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**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 recommendations/observations contained
in the Thirteenth Report of the Committee on Demands for Grants (2011-2012) of
the Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)}**

TWENTY SECOND REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2012 / Bhadra, 1934 (Saka)

TWENTY SECOND REPORT
**STANDING COMMITTEE ON FOOD,
CONSUMER AFFAIRS AND
PUBLIC DISTRIBUTION**
(2010-2011)

(FIFTEENTH LOK SABHA)

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

**{Action Taken by the Government on the recommendations/observations contained
in the Thirteenth Report of the Committee on Demands for Grants (2011-2012) of
the Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)}**

Presented to Lok Sabha on 30.08.2012

Laid in Rajya Sabha on 30.08.2012



**LOK SABHA SECRETARIAT
NEW DELHI**
August, 2012 / Bhadra, 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. Smt. Harsimrat Kaur Badal%
4. Shri Tarachand Bhagora
5. Shri Shivraj Bhaiya
6. Shri Arvind Kumar Chaudhary
7. Shri Sanjay Dhotre
8. Dr. Ram Chandra Dome
9. Shri Abdul Mannan Hossain
10. Shri Prataprao Ganpatrao Jadhav**
11. Shri Lal Chand Kataria
12. Shri Marotrao Sainuji Kowase
13. Shri Gobinda Chandra Naskar
14. Shri Prabodh Panda
15. Shri Sohan Potai
16. Shri Purnmasi Ram
17. Shri Ramkishun
18. Shri Chandulal Sahu (Chandu Bhaiya)
19. Dr. Naramalli Sivaprasad*
20. Shri E.G. Sugavanam\$
21. Smt. Usha Verma**

Rajya Sabha

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

* 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 to the Committee w.e.f. 04.05.2012

% Nominated w.e.f. 28.06.2012.

Nominated w.e.f. 11.07.2012

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 Twenty Second Report on Action Taken by the Government on the recommendations/observations contained in the Thirteenth Report of the Committee (2010-11) (Fifteenth Lok Sabha) on Demands for Grants (2011-2012) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

2. The Thirteenth Report was presented to Lok Sabha and laid in Rajya Sabha on 5th August, 2011. The Government have furnished their replies indicating Action Taken on the recommendations contained in the Report on 27th September, 2011. The draft Report was considered and adopted by the Committee at their sitting held on 29th June, 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
29 June, 2012
08 Ashadha, 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 Thirteenth Report (15th Lok Sabha) on “Demands for Grants (2011-2012)” pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

1.2 The Thirteenth Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 05 August, 2011. It contained 18 observations/ recommendations. Action Taken Notes in respect of all the 18 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, 4, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 18
(Paragraph Nos. – 2.14, 2.15, 3.14, 3.18, 3.28, 3.29, 3.32, 3.39, 4.7, 5.14, 6.8, 6.9, 7.9, 7.10 and 8.17)

(Chapter –II, Total 15)

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

Serial Nos. 3
(Paragraph Nos. - 3.7)

(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. 5 and 7

(Paragraph Nos. – 3.15 and 3.19)

(Chapter – IV, Total 2)

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

(Chapter – V, Total 0)

1.3 The Committee desire that the replies in respect of the Observations/Recommendations contained in Chapter-I of this Report be furnished to the Committee within three months from the presentation of the 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 make full utilization of funds to ensure timely implementation of Schemes/Programmes/Projects by the States/UTs

Recommendation (Sl. No. 1, Para No. 2.14)

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

“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.”

1.7 In their action taken reply the Ministry have stated as under:-

“At the time of budgetary preparation, all efforts are made to assess the requirement of funds on the basis of need of the funds for both plan and non-plan schemes of the Department. Past experience and committed liability, if any, are also kept in mind while proposing the quantum of amount for budgetary requirement and all possible efforts are made to ensure full utilization of allocation and Schemes/programmes/ projects are timely completed.

2. During the year 2010-11 the BE of Rs. 220 crores was reduced to Rs. 198 crores out of which the Department has utilized 187.92 crores, which is 94.91% of the RE. As regards non-plan the BE of Rs. 255.20 crores was increased to Rs. 504.94 crores at RE stage out of Rs. 500.28 crores, ie. 99.07% against the RE was utilized during the year 2010-11. As regard the reimbursement of subsidy claims of PSUs the BE of 200.00

crores was increased to Rs. 450.00 crores at RE stage during the 2010-11. The reason for the sharp enhancement of funds allocated under Non-plan scheme for 2010-11 from Rs.200.00 crore at BE to Rs.450.00 crore at RE could not be anticipated at the BE stage as the re-imbursement of subsidy amount depends on the quantity of pulses actually imported and supplied by the designated agencies and the actual claims submitted by them. During 2010-11, the actual Expenditure incurred was Rs.450.00 crore as against the enhanced amount allocated at Rs.450.00 crore at RE stage. Thus this Department had made full utilization of funds allocated at RE stage during 2010-11 under the Non-plan scheme.”

1.8 While noting that the Department was not able to utilize the budgetary allocations for Plan Schemes continuously during the last three years and there was a sharp increase in BE for Non Plan Schemes at RE stage, the Committee had recommended 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. In their action taken reply, the Government have stated that there was 94.91% and 99.07% utilization of funds during the year 2010-11 under Plan Schemes and Non Plan Schemes, respectively. Further they have stated that the reason for the sharp enhancement of funds allocated under Non-plan scheme for 2010-11 from Rs.200.00 crore at BE to Rs.450.00 crore at RE could not be anticipated at the BE stage as the reimbursement of subsidy amount depends on the quantity of pulses actually imported and supplied by the designated agencies and the actual claims submitted by them. The Committee, therefore, hope that the Department would make accurate assessment of the requirement of funds for both Plan and Non-Plan schemes at the BE stage itself and ensure full utilization of allocated funds in the coming years also while strictly monitoring and supervising the implementation of the schemes/programmes/projects by the State Governments.

B. Need to give special attention towards proper implementation of Schemes/Programmes in the North Eastern Region.

Recommendation (Sl. No.2, Para No. 2.15)

1.9 The Committee in their original report had recommended as below:-

“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”.

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

“The department of Consumer Affairs have incurred for the North Eastern Region an amount of Rs. 24.20 crores against the revised allocation of Rs. 20.09 crores (**Statement enclosed**) which is however 10% more than the originally allocated funds of Rs. 22.00 crores for the year 2010-11. The department has fulfilled its responsibility towards the socio-economic development of the People of the NE Region.

Department has started telecasting/broadcasting weekly serial on dramatized versions of Consumer Forum judgments. There are being aired in local languages in entire North East stations and are in addition to usual pan-India campaign.”

1.11 In their original report, the Committee had strongly recommended that the Department should give special attention towards the implementation of the schemes/projects/programmes of the Department in the North-Eastern Region for the benefit of the people of the region. The Government in their action taken reply have stated that a total amount of Rs. 24.20 crores against the revised allocation of Rs. 20.09 crores which is 10% more than originally allocated funds for the year 2010-11 have been expended for the North-Eastern Region, thus, fulfilling their responsibility towards the socio-economic development of the people of the region. While appreciating that the Department have incurred 10% more than the originally allocated funds for the year 2010-11, the Committee feel that socio-economic needs of the people cannot be fulfilled by one stroke of benevolent act. The Committee, therefore, would urge the Department to continue to give special attention towards implementation of the schemes/projects/programmes to the North-Eastern Region and also apprise of the Committee of the full details of the schemes/programmes/projects undertaken by them with Rs. 24.20 crores in the year 2010-11 and the resultant benefits to the people.

C. Need to speed up the disposal of the pending cases in the National Commission, State Commissions and District Fora.

Recommendation (Sl. No.4, Para No. 3.14)

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

“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.”

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

“The National Consumer Disputes Redressal Commission is empowered under the Consumer Protection Act, 1986 to exercise administrative control over the State Commissions and through the State Commissions over the District Fora with respect to calling for reports on filing and disposal of cases, monitoring the same and giving instructions in general to ensure that the objectives of the Act are best served. Disposal of pending cases in Consumer Fora is an important issue which is being monitored. This issue is also discussed in the Conference with States/UTs organised by the National Consumer Disputes Redressal Commission as well as meetings organised by the Department of Consumer Affairs. The State Commissions have been directed to make utmost efforts to dispose of pending cases in the State Commissions and District Fora. The State Governments are also advised to fill up vacant posts of Presidents and Members in the Consumer Fora in their States expeditiously so that Consumer Fora are not rendered non-functional resulting in increase of pending cases.

While monitoring Periodical (Monthly & Quarterly) Reports called for from States/UTs, the Department of Consumer Affairs also advises the State Governments to rectify the shortcomings observed, including disposal of pending cases.

The observations of the Standing Committee have also been conveyed to all the Chief Secretaries of States/UTs at the level of Secretary, Consumer Affairs vide D.O. letter dated 26th August, 2011 followed by D.O. reminder for strict compliance of the recommendations of the Standing Committee in their States/UTs.”

1.14 Expressing their unhappiness about the large number of cases pending with the National Commission, State Commissions and District Fora, the Committee had recommended that the Central Government should make earnest efforts in coordination with State Governments/UT Administrations to dispose of pending cases in the National Commission, State Commissions and District Fora in a time bound manner. In their action taken reply, the Government have stated that disposal of pending cases in Consumer Fora is being monitored and also discussed in the Conference with States/UTs organised by the National Consumer Disputes Redressal Commission as well as meetings organised by the Department of Consumer Affairs. Further, the State Commissions have been directed to make utmost efforts to dispose of pending cases in the State Commissions and District Fora. It is also stated that the observations of the Standing Committee have been conveyed to the States/UTs at the level of Secretary vide D.O. and followed by D.O. reminder for strict compliance. The Committee would, therefore, like to be apprised of the concrete action taken by the State Governments/UT Administrations in pursuance to their recommendation and the number of cases disposed of by the National Commission/State Commissions/District Fora as a result thereof.

D. Need to fix time frame to fill up vacant posts of the Presidents and Members in the State Commissions and District Fora.

Recommendation (Sl. No.5, Para No. 3.15)

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

“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.”

1.16 In their action taken reply the Ministry have stated that:-

"The matter has been taken up at the level of Secretary, Consumer Affairs with all the Chief Secretaries of States/UTs. This issue is also discussed in the Conferences with States/UTs organised by the National Consumer Disputes Redressal Commission, as well as the Department of Consumer Affairs from time to time and the State Governments have been advised to take advance action for filling up all the vacant posts.

This issue is also monitored by this Department through Periodical (Monthly & Quarterly) Reports called for from States/UTs."

1.17 While noting that despite efforts made by the Government, many posts of Presidents and Members were lying vacant in State Commissions and District Fora, the Committee in their original report had strongly recommended 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 had further suggested to fix a time frame of 3 months for the State Governments to fill the existing vacancies to the post of President in State Commission/District Fora so as to keep them functional. The Government in their action taken reply have stated that the matter has been taken up at the level of Secretary, Consumer Affairs with all the Chief Secretaries of States/UTs. This issue is also discussed in the Conferences with States/UTs organized by the National Consumer Disputes Redressal Commission, as well as the Department of Consumer Affairs from time to time and the State Governments have been advised to take advance action for filling up all the vacant posts. This issue is also monitored by this Department through Periodical (Monthly & Quarterly) Reports called for from States/UTs. The Committee are not convinced with the stereo typed reply of the Government as they find that a number of posts of President and Members in many State Commissions and District Fora are still lying vacant. Further, the Committee are disturbed to note that the Department have kept silent on their recommendation to ascertain the reasons for existence of vacancies in the State Commissions and District Fora and to appoint any person to the post of President in the State Commission/District Fora by the Central Government after fixing a time frame of three months, so as to keep them functional. The Committee, therefore, reiterate their recommendation that the Department should ascertain the specific reasons for existence of vacancies in the

Consumer Fora and persuade the State/ UTs to fix a time frame of three months to fill-up these vacancies so that they are not rendered non-functional. The Committee also desire that the States/UTs may be impressed upon the need to fill up the vacant posts in the Consumer Fora urgently through high level meetings, in order to provide quick justice delivery to the consumers. The Committee would like to be apprised of the concrete action taken in this regard by the Government.

E. Need to expedite the process of constitution of State Consumer Protection Council (SCPC) and District Consumer Protection Council (DCPC) in all the States and UTs

Recommendation (Sl. No.7 Para No. 3.19)

1.18 The Committee had recommended as below:-

“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 consumer.”

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

“Shortcomings observed in the Quarterly Performance Reviews (QPRs) received from States/UTs including non-constitution of SCPCs and DCPCs and non furnishing of information in this regard are being taken up with the State Governments periodically.

However, this recommendation of the Standing Committee has been taken up with the concerned State Governments at the level of Secretary (CA)."

1.20 Noting that the State Consumer Protection Council (SCPC) and District Consumer Protection Council (DCPC) are not constituted in the States/UTs of Assam, Bihar, Chhattisgarh, Delhi, J&K, Jharkhand, Tripura & Uttarakhand and the States of Haryana, Punjab, Rajasthan, Sikkim, Tamil Nadu and Uttar Pradesh had not given information as to whether they have constituted SCPCs/DCPCs, the Committee in their original report had recommended that the Department should obtain information from all States/UTs regarding constitution of State Consumer Protection Council (SCPC)/ District Consumer Protection Council (DCPC) and persuade the remaining States/UTs to constitute the same in the interest of the consumers. In their action taken reply, the Government have stated that the shortcomings observed in the Quarterly Performance Reviews (QPRs) received from States/UTs including non-constitution of SCPCs and DCPCs and non furnishing of information in this regard are being taken up with the State Governments periodically. They have further stated that the recommendation of the Committee has been taken up with the concerned State Governments at the level of Secretary (CA), but have not indicated about the outcome thereof. The Committee are not satisfied with the reply as it appears to reflect the casual attitude towards their recommendation on the part of the Government. The Committee, therefore, reiterate their earlier recommendation and desire that the Government should obtain accurate information from all States/UTs regarding the constitution of SCPCs/DCPCs and impress upon the remaining States/UTs to constitute SCPCs/DCPCs in their respective States/UTs expeditiously.

F. Need to expedite the process of acquiring land and construction of Secondary/Working Standard Laboratories/Calibration towers.

Recommendation (Sl. No.12, Para No. 4.7)

1.21 In their original report the Committee had recommended as under:-

“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.”

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

“The Department has been regularly following up with the State Governments/UTs to expedite the process of acquiring land and constructing building through letters and video conferences.”

1.23 While observing that out of 24 States/UTs to whom Grant-in-aid was given for construction of Secondary/Working Standard Laboratories/Calibration towers, the work was yet to begun in most States/UTs, the Committee had desired that the Department should follow up with all States/UTs so as to expedite the process of acquiring land as well as construction of Secondary/Working Standard Laboratories/Calibration towers. The Government in their reply has nonchalantly stated that they have been following with the States/UTs to expedite the process of acquiring land and constructing building through letters and video conferences. The Committee deplore the casual attitude of the Government towards their important recommendation. The Department should have indicated the concrete follow-up action taken by them in the matter. The Committee, therefore, urge the Government to apprise the Committee about the full details of work done, corrective measures taken, projects initiated etc. in this regard.

G. Need to make Futures Trading more beneficial for the small/marginal farmers.

Recommendation (Sl. No.16, Para No. 7.9)

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

“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.”

1.25 The Ministry in their reply have stated as under:-

"The NABCONS (NABARD Consultancy Services) have submitted the draft final report in April, 2011 of conducting a study primarily aimed at assessing the benefits accruing to small and marginal farmers from forward/futures trading in nine commodities and suggesting measures to increase farmers participation in the futures market. The major findings of the study are:

(a) Awareness Level: Majority of the small / marginal farmers [SF / MF] are generally aware of the existence of the future markets due to its publicity in various popular media like newspapers / TV etc. However, the general awareness about the forward markets is not leading to effective participation of the SF / MF in these markets. The study has indicated that 88% of the respondents perceived the commodity futures market as beneficial for them in terms of getting better price realization for their produce.

(b) Source of Information: Fellow farmers, inputs dealers and traders are the most popular sources of price information to the SF/MF. The wide-spread awareness programmes being conducted by the FMC and various commodity exchanges are also aiding in improving the awareness of the SF/MF.

(c) Sowing / Selling Decision: Availability of water (expected monsoon performance), credit, other inputs, etc. were the major factors on which the farmers based their sowing decisions. The respondents considered the then-prevailing prices of the concerned commodities for their sowing decision. Since the SF/MF generally have a low holding power for the harvested crops, they were not able to defer their sales after harvesting in expectation of better prices in the future.

(d) Better Price Realization: All the respondents had received an increased price vis-à-vis that in the previous year and this may be an indirect benefit of commodity trading to them.

(e) Use of Warehouses: It was observed that the concept of storing agri-produce in the warehouses by the farmers for better prices in the future or the use of warehouse receipts for credit had not yet percolated to the SF / MF in any significant measure. The SF / MF are mostly subsistence farmers who are forced to sell immediately after harvest.

(f) Trader's Participation in Forward Markets: There is fairly good knowledge about futures trading and national level exchanges among traders and processors. However, their participation level is low, may be because of the inadequate understanding about the dynamics of futures prices. As a result, their participation is mostly for speculative purpose based on instinct or technical advice given by brokers on TV / Newspapers.

(g) Dependence on Moneylenders/Traders/Commission Agents: 40% of the total sample number of the SF / MF had availed trade credit from petty traders / commission agents. The rate of interest charged by the petty traders was in the range from 24% to 36%. In most cases, the produce of the farmers was pledged with the trader(s) that had doubled up as the moneylender(s).

(h) Display of Ticker Boards: Only the educated and well-informed farmers based their sowing and selling decisions on the prices displayed in the ticker boards. Besides, such Boards were not there in all the markets that were covered under the study. The farmers among the sample group who had participated in one of the awareness programmes organized by FMC were found to be aware of the significance of the prices shown on the electronic ticker boards and were making its effective use to bargain with the traders for getting better prices.

(i) Banking Support: The Scales of Finance (SOF) for most of the commodities were found to be inadequate and need to be revised. In the absence of timely and adequate credit, the SF/MF had no option but to resort to local moneylenders. Further, any participation in commodity futures trading requires substantial fund requirement for holding the stock, to meet margin requirement, etc. which small and even big growers could hardly afford.

The Forward Markets Commission is thoroughly studying the findings of the study and shall thereafter share the same with all States / UTs for the benefit of farmers.”

1.26 In their original Report, the Committee had noted that the Department of Consumer Affairs/FMC had commissioned a study during the year 2010 to ascertain the percentage of small and marginal farmers benefiting from Futures/Forward Trading in the country and urged them to study the findings thoroughly and share it with all the States/UTs for the benefit of farmers. The Government in their reply have stated that NABCONS (NABARD Consultancy Services) have submitted the draft final report in April, 2011 and the FMC is studying the findings of the Report to be shared with the States/UTs. The Committee hope that the FMC would thoroughly study the findings of NABCONS Report expeditiously and share the same with all the States/UTs for the benefit of the farmers without any further delay.

H. Need to fill up the vacant posts of Officers/Staff in the Forward Markets Commission.

Recommendation (Sl. No.17, Para No. 7.10)

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

"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."

1.28 The Ministry in their reply have stated as under:-

"The steps taken by the FMC to augment its manpower position and the challenges faced by it in this regard are given below:-

a) 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 of the 39 temporary Group A posts has been taken up by the Commission 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 to 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; and 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 joined the post.

b) 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 and one post of AD has been filled up by the IES cadre and the remaining 7 posts are vacant. The IES Cadre has been requested to fill up the vacant posts time and again.

c) The Group B and Group C posts of 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.

Despite all the efforts being made to fill up the vacant posts, the Commission has not been able to appoint suitable persons to the vacant posts. Nearly 40% of the sanctioned posts have remained vacant.

FMC has again invited application from eligible officers to fill up 2 posts of Directors, 8 posts of Deputy Directors and two posts of Assistant Directors on deputation through advertisement in the Employment News dated September 2, 2011."

1.29 While noting that the FMC is functioning with 80 officers/staff as against the sanctioned strength of 135, the Committee had recommended that the Department of Consumer Affairs and the Forward Markets Commission should make earnest efforts to find suitable candidates and fill up all the vacancies in the Commission on priority. In their action taken reply, the Government have stated that they have been advertising to fill up the vacant posts every year and yet due to reasons of non-availability of suitable candidates, lack of adequate incentives, non-extension of deputation period, etc. nearly 40% of the posts have remained vacant. The Committee find that though the Department/FMC have made several attempts to fill up the vacancies in FMC, yet all vacant posts have not been filled up. The Committee, therefore, urge the Department/FMC to take more vigorous and continuous steps to fill up the vacant posts at the earliest.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No.12, Para No. 2.14)

2.1 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.

Reply of the Government

2.2 At the time of budgetary preparation, all efforts are made to assess the requirement of funds on the basis of need of the funds for both plan and non-plan schemes of the Department. Past experience and committed liability, if any, are also kept in mind while proposing the quantum of amount for budgetary requirement and all possible efforts are made to ensure full utilization of allocation and Schemes/ programmes/ projects are timely completed.

2. During the year 2010-11 the BE of Rs. 220 crores was reduced to Rs. 198 crores out of which the Department has utilized 187.92 crores, which is 94.91% of the RE. As regards non-plan the BE of Rs. 255.20 crores was increased to Rs. 504.94 crores at RE stage out of Rs. 500.28 crores, ie. 99.07% against the RE was utilized during the year

2010-11. As regard the reimbursement of subsidy claims of PSUs the BE of 200.00 crores was increased to Rs. 450.00 crores at RE stage during the 2010-11. The reason for the sharp enhancement of funds allocated under Non-plan scheme for 2010-11 from Rs.200.00 crore at BE to Rs.450.00 crore at RE could not be anticipated at the BE stage as the re-imbursement of subsidy amount depends on the quantity of pulses actually imported and supplied by the designated agencies and the actual claims submitted by them. During 2010-11, the actual Expenditure incurred was Rs.450.00 crore as against the enhanced amount allocated at Rs.450.00 crore at RE stage. Thus this Department had made full utilization of funds allocated at RE stage during 2010-11 under the Non-plan scheme.

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Department of Consumer Affairs

Comments of the Committee

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

Recommendation (Sl. No.2, Para No. 2.15)

2.3 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.

Reply of the Government

2.4 The department of Consumer Affairs have incurred for the North Eastern Region an amount of Rs. 24.20 crores against the revised allocation of Rs. 20.09 crores

(Statement enclosed) which is however 10% more than the originally allocated funds of Rs. 22.00 crores for the year 2010-11. The department has fulfilled its responsibility towards the socio-economic development of the People of the NE Region.

Department has started telecasting/broadcasting weekly serial on dramatized versions of Consumer Forum judgments. There are being aired in local languages in entire North East states and are in addition to usual pan-India campaign.

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Comments of the Committee

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

Recommendation (Sl. No. 4, Para No. 3.14)

2.5 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.

Reply of the Government

2.6 The National Consumer Disputes Redressal Commission is empowered under the Consumer Protection Act, 1986 to exercise administrative control over the State Commissions and through the State Commissions over the District Fora with respect to calling for reports on filing and disposal of cases, monitoring the same and giving instructions in general to ensure that the objectives of the Act are best served. Disposal of pending cases in Consumer Fora is an important issue which is being monitored. This issue is also discussed in the Conference with States/UTs organised by the National Consumer Disputes Redressal Commission as well as meetings organised by the Department of Consumer Affairs. The State Commissions have been directed to make utmost efforts to dispose of pending cases in the State Commissions and District Fora.

The State Governments are also advised to fill up vacant posts of Presidents and Members in the Consumer Fora in their States expeditiously so that Consumer Fora are not rendered non-functional resulting in increase of pending cases.

While monitoring Periodical (Monthly & Quarterly) Reports called for from States/UTs, the Department of Consumer Affairs also advises the State Governments to rectify the shortcomings observed, including disposal of pending cases.

The observations of the Standing Committee have also been conveyed to all the Chief Secretaries of States/UTs at the level of Secretary, Consumer Affairs vide D.O. letter dated 26th August, 2011 followed by D.O. reminder for strict compliance of the recommendations of the Standing Committee in their States/UTs.

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Comments of the Committee

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

Recommendation (Sl. No. 6, Para No. 3.18)

2.7 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.

Reply of the Government

2.8 1. Under 'CONFONET' scheme, hardware have been supplied to all the 629 locations. 301 Technical Support Personnel have also been posted for providing technical support and training. 377 locations are uploading cause lists and 363 locations are uploading judgments across the country. In addition, case status for 19 State Commissions & 231 District Fora are available online. It is proposed to cover another 100 Consumer Fora within March, 2012. Thus, an overall progress has been made by NIC under CONFONET scheme.

2. The construction and strengthening of the infrastructure of new NCDRC building has been completed and NCDRC has started functioning from its new premises with effect from 17.08.2011.

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Food & Public Distribution Department of Consumer Affairs

Recommendation (Sl. No. 8, Para No. 3.28)

2.9 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.

Reply of the Government

2.10 The Department will strictly monitor utilization of funds by NGOs and ensure that audited accounts and utilization certificates are duly submitted.

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Recommendation (Sl. No.9, Para No. 3.29)

2.11 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.

Reply of the Government

2.12 The Department will make all efforts to complete the projects on time within budgetary allocation.

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Recommendation (Sl. No. 10, Para No. 3.32)

2.13 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 utilization 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.

Reply of the Government

2.14 The Department is pursuing vigorously with all State Govts./UTs to provide Utilization Certificates. Wherever proposals for setting up State Helplines have not been

received, efforts are being made to elicit such proposals. Secretary(CA) has also taken a meeting with the defaulting State Govts. and UTs on 28.7.2011

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Recommendation (Sl. No. 11, Para No. 3.39)

2.15 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.

Reply of the Government

2.16 The Empowered Committee under the chairmanship of Secretary (CA) is periodically reviewing the consumer awareness scheme as well as progress of expenditure of fuller utilization of budgetary allocations.

According to the guidance Department has already coordinated with different Ministries/Departments which have a consumer interfacee such as Ministry of Power (Bureau of Energy Efficiency) Department of Pharmaceuticals, Insurance Regulatory and Development Authority, Ministry of Tourism, Ministry of Railways, Ministry of Civil Aviation, Department of Tele Communication (TRAI) Department of Banking (Reserve Bank of India) Department of Chemical & Fertilizers, Department of Post, Department of Food & Public Distribution, Department of Agriculture & Cooperation and has released countrywide various advertisements in Print, outdoor and electronic media on the various consumer related themes. Recently Department has launched Campaign on Right to Information Act and AADHAR (Unique identification Authority). The Recommendations of the committee are noted for future campaigns also.

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Recommendation (Sl. No. 12, Para No. 4.7)

2.17 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.

Reply of the Government

2.18 The Department has been regularly following up with the State Governments/UTs to expedite the process of acquiring land and constructing building through letters and video conferences.

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Comments of the Committee

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

Recommendation (Sl. No.13, Para No. 5.14)

2.19 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.

Reply of the Government

2.20 Government has already taken various steps to check the rise in prices of essential commodities. The retail prices of some of the essential commodities have shown steady to declining trend in the case of atta, pulses such as moong dal. While the retail prices of rice, wheat, sugar, potato, pulses such as tur dal, urad dal, masoor dal had shown marginal increase; in the case of edible oils, vegetables such as onion had shown an increasing trend over the last one year as observed in 4 metros viz. Delhi, Mumbai, Kolkata and Chennai. In the case of edible oils, 50% of our requirements are imported to meet the demand supply mismatch. Therefore, domestic prices are also susceptible to the changes in the international prices. Weather and seasonal factors affects the prices of vegetables. The details of the retail prices of essential commodities during the last one year in 4 metros viz. Delhi, Mumbai, Kolkata and Chennai are given in Annexure-I. The steps taken by the Government to check the rise in prices of essential commodities are given in Annexure II.

The Price Monitoring Cell (PMC) of the Department of Consumer Affairs monitors the retail and wholesale prices of 22 essential commodities viz rice, wheat, atta, gram dal, arhar dal, moong dal, urad dal, masoor dal, tea, sugar, salt, potato, onion, vanaspati, groundnut oil, mustard oil, milk, soya oil, palm oil, sunflower oil, gur and tomato based on the information furnished by the State Governments/UTs on a daily basis from 49 centres of the country. 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 contacted for details thereof.

There is an inter-ministerial consultation mechanism at the highest level to contain the price rise. 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 prepared for the high level committee 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.

The prevailing price situation as well as other factors which have impact on prices, both in domestic and international markets are studied and brought to the notice of high level committees, such as Committee of Secretaries (COS), Cabinet Committee on Prices (CCP), Empowered Group of Ministers (EGOM) through agenda notes prepared for their meetings. Thus effective strategies and appropriate actions are taken based on the inputs received from various Departments of the Government.

Annexure I

Retail prices of selected essential commodities at selected centres

(Rs per qtl)

Commodity	current date	1 Year Back	Absolute Variation
Centre	09/09/2011	9/9/2010	Over 1 Year
Rice			
DELHI	24	23	1
MUMBAI	21	21	0
KOLKATA	21	20	1
CHENNAI	22	21	1
Wheat			
DELHI	15	14	1
MUMBAI	23	21	2
KOLKATA	NR	NR	NR
CHENNAI	22	22	0
Atta \$			
DELHI	16	16	0
MUMBAI	21	24	-3
KOLKATA	16	16	0
CHENNAI	23	23.5	-0.5
Gram Dal			
DELHI	46	35	11
MUMBAI	48	38	10
KOLKATA	44	32	12
CHENNAI	45	35.5	9.5
Tur Dal			
DELHI	71	70	1
MUMBAI	73	70	3
KOLKATA	56	58	-2
CHENNAI	65	66.5	-1.5
Urad Dal			
DELHI	76.5	72	4.5
MUMBAI	80	79	1
KOLKATA	58	70	-12
CHENNAI	68	80	-12
Moong Dal			
DELHI	75	78.5	-3.5
MUMBAI	76	84	-8
KOLKATA	70	75	-5
CHENNAI	65	75	-10
Masoor Dal			
DELHI	56	54	2
MUMBAI	58	57	1
KOLKATA	42	48	-6
CHENNAI	45	46	-1

Commodity	Current Date	1 Year Back	Absolute Variation
Centre	9/9/2011	9/9/2010	Over 1 Year
Sugar			
DELHI	33	31	2
MUMBAI	33	30	3
KOLKATA	32	30	2
CHENNAI	31	28.5	2.5
Milk @			
DELHI	27	24	3
MUMBAI	36	28	8
KOLKATA	22	21	1
CHENNAI	20.5	20.5	0
Groundnut Oil			
DELHI	128	122	6
MUMBAI	127	80	47
KOLKATA	120	110	10
CHENNAI	100	90	10
Mustard Oil			
DELHI	81	71	10
MUMBAI	90	80	10
KOLKATA	78	62	16
CHENNAI	83	72	11
Vanaspati			
DELHI	78	63	15
MUMBAI	89	63	26
KOLKATA	60	52	8
CHENNAI	78	58	20
Soya Oil			
DELHI	83	66	17
MUMBAI	76	NR	NR
KOLKATA	74	54	20
CHENNAI	NR	NR	NR
Sunflower			
DELHI	93	79	14
MUMBAI	86	NR	NR
KOLKATA	90	64	26
CHENNAI	81	64	17
Palm Oil			
DELHI	NR	NR	NR
MUMBAI	64	NR	NR
KOLKATA	65	52	13
CHENNAI	61	49	12
	Current Date		Absolute Variation

Commodity		1 Year Back	
Centre	9/9/2011	9/9/2010	Over 1 Year
Gur			
DELHI	37	37	0
MUMBAI	47	NR	NR
KOLKATA	NR	NR	NR
CHENNAI	44	41	3
Tea Loose			
DELHI	164	148	16
MUMBAI	194	179	15
KOLKATA	100	100	0
CHENNAI	260	240	20
Salt Pack I			
DELHI	14	12	2
MUMBAI	14	12	2
KOLKATA	8	8	0
CHENNAI	14	12	2
Potato			
DELHI	15	11	4
MUMBAI	15	13	2
KOLKATA	8	7	1
CHENNAI	14.5	14	0.5
Onion			
DELHI	23	19	4
MUMBAI	20	14	6
KOLKATA	22	16	6
CHENNAI	14.25	15	-0.75
Tomato			
DELHI	21	33.5	-12.5
MUMBAI	15	NR	NR
KOLKATA	22	NR	NR
CHENNAI	15	12	3
Source: State Civil Supplies Department; NR- Not Reported			

Annexure II

Steps taken by the Government to contain price rise in essential Commodities are listed below:

1. Fiscal Measures

- (i) Reduced import duties to zero – for rice and wheat, onion and pulses, edible oils (crude) and to 7.5% for refined & hydrogenated oils & vegetable oils.
- (ii) NDDDB has been allowed to Import of 30000 tonnes of skimmed Milk Powder and Whole milk powder and 15000 MT of Butter, Butter Oil and Anhydrous Milk Fat at zero% concessional duty under Tariff Rate Quota for the year 2011-12 .
- (iii) Allowed sugar mills on 17.04.2009 to import duty-free raw sugar under Open General License (O.G.L.). Later this facility was extended to private trade on job basis.
- (iv) Allowed STC/MMTC/PEC and NAFED on 17.04.2010 to import duty-free white/refined sugar initially with a cap of 1 million tons. Later on, duty-free import was also allowed by other Central / State Government Agencies and private trade without any cap on the quantity.

2. Administrative Measures

- (i) Removed levy obligation in respect of all imported raw sugar and white/refined sugar.
- (ii) Banned export of non-basmati rice and wheat until further orders, edible oils (except coconut oil and forest based oil) and pulses (except Kabuli chana and organic pulses up to a maximum of 10000 tonnes per year).
- (iii) Export of edible oils permitted in branded consumer packs of up to 5 kgs subject to a limit of 10,000 tonnes.
- (iv) Export of milk powders(including skimmed milk powder, whole milk powder, dairy whitener and infant milk food), Casein and Casein products has been prohibited with effect from 18.02.2011.
- (v) Effected no change in Tariff Rate Values of edible oils;
- (vi) Extended stock limit orders in the case of pulses, paddy and rice, edible oil, edible oilseeds and sugar.
- (vii) The export of all varieties of onions is prohibited w.e. f 9th September, 2011 till further orders. The MEP of non-Basmati rice was at USD 850 per MT;
- (viii) Maintained the Central Issue Price (CIP) for rice (at Rs 5.65 per kg for BPL and Rs 3 per kg for AAY) and wheat (at Rs 4.15 per kg for BPL and Rs 2 per kg for AAY) since 2002.

- (ix) Suspension of Futures trading in Rice, urad and Tur by the Forward Market Commission in the year 2007-08 continues during 2010-11. Futures trading in sugar were suspended wef 27.5.2009 up to 30.9.2010. However the future trading in sugar has since been resumed, with effect from 27.12.2010.
- (x) Proportion of sugar production requisitioned as levy sugar was increased from 10 to 20% for 2009-10 sugar seasons. However, for 2010-11 sugar season, the levy obligation has been reduced to 10%.
- (xi) Government has allocated 25 lakh tonnes of wheat and 20 lakh tonnes of rice under OMSS (D) 2011 for the period of January, 2011 to September 2011.
- (xii) 25 lakh tonnes of food grains have been allocated on 6.1.2011 to all States/UTs for BPL families at BPL issue prices for distribution upto 30.9.2011.
- (xiii) An additional adhoc allocation of 50 lakh tonnes of foodgrains made on 16th May, 2011 to all State/UTs for BPL families at BPL issue price for distribution during the current year up to March, 2012.
- (xiv) An additional adhoc allocation of 25 lakh tonnes of foodgrains made on 6.1.2011 to all States/UTs for APL families @ Rs. 8.45 per kg for wheat and Rs. 11.85 per kg for rice for distribution upto 30.9.2011.
- (xv) In addition, adhoc allocation of 50 lakh tonnes of foodgrains made on 30th June, 2011 to APL families raising thereby monthly APL allocation upto 15 kg per family per month in 20 States and 35 kg per family per month in 4 North Eastern States, Sikkim and 2 hilly states of Himachal Pradesh and Uttarakhand where it was less than that quantity for a period of ten months from June 2011 to March 2012.
- (xvi) Scheme for distribution of subsidized imported pulses through State Governments/UTs with subsidy of Rs 10/- kg for distribution @ 1 kg per month.
- (xvii) Scheme for distribution of subsidized imported edible oils through State Governments/UTs with subsidy of Rs.15/- kg for distribution to ration card holders @ liter per ration card per month.

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Department of Consumer Affairs

Recommendation (Sl. No. 14, Para No. 6.8)

2.21 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.

Reply of the Government

2.22 The enforcement of the Essential Commodities Act, 1955 lies with the State Governments/Union Territories. The State Governments/UT Administrations have been delegated powers to take necessary action under the provisions of both “The Essential Commodities Act, 1955 and “The Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980”, to prevent mal-practices in essential commodities. States/UTs have been requested repeatedly from time to time to take necessary action under both the Acts to prevent hoarding and smuggling.

The Central Government has been taking various measures to persuade the State Governments/UT Administrations to effectively implement the provisions of Essential Commodities Act, 1955. These include d.o.letters, conferences with Food Secretaries/Chief Secretaries of States/UTs including Video Conferences.

Four Video Conferences have been held with Food Secretaries of all States/UTs from 06.11.2009 onwards urging them to take action against unscrupulous elements to curb malpractices.

The MOS (I/C),CAF&PD had written to the Chief Ministers of all the States/UTs vide his letter dated 23.09.2009 and 21.12.2009 wherein he had reiterated the requirement of strict enforcement of the provisions of the Essential Commodities Act, 1955 and the Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 against unscrupulous elements indulging in malpractices. The Chief Ministers of some of the States have indicated the action taken by them towards implementing the provisions of both these Acts. Some more State Governments have acknowledged the receipt of these letters and informed that they were having the matter looked into.

Secretary (CA) has written on 9th July 2010 to Chief Secretaries of all States/UTs to indicate the experience arising out of implementation of Essential Commodities Act, 1955 and Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980.

During the Video Conferences held under the Chairmanship of Secretary(CA) on 28th and 29th January, 2010, **some of the State Governments were of the opinion that the Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 was draconian and hence they were not using it or using it sparingly. They could not therefore send the concerned Action Taken Reports under this Act.**

Vide letter dated 05.01.2010 all Chief Secretaries were requested to organize special drives against hoarding and send factual reports.

A Conference of CMs was held on 06.02.2010 presided over by the Prime Minister to consider measures to insulate the poor and vulnerable from adverse price movements. As a follow up, a Core Group of some CMs and concerned Central Ministers met under the Chairmanship of Hon'ble Prime Minister on 08.04.2010 and recommended inter alia setting up of a Working Group on Consumer Affairs (under the Chairmanship of CM Gujarat with CMs of Andhra Pradesh, Tamil Nadu and Maharashtra as its Members) to suggest strategies/ plan of action for reducing the gap between farmgate and retail prices and recommend measures for amendment to and better implementation of the Essential Commodities Act,1955. These include the improvement of distributional efficiency, reducing intermediation costs, promoting State intervention for retailing essential commodities at reasonable prices and enforcement of Statutory provisions with a view to meeting both short and long term goals. The Working Group on Consumer Affairs has submitted its report on 02.03.2011.

In January,2011 Video Conferences were held by Cabinet Secretary/Secretary with Chief Secretaries of all States/UTs reiterating the need for enforcement of the provisions of EC Act and PBM Act to curb malpractices and provide adequate supplies of essential commodities at affordable prices and if required use State intervention and facilitate alternate arrangements for augmenting supplies of essential commodities.

MOS(I/C),CAF&PD has also written to Chief Ministers of all States/UTs on this issue vide letter dt.04.02.2011.

MOS (I/C), CAF&PD had convened a meeting of the Ministers of Food/PD/ Consumer Affairs of South Zone on 03.02.2011 at Thiruvananthapuram (Kerala) inter-alia, to take measures to control rise in prices and ensure adequate availability of essential commodities at affordable prices for consumers. Similar meetings were also held on Zonal basis for North Zone (on 07.02.2011 at New Delhi), East Zone (on 14.02.2011 at Kolkatta) and West Zone (on 17.02.2011 at Mumbai).

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Department of Consumer Affairs

Recommendation (Sl. No. 15, Para No. 6.9)

2.23 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.

Reply of the Government

2.24 The Central Government by virtue of Section-5 of the Essential Commodities Act, 1955 have delegated powers to State Governments/UTs to ensure availability and supply of essential commodities to the consumers. Accordingly the State Governments/UTs have issued control orders under Section-3 of the said Act for regulating the distribution of essential commodities. It also empowers the District Collectors/District Magistrates to take necessary action under Essential Commodities Act, 1955 like searching premises of the dealers/traders and seizing of essential commodities illegally hoarded so as to avoid malpractices in respect of such essential commodities. Therefore, the District Authorities conduct regular raids on such premises where essential commodities are stored. Such raids are being carried out very frequently and therefore the number of raids are very high. During such searches if some malpractices are noted, the stocks are seized and thereby confiscated under the powers conferred under Section 6(A) of the Essential Commodities Act, 1955. Considering the gravity of such malpractices the District Authorities lodge FIRs in the respective Police Stations and thereafter the cases are moved to the Courts for decision. It is for the Court to decide on convicting the person found indulging in malpractices of essential commodities or to acquit him. It is however, seen that the number of convictions by the Courts are normally very less in numbers. Therefore, there is a big gap between the number of raids conducted by the State Governments and the convictions made by the Courts.

The Central Government has been taking various measures to persuade the State Governments/UT Administrations to effectively implement the provisions of Essential Commodities Act, 1955. These include d.o.letters, conferences with Food Secretaries/Chief Secretaries of States/UTs, including Video Conferences.

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provisions of both these Acts. Some more State Governments have acknowledged the receipt of these letters and informed that they were having the matter looked into.

Secretary (CA) has written on 9th July 2010 to Chief Secretaries of all States/UTs to indicate the experience arising out of implementation of Essential Commodities Act, 1955 and Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980.

During the Video Conferences held under the Chairmanship of Secretary(CA) on 28th and 29th January, 2010, some of the State Governments were of the opinion that the Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 was draconian and hence they were not using it or using it sparingly. They could not therefore send the concerned Action Taken Reports under this Act. Vide letter dated 05.01.2010 all Chief Secretaries were requested to organize special drives against hoarding and send factual reports.

A Conference of CMs was held on 06.02.2010, which was presided over by the Prime Minister to consider measures to insulate the poor and vulnerable from adverse price movements. As a follow up, a Core Group of some CMs and concerned Central Ministers met under the Chairmanship of Hon'ble Prime Minister on 08.04.2010 and recommended inter alia setting up of a Working Group on Consumer Affairs (under the Chairmanship of CM Gujarat with CMs of Andhra Pradesh, Tamil Nadu and Maharashtra as its Members) to suggest strategies plan of action for reducing the gap between farmgate and retail prices and recommend measures for amendment to and better implementation of the Essential Commodities Act, 1955. These include the improvement of distributional efficiency, reducing intermediation costs, promoting State intervention for retailing essential commodities at reasonable prices and enforcement of Statutory provisions with a view to meeting both short and long term goals. The Working Group on Consumer Affairs has submitted its report on 02.03.2011.

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Department of Consumer Affairs

Recommendation (Sl. No. 16, Para No. 7.9)

2.25 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.

Reply of the Government

2.26 The NABCONS (NABARD Consultancy Services) have submitted the draft final report in April, 2011 of conducting a study primarily aimed at assessing the benefits accruing to small and marginal farmers from forward/futures trading in nine commodities and suggesting measures to increase farmers participation in the futures market. The major findings of the study are:

(a) Awareness Level: Majority of the small / marginal farmers [SF / MF] are generally aware of the existence of the future markets due to its publicity in various popular media like newspapers / TV etc. However, the general awareness about the forward markets is not leading to effective participation of the SF / MF in these markets. The study has indicated that 88% of the respondents perceived the commodity futures market as beneficial for them in terms of getting better price realization for their produce.

(b) Source of Information: Fellow farmers, inputs dealers and traders are the most popular sources of price information to the SF/MF. The wide-spread awareness programmes being conducted by the FMC and various commodity exchanges are also aiding in improving the awareness of the SF/MF.

(c) Sowing / Selling Decision: Availability of water (expected monsoon performance), credit, other inputs, etc. were the major factors on which the farmers based their sowing decisions. The respondents considered the then-prevailing prices of the concerned commodities for their sowing decision. Since the SF/MF generally have a low holding power for the harvested crops, they were not able to defer their sales after harvesting in expectation of better prices in the future.

(d) Better Price Realization: All the respondents had received an increased price vis-à-vis that in the previous year and this may be an indirect benefit of commodity trading to them.

(e) Use of Warehouses: It was observed that the concept of storing agri-produce in the warehouses by the farmers for better prices in the future or the use of warehouse receipts for credit had not yet percolated to the SF / MF in any significant measure. The SF / MF are mostly subsistence farmers who are forced to sell immediately after harvest.

(f) **Trader's Participation in Forward Markets:** There is fairly good knowledge about futures trading and national level exchanges among traders and processors. However, their participation level is low, may be because of the inadequate understanding about the dynamics of futures prices. As a result, their participation is mostly for speculative purpose based on instinct or technical advice given by brokers on TV / Newspapers.

(g) **Dependence on Moneylenders/Traders/Commission Agents:** 40% of the total sample number of the SF / MF had availed trade credit from petty traders / commission agents. The rate of interest charged by the petty traders was in the range from 24% to 36%. In most cases, the produce of the farmers was pledged with the trader(s) that had doubled up as the moneylender(s).

(h) **Display of Ticker Boards:** Only the educated and well-informed farmers based their sowing and selling decisions on the prices displayed in the ticker boards. Besides, such Boards were not there in all the markets that were covered under the study. The farmers among the sample group who had participated in one of the awareness programmes organized by FMC were found to be aware of the significance of the prices shown on the electronic ticker boards and were making its effective use to bargain with the traders for getting better prices.

(i) **Banking Support:** The Scales of Finance (SOF) for most of the commodities were found to be inadequate and need to be revised. In the absence of timely and adequate credit, the SF/MF had no option but to resort to local moneylenders. Further, any participation in commodity futures trading requires substantial fund requirement for holding the stock, to meet margin requirement, etc. which small and even big growers could hardly afford.

The Forward Markets Commission is thoroughly studying the findings of the study and shall thereafter share the same with all States / UTs for the benefit of farmers.

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Department of Consumer Affairs

Comments of the Committee

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

Recommendation (Sl. No. 17, Para No. 7.10)

2.27 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.

Reply of the Government

2.28 The steps taken by the FMC to augment its manpower position and the challenges faced by it in this regard are given below:-

- a) 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 of the 39 temporary Group A posts has been taken up by the Commission 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 to 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; and 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 joined the post.
- b) 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 and one post of AD has been filled up by the IES cadre and the remaining 7 posts are vacant. The IES Cadre has been requested to fill up the vacant posts time and again.
- c) The Group B and Group C posts of 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.

Despite all the efforts being made to fill up the vacant posts, the Commission has not been able to appoint suitable persons to the vacant posts. Nearly 40% of the sanctioned posts have remained vacant.

FMC has again invited application from eligible officers to fill up 2 posts of Directors, 8 posts of Deputy Directors and two posts of Assistant Directors on deputation through advertisement in the Employment News dated September 2, 2011.

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Comments of the Committee

(Please *see* Para No. 1.29 of Chapter-I of the Report)

Recommendation (Sl. No. 18, Para No. 8.17)

2.29 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.

Reply of the Government

2.30 On 26.02.2009 the Hon'ble Supreme Court accepted the report of Evaluation Committee in its entirety and awarded the bid to M/s Writers & Publishers for revival of Super Bazar. The Directions were given to the Central Registrar of Cooperative Societies and Official Liquidator to take steps for revival of Super Bazar. Accordingly these two functionaries are taking steps in terms of the provisions of Multi State Cooperative Society Act 2002. The New Management of Super Bazar has also been elected on 15.10.2010 as per the directions of Hon'ble Supreme Court. Being a Multi-State Cooperative Society, the day to day affairs of the society are managed by their Board of Directors, which can decide for starting business operations in the entire country to provide standard goods at competitive prices under the aforesaid Act. Further in

compliance of the order dated 14.3.2011 passed by Hon;ble Supreme Court, the Central Registrar of Cooperative Societies issued directions to Super Bazar for completion of a time bound revival process, payment of liabilities and submission of accounts etc.

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CHAPTER III

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

Recommendation (Sl. No. 3, Para No. 3.7)

3.1 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.

Reply of the Government

3.2 The Cabinet, in its meeting held on 30.08.2011, have already approved the Bill on Amendments to Consumer Protection Act, 1986 which is proposed to be introduced in the Parliament in the forthcoming Winter Session.

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Department of Consumer Affairs

CHAPTER IV

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

Recommendation (Sl. No. 5, Para No. 3.15)

4.1 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.

Reply of the Government

4.2 The matter has been taken up at the level of Secretary, Consumer Affairs with all the Chief Secretaries of States/UTs. This issue is also discussed in the Conferences with States/UTs organised by the National Consumer Disputes Redressal Commission, as well as the Department of Consumer Affairs from time to time and the State Governments have been advised to take advance action for filling up all the vacant posts.

This issue is also monitored by this Department through Periodical (Monthly & Quarterly) Reports called for from States/UTs.

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Department of Consumer Affairs

Comments of the Committee

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

Recommendation (Sl. No. 7, Para No. 3.19)

4.3 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 consumer.

Reply of the Government

4.4 Shortcomings observed in the Quarterly Performance Reviews (QPRs) received from States/UTs including non-constitution of SCPCs and DCPCs and non furnishing of information in this regard are being taken up with the State Governments periodically.

However, this recommendation of the Standing Committee has been taken up with the concerned State Governments at the level of Secretary (CA).

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Department of Consumer Affairs

Comments of the Committee

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

CHAPTER V

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

-NIL-

**NEW DELHI
29 June, 2012
08 Ashadha, 1934 (Saka)**

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

APPENDIX I

STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2011-12)

MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2011-12) HELD ON FRIDAY, THE 29TH JUNE, 2012

The Committee sat from 1600 hrs. to 1635 hrs. in Chairman's Room No. '115-A', Parliament House Annexe, New Delhi.

PRESENT

Shri Kaptan Singh Solanki - Acting Chairman

MEMBERS

LOK SABHA

2. Shri Tarachand Bhagora
3. Shri Sanjay Dhotre
4. Shri Lal Chand Kataria
5. Shri Marotrao Sainuji Kowase
6. Shri Prabodh Panda
7. Shri Purnmasi Ram
8. Shri Ramkishun
9. Smt. Usha Verma

RAJYA SABHA

10. Smt. T. Ratna Bai
11. Shri Vivek Gupta
12. Shri Sanjay Raut
13. Dr. T. N. Seema

SECRETARIAT

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

2. As the Hon'ble Chairman could not attend the sitting due to his indisposition, the Members present unanimously chose Shri Kaptan Singh Solanki to preside the sitting in terms of the provisions under Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha. Thereafter, the Acting Chairman welcome 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 Thirteenth Report of the Committee (2010-11) on Demands for Grants (2011-12) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

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 FIFTH REPORT OF THIS STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (FIFTEENTH LOK SABHA)

- (i) Total number of Recommendations:- 18
(ii) Recommendations/observations which have been accepted by the Government :-

Recommendation Nos.:- 2.14, 2.15, 3.14, 3.18, 3.28, 3.29, 3.32, 3.39, 4.7, 5.14, 6.8, 6.9, 7.9, 7.10 and 8.17

Total: 15
Percentage: 83.33%

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

Recommendation Nos. 3.7

Total: 01
Percentage: 5.56%

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

Recommendation Nos. 3.15 and 3.19

Total: 02
Percentage: 11.11%

- (v) Recommendations/observations in respect of which the replies of the Government are still awaited:-
Recommendation Nos.:- Nil

Total: 00
Percentage: 00.00%