

19

**STANDING COMMITTEE ON FOOD,
CONSUMER AFFAIRS AND
PUBLIC DISTRIBUTION
(2011-2012)**

FIFTEENTH LOK SABHA

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

**{Action Taken by the Government on the observations/recommendations contained
in the Ninth Report of the Committee (2009-10) on the subject “Bureau of Indian
Standards (BIS) – Hallmarking of Jewellery” pertaining to the Ministry of
Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)}**

NINETEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

May, 2012 / Vaisakha, 1934 (Saka)

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(DEPARTMENT OF CONSUMER AFFAIRS)**

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(Department of Consumer Affairs)}**

Presented to Lok Sabha on 16.05.2012

Laid in Rajya Sabha on 16.05.2012



**LOK SABHA SECRETARIAT
NEW DELHI
May, 2012 / Vaisakha, 1934 (Saka)**

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**COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER
AFFAIRS AND PUBLIC DISTRIBUTION – 2011-12.**

Shri Vilas Muttemwar - Chairman

MEMBERS

Lok Sabha

2. Shri Jaywant Gangaram Awale**
3. Shri Tarachand Bhagora
4. Shri Shivraj Bhaiya
5. Shri Arvind Kumar Chaudhary
6. Shri Sanjay Dhotre
7. Dr. Ram Chandra Dome
8. Shri Abdul Mannan Hossain
9. Shri Prataprao Ganpatrao Jadhav**
10. Shri Lal Chand Kataria
11. Shri Marotrao Sainuji Kowase
12. Shri Gobinda Chandra Naskar
13. Shri Prabodh Panda
14. Shri Sohan Potai
15. Shri Purnmasi Ram
16. Shri Ramkishun
17. Shri Chandulal Sahu (Chandu Bhaiya)
18. Dr. Naramalli Sivaprasad*
19. Shri E.G. Sugavanam^{\$}
20. Smt. Usha Verma**
21. Vacant

Rajya Sabha

22. Smt. T. Ratna Bai
23. Dr. M.S. Gill
24. Shri P. Kannan
25. Shri Lalhming Liana
26. Shri Sanjay Raut
27. Dr. T.N. Seema
28. Shri Veer Singh
29. Shri Kaptan Singh Solanki[@]
30. Vacant#
31. Vacant#

* Nominated w.e.f. 25.11.2011

** Nominated w.e.f. 03.01.2012

\$ Nominated w.e.f. 12.04.2012

Vice Shri Kanjibhai Patel and Shri Rajniti Prasad retired from Rajya Sabha w.e.f. 02.04.2012.

@ Retired from Rajya Sabha w.e.f. 02.04.2012 and renominated w.e.f. 04.05.2012

SECRETARIAT

- | | | |
|----------------------|---|---------------------|
| 1. Shri P. K. Misra | - | Joint Secretary |
| 2. Smt. Veena Sharma | - | Director |
| 3. Shir Khakhai Zou | - | Under Secretary |
| 4. Ms. Bhavna Tanwar | - | Executive Assistant |

INTRODUCTION

I, The Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2011-2012) having been authorized by the Committee to submit the Report on their behalf, present this Nineteenth Report on Action Taken by the Government on the observations/recommendations contained in the Ninth Report of the Committee (2009-10) (Fifteenth Lok Sabha) on the subject “Bureau of Indian Standards (BIS) – Hallmarking of Jewellery” pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

2. The Ninth Report of the Committee (2009-10) was presented to Lok Sabha and laid in Rajya Sabha on 31st August, 2010. The Government have furnished their replies indicating Action Taken on the recommendations contained in the Report on 30th November, 2010. The draft Report was considered and adopted by the Committee at their sitting held on 9th May, 2012.

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

NEW DELHI
09 May, 2012
19 Vaisakha, 1934 (Saka)

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

CHAPTER - I

REPORT

This Report of the Standing Committee on Food, Consumer Affairs and Public Distribution deals with the Action Taken by the Government on the Observations/Recommendations contained in the Ninth Report (15th Lok Sabha) on the subject “Bureau of Indian Standards (BIS) – Hallmarking of Jewellery” pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

1.2 The Ninth Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 31st August, 2010. It contained 14 observations/ recommendations. Action Taken Notes in respect of all the 14 observations/recommendations contained in the Report have been received and these have been categorized as follows:-

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

Serial Nos. – 1, 2, 3, 6, 9, 10, 11, 13 and 14.

(Paragraph Nos. – 2.18, 3.18, 3.19, 4.11, 6.4, 7.8, 7.9, 9.3 and 9.4).

(Chapter –II, Total 9)

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

Serial No. - 4

(Paragraph No. – 3.20)

(Chapter –III, Total 1)

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

Serial Nos. - 7, 8 and 12.

(Paragraph Nos. – 5.7, 5.8 and 8.8)

(Chapter – IV, Total 3)

- (iv) Observations /recommendations in respect of which the interim replies of the Government have been received.

Serial No. - 5

(Paragraph No. – 4.10)

(Chapter – V, Total 1)

1.3 The Committee desire that the final replies in respect of the one Observation/Recommendation for which only interim reply has been received from the Government as reproduced in Chapter V as well as the replies to the Observations/Recommendations contained in Chapter-I of this Report be furnished to the Committee within three months of the presentation of this Report.

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

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

A. Need to increase the amount of financial assistance and also simplify the procedure for release of funds to set up recognized Assaying and Hallmarking Centres

Recommendation (Sl. No.2, Para No. 3.18)

1.6 The Committee in their original report observed as follows:-

"The Committee are disturbed to note that so far only 147 BIS recognized Assaying & Hallmarking centres to assess the purity of gold jewellery have been set up in the country, that too mostly in big and metropolitan cities of seventeen States. The consumers of the remaining States/UTs, especially in the special category States of Himachal Pradesh, Jammu & Kashmir and other States such as Bihar and Goa are completely deprived of the benefits of the Scheme. The reasons put forward by the Ministry that the quantum of jewellery being produced in other States/UTs is not sufficient to generate adequate response from entrepreneurs to set up centres are not acceptable to the Committee. The Committee feel that the Scheme has not been taken up with the seriousness it deserves. The Committee find that in order to encourage the entrepreneurs to set up Assaying & Hallmarking Centres, the scheme for extension of financial assistance to entrepreneurs to the extent of 15% of the cost of machinery and equipment required for setting up of the Centres, subject to a maximum of Rs.15 lakhs (30% of cost of machinery and equipment subject to maximum of Rs.30 lakhs for Centres in North Eastern Region, special category States of Himachal Pradesh, Jammu & Kashmir and Uttarakhand and rural areas of the country) has been introduced by the government. The Committee are dismayed to note that despite the central assistance given by the government, not many centres have been set up in the country and only one centre each has come up in the States /UT of Punjab, Haryana, Chhatisgarh, Jharkhand and Chandigarh.

The Committee feel that apparently, the central assistance of Rs.15 lakh (Rs.30 lakhs for the North Eastern Region and special category States) does not seem to be sufficient to encourage the entrepreneurs to set up these centres. The Committee were informed during examination of the Subject that the total investment on land, building and machinery for a Hallmarking Centre comes to about Rs.120 lakhs. As such, an assistance to the tune of Rs.15 lakhs, that too released in two installments – one after setting up of the centre and the other after successful operation of the centre for one year, is certainly not sufficient to attract the entrepreneurs to set up the centres. The Committee, therefore, desire that the Ministry should assess the viability of the centres and also liberalize the scheme by increasing the amount of central assistance and simplifying the procedure for release of funds so that more entrepreneurs come forward to set up these centres, not only in the big cities but also in the rural and hilly areas."

1.7 The ministry in their action taken reply have stated as under:-

"The scheme since its inception has been liberalized as follows:

1. The financial assistance @ 15% of the cost of equipment and machinery subject to a ceiling of Rs. 15 lakh per centre was enhanced to 30% of cost of machinery and equipment with a maximum of Rs. 30 lakh for NE Region, Special Category States of Jammu & Kashmir, Himachal Pradesh and Uttarakhand and rural areas of the country. Applications for setting up of such centres with central assistance in these areas are being considered even if they are not in response to advertisements seeking Expressions of Interests. Now an entrepreneur can apply for subsidy for an Assaying & Hallmarking Centre in these areas at any time of the year for which perpetual invitation of BIS website has been hosted.

As a result of the above liberalization six applications for setting up of Assaying & Hallmarking Centres at deficient locations have been received by BIS and are under process.

2. Physical targets of the scheme were increased from the originally approved 50 centres to facilitate setting up of such centres at locations where no centre exists (deficient locations).
3. In deference to the suggestions of the Honorable Parliamentary Standing Committee, a proposal for upward revision of subsidy for setting up of Assaying and Hallmarking Centres is under consideration of the Government.

A proposal to involve Public Sector Undertakings for the first time to set up Assaying and Hallmarking Centres at different locations with enhanced financial incentive is under examination."

1.8 While noting that despite the financial assistance given by the Government not many Assaying & Hallmarking Centres had been set up in the country, the Committee in their original report had desired that the Ministry should assess the viability of the centres and also liberalize the scheme so as to increase the amount of central assistance and also simplify the procedure for release of funds to encourage the entrepreneurs to set up more Assaying and Hallmarking Centres. In their action taken reply the Government has stated that as a result of liberalisation of the scheme and enhancement of financial assistance per centre from 15% to 30% of cost of machinery and equipment for NE Region & special category States of J&K, Himachal Pradesh, Uttarakhand & rural areas, six applications for setting up of such Centres have been received and are under process. Further, another proposal to involve Public Sector Undertakings for setting up of such centres at different locations with enhanced financial incentive is under examination. The Committee would like to be apprised of the decision taken by the Government on these proposals and also the detailed action taken in this regard. The Committee also hope that the Government would continue to make efforts to encourage more entrepreneurs to set up Assaying and Hallmarking Centres in the country especially in the rural and hilly areas.

B. Need for better utilization of funds and speedy setting up of Assaying and Hallmarking Centres

Recommendation (Sl. No.5, Para No. 4.10)

1.9 The Committee in their original report noted as follow:-

"The Committee note with concern the uneven pattern of the budget estimates and expenditure, i.e. the funds released to BIS and the amount actually utilized by BIS during the last three years. In the year 2007-08, as against BE of Rs.4 crores, funds released to BIS were Rs.1 crore and the amount actually utilized by it was Rs.0.32 crores. In the year 2008-09, against the BE of Rs.3 crores, Nil amount was released to BIS, whereas in the year 2009-10, BE was reduced to merely Rs.1 crore out of which only 0.81crore was released to BIS and only 0.58 crores was actually utilized by BIS as on 31st December, 2009. The reasons put forward by the Department that under utilization of funds has been due to lack of demand for assistance, are unacceptable to the Committee. The Committee are of the opinion that this trend merely indicates the lack of seriousness on the part of the Ministry to implement this very important scheme, to protect the interest of the consumers. The Committee deplore the slackness and improper planning on the part of the Government to spend the funds. The Committee recommend that the Department should give adequate publicity to such Schemes so as to create interest among the consumers and educate them about the benefits of purchasing only hallmarked jewellery. Further, as earlier stated, the Department should also explore the possibility of liberalizing the scheme of providing financial assistance for setting up of Assaying & Hallmarking Centres so as to motivate more and more entrepreneurs to set up Assaying & Hallmarking Centres in the remaining 18 States/UTs of the Country."

1.10 The Ministry in their reply explained as given below:-

"Expenditure on the scheme is directly proportional to the subsidy claims received from entrepreneurs who set up such centres. As indicated above, under utilization of funds has been due to lack of demand for assistance. With a view to increase the popularity of the scheme, the following proposals are being examined:

1. In addition to the normal publicity being given to the scheme through print and electronic media and programmes like nukud natak etc. all over the country, a proposal to undertake a special campaign at a cost of about Rs. 1 crore for publicizing the scheme of hallmarking through DAVP is under consideration of the Government
2. Further upward revision of financial assistance so as to motivate more and more entrepreneurs to set up Assaying & Hallmarking Centres is under consideration of the Government.
3. Involvement of PSUs in setting up of the centers with enhanced subsidy is also under consideration of the Government."

1.11 While deploring the Department for improper planning which resulted into underutilisation of funds during the years 2007-08, 2008-09 and 2009-10, the Committee had recommended to give adequate publicity to such schemes to educate consumers about the benefits of purchasing of hallmark of jewellery. The Department in their action taken reply have stated that in addition to the normal publicity, a proposal to undertake special campaign at a cost of about Rs. 1 crore for publicizing the Schemes through DAVP is under their active consideration. The Committee desire that the proposal be finalized expeditiously so as to give wide publicity to the Scheme to educate the consumers about the benefits of purchasing hallmarked jewellery.

C. Need for efficient evaluation of the procedure for providing central assistance to Assaying and Hallmarking Centres

Recommendation (Sl. No.6, Para No. 4.11)

1.12 The Committee in their earlier report observed as under:-

"The Committee are disturbed to note that there is a great shortfall in the achievement of physical targets as well, over the last three years. As against the targets of setting up of 37, 27 and 26 Assaying & Hallmarking Centres, the achievement was only 11, 7 and 3 during the years 2007-08, 2008-09 and 2009-10, respectively. Further, the targets in respect of conducting training programmes for artisans and Assaying & Hallmarking personnel were also not achieved for the said period. The Department themselves have conceded that implementation of the scheme has not been upto the expected level and have admitted that against the target for setting up of a total of 50 Assaying & Hallmarking Centres under central assistance during the 11th Five Year Plan, only 23 could be set up and recognized by BIS.

The Committee find that to review the financial and physical performances, the Department, as suggested by the Planning Commission, is undertaking an evaluation study shortly to assess the effectiveness or otherwise of the scheme, the reasons for lack of interest on the part of entrepreneurs to avail assistance to set up centres and suggest measures for its effective implementation. The Committee feel that the performance of the Scheme should have been reviewed much earlier and remedial steps taken in order to improve its performance. The Committee observe that the performance of the Scheme was unsatisfactory not for want of funds but due to the lack of proper planning on the part of the Department. The Committee strongly deplore the lack of professionalism on the part of the Department of Consumer Affairs, who could not take timely action to spend the money and achieve the financial as well as physical targets under the Scheme. The Committee, therefore, desire that the Department should make proper planning to ensure achievement of physical targets during 2010-11. The Committee also desire that the evaluation study should be undertaken urgently and based on the assessment and outcome of the study, necessary modifications may be made in the scheme so as to make it more effective. The Committee would like to be apprised of the action taken in this regard."

1.13 The Ministry in their action taken reply stated as under:-

"The hallmarking scheme has two components - one operated by BIS under its normal certification activity without any subsidy element and the other with Government subsidy. The total number of recognized hallmarking centers in the country at present is 159 (including the 23 centres set up with Government subsidy). While the hallmarking scheme as a whole has made considerable progress, it is the component with Government subsidy that has not made the expected progress. Assaying and Hallmarking Centres are set up by entrepreneurs

on commercial considerations and Government or BIS has no role in deciding their location. Government's subsidy scheme is intended to encourage entrepreneurs to set up such centres, particularly in remote, inaccessible and rural areas in the country where they normally do not set up the centres on commercial considerations. Lack of response from them, even with financial assistance, may be based on their assessment that the centres may not be viable due to much lower level of consumption of gold jewellery in such areas. The scheme is likely to get a boost and a large number of Assaying and Hallmarking Centres are bound to come up once hallmarking is introduced on a mandatory basis, for which the BIS Act is proposed to be amended.

The central assistance scheme, after its introduction, has been reviewed and liberalized on different occasions based on the recommendations of its Implementation Committee. The last such liberalization was done in November, 2009. An Evaluation study is also being undertaken through an outside agency with the following terms of reference:

- (a) Evaluation of the procedure for providing central assistance to Gold Hallmarking and Assaying Centres across the country.
- (b) Whether financial assistance under the scheme act as an incentive for Gold Assaying and Hallmarking Centres.
- (c) Whether consumers are aware of the benefits of Hallmarking/Assaying Centres.
- (d) Efficacy of training provided to artisans and whether such training has helped in improving their skills.
- (e) Identify problems of the Assaying and Hallmarking Centres, if any, in carrying out their operating and suggest appropriate solutions to overcome these problems.
- (f) Evaluate reasons for slow progress of Scheme and satisfactory progress in certain States.
- (g) Comments on effectiveness of the Scheme and suggest measures to make implementation of the Scheme more effective.

Final report of the study is yet to be made available by the agency. Suitable follow-up action will be taken once the Report is available."

1.14 While noting that there was a great shortfall in the achievement of physical targets over the last three years in setting up of Assaying & Hallmarking Centres, the Committee had desired that the Department should make proper planning to ensure achievement of physical targets during 2010-11. The Government in their action taken reply have stated, *inter-alia*, that the scheme is likely to get a boost and large number of Assaying & Hallmarking Centres are bound to come up once Hallmarking of Jewellery is made mandatory. The Department further stated that an evaluation study is being undertaken by an outside agency and suitable follow-up action will be taken when the final report of the agency is available. The Committee would like to urge the Department to expedite submission of the final report by the agency and apprise them of the main findings of the report alongwith follow-up action taken by them.

D. Need for early introduction of the Bill to amend the BIS Act, 1986

Recommendation (Sl. No.7, Para No. 5.7)

1.15 The Committee in their earlier report observed as follows:-

"The Committee are deeply concerned to note the delay in the implementation of Mandatory Hallmarking of Gold Jewellery Scheme which was proposed to be implemented w.e.f. 1st January, 2008 in a phased manner i.e. in the four metro cities of Delhi, Mumbai, Kolkatta and Chennai in the first phase and in the rest of the country, later. As informed by the Department of Consumer Affairs, the Scheme could not be introduced so far for want of an enabling legislative framework for its implementation under the BIS Act, 1986. The Committee have been informed that the amendments in the Act as approved by the Law Ministry were sent for Cabinets approval. The Cabinet Committee has opined that since the concerned Departments namely, the Department of Industrial Policy and Promotion, the Ministry of Finance and the Ministry of Commerce were consulted long back, they may again be consulted, after which the matter will again be placed before the Cabinet. The Committee are not convinced with the reasons advanced by the Ministry for the delay in making necessary amendments in the Act. The Committee feel this to be on account of slackness on the part of the Government and lack of seriousness on their part to implement the scheme in the right earnest.

The Committee feel that until and unless the Hallmarking of gold jewellery is made mandatory, the scheme will not have the desired result of protecting the interest of the consumers by preventing sale of inferior quality of gold, promoting export competitiveness and developing India as a leading gold market centre in the world. The Committee observe that due to increase in the purchasing power of the middle and upper-middle classes, there is an increasing market for gold jewellery. Even the people of small towns and villages often invest their hard earned savings in gold jewellery as a hedge against inflation and difficult times. All such consumers rightly deserve to get insurance of their investment in gold, which is possible only if the Hallmarking of gold jewellery is made mandatory.

During examination of the Subject it was brought to the notice of the Committee that BIS market surveys in 2002 had revealed a 10-15% adulteration in 22 carat jewellery which at today's gold prices, will be estimated to 20 thousand crores per annum of loss to the consumers. The matter thus deserves serious consideration. The Committee, therefore, strongly re commend the Department to take up the matter with utmost seriousness and finalize the modalities of the Bill for its early introduction in the Parliament so as to bring Hallmarking of Jewellery under mandatory certification. As regards operational issues arising out of the making of Hallmarking of Jewellery mandatory, the Government may constitute a High Powered Committee to tackle those issues. However, in no case, the introduction of the Bill should be delayed."

1.16 The Ministry in their action taken reply informed as follows:-

"The draft Bill for amendment of the BIS Act, 1986 is presently under scrutiny in the Ministry of Law & Justice. Once the Bill is vetted by that Ministry, approval of the Cabinet would be sought. A Bill for amendment of the Act is likely to be introduced during the next Session of the Parliament. Necessary follow up action for introduction of mandatory hallmarking of gold jewellery articles would be taken after amendment of the Act."

1.17 Expressing deep concern for the prolonged delay in the implementation of the Mandatory Hallmarking of Gold Jewellery Scheme which was initially proposed to be implemented w.e.f. 1 January, 2008 in a phased manner in the four Metro Cities, the Committee had noted that the Scheme could not be implemented for want of enabling legislative frame work under the BIS Act, 1986. The Committee had accordingly, recommended the Department to take up the matter with utmost seriousness and finalise the modalities for the amendment Bill to the BIS Act, 1986 and also constitute a High Powered Committee to take the operational issues for making hallmarking of Gold Jewellery mandatory. The Government in their action taken reply have stated that the draft Bill for amendment of BIS Act, 1986 is presently under scrutiny in the Ministry of Law & Justice. Once the Bill is vetted by that Ministry, approval of the Cabinet would be sought. Necessary follow up action for introduction of mandatory hallmarking of gold jewellery articles would be taken after amendment of the Act. The Committee find that the BIS (Amendment) Bill, 2012 has since been introduced in Lok Sabha on 3rd May, 2012. The Committee hope that the Department would take necessary follow up action for introduction of mandatory hallmarking of Gold Jewellery articles in the country once the BIS (Amendment) Bill, 2012 is passed by Parliament and would also constitute a High Powered Committee to look into the operational issues for making hallmarking of Gold Jewellery mandatory.

E. Need to protect the Consumers from the exorbitant making charges being levied by the Gold jewellers

Recommendation (Sl. No.8, Para No. 5.8)

1.18 The Committee in their original report observed as follows:-

"The Committee also note that though the jewelers selling hallmarked jewellery give an assurance of purity, yet they charge exorbitant making charges which puts heavy burden on the consumer in the guise of providing quality assurance. The Committee are dismayed to note that BIS has no control on the situation whereby the customers are being exploited by the BIS certified jewelers. In this regard, the Committee were informed during evidence that it is a bilateral issue between the jeweler and the customer and BIS has no role to play, which the Committee do not find convincing. The Committee feel that in order to regulate the making charges, a law may necessarily be required. The Committee, therefore, recommend that BIS should look into this aspect and evolve a system to regulate the making charges to ensure that a ceiling is imposed thereon. As certain amendments in the BIS Act, 1986 are already under consideration of the Government, the Committee desire that necessary amendments may be made to this effect also in the BIS Act, so as to give protection to the consumer."

1.19 The Government in their action taken reply stated as below:-

"As per its Preamble, the BIS Act 1986 is an Act to provide for the establishment of a Bureau for the harmonious development of the activities of standardization, marking and quality certification of goods and for matters connected therewith or incidental thereto. So the issue of regulating the making charges by imposing a ceiling thereon does not come within the purview of the Act."

1.20 Expressing concern over the exorbitant making charges being imposed on the consumers by the jewellers the Committee had recommended that BIS should look into the issue and evolve a system to regulate the making charges to ensure that a ceiling is imposed thereon. The Government in their Action taken reply have stated that the issue of regulating the making charges does not come within the purview of the BIS Act. The Committee are not agreeable with the view of the Ministry as they feel that protecting the interests of consumer is of utmost importance and for this the scope of the BIS Act can be widened, if necessary by making an amendment to the BIS Act. The Committee therefore urge the Government to consider inclusion of provision to regulate the making charges and imposing a ceiling thereon in the Bill to amend the BIS Act, 1986 since been introduced in Lok Sabha on 3rd May, 2012, so that the consumers are protected from being exploited by the Jewellers.

F. Need to strengthen the monitoring mechanism by involving independent agencies, if required.

Recommendation (Sl. No.12, Para No. 8.8)

1.21 The Committee during their earlier scrutiny and report noted as follows:-

"The Committee are dismayed to note that the Government has no monitoring mechanism for enforcement of the Scheme as no raids are stated to have been conducted by the BIS enforcement machinery on BIS licensed Jewellery shops selling hallmarked jewellery despite the fact that instances of jewelers deceiving buyers by selling inferior quality of gold jewellery against the declared purity have been found in the different parts of the country.

The plea of the Government that BIS conducts market surveillance on certified jewellers as per documented guidelines and, therefore, does not take raids at licensed premises, is not acceptable to the Committee. The Committee are further disturbed to note that BIS has very limited resources and machinery to enforce the Scheme. The Committee are of the opinion that unless there is strict monitoring of the scheme people will not have faith on the genuineness of the dealers and will not opt for Hallmarked jewellery which will affect the performance of the scheme. The Committee, therefore, desire that BIS should strengthen its monitoring mechanism by conducting regular surveys and inspections, particularly of the BIS certified shops, so that the fraudulent dealers are identified and punished. Names of such dealers should be notified and publicized for the information of general public. This will also instill the feeling of security and boost the confidence of the consumers. They may also explore the possibility of involvement of independent agencies in such a process, if required."

1.22 The Ministry in their action taken reply stated as follows:-

"Monitoring mechanism of jewellery shops selling hallmarked jewellery is ensured by BIS through a two pronged approach:

- (i) Samples of hallmarked jewellery are drawn for independent testing from randomly selected BIS licensees each year by the branch office of BIS.
- (ii) A complaint redressal mechanism is in place to safeguard the interest of consumers who invest their hard earned saving in gold jewellery.

During the last 3 years (upto February, 2010) 760 samples of jewellery were collected by BIS, out of which 50 samples failed to conform to the claimed standards. Action as per the scheme has been taken against the defaulting jewellers."

1.23 While observing that the Government has no monitoring mechanism for enforcement of the scheme for hallmarking of Gold Jewellery, the Committee had desired that the BIS should strengthen its monitoring mechanism by conducting regular surveys and inspections, particularly of the BIS certified shops by involving independent agencies, if required. In their action taken reply, the Government have not mentioned any efforts made in this regard but merely stated that Samples of hallmarked jewellery are drawn for independent testing for randomly selected BIS licenses each year. During the last three years 760 samples of jewellery were collected by BIS i.e. from 2008-2010 out of which 50 samples failed to conform to the claimed standards, etc and action as per the Scheme has been taken against them. The Committee are not satisfied with the reply which does not address their main recommendation. The Committee, therefore, reiterate that the Government should take necessary steps to strengthen its monitoring mechanism to identify and punish the fraudulent dealers. They would also like to be apprised about the action taken in case of 50 samples who did not conform to the claimed standards.

G. Need to fill up all vacant posts in 'BIS'.

Recommendation (Sl. No.13, Para No. 9.3)

1.24 The Committee in their original report had recommended as under:-

"The Committee are shocked to note that as many as 140 Scientific Posts and 47 Non Scientific Posts are lying vacant in BIS. They are further disturbed to note that 93 Scientific Posts and 172 Non Scientific Posts are deemed to have lapsed due to their remaining vacant for more than one year. Further, for 33 Scientific Posts and 17 Non Scientific Posts, the recruitment process is in progress. The Committee deplore the inaction on the part of BIS due to which a large number of posts rendered lapsed.

The Committee are of the opinion that large number of vacancies in any institution hampers its proper functioning. In case of BIS, it is evident from the fact that due to shortage in manpower, they are not able to provide proper surveillance and enforcement over the Scheme. The Committee wonder that with such a large number of vacancies, how will BIS discharge its duties effectively and achieve the avowed objectives to the entire satisfaction of the consumers. The Committee, therefore, desire that prompt action may be taken by BIS to fill up the vacant posts. Suitable action may also be taken at a higher level to reactivate and revive the posts which were lapsed due to remaining vacant for more than one year."

1.25 In their action taken reply the Ministry have stated as below:-

" BIS has completed the process that was underway for filling up of current vacancies in Scientific Cadre posts at the level of Scientist-B. As against 54 vacancies notified, only 28 candidates were found suitable. The process of recruitment for filling up of the remaining 26 vacant posts and anticipated vacancies at the level of Scientist-B till September, 2011 has been initiated.

As regards revival of posts that have lapsed due to their remaining vacant for more than a year, it is stated that pending reassessment of the manpower requirements of the Bureau by a Committee constituted for the purpose, 74 scientific posts and 50 non-scientific posts have already been revived and BIS has been requested to take urgent action to fill them up."

1.26 The Committee in its original report observed that 140 Scientific Posts and 47 Non Scientific Posts were lying vacant in BIS. Further a large number Scientific Posts and Non Scientific Posts were deemed to have lapsed due to remaining vacant for more than a year. The Committee observed that due to shortage of manpower, BIS was not able to discharge its duties to the satisfaction of the consumers and desired that BIS should take prompt action to fill up the vacant posts and also take suitable action to reactivate and revive the posts which were lapsed due to remaining vacant for more than a year. In their action taken reply, the Government has stated that against 54 vacancies notified, only 28 candidates were found suitable and the process for recruitment of remaining 26 vacant posts has been initiated. It is further stated that the BIS has been requested to take urgent action to fill up 74 scientific posts and 50 non scientific posts which have already been revived. The Committee desire that the Government should take proactive steps and vigorously pursue filling up of vacant posts in BIS. The Committee would like to be apprised of the steps taken by the Government/BIS in this regard.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No.1, Para No. 2.18)

2.1 The Committee note that Bureau of Indian Standards (BIS) as the National Standards Body is formulating need based Indian Standards in line with the national priorities. The scheme of Hallmarking of gold jewellery was launched by BIS, in April, 2000 to provide third party assurance to consumers on the purity of gold jewellery or its fineness. Under the scheme, a jeweler has to obtain Hallmarking license from BIS to get his jewellery hallmarked from the BIS recognized Assaying & Hallmarking Centres and to ensure the purity of jewellery received from artisans by following a systematic quality assurance system.

The Committee observe that the number of jewelers who have taken license under the scheme has gone up from 186 as on 31st March, 2010 to 7185 as on 31st December, 2009. However, the Committee feel that the progress is not at all satisfactory considering the fact that the scheme was launched about 10 years ago and there are about 33 lakh jewelers in the country. Apparently, sincere efforts have not been made by the government to bring more jewelers under the ambit of BIS Hallmarking Jewellery Scheme. The Committee, therefore, desire that the Government should make vigorous efforts to motivate/encourage more number of jewelers throughout the country to obtain the hallmarked license from BIS for getting their jewellery hallmarked so that more number of people enjoy the benefits of the Scheme.

Reply of the Government

2.2 With a view to motivate/encourage more number of jewellers to obtain hallmarking licence from BIS for getting their jewellery hallmarked, the scheme was reviewed and rationalized by BIS as under:

1. Procedures for grant and operation of licence has been simplified
2. Fee structure has been rationalized and made jeweller friendly
3. Time taken for grant of licence has been substantially reduced
4. Tenure of jeweler licence has been increased from one to three years

43 Jewellers' awareness programmes were held in 2009-10. To further convince the Jewellers about the advantages of the scheme, more such programmes are planned to be held during the year all over the country.

In reference to the suggestions of the Honorable Standing Committee, the scheme is proposed to be widely publicized to empower the consumers with knowledge about the benefits of hallmarking.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) O.M. No. 14/1/2010-BIS
Dated 30th November, 2010].]

Recommendation (Sl. No. 2, Para No. 3.18)

2.3 The Committee are disturbed to note that so far only 147 BIS recognized Assaying & Hallmarking centres to assess the purity of gold jewellery have been set up in the country, that too mostly in big and metropolitan cities of seventeen States. The consumers of the remaining States/UTs, especially in the special category States of Himachal Pradesh, Jammu & Kashmir and other States such as Bihar and Goa are completely deprived of the benefits of the Scheme. The reasons put forward by the Ministry that the quantum of jewellery being produced in other States/UTs is not sufficient to generate adequate response from entrepreneurs to set up centres are not acceptable to the Committee. The Committee feel that the Scheme has not been taken up with the seriousness it deserves. The Committee find that in order to encourage the entrepreneurs to set up Assaying & Hallmarking Centres, the scheme for extension of financial assistance to entrepreneurs to the extent of 15% of the cost of machinery and equipment required for setting up of the Centres, subject to a maximum of Rs.15 lakhs (30% of cost of machinery and equipment subject to maximum of Rs.30 lakhs for Centres in North Eastern Region, special category States of Himachal Pradesh, Jammu & Kashmir and Uttarakhand and rural areas of the country) has been introduced by the government. The Committee are dismayed to note that despite the central assistance given by the government, not many centres have been set up in the country and only one centre each has come up in the States /UT of Punjab, Haryana, Chhatisgarh, Jharkhand and Chandigarh.

The Committee feel that apparently, the central assistance of Rs.15 lakh (Rs.30 lakhs for the North Eastern Region and special category States) does not seem to be sufficient to encourage the entrepreneurs to set up these centres. The Committee were informed during examination of the Subject that the total investment on land, building and machinery for a Hallmarking Centre comes to about Rs.120 lakhs. As such, an assistance to the tune of Rs.15 lakhs, that too released in two installments – one after setting up of the centre and the other after successful operation of the centre for one year, is certainly not sufficient to attract the entrepreneurs to set up the centres. The Committee, therefore, desire that the Ministry should assess the viability of the centres and also liberalize the scheme by increasing the amount of central assistance and simplifying the procedure for release of funds so that more entrepreneurs come forward to set up these centres, not only in the big cities but also in the rural and hilly areas.

Reply of the Government

2.4 The scheme since its inception has been liberalized as follows:

1. The financial assistance @ 15% of the cost of equipment and machinery subject to a ceiling of Rs. 15 lakh per centre was enhanced to 30% of cost of machinery and equipment with a maximum of Rs. 30 lakh for NE Region, Spl. Category States of Jammu & Kashmir, Himachal Pradesh and Uttarakhand and rural areas of the country. Applications for setting up of such centres with central assistance in these areas are being considered even if they are not in response to advertisements seeking Expressions of Interests. Now an entrepreneur can apply for subsidy for an Assaying

& Hallmarking Centre in these areas at any time of the year for which perpetual invitation of BIS website has been hosted.

As a result of the above liberalization six applications for setting up of Assaying & Hallmarking Centres at deficient locations have been received by BIS and are under process.

2. Physical targets of the scheme were increased from the originally approved 50 centres to facilitate setting up of such centres at locations where no centre exists (deficient locations).

3. In deference to the suggestions of the Honorable Parliamentary Standing Committee, a proposal for upward revision of subsidy for setting up of Assaying and Hallmarking Centres is under consideration of the Government.

A proposal to involve Public Sector Undertakings for the first time to set up Assaying and Hallmarking Centres at different locations with enhanced financial incentive, is under examination.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) O.M. No. 14/1/2010-BIS
Dated 30th November, 2010].

Comments of the Committee

(Please *see* Para No. 1.8 of Chapter-I of the Report)

Recommendation (Sl. No.3, Para No. 3.19)

2.5 The Committee are unhappy to note that no Assaying & Hallmarking Centre has so far come up in the North Eastern Region and remote and backward areas despite central assistance of Rs.30 lakh being given for the purpose. The plea of the Government that as per the World Gold Council data for gold offtake, Assam, Chhatisgarh, Himachal Pradesh and Orissa put together account for only 4.5% of the total gold consumed in the country and gold consumers in other North Eastern States, Jammu & Kashmir, Uttrakhand and Goa are insignificant, is not convincing to the Committee. The Committee feel that keeping in view the interests of the consumers of North Eastern Region and special category States, sincere efforts were required to be made to encourage the entrepreneurs to set up centres in these areas.

The Committee note that in response to a recent advertisement released by BIS in 34 National Dailies inviting expressions of interest from interested entrepreneurs for setting up of such centres in special category States, rural areas where no Assaying & Hallmarking Centres exist, six entrepreneurs have expressed interest in setting up of Assaying & Hallmarking Centres.

The Committee hope that these cases will be finalized expeditiously for setting up of the Assaying & Hallmarking Centres in North Eastern region, the special category States and rural areas without further delay.

Reply of the Government

2.6 In principle approval has been accorded to all the 6 entrepreneurs who had applied in response to the advertisement. Current status of these applications is as under:

1. One centre at Patna has already been set up and recognized by BIS.
2. One centre at Jodhpur has reached the stage for assessment and subsequent recognition by BIS.
3. Two centres at Tirur and Kalagi are in the process of being setting up. They are not yet ready for assessment by BIS.
4. Necessary action is also being taken on the remaining two applications at Cuttack & Siliguri.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) O.M. No. 14/1/2010-BIS
Dated 30th November, 2010].]

Recommendation (Sl. No. 6, Para No. 4.11)

2.7 The Committee are disturbed to note that there is a great shortfall in the achievement of physical targets as well, over the last three years. As against the targets of setting up of 37, 27 and 26 Assaying & Hallmarking Centres, the achievement was only 11, 7 and 3 during the years 2007-08, 2008-09 and 2009-10, respectively. Further, the targets in respect of conducting training programmes for artisans and Assaying & Hallmarking personnel were also not achieved for the said period. The Department themselves have conceded that implementation of the scheme has not been upto the expected level and have admitted that against the target for setting up of a total of 50 Assaying & Hallmarking Centres under central assistance during the 11th Five Year Plan, only 23 could be set up and recognized by BIS.

The Committee find that to review the financial and physical performances, the Department, as suggested by the Planning Commission, is undertaking an evaluation study shortly to assess the effectiveness or otherwise of the scheme, the reasons for lack of interest on the part of entrepreneurs to avail assistance to set up centres and suggest measures for its effective implementation. The Committee feel that the performance of the Scheme should have been reviewed much earlier and remedial steps taken in order to improve its performance. The Committee observe that the performance of the Scheme was unsatisfactory not for want of funds but due to the lack of proper planning on the part of the Department. The Committee strongly deplore the lack of professionalism on the part of the Department of Consumer Affairs, who could not take timely action to spend the money and achieve the financial as well as physical targets under the Scheme. The Committee, therefore, desire that the Department should make proper planning to ensure achievement of physical targets during 2010-11. The Committee also desire that the evaluation study should be undertaken urgently and based on the assessment and outcome of the study, necessary modifications may be made in the scheme so as to make it more effective. The Committee would like to be apprised of the action taken in this regard.

Reply of the Government

2.8 The hallmarking scheme has two components- one operated by BIS under its normal certification activity without any subsidy element and the other with Government subsidy. The total number of recognized hallmarking centers in the country at present is 159 (including the 23 centres set up with Government subsidy). While the hallmarking scheme as a whole has made considerable progress, it is the component with Government subsidy that has not made the expected progress. Assaying and Hallmarking Centres are set up by entrepreneurs on commercial considerations and Government or BIS has no role in deciding their location. Government's subsidy scheme is intended to encourage entrepreneurs to set up such centres, particularly in remote, inaccessible and rural areas in the country where they normally do not set up the centres on commercial considerations. Lack of response from them, even with financial assistance, may be based on their assessment that the centres may not be viable due to much lower level of consumption of gold jewellery in such areas. The scheme is likely to get a boost and a large number of Assaying and Hallmarking Centres are bound to come up once hallmarking is introduced on a mandatory basis, for which the BIS Act is proposed to be amended.

The central assistance scheme, after its introduction, has been reviewed and liberalized on different occasions based on the recommendations of its Implementation Committee. The last such liberalization was done in November, 2009. An Evaluation study is also being undertaken through an outside agency with the following terms of reference:

- (a) Evaluation of the procedure for providing central assistance to Gold Hallmarking and Assaying Centres across the country.
- (b) Whether financial assistance under the scheme act as an incentive for Gold Assaying and Hallmarking Centres.
- (c) Whether consumers are aware of the benefits of Hallmarking/Assaying Centres.
- (d) Efficacy of training provided to artisans and whether such training has helped in improving their skills.
- (e) Identify problems of the Assaying and Hallmarking Centres, if any, in carrying out their operating and suggest appropriate solutions to overcome these problems.
- (f) Evaluate reasons for slow progress of Scheme and satisfactory progress in certain States.
- (g) Comments on effectiveness of the Scheme and suggest measures to make implementation of the Scheme more effective.

Final report of the study is yet to be made available by the agency. Suitable follow-up action will be taken once the Report is available.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) O.M. No. 14/1/2010-BIS
Dated 30th November, 2010].

Comments of the Committee

(Please *see* Para No. 1.14 of Chapter-I of the Report)

Recommendation (Sl. No. 9 Para No. 6.4)

2.9 The Committee note that an evaluation study of the Scheme of Hallmarking of Gold Jewellery has been given to an independent agency to study and evaluate inter alia, the procedure for providing central assistance to Assaying & Hallmarking Centres; whether the assistance acts as an incentives for the centres; the reasons for slow progress of the scheme and to suggest measures to make its implementation more effective. The study to be conducted in metro cities of Delhi, Mumbai, Kolkata and Chennai would gauge the level of awareness among the consumers about the purity of gold jewellery, the role of hallmarking and importance of purchasing hallmarked jewellery and would also cover rural areas. The Committee feel that such an evaluation study should have been conducted much earlier after watching the performance of the Scheme in the first two years of the 11th Five Year Plan to know the reasons for its slow progress and to take consequential measures to make its implementation more effective. The Committee deplore the lackadaisical manner of implementing the scheme by the Ministry. The Committee hope that as the present study would cover the consumers representing different socio economic categories on stratified sampling basis in each location, it would help to identify the problems and shortcomings in the Scheme. The Committee desire that based on the findings and outcome of the study, suitable modifications may be made in the Scheme to make it more effective.

Reply of the Government

2.10 Noted for compliance when the outcome of the study becomes available. It is, however, pointed out here that the Scheme, after its introduction, has been reviewed and liberalized on different occasions, based on the recommendations of its Implementation Committee. The last such review was done in November, 2009 and based on that the scheme was further liberalized by extending the enhanced subsidy admissible for North Eastern Region and Special Category States to rural areas in the country, consideration of requests for setting up of the Centres in North Eastern Region, Special Category States and rural areas even when such requests are not in response to advertisements seeking Expressions of Interest, removing the earlier approved ceiling on the number of centres to be set up under the central assistance scheme, etc. Some other liberalization is under examination of the Government.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) O.M. No. 14/1/2010-BIS
Dated 30th November, 2010].]

Recommendation (Sl. No.10, Para No. 7.8)

2.11 The Committee note that to create awareness among the consumers about the benefits of Hallmarking of Gold Jewellery, BIS releases advertisements both in print and electronic media in English and local languages and organize awareness programmes at regular intervals across the country including rural and remote areas, to make the scheme popular. The BIS has organized 240 awareness programmes during the last four years. The Committee find that as per the study conducted by an empanelled agency of Planning Commission in 59 Districts of 12 States, 'Jago Grahak Jago' multi-media publicity campaign, both in print and electronic media, has resulted in an increased awareness amongst consumers. The Committee, however, feel that a lot more needs to be done to make the scheme popular and make the people aware about the benefits of the Scheme. The Committee, therefore, desire that BIS should organize more awareness programmes to educate the people at large about the benefits of Gold/silver Hallmarking.

Reply of the Government

2.12 Consumer Awareness Programmes are regularly conducted by BIS which, besides other topics, also include hallmarking for generating awareness among consumers about the benefits of purchasing hallmarked jewellery. During 2009-10, 76 such Consumer Awareness Programmes were conducted by BIS, in addition to 43 exclusive Jewellers Awareness Programmes. BIS has planned more Consumer Awareness Programmes all over the country during the current financial year. Talk shows, live interactions with consumers etc. are also being undertaken on electronic media to make the people aware of the benefits of hallmarking.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) O.M. No. 14/1/2010-BIS
Dated 30th November, 2010].]

Recommendation (Sl. No. 11, Para No. 7.9)

2.13 The Committee further note that 'Nukkad Nataks' organized by the BIS for the benefit of consumers have not yet been organized in rural and remote areas. The Committee feel that unless the Scheme is widely popularized and consumers of rural, remote and hilly areas are made aware of the benefits of the Hallmarking of Jewellery, they cannot come forward to opt for the Hallmarked jewellery, thereby defeating the very purpose of the Scheme.

The Committee feel that people tend to learn quickly and easily with the help of such street plays and therefore, recommend that 'Nukkad Natak' and other awareness programmes may be organized by BIS in rural, remote and hilly areas also so as to spread the reach of the Scheme to the farthest corners of the country and interests of the consumers in small towns and villages who invest their hard earned savings in gold jewellery are protected.

Reply of the Government

2.14 The recommendation of the Hon'ble Committee has been noted and efforts will be made to comply with it.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) O.M. No. 14/1/2010-BIS
Dated 30th November, 2010].]

Recommendation (Sl. No. 13, Para No. 9.3)

2.15 The Committee are shocked to note that as many as 140 Scientific Posts and 47 Non Scientific Posts are lying vacant in BIS. They are further disturbed to note that 93 Scientific Posts and 172 Non Scientific Posts are deemed to have lapsed due to their remaining vacant for more than one year. Further, for 33 Scientific Posts and 17 Non Scientific Posts, the recruitment process is in progress. The Committee deplore the inaction on the part of BIS due to which a large number of posts rendered lapsed.

The Committee are of the opinion that large number of vacancies in any institution hampers its proper functioning. In case of BIS, it is evident from the fact that due to shortage in manpower, they are not able to provide proper surveillance and enforcement over the Scheme. The Committee wonder that with such a large number of vacancies, how will BIS discharge its duties effectively and achieve the avowed objectives to the entire satisfaction of the consumers. The Committee, therefore, desire that prompt action may be taken by BIS to fill up the vacant posts. Suitable action may also be taken at a higher level to reactivate and revive the posts which were lapsed due to remaining vacant for more than one year.

Reply of the Government

2.16 BIS has completed the process that was underway for filling up of current vacancies in Scientific Cadre posts at the level of Scientist-B. As against 54 vacancies notified, only 28 candidates were found suitable. The process of recruitment for filling up of the remaining 26 vacant posts and anticipated vacancies at the level of Scientist-B till September, 2011 has been initiated.

As regards revival of posts that have lapsed due to their remaining vacant for more than a year, it is stated that pending reassessment of the manpower requirements of the Bureau by a Committee constituted for the purpose, 74 scientific posts and 50 non-scientific posts have already been revived and BIS has been requested to take urgent action to fill them up.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) O.M. No. 14/1/2010-BIS
Dated 30th November, 2010.]

Comments of the Committee

(Please see Para No. 1.26 of Chapter-I of the Report)

Recommendation (Sl. No.14, Para No. 9.4)

2.17 The Committee note that a Grievances Redressal Cell has been set up by BIS which deals with the grievances relating to purity of gold jewellery. While noting that only three complaints were received from the consumers during the last three years, the Committee feel that there is a lack of awareness amongst the consumers about existence of such a Cell in BIS. The Committee feel that unless the people are made aware about the existence of a Cell which is looking into their grievances relating to purity of gold, setting up of such a Cell would be a futile exercise. The Committee, therefore, recommend that besides creating awareness about benefits of Hallmarked Jewellery, the consumers should simultaneously be made aware about the existence of the Grievances Redressal Cell and also about the procedure for making complaints thereunder, so that greater number of consumers approach the Cell and get their grievances redressed.

Reply of the Government

2.18 Complaint redressal mechanism is an integral part of consumer awareness programmes where emphasis is given for creating awareness amongst the consumers. Existence of grievances redressal cell in BIS is also publicized during the consumer awareness programmes.

Recommendation of the Hon'ble Committee has been noted for further follow-up action.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) O.M. No. 14/1/2010-BIS
Dated 30th November, 2010].]

CHAPTER III

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

Recommendation (Sl. No.4, Para No. 3.20)

3.1 The Committee note with concern that in case the hallmarking of jewellery is made mandatory, adequate infrastructure to assess the purity of gold jewellery is not available in the country. The Committee agree with the proposal of the Government to make the hallmarking of jewellery mandatory in the four metropolitan cities of Delhi, Mumbai, Kolkata and Chennai in the first phase and in the rest of the country later, as they find that to assess the purity of jewellery produced in the 4 metro cities, there are adequate number of centres. The Committee, however, desire that simultaneously the Department should also take vigorous steps to set up Assaying & Hallmarking Centres in other parts of the Country so that when the Scheme is made mandatory, sufficient infrastructure is available to assess the purity of jewellery.

Reply of the Government

3.2 Action for setting up of Assaying and Hallmarking Centres where no such centre exists is being taken under the Scheme of central assistance. Upward revision of the subsidy element and involvement of PSUs also in the process are under active consideration of the Government. The scheme is also being publicized more vigorously to increase awareness among jewellers and consumers about the benefits of hallmarking.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) O.M. No. 14/1/2010-BIS
Dated 30th November, 2010].]

CHAPTER IV

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

Recommendation (Sl. No.7, Para No. 5.7)

4.1 The Committee are deeply concerned to note the delay in the implementation of Mandatory Hallmarking of Gold Jewellery Scheme which was proposed to be implemented w.e.f. 1st January, 2008 in a phased manner i.e. in the four metro cities of Delhi, Mumbai, Kolkata and Chennai in the first phase and in the rest of the country, later. As informed by the Department of Consumer Affairs, the Scheme could not be introduced so far for want of an enabling legislative framework for its implementation under the BIS Act, 1986. The Committee have been informed that the amendments in the Act as approved by the Law Ministry were sent for Cabinet approval. The Cabinet Committee has opined that since the concerned Departments namely, the Department of Industrial Policy and Promotion, the Ministry of Finance and the Ministry of Commerce were consulted long back, they may again be consulted, after which the matter will again be placed before the Cabinet. The Committee are not convinced with the reasons advanced by the Ministry for the delay in making necessary amendments in the Act. The Committee feel this to be on account of slackness on the part of the Government and lack of seriousness on their part to implement the scheme in the right earnest.

The Committee feel that until and unless the Hallmarking of gold jewellery is made mandatory, the scheme will not have the desired result of protecting the interest of the consumers by preventing sale of inferior quality of gold, promoting export competitiveness and developing India as a leading gold market centre in the world. The Committee observe that due to increase in the purchasing power of the middle and upper-middle classes, there is an increasing market for gold jewellery. Even the people of small towns and villages often invest their hard earned savings in gold jewellery as a hedge against inflation and difficult times. All such consumers rightly deserve to get insurance of their investment in gold, which is possible only if the Hallmarking of gold jewellery is made mandatory.

During examination of the Subject it was brought to the notice of the Committee that BIS market surveys in 2002 had revealed a 10-15% adulteration in 22 carat jewellery which at today's gold prices, will be estimated to 20 thousand crores per annum of loss to the consumers. The matter thus deserves serious consideration. The Committee, therefore, strongly recommend the Department to take up the matter with utmost seriousness and finalise the modalities of the Bill for its early introduction in the Parliament so as to bring Hallmarking of Jewellery under mandatory certification. As regards operational issues arising out of the making of Hallmarking of Jewellery mandatory, the Government may constitute a High Powered Committee to tackle those issues. However, in no case, the introduction of the Bill should be delayed.

Reply of the Government

4.2 The draft Bill for amendment of the BIS Act, 1986 is presently under scrutiny in the Ministry of Law & Justice. Once the Bill is vetted by that Ministry, approval of the Cabinet would be sought. A Bill for amendment of the Act is likely to be introduced during the next Session of the Parliament. Necessary follow up action for introduction of mandatory hallmarking of gold jewellery articles would be taken after amendment of the Act.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) O.M. No. 14/1/2010-BIS
Dated 30th November, 2010].

Comments of the Committee

(Please *see* Para No. 1.17 of Chapter-I of the Report)

Recommendation (Sl. No.8, Para No. 5.8)

4.3 The Committee also note that though the jewelers selling hallmarked jewellery give an assurance of purity, yet they charge exorbitant making charges which puts heavy burden on the consumer in the guise of providing quality assurance. The Committee are dismayed to note that BIS has no control on the situation whereby the customers are being exploited by the BIS certified jewelers. In this regard, the Committee were informed during evidence that it is a bilateral issue between the jeweler and the customer and BIS has no role to play, which the Committee do not find convincing. The Committee feel that in order to regulate the making charges, a law may necessarily be required. The Committee, therefore, recommend that BIS should look into this aspect and evolve a system to regulate the making charges to ensure that a ceiling is imposed thereon. As certain amendments in the BIS Act, 1986 are already under consideration of the Government, the Committee desire that necessary amendments may be made to this effect also in the BIS Act, so as to give protection to the consumer.

Reply of the Government

4.4 As per its Preamble, the BIS Act 1986 is an Act to provide for the establishment of a Bureau for the harmonious development of the activities of standardization, marking and quality certification of goods and for matters connected therewith or incidental thereto. So the issue of regulating the making charges by imposing a ceiling thereon does not come within the purview of the Act.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) O.M. No. 14/1/2010-BIS
Dated 30th November, 2010].

Comments of the Committee

(Please see Para No. 1.20 of Chapter-I of the Report)

Recommendation (Sl. No.12, Para No. 8.8)

4.5 The Committee are dismayed to note that the Government has no monitoring mechanism for enforcement of the Scheme as no raids are stated to have been conducted by the BIS enforcement machinery on BIS licensed Jewellery shops selling hallmarked jewellery despite the fact that instances of jewelers deceiving buyers by selling inferior quality of gold jewellery against the declared purity have been found in the different parts of the country.

The plea of the Government that BIS conducts market surveillance on certified jewellers as per documented guidelines and, therefore, does not take raids at licensed premises, is not acceptable to the Committee. The Committee are further disturbed to note that BIS has very limited resources and machinery to enforce the Scheme. The Committee are of the opinion that unless there is strict monitoring of the scheme people will not have faith on the genuineness of the dealers and will not opt for Hallmarked jewellery which will affect the performance of the scheme. The Committee, therefore, desire that BIS should strengthen its monitoring mechanism by conducting regular surveys and inspections, particularly of the BIS certified shops, so that the fraudulent dealers are identified and punished. Names of such dealers should be notified and publicized for the information of general public. This will also instill the feeling of security and boost the confidence of the consumers. They may also explore the possibility of involvement of independent agencies in such a process, if required.

Reply of the Government

4.6 Monitoring mechanism of jewellery shops selling hallmarked jewellery is ensured by BIS through a two pronged approach:

- (j) Samples of hallmarked jewellery are drawn for independent testing from randomly selected BIS licencees each year by the branch office of BIS.
- (ii) A complaint redressal mechanism is in place to safeguard the interest of consumers who invest their hard earned saving in gold jewellery.

During the last 3 years (upto February, 2010) 760 samples of jewellery were collected by BIS, out of which 50 samples failed to conform to the claimed standards. Action as per the scheme has been taken against the defaulting jewellers.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) O.M. No. 14/1/2010-BIS
Dated 30th November, 2010).]

Comments of the Committee

(Please *see* Para No. 1.23 of Chapter-I of the Report)

CHAPTER V

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

Recommendation (Sl. No. 5, Para No. 4.10)

5.1 The Committee note with concern the uneven pattern of the budget estimates and expenditure, i.e. the funds released to BIS and the amount actually utilized by BIS during the last three years. In the year 2007-08, as against BE of Rs.4 crores, funds released to BIS were Rs.1 crore and the amount actually utilized by it was Rs.0.32 crores. In the year 2008-09, against the BE of Rs.3 crores, Nil amount was released to BIS, whereas in the year 2009-10, BE was reduced to merely Rs.1 crore out of which only 0.81crore was released to BIS and only 0.58 crores was actually utilized by BIS as on 31st December, 2009. The reasons put forward by the Department that under utilization of funds has been due to lack of demand for assistance, are unacceptable to the Committee. The Committee are of the opinion that this trend merely indicates the lack of seriousness on the part of the Ministry to implement this very important scheme, to protect the interest of the consumers. The Committee deplore the slackness and improper planning on the part of the Government to spend the funds. The Committee recommend that the Department should give adequate publicity to such Schemes so as to create interest among the consumers and educate them about the benefits of purchasing only hallmarked jewellery. Further, as earlier stated, the Department should also explore the possibility of liberalizing the scheme of providing financial assistance for setting up of Assaying & Hallmarking Centres so as to motivate more and more entrepreneurs to set up Assaying & Hallmarking Centres in the remaining 18 States/UTs of the Country.

Reply of the Government

5.2 Expenditure on the scheme is directly proportional to the subsidy claims received from entrepreneurs who set up such centres. As indicated above, under utilization of funds has been due to lack of demand for assistance. With a view to increase the popularity of the scheme, the following proposals are being examined:

1. In addition to the normal publicity being given to the scheme through print and electronic media and programmes like nukud natak etc. all over the country, a proposal to undertake a special campaign at a cost of about Rs. 1 crore for publicizing the scheme of hallmarking through DAVP is under consideration of the Government

2. Further upward revision of financial assistance so as to motivate more and more entrepreneurs to set up Assaying & Hallmarking Centres is under consideration of the Government.
3. Involvement of PSUs in setting up of the centers with enhanced subsidy is also under consideration of the Government.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) O.M. No. 14/1/2010-BIS
Dated 30th November, 2010).]

Comments of the Committee

(Please *see* Para No. 1.11 of Chapter-I of the Report)

NEW DELHI
09 May, 2012
19 Vaisakha, 1934 (Saka)

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

APPENDIX I

MINUTES OF THE THIRTEENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2011-12) HELD ON WEDNESDAY, THE 9TH MAY, 2012

The Committee sat from 1500 hrs. to 1535 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Vilas Muttemwar - Chairman

MEMBERS

LOK SABHA

2. Shri Jaywant Gangaram Awale
3. Shri Tarachand Bhagora
4. Shri Arvind Kumar Chaudhary
5. Shri Sanjay Dhotre
6. Dr. Ram Chandra Dome
7. Shri Gobinda Chandra Naskar
8. Shri Sohan Potai
9. Shri Purnmasi Ram
10. Shri Chandulal Sahu
11. Smt. Usha Verma

RAJYA SABHA

12. Shri Lalhming Liana
13. Dr. T. N. Seema
14. 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 action taken by the Government on the observations/recommendations contained in the Ninth Report of the Committee (2009-10) on the subject "Bureau of Indian Standards (BIS) – Hallmarking of Jewellery" of the Ministry of Consumer Affairs, Food and Public Distribution (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 after due deliberation, the Committee unanimously adopted the draft Report with minor changes.

4. The Committee then authorized the Chairman to finalize the aforesaid Report and present the same to Parliament.

The Committee then adjourned.

APPENDIX II

(Vide Introduction of the Report)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE NINTH REPORT OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2009-10) (FIFTEENTH LOK SABHA)

- (i) Total number of Recommendations:- 14
- (ii) Recommendations/observations which have been accepted by the Government :-
- Recommendation Nos. 2.18, 3.18, 3.19, 4.11, 6.4, 7.8, 7.9, 9.3 and 9.4
- Total: 09
Percentage: 64.29%
- (iii) Recommendations/observations which the Committee do not desire to pursue in view of the replies received from the Government:-
- Recommendation No. 3.20
- Total: 01
Percentage: 7.14%
- (iv) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:-
- Recommendation Nos. 5.7, 5.8 and 8.8
- Total: 03
Percentage: 21.43%
- (v) Recommendations/observations in respect of which the replies of the Government are still awaited:-
- Recommendation No. 4.10
- Total: 01
Percentage: 7.14%