCH) was launched on 15.03.2005 in collaboration with the University of Delhi at a cost of Rs. 3.13 crore. Phase –II of the project at a cost of Rs. 3.78 crore from the year 2000 has been extended after evaluation by an independent agency. The Committee further note that another project viz Consumer Online Resource & Empowerment (CORE) project, which is a web-based consumer awareness & protection programme to identify consumer problems and redress them through Information Technology Method has been initiated by the Ministry with a total budgetary outlay of Rs. 3.50 crore. The Committee hope that both the National Consumer Helpline as well as the CORE Project, if implemented, would go a long way in addressing the problems of the consumers and also strengthen the consumer movement in the country to a great extent. The Committee, therefore, strongly recommend that the Department should make sincere efforts to complete these projects on time within the budgetary allocation, in the interest of the consumers.</p>
10.	3.32	<p>The Committee note that State Consumer Helpline Scheme, which will be implemented as partnership efforts between</p>

the States and active VCOs of the States will extend service in the regional language of the State concerned besides Hindi and English. . So far 20 States/UTs have been sanctioned funds from the Consumer Welfare Fund. Three proposals for setting up of State Consumer Helplines received from State of Uttarakhand and UTs of Puducherry and Dadra Nagar Haveli are under active consideration of the Department. The Committee, however, regret to note that out of the 20 States/UTs that have been released the grant, the balance 50% of 1st year recurring funds has been released to only 5 States so far and the 2nd installment has been released to only 1 State. The Committee feel that unless the funds are released to the States/UTs on time, the project will get delayed and the consumers of the States/UTs would be deprived of the benefits of the scheme. The Committee, therefore, urge the Department to persuade the State Governments/UT Administration to submit utilisation certificates and release the allocated funds to all the States/UTs so as to enable them to complete the State Consumer Helpline Scheme without delay.

11. 3.39 The Committee note that under the scheme for consumer awareness, Government had approved Rs. 409.00 crore in the XIth Plan period. The Committee are happy to note that on account of advance planning the actual expenditure under the scheme til 31.12.2010 was Rs. 67.36 crore which represents 80.17% of BE (Rs. 84.02 crore) and 83.50% of RE (Rs. 80.67 crore). The Committee, however, regret to observe that the Department could not make full utilization of the funds under the Consumer Education & Training HRD/Capacity Building during last year. Considering the fact that every citizen is a consumer irrespective of his or her status, and protecting his interest is of utmost importance, the Committee strongly recommend that the Department should make vigorous efforts to fully utilise the Budgetary Allocation for Consumer Awareness during the year 2011-12. The Committee further desire that the Department should, in consultation with other Ministries/Departments of the Central and State Governments make every effort to educate the consumer about their rights and responsibilities particularly to the consumers living in remote, rural and hilly areas.
12. 4.7 The Committee note that in order to strengthen the State enforcement machinery in a holistic way, a new scheme with an outlay of Rs. 143.286 crore is being implemented by the Department during 2009-2012 under the scheme

strengthening of weights & measures infrastructures of States/UTs. So far Grant-in-Aid of Rs. 38.37 crore has been given to 24 States/UTs for construction of Secondary/working Standard Laboratories/Calibration towers for testing of tank lorries and Rs. 36.98 crore was spent towards machinery and equipments. The Committee observe that out of the 24 States/UTs to whom Grant-in-Aid has been given for construction of Secondary/Working Standard Laboratories/Calibration towers, the construction work is yet to be started in most cases. The Committee also find that acquiring of land is in process in the States of Andhra Pradesh and Kerala whereas land has been just identified in the States of Assam, Madhya Pradesh, West Bengal, Bihar, Andhra Pradesh, Maharashtra and Tripura. In the remaining States/UTs also, the construction work are progressing at various stages only. The Committee, therefore, desire that the Department should follow up with all the States/UTs so as to expedite the process of acquiring land as well as construction of the Secondary/Working Standard Laboratories/Calibration towers in all the States/UTs.

13. 5.14 The Committee are concerned to note that except a few items, the prices of the essential commodities such as pulses and edible oils have shown a rising trend over the prices prevailing during the past year. The committee note that the prices Monitoring Cell studies and analyses the trend of major commodities of international and domestic market from various sources and the information collected along with the status report are placed before the High Level Meetings such as Committee of Secretaries (COS) and Cabinet Committee on Prices (CCP) which are held regularly. Further, the Prime Minister and the Union Minister of Consumer Affairs, Food and Public Distribution had advised the State Governments to check the rise in prices of essential commodities through a set of administrative and regulatory measures. Despite all these measures taken by the Central and State Governments, the prices of most of the essential commodities did not show a declining trend. The Committee, therefore, desire that the Department should take more stringent measures to control the prices of essential commodities and chalk out effective strategies in consultations with other Departments, Traders and FMC to ensure that the prices of essential commodities are kept in check.

14. 6.8 The Committee note that the State Governments/UT Administrations have been delegated the powers to

prevent hoarding and black-marketing of essential commodities under the provisions of the Essential Commodities Act, 1955 and the Prevention of Black-marketing and Maintenance of Essential Commodities Act, 1980. The Committee are surprised to note that despite the standing orders issued by the Government to all States Governments/UT Administration to submit monthly reports, only 6 States viz. Gujarat, Tamil Nadu, Orissa, Maharashtra, Andhra Pradesh and Chhattisgarh have furnished the information regarding detention orders issued by them during the years 2008, 2009 and 2010 and the remaining States/UTs have not furnished any such information. The Committee are dismayed to note that the Department does not appear to have taken any action against the defaulting States/UTs. The Committee feel that though States Governments have been delegated the powers for enforcement of Essential Commodities Act., 1995 and Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act. 1980, it is the responsibility of the Central Government to monitor the proper enforcement of the Acts which they are hardly doing which is evident from the fact that only 6 States have been submitting the monthly reports. The Committee, therefore, strongly recommend that the Department of Consumer Affairs should strictly monitor the enforcement of the Acts by the State Governments/UT Administration so as to check the prices of essential commodities.

15. 6.9 The Committee also find that the number of raids conducted, numbers of persons arrested, prosecuted and convicted as well as the value of goods confiscated during the years 2008, 2009 and 2010 are very negligible. The Committee are of the opinion that the number of Persons convicted was only 161 against 4539 persons prosecuted during the year 2010 which is indicative of the fact that the State Governments/UT Administrations are not serious in this regard. The Committee, therefore, urge the Department of Consumer Affairs to impress upon all the State Governments/UT Administrations to conduct more raids in order to check hoarding and black-marketing of essential commodities to avoid artificial scarcity of goods and prevent rise in prices of essential commodities.
16. 7.9 The Committee note that the Department of Consumer Affairs/FMC had commissioned a study during the year 2010 to ascertain the percentage of small and marginal farmers benefited from Futures/Forward Trading in the country. The scope of the study was to ascertain the

benefits accruing to the farmers directly or indirectly through price discovery and price risk management through the commodity futures market and it covered about 10 essential commodities in various States. It is understood that the report was expected to be submitted in April, 2011. Hoping that the report might have been submitted by now, the Committee urge the Department/FMC to study the findings of the study thoroughly and share the same with all the States/UTs for the benefit of the farmers.

17. 7.10 The Committee are surprised to note that the Forward Markets Commission having a sanctioned strength of 135 Officers/Staff, is presently functioning with a manpower of only 80 Officers/Staff with a vacancy of 55 Officers/Staff. It is stated that the Department as well as the Commission have been making efforts to fill up the vacant posts time and again. However, due to non-availability of suitable candidates, lack of adequate incentives, non-extension of deputation period etc., the Department/Commission have not been able to fill up all the vacancies in the Commission. The Committee are of the view that existence of such a large number of vacancies in a small organization like the FMC would adversely affect the functioning of the Commission. The Committee, therefore, recommend that the Department of Consumer Affairs and the Forward Markets Commission should earnestly make sincere efforts to find suitable candidates and fill up all the vacancies in the Commission on priority.

18. 8.17 The Committee note that since the Super Bazar (The Cooperative Store Ltd.) was continuously running on loss, the Central Registrar of Societies, Department of Agriculture and Cooperation, after following due procedure, ordered its winding up on 05.07.2002. Accordingly, the Liquidator, after ascertaining claims of all creditors and claimants initiated action for the winding up. The Committee further note that while disposing of the Special Leave Petition filed by Super Bazar Karmachari Dalit Sangh, Hon'ble Supreme Court, on 26.09.2002 had directed that steps be taken for revival of the Super Bazar. The Department of Consumer Affairs therefore, appointed three Administrators of the Super Bazar and subsequently, about 965 employees of the Super Bazar also joined duties. The Committee further note that renovation work of some shops, completion of fire fighting measures in Connought Place Building are under process and the dues of NDMC, DDA and MCD have since been paid. The Committee

further note that no time limit has been given by the Hon'ble Supreme Court for the revival of Super Bazar. However, the Board of Directors has been elected to manage the day to day affairs of the Super Bazar. The Committee are of the view that since Super Bazar is supposed to operate in the entire country to provide standard goods at competitive prices, the Department may expedite all the remaining works and procedures and revive the Super Bazar at the earliest for the benefit of the consumers at large. They also desire that it must be ensured that the Super Bazar has the requisite infrastructure and financial capacity, before it is handed over to a Group or Society for management.