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**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION
(2009-10)**

FIFTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2010-11)**

FIFTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2010/ Chaitra, 1932 (Saka)

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(DEPARTMENT OF CONSUMER AFFAIRS)**

**DEMANDS FOR GRANTS
(2010-11)**

Presented to Lok Sabha on 23.04.2010

Laid in Rajya Sabha on 23.04.2010



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2010/ Chaitra, 1932 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION – 2009-10.**

Shri Vilas Rao Muttemwar - Chairman

MEMBERS

Lok Sabha

2. Smt. Harsimrat Kaur Badal
3. Shri Kamlesh Balmiki
4. Shri Tara Chand Bhagora
5. Shri Shivraj Bhaiya
6. Shri Arvind Kumar Chaudhary
7. Shri Sanjay Singh Chauhan
8. Shri Anant Gangaram Geete
9. Shri Abdul Mannan Hossain
10. Shri Lalchand Kataria
11. Shri Marotrao Sainuji Kowase
12. Shri Sohan Potai
13. Shri Purnmasi Ram
14. Shri Dinubhai Solanki
15. Shri Laxman Tudu
16. Shri D. Venugopal
17. Shri Madhusudan Yadav
18. Shri Ramakant Yadav
19. Vacant
20. Vacant
21. Vacant

Rajya Sabha

22. Smt. T. Ratna Bai
23. Shri P. Kannan
24. Shri Lalhming Liana
25. Shri Shantaram Laxman Naik
26. Shri Kanjibhai Patel
27. Shri Rajniti Prasad
28. Shri Ram Narayan Sahu
29. Shri Veer Singh
30. Shri Kaptan Singh Solanki
31. Vacant*

*Shri Matilal Sarkar ceased to be a member of the Committee consequent upon his retirement from Rajya Sabha w.e.f. 2nd April, 2010.

SECRETARIAT

1. Shri P.K. Misra - Joint Secretary
2. Smt Veena Sharma - Director
3. Shri Jagdish Prasad - Additional Director

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2009-10), having been authorized by the Committee to submit the Report on their behalf present this Fifth Report on Demands for Grants (2010-11) relating to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

2. The Committee examined/scrutinized the detailed Demands for Grants (2009-10) of the Ministry, which were laid on the Table of the House on 12th March, 2010. The Committee took evidence of the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) on 29th March 2010.

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

4. The Report was considered and adopted by the Committee at their sitting held on 20th April, 2010.

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

NEW DELHI
20th April 2010
30 Chaitra , 1932 (Saka)

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

CHAPTER I

INTRODUCTORY

1.1 The Department of Consumer Affairs (DCA) is one of the two Departments under the Ministry of Consumer Affairs, Food & Public Distribution. It was constituted as a separate Department in June 1997 as it was considered necessary to have a separate Department to give a fillip to the nascent consumer movement in the country. The work allocated to the Department, as per the Allocation of Business Rules, 1961, is listed below:

1. Internal Trade.
2. Inter-State Trade: The Spirituous Preparation (Inter-State Trade and Commerce) Control Act, 1955 (39 of 1955).
3. Control of Future Trading: The Forward Contracts (Regulation) Act, 1952 (74 of 1952).
4. The Essential Commodities Act, 1955 (10 of 1955) (supply, price and distribution of essential commodities not dealt with specifically by any other Department).
5. Prevention of the Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980 (7 of 1980), persons subject to detention thereunder.
6. To regulate weighing and measuring instruments used in trade and transaction, industrial production and for protection of human safety including regulation of packaged commodities.
7. Training in Legal Metrology.
8. The Emblems and Names (Prevention of Improper Use) Act, 1952 (12 of 1952).
9. The Standards of Weights and Measures Act, 1976 (60 of 1976) and Standards of Weights and Measures (Enforcement) Act, 1985. To regulate weights and measures and commodities in prepackaged form.
10. The Bureau of Indian Standards Act, 1986 (63 of 1986).
11. Laying down specifications, standards and codes and ensuring quality control of bio-fuels for end users.
12. Forward Markets Commission.
13. Consumer Cooperatives.
14. Monitoring of prices and availability of essential commodities.
15. National Test House.
16. The Consumer Protection Act, 1986 (68 of 1986).

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

- (A) Bureau of Indian Standards (BIS).
- (B) National Test House (NTH).
- (C) National Consumer Disputes Redressal Commission (NCDRC).
- (D) National Cooperative Consumer's Federation (NCCF).
- (E) Forward Markets Commission (FMC).

(F) Indian Institute of Legal Metrology (IILM).

(G) Regional Reference Standards Laboratories (RRSLS).

1.3 The Minister of Consumer Affairs, Food and Public Distribution laid on the Table of the Lok Sabha, the Detailed Demands for Grants (2010-2011) relating to the Department of Consumer Affairs on 12th March, 2010. The Detailed Demands for Grants for the Department of Consumer Affairs shows a budgetary provision of Rs. 475.20 crore. This includes Rs.220.00 crore for plan activities and another Rs. 255.20 crore for non-plan programmes and schemes.

1.4 The Committee have examined the various issues related to implementation of different schemes/programmes of the Department in the context of Demands for Grants (2010-11); the detailed analysis alongwith the observations/recommendation has been given in the succeeding Chapters of the report.

CHAPTER II

General Performance of the Department-

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

2.1 The Department of Consumer Affairs has furnished the following statement showing BE,RE & Actual Expenditure (for Plan and Non-Plan schemes) incurred during the year 2007-08,2008-09 ,2009-10 and BE for 2010-11:-

(Rs. in crore)

Year	Budget Estimates			Revised Estimates			Actual Expenditure		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2007-08	213.00	36.64	249.64	150.00	38.68	188.68	105.83	36.68	142.51
2008-09	209.00	38.95	247.95	160.00	245.00	405.00	142.33	184.42	326.75
2009-10	209.00	258.00	467.00	164.00	253.66	417.66	121.65	177.32	298.97 (upto 31.12.09)
2010-11	220.00	255.20	475.20	-	-	-	-	-	-

2.2 The (scheme-wise) BE,RE and Actual Expenditure (for Plan and Non-Plan schemes) in respect of Department of Consumer Affairs for the year 2007-08 to 2010-11 (scheme-wise) is given below:-

Plan Schemes

-(Rs. in crore)

Sl No	Name of the scheme/project/ program	2007-08			2008-09			2009-10			2010-11
		BE	RE	Actual Expn.	BE	RE	Actual Expn.	BE	RE	Actual Expn.	BE
1.	National Consumer Disputes Redressal Commission	4.50	0.01	0.00	11.00	10.00	10.00	9.90	9.90	9.90	3.44
2.	Consumer Awareness (Publicity)	58.50	52.20	44.34	67.50	80.50	80.50	69.90	70.00	70.35	75.47
3.	Consumer Protection	55.80	36.76	42.02	38.71	17.45	16.69	29.78	15.12	11.96	28.90
4.	Weights and Measures Establishment of Laboratories	16.20	19.71	10.12	16.20	21.60	21.18	34.20	30.20	17.92	56.25
5.	National Test House	22.50	8.15	5.39	12.60	10.22	9.99	13.50	12.95	8.12	15.45

6.	Bureau of Indian Standards (standardization & Quality Control)	10.80	9.14	0.50	18.69	0.63	0.66	13.72	0.60	0.00	2.07
7.	Forward Markets Commission	19.50	9.75	2.46	20.70	3.60	3.31	16.20	8.10	2.59	15.75
8.	Lumpsum provision for NE project/scheme for the benefit of NE region.*	21.60	13.38	0.00	20.90	16.00	0.00	20.90	16.40	0.00	22.00
9.	Setting up of Gold Hallmarking Assaying Centres in India.	3.60	0.90	1.00	2.70	0.00	0.00	0.90	0.73	0.81	0.67
	Total	213.00	150.00	105.83	209.00	160.00	142.33	209.00	164.00	121.65	220.00

2.3 Subsequently, the Department of Consumer Affairs furnished the following statement showing the expenditure of plan schemes for the year 2009-10 (upto 25.03.2010):-

(Amount in Crores)

SL. NO.	Name of Scheme	Expenditure (Estimated)
1.	Consumer Awareness (Publicity)	73.61
2.	Consumer Protection	20.32
3.	Weights and Measures	27.20
4.	State Consumer Help Line	1.57
5.	Strengthening of Forward Markets Commission	3.94
6.	National Test House	13.05
7.	Bureau of Indian Standards	4.38
	Total	144.07

Non-Plan Scheme

(Rs. in crore)

SI No	Name of the scheme/project/program	2007-08			2008-09			2009-10			2010-11
		BE	RE	Actual Expn.	BE	RE	Actual Expn.	BE	RE	Actual Expn.	BE
1.	Secretariat Economic Services	9.08	8.75	7.76	10.27	11.28	10.83	13.44	15.17	11.84	16.21
2.	National Test House	12.89	13.72	12.27	15.03	19.65	18.03	26.24	22.96	19.51	21.67
3.	Consumer Co-operatives	1.00	2.00	0.00	1.05	200.01	143.90	200.05	200.00	134.19	200.00
4.	Consumer Protection	2.61	3.01	2.69	3.45	4.49	4.28	5.85	6.16	4.77	6.39
5.	Regulation of Weights and Measures	2.33	2.25	2.01	2.37	3.06	2.88	3.83	3.90	2.96	4.24
6.	International Cooperation	0.08	0.08	0.07	0.08	0.08	0.09	0.10	0.10	0.09	0.10
7.	Regulation of Markets	3.65	3.87	2.83	4.70	4.43	4.06	6.49	5.37	3.96	6.59
8.	Project under Consumer Welfare Fund	20.60	15.67	8.58	16.08	8.65	5.00	13.90	11.20	6.96	13.80
9.	Deduct Refund*	20.60	15.67	8.58	-16.08	-8.65	-5.00	13.90	11.20	6.96	13.80
10.	Loans to Super Bazar	5.00	5.00	0.48	2.00	2.00	0.35	2.00	0.00	0.00	0.00
	Total	36.64	38.68	28.11	38.95	245.00	184.42	258.00	253.66	177.32	255.20

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

- (i) The BE for 2008-09 was Rs. 209.00 crore for plan scheme which was reduced to Rs. 160 crore at RE stage whereas the actual expenditure was Rs. 142.33 crores. Similarly, the BE for 2009-10 for plan schemes was Rs. 209 crores which was later reduced to Rs. 164.00 crore at RE stage. However, the actual expenditure of Rs. 121.65 crores could only be incurred till 31.12.2009 and Rs. 144.07 crore upto 25.03.10.
- (ii) The BE has been increased from Rs. 209 crore during 2009-10 to Rs.220 crores during 2010-11 for Plan Schemes.

- (iii) There was 'nil' expenditure in respect of the schemes for the benefit of NE region during 2007-08, 2008-09 and 2009-10.
- (iv) There has been heavy reduction of BE at RE stage, from Rs. 209 crore to 164 crore during 2009-10 majorly for plan schemes of Consumer Protection, Bureau of Indian Standards, Forward Market Commission.

In the non-plan side:

- (i) The BE for 2008-09 was Rs. 38.95 crore at BE stage which was raised to Rs. 245.00 crore at RE stage whereas the actual expenditure was Rs. 184.42 crores.
- (ii) The BE of Rs.258.00 crore earmarked for 2009-10 was reduced to Rs. 253.66 crore and the actual expenditure incurred upto December 2009 was Rs. 177.32 crores only.

2.5 The Committee enquired the reasons for the low expenditure of plan and non-plan funds during the financial years 2008-09 and 2009-10, the Department in their replies stated that Expenditure on Plan scheme has been low because of the time taken to get the new XI Plan schemes approved. Moreover some of these activities are new and therefore there were unforeseen problems in reaching the original estimates of expenditure and activity. As regards the unforeseen problems, the Ministry could not specify. Amounts authorised to the implementing agencies were also not spent fully on account of their operational problems. However expenditure has been close to the RE level. On the non plan side the major difficulty was stated to be with the scheme for reimbursing losses to the authorized agencies (PEC, STC, MMTTC and NAFED) for import of pulses. They however stated that the expenditure during the year would be tentatively about 95 % of the RE.

2.6 The Secretary, Department of Consumer Affairs further supplemented during evidence as under:-

'...except two major areas like Forward Markets Commission and Bureau of Indian Standards, in most areas we will be achieving more or less whatever has been provided in the Revised Estimates. As per these two organizations, we are having a major problem. In Forward Markets Commission, there is an Act to strengthen the Commission for which we had provided in the Plan for taking up a new building for housing the staff and members once the FCRA Act is amended. Unfortunately, that could not take place because the draft Bill is still under Inter-Ministerial consultation and it has not yet been approved by the Cabinet.'

'Coming to non-Plan, you are aware that there is not much difference in BE and RE. We will be in a position to spend whatever money has been provided. In fact, we are in a position to spend much

more because the non-Plan is about our office expenses and basically to give subsidy for import of pulses. Because of the inadequacy of budget provision, we are not able to spend money. So, this year, whatever money has remained, basically 80 per cent of the demands of subsidy from the four PSUs for the losses incurred till 2008-09, we have done. For 2009-10, we have received claims only from MMTC for which we have made some part payment and as regards the balance, after we receive the claims this year, we hope that we will be able to clear their payment.'

2.7 The Committee observed that there is a slight increase in the allocation of funds for 2010-11 as compared to 2009-10. When asked whether the funds allocated for 2010-11 are sufficient to meet the requirement of the Department of Consumer Affairs, the Department informed that for the year 2010-11 the plan allocation is Rs. 220 crore as compared to Rs. 209 crore in the previous year. The funds so allocated are not considered sufficient to meet the Plan schemes of the Department. They further stated that the schemes would be implemented, keeping in view the inter-se priorities and the total allocation made for the department.

2.8 The Committee also observed that there was under utilization of funds allocated by the Planning Commission on the most important schemes implemented by the Department of Consumer Affairs namely Weight and Measures, Bureau of Indian Standards and Forward Market Commission. When asked why a huge amount remained unutilized on these schemes, the Committee were informed that in respect of Weight and Measures Scheme DGS&D could not finalize the tender in time in respect of mobile kits for testing of weighbridges. In this context, the Committee enquired the reasons for not finalizing the tenders in time by DGS&D, the Department stated that the DGS&D has taken time in finalization of tenders as the CNG and LPG kits for testing of CNG and LPG dispenser are specialized items requiring safety provisions in finalizing the specification before tendering. These kits are being purchased for the first time and therefore the finalization of specifications has taken time. In the case of mobile kits the tender finalization took more time than anticipated due to low response to the tender.

2.9 The Department has further stated that the reasons for nil expenditure in case of BIS during the first three quarters of the year 2009-10 are (i) Approval for the scheme on National System for Standardisation could be obtained late during 2008-09 after appraisal by the agencies concerned. Thereafter an amount of Rs.66 lakhs was released as 1st installment to BIS for implementing the scheme. BIS had to take a number of preliminary activities before commencement of the scheme and therefore, it could not utilise the funds released to it during 2008-09. Since sufficient unspent funds were available with BIS for meeting the expenditure during the year and no need was felt for any additional amount, no further release of funds was made to it during the current year. (ii) The Scheme on National System for Conformity Assessment and Compliance is still under review as suggested by the Planning Commission and therefore, the budget provision made for the purpose remains unutilized. (iii) Under the scheme of HRD Capacity Building in Educational Institutions, there were delays in nomination of AICTE / UGC representatives/ experts in the monitoring committee and identification of the universities/institutions for introduction of the curriculum. Utilization

of funds would be possible only after all the preliminary activities for introduction of the curriculum are completed. BIS is already having unspent funds with it out of the funds released earlier and therefore, no additional release has been made during the year.

2.10 The shortfall in expenditure in FMC during 2009-10 was for want of a suitable premise for the shifting of the office accommodation. Hence the allocation under rent, rates & taxes could not be utilized. As regards grants in aids, necessary formalities and requisite approvals for the price dissemination project took time and could be obtained only towards the end of financial year 2008-09. 2009-10, being the first full year, for active implementation of the programme a lot of time was taken in the co-ordination with various agencies including State Governments.

2.11 When asked whether the Department of Consumer Affairs faced any difficulty in the implementation of its schemes/programmes/projects, the Department intimated that some of the difficulties which result in the slow progress of the schemes are as follows :-

(a) Non-receipt of utilisation certificates from the State Government in respect of the Plan funds already released to the States.

(b) The State Governments do not allot land required for the projects/schemes readily. Thereby, the implementation of schemes and release of funds get delayed.

(c) Some of the State Governments have not given their consent to set up State Consumer Helpline. This results in non-implementation of the schemes in those States.

(d) There is delay on the part of CPWD in constructing the buildings. This results in savings and non-utilization of Plan funds meant for constructing buildings / labs.

(e) Non-finalization of specifications of the equipments under the Legal Metrology Schemes by DGS&D.- as this equipment is being purchased for the first time there are difficulties in finalizing tender specifications.

(f) DAVP does not utilize the full amount of funds placed at their disposal.

2.12 The Committee asked what efforts have been made by the Government for getting the clearance of the schemes/projects so that the funds allocated are fully utilized during the financial year, the Department replied that all the plan schemes of the Department have been got appraised and approved by the Competent Authority for implementation during the Eleventh Plan except one scheme of BIS namely National System on Conformity Assessment.

Consumer Related Legislations

2.13 In reply to a query the Committee have been informed that following proposals for amendment of bills are under active consideration of the Government:-

- (i) Amendment of Consumer Protection Act, 1986.
- (ii) Amendment of FC(R) Act, 1952.
- (iii) Amendment of BIS Act, 1986
- (iv) National Trade Practices Regulation Authority Bill.

2.14 Asked to state the status of the proposed amendments of the aforesaid bills, the Ministry stated in post evidence replies as under:

- (i) Consumer Protection Act - The proposals for amending the Consumer Protection Act, 1986 are being finalized in consultation with the Ministry of Law and Justice. The Bill will be introduced in the Parliament after necessary approval of the Government is obtained. However, no time frame can be indicated at this stage.
- (ii) The proposal to establish National Trade Practices Regulation Authority is being finalized in the light of the comments received from other Ministries/Departments.
- (iii) FCR Act – The draft amendment Bill is being finalized in consultation with the concerned Departments.
- (iv) BIS Act - The Bill for Amendment of BIS Act, 1986 is under consideration of Ministry of Law & Justice. The Bill will be introduced in the Parliament after necessary approval of the Government is obtained. However, no time frame can be indicated at this stage.

2.15 The Committee note that out of total outlay of Rs.209 crore each for Plan Schemes during 2008-09 and 2009-10, the Department could utilize Rs.142.33 crore against RE of Rs.160 crore and Rs.144.07 crore against RE of Rs.164 crore, respectively. The Committee feel that on the one hand, funds for Plan Schemes have not been utilized fully during the last two years and on the other, the Department considers funds allocated for 2010-11 as insufficient. The Committee, therefore, strongly recommend that the Department should take steps to get timely clearance of all the Plan schemes so that allocated funds could be utilized properly and the physical and financial targets set for various schemes in the financial year could be achieved. The Committee also desire that the Department should chalk out strategy well in advance for implementation of its schemes and make sincere efforts to complete all the procedural formalities to avoid delay in the implementation of the schemes/programmes/projects.

2.16 The Committee observe that the Department is facing difficulties in the implementation of various schemes, namely non receipt of utilization certificates from the State Governments in respect of plan funds, non-availability of land in various States required for implementation of projects/schemes, non receipt of consent from various States regarding setting up of Consumer Helpline, delay on the part of CPWD for construction of building, non-finalization of specifications of equipments by DGS&D and non-utilization of funds by DAVP which is affecting performance of the Department in general. The Committee would, therefore, recommend that the Department should take up the matter at the highest level to impress upon the State Governments/UTs to furnish utilization certificates of funds allocated to them and send their consent or proposals regarding setting up of Consumer Helpline in time. Regarding availability of land required for implementation of projects/schemes, the Department should look for other alternatives like sharing office in office buildings of other Departments. The Department should also issue strict guidelines to CPWD, DGS&D and DAVP to avoid delay in completion of the projects.

2.17 The Committee note with concern that proposals for Amendment of Bills namely Consumer Protection Act, 1986,FC(R) Act, 1952,BIS Act,1986 and National Trade Practices Regulation Authority Bill are under active consideration of the Department of Consumer Affairs but no time frame has been indicated for their introduction in Parliament. One of the most important Bill, viz. National Trade Practices Regulation Authority Bill proposes to deal with unfair trade practices which were otherwise not covered under the Consumer Protection Act. The Committee feel that there is an urgent need to expedite the early introduction of these Bills so as to give justice to the consumers at large. The Committee hope that the Department would take sincere efforts to expedite and finalize all the formalities linked with the introduction of these Bills.

CHAPTER III

CONSUMER PROTECTION

3.1 Consumer movement is a socio-economic movement which seeks to protect the rights of consumers in relation to the goods purchased and services availed. Government has been according high priority to better protect consumer interests. The Department of Consumer Affairs, has initiated a number of steps to promote a responsible and responsive consumer movement in the country. Such measures include the use of multi-media campaign for promoting consumer awareness and encouraging consumers' involvement through efforts of Government and Non-Governmental Organizations and others. The main objectives of the consumer protection programme are :-

- (i) To create suitable administrative and legal mechanisms which would be within the easy reach of consumer and to interact with both Government and non-Governmental Organizations to promote and protect the welfare of the consumers.
- (ii) To involve and motivate various sections of society including consumer organizations, women and youth to participate in the programme.
- (iii) To generate awareness among consumers about their rights and responsibilities, motivate them to assert their rights so to not compromise on the quality and standards of goods and services and to seek redressal of their disputes in consumer fora, if required.

3.2 One of the most important milestones in the area of consumer protections/consumer movement in the country has been the enactment of Consumer Protection Act, 1986. This Act was enacted to better protect the interests of Consumer by creating an alternative disputes resolution mechanism exclusively for consumers. The Consumer Protection Unit in the Department of Consumer Affairs is mandated to administer the Consumer Protection Act, 1986. The Government has been striving to ensure that the Act remains vibrant and meets the objectives for which it was enacted. The Consumer Protection Act has been amended thrice during the years 1991, 1993 and in 2002. It is proposed to further amend the provisions of the Act. The amendments proposed would widen the scope of various provisions of the Act, facilitate quicker disposal of cases and rationalize the qualifications and procedure of selection of the Presidents/Members of the Consumer Fora at the State level & Members at the National level.

Strengthening the Infrastructure of Consumer Fora

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

(Rupees in crore)			
Year	BE	RE	Actual Expenditure
2006-07	46.00	40.35	40.32
2007-08	33.50	33.50	33.49
2008-09	25.00	11.12	13.19
2009-10	9.71	4.00	6.05

3.4 It has been noted that there is a decreasing trend of Budget Estimates (BE) for strengthening the Consumer Fora during the last three years. When asked the reasons for reduction of BE and RE as well as less expenditure incurred during 2009-10, the Department in a note furnished to the Committee has stated that it is due to the delay in completion of the evaluation study of the IPCP scheme and eventual formulation of a new scheme for appraisal and approval of the competent authority.

3.5 In terms of the Consumer Protection Act, a three tier quasi judicial redressal machinery has been set up collectively known as Consumer Fora which has been established at the National level, State level (35) and district level (627) to provide simple, inexpensive and time bound justice to the consumer complaints against defective goods, deficient services including the unfair/restrictive trade practices adopted by the traders or any person. Under section 24B of the Consumer Protection Act, 1986, National Commission has administrative control over all the State Commissions in the following matters, namely:

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

3.6 The National Commission is maintaining state-wise data in respect of cases filed, disposed and pending, since inception, in the National Commission, State Commissions and District Forums. The position regarding disposal of cases as provided by the National Commission as on 17.02.2010 is as under:

Sl. No.	Name of Agency	Cases filed since inception	Cases disposed of since inception	Cases Pending	%of total Disposal
1.	National Commission	62972	55192	7780	87.65%
2.	State Commissions	496378	387974	108404	78.16%
3.	District Fora	2794862	2541460	253402	90.93%
	Total	3354212	2984626	369586	88.98%

3.7 It has been stated that for quicker disposal of complaints and strengthening of Consumer fora a proposal to further amend the Consumer Protection Act, 1986 is being finalized in consultation with the Ministry of Law and Justice. Asked whether the proposal will be finalized during the current financial year and a bill will be introduced in Parliament, the Committee were informed that the proposal to further amend the provisions of the Consumer Protection Act, 1986 included wide ranging consultation with Ministries/Departments and States/UTs and re-examining/revising these proposals in the light of the comments received. The process could not be completed during 2009-10. The Department is, however, hopeful that the proposals would be finalized early during 2010-11 and necessary approvals would be obtained for early introduction of the Bill in the Parliament.

3.8 The Committee have been informed that 1651 cases pertaining to State Commissions and 16,617 cases pertaining to District Forum have been disposed of by the method of Lok Adalat. When enquired about the steps taken by the Government to persuade the States/UTs to dispose of maximum number of cases pending in the State Commissions and District Fora through Lok Adalat, the Committee were informed that since information regarding disposal of cases by Lok Adalat method is not available in respect of several States it would be possible to conclude that this concept has not been adopted by majority of the States. However while reviewing the progress of Consumer Protection measures in Periodical Meeting/Conferences organized by the Department as well as NCDRC, with Secretaries in charge of Consumer Affairs in States/UTs and Presidents of State Commissions, as well as during analysis by this Department, of the Monthly and Quarterly Periodical Reports, submitted by States/UTs, the State Governments are being impressed upon to follow Lok Adalat pattern for disposal of pending cases. The National Commission has also been suggesting to State Commissions that they should set aside one day in the month for disposal of cases through Lok Adalat pattern. During analysis by this Department of these reports, where ever the States are not furnishing the relevant information regarding disposal of cases by Lok Adalat method, the concerned States are being requested to furnish the same.

3.9 The Committee have been informed that 4 vacancies of President and 18 vacancies of Members are still lying vacant in the State Commissions. Besides, 57 posts of President and 189 posts of Members are vacant in the District Fora of different States namely Andhra Pradesh, Arunachal Pradesh, Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Madhya Pradesh, Maharashtra, Tamil Nadu and Uttar Pradesh. When enquired the reasons for having a large number of vacancies in the State Commissions and District Fora, the Committee have been informed that the reasons for vacancies differ from State to State or from location to location. Although the

Department of Consumer Affairs at the Centre has been calling for information regarding vacancies in the State Commission from the States/UTs through Monthly and Quarterly Periodical Reports this did not include information regarding reasons for vacancies. Hence, the Department of Consumer Affairs has now made necessary modification in the periodical returns that the States/UTs send to this Department, seeking reasons for vacancies and action taken to fill up vacant posts. The States/UTs have been requested to furnish this additional information also in future.

3.10 The Committee note that percentage of disposal of cases by National Commission, State Commissions and District Fora since their inception is 87.65, 78.16 and 90.93 respectively. The Committee feel that performance in terms of disposal of cases by National Commission and District Fora is comparatively satisfactory, whereas, the position regarding disposal of cases by State Commissions is not satisfactory and needs to be monitored by the National Commission. The Committee have been informed that for quicker disposal of complaints and strengthening of Consumer fora, a proposal to further amend the provisions of the Consumer Protection Act, 1986 is under active consideration. The Committee desire that the Department of Consumer Affairs should make sincere efforts to complete all the formalities for early introduction of the Amendment Bill in the Parliament. The Committee also observe that under section 24B of the Consumer Protection Act, 1986, the National Commission has administrative control over all the State Commissions which includes overseeing the functioning of the State Commissions as also the District Fora to ensure that the objects and purposes of the Act are best served. The Committee, therefore, recommend that the National Commission should exercise its powers under the existing provisions of the Act for monitoring the functioning of the State Commissions and District Fora .

3.11 The Committee observe that 4 vacancies of President and 18 vacancies of Members are still lying vacant in the State Commissions. Besides, 57 posts of President and 189 posts of Members are vacant in the District Fora of different States namely Andhra Pradesh, Arunachal Pradesh, Bihar, Chattisgarh, Haryana, Himachal Pradesh, Madhya Pradesh, Maharashtra, Tamil Nadu and Uttar Pradesh. The Committee are disappointed to note that although the Department has been calling for information regarding vacancies in the State Commissions from the States/UTs through Monthly and Quarterly Periodical Reports but it could not gather information relating to reasons for existence of vacancies. However, the Department has now made necessary modification in the periodical returns wherein the States/UTs are required to explain the 'reasons' for existence of vacancies and action taken to fill up the vacant posts. The Committee recommend that the Department should chalk out strategy to fill up the vacant posts of President and Members in a time bound manner, especially in District Foras.

3.12 The Committee observe that only 1651 cases pertaining to State Commissions and 16,617 cases pertaining to District Fora have been disposed off by the method of Lok Adalat during 2009-10 throughout the country, which indicates that the concept of disposal of cases through Lok Adalat has not been adopted by majority of the States. In the opinion of the Committee, the concept of Lok Adalat is convenient, cheap, quick and free from Legal Technicalities where the cases are decided with mutual consent of both the parties. The Committee, therefore, recommend that the Government should encourage all the States/UTs to set Lok Adalat or Circuit Benches for quick disposal of large number of cases pending in the State Commissions and District Fora. The Committee also desire that Department should impress upon all the State Governments/UTs to furnish information regarding disposal of cases by Lok Adalat method which would help the Department itself to make proper planning and strategy to lessen the burden on the consumer courts and to deliver inexpensive justice to the consumers.

Computerization of Consumer Fora

3.13 A scheme for Computerization and Computer Networking of Consumer Fora in the country, (CONFONET) was launched during the 10th Plan period in March, 2005 at a cost of Rs. 48.64 crores to enable Consumer Fora to access information faster leading to quicker disposal. It has been mentioned that under this project all Consumer Fora in the country are being connected through a network for exchange of information which would also allow Consumers to file cases online and also access the status of their cases. The project is being implemented by the National Informatics Centre (NIC) on a turnkey basis. At the end of the year 2008-09, the NIC has supplied computer hardware and software to the National Commission, 34 State Commissions and 593 District Fora. Thus, in all 628 locations have been covered so far under the scheme. Computer Hardware/Software installation has been completed at 565 Consumer Fora and 42 locations where computer hardware is yet to be installed belongs mainly to Madhya Pradesh (10), Uttaranchal (13) and Bihar (16). The BE, RE and actual expenditure incurred on the scheme CONFONET during the last three years is given below:-

(Rs. in crore)			
Year	BE	RE	Actual Expenditure
2007-08	10.00	8.00	7.19
2008-09	8.61	4.61	NIL
2009-10	12.18	7.10	7.10

3.14 Asked about the difficulties in finding the locations for setting up of consumer hardware and software by NIC in these States, the Committee have been informed that site preparation for installation of Computers in District Fora and State Commission is the responsibility of the concerned State Govt. Although this has been completed in most of the States, due to unavailability of physical sites, installation of system is not taking place in some of the States which are still in the process of selection of sites for the installation of Computers. Efforts are being made for getting the problems sorted out with the State Governments so that the installation can be completed expeditiously at all locations. The Presidents of the State Commissions have also been requested to issue directions to the District Fora to take necessary remedial action in this regard.

3.15 The Committee have been informed that the scheme (CONFONET) and Integrated Project on Consumer Protection (IPCP) have been got evaluated during 2008-09 from independent agencies. When asked about the major shortcomings pointed out in these schemes by the evaluation agency, the Department stated that the following shortcomings were pointed out in the CONFONET schemes by the evaluating agency:

- (a) TSPs deployment is critical to making optimal use of CONFONET; this was corroborated by 95% Consumer Fora.

- (b) Support staff posted at Consumer Fora is provided training on 6 modules. But 80% of the staff of District Fora desired more training on Computer in general and CONFONET in particular.
- (c) It is also brought out in the report that staff cannot work independently of TSPs assistance. Support of TSPs for three years was needed by For a.
- (d) Entering of record is being done with the assistance of TSPs.
- (e) Speed of entry of data is dependent on duration of posting of TSPs.

3.16 Asked whether the discrepancies pointed out in the functioning of CONFONET in the evaluation study have since been removed, the Committee have been informed that the shortcomings mentioned in the Evaluation Study Report were in fact, basically recommendations regarding the need for continuation of deployment of Technical support personnel for three more years in the Consumer Fora and the need for providing more training to the staff of the Consumer Fora. On the basis of the recommendations contained in the evaluation study report, the CONFONET scheme has been continued in the XIth Plan period with emphasis on continued technical support to the Consumer Fora for ensuring a smooth transition from the current manual to computer based system. Accordingly, it is proposed to deploy Technical Support Personnel at all locations during first year of the scheme, reduce their number to half during second year of the scheme and to 1/3rd during the third year of the scheme. For the purpose of HR support & capacity building, provision has also been made for training of personnel.

3.17 The Committee note that the scheme 'Computerization and Computer Networking of Consumer Fora' (CONFONET) was launched in March, 2005 with a view to facilitating the consumers to file cases online and assess the status of their pendency in the State Commissions and District Fora. The Committee also observe that every year, a large amount is released to NIC for providing necessary hardware and software system, developing software and providing maintenance and necessary training to officials of Consumer Fora. The Committee find that installation of computer hardware/software has been completed at 565 Consumer Fora and has not been done in 42 locations majorly of which are in three States of Madhya Pradesh (10), Uttaranchal (13) and Bihar (16), due to unavailability of physical sites. The Committee are of the view that with the advancement of technology, everything is accessible on the website and internet. Thus, there is an urgent need to put all the consumer related information on the website of State Governments/UTs. The Committee, therefore, strongly recommend that the Government should persuade the State Governments of Madhya Pradesh, Uttaranchal and Bihar to provide suitable locations in those States for installing computer hardware at the earliest, to facilitate the online filing of cases by the aggrieved consumers.

Consumer Welfare Fund:-

3.18 Consumer Welfare Fund was created in 1992 with the objective of providing financial assistance to promote and protect the welfare of the consumers, create consumer awareness and strengthen consumer movement in the country, particularly in rural areas. The Fund was set up by the Department of Revenue under the Central Excise and Salt Act, 1944, and is operated by the Ministry of Consumer Affairs, Food & Public Distribution. The Central Excise and Salt Act, 1944 was amended in 1991 to enable the Central Government to create the CWF where the money, which is not refundable to the manufacturers, consumers etc. is credited. The Consumer Welfare Fund Rules were framed and notified in the Gazette of India in 1992. Under these Rules, any agency/organization engaged in consumer welfare activities for a period of three years and registered under the Companies Act, 1956 or any other law for the time being in force, village/mandal /Samiti-level cooperatives of consumers, industries State Governments etc. are eligible for seeking financial assistance from the Fund. An inter-Ministerial Standing Committee has been constituted under the Rules to make recommendations for proper utilization of the money credited to the Consumer Welfare Fund for the welfare of the consumers.

3.19 The BE, RE, and actual expenditure on the Consumer Welfare Fund for the last three years is as under:-

(Rs. In crores)

Year	BE	RE	Actual Expenditure
2007-08	20.60	20.60	8.73
2008-09	16.08	8.65	4.91
2009-10	13.90	11.19	10.94
2010-11	13.80	-	-

3.20 When asked the reasons for reduction of BE,RE continuously for the last three years the Department of Consumer Affairs stated that there has been less expenditure in 2007-08 as the guidelines were under detailed revision. The new guidelines were issued only in November, 2007. During 2008-09 Funds could not be released due to outstanding audit paras for some of the major projects. During 2009-10 they have already utilized an amount Rs.10.94 crores. The Department furnished the following lists of 14 States/UTs which have not yet availed the benefits of Consumer Welfare Fund:

S. No.	Name of State/UT
1.	Assam
2.	Manipur
3.	Meghalaya
4.	Nagaland
5.	Bihar
6.	Jharkhand

7.	Madhya Pradesh
8.	Chandigarh
9.	Daman& Diu
10.	Dadra& Nagar Haveli
11.	Lakshadweep
12.	Pondicherry
13.	Delhi
14.	Andaman & Nicobar Island.

3.21 Asked about the reasons for not availing the benefits of Consumer Welfare Fund by the States/UTs, the Committee were informed that as per the Scheme, central share of one time seed money is released to the States after they credit their share of 50% to a separate non plan non-lapsable account. The 14 States/UTs mentioned above have not yet set up this account and credited their share.

3.22 Asked whether the Department contemplates to give relaxation in the majority share of these States/UTs, the Department stated that no relaxation is proposed in the existing scheme. However, to strengthen Consumer Welfare Fund in all States/UTs it has now been decided that States/UTs which are willing to establish a corpus of Rs.10 Crores will be supported by the Central Government by contributing 75% of that amount as Central share from the Central Consumer Welfare Fund.

3.23 When asked whether any time frame has been given to States/UTs to send their proposal for creating State Consumer Welfare Fund in their States/UTs, the Department stated that no time frame have been given to State/UTs to send their proposals for creating State Consumer Welfare Fund in their States/UTs.

3.24 In reply to a query the Committee have been informed that the evaluation agency has pointed out some serious shortcomings in the implementation of projects namely (i) Consumer Online Resource and empowerment (CORE),(ii) Comparative Testing of Products, (iii) National Consumer Helpline and (iv) Consultancy Project funded under Consumer Welfare Fund.

3.25 The Committee are unhappy to note that the allocation of funds under the scheme Consumer Welfare Fund has been considerably decreasing during the past three years. Every year, a huge amount is provided in the Central Budget but very little amount is being utilized by the Department. During 2007-08, the BE and RE was Rs. 20.60 crore but the actual expenditure was only Rs. 8.73 crore i.e. less than 50% of the BE and RE. Similarly, the BE which was Rs. 16.08 crore during 2008-09 was reduced to Rs. 8.65 crore whereas the actual expenditure during the year was only Rs. 4.91 crore. The Committee cannot accept the argument of the Department that the funds could not be utilized due to delay in issue of revised Guidelines in 2007-08 for release of funds to States/UTs as well outstanding audit paras for some of the major projects because these formalities are of usual nature which should have been resolved in consultation with the concerned authority well in advance. The Committee, therefore, recommend that the Government should make vigorous efforts to utilize the entire funds in the financial year so that the consumers are not deprived of the benefits of the Consumer Welfare Fund.

3.26 The Committee note that under the scheme 'Consumer Welfare Fund', financial assistance is provided to States/UTs in the form of seed money to promote and protect the welfare of consumers, generate consumer awareness and strengthening consumer movement in the country. Despite the fact that the ratio of amount of seed money has been increased to 50:50, 14 States have not yet set up Consumer Welfare Fund in their respective budget head and not availed of the benefits of Consumer Welfare Fund which reflects that these States are not serious towards the welfare of consumers. The Committee note that the Government have now decided to support the Central Share upto 75% to those States/UTs which are willing to establish a corpus of Rs. 10 crore in their States/UTs. The Committee hope that all these 14 States will create separate Corpus Fund in their respective States/UTs and would avail the 75% financial assistance from Central Government under the Consumer Welfare Fund. The Committee, therefore, recommend that the matter may be taken up with the States/UTs at the highest level to impress upon them the importance of creation of the State Consumer Welfare Fund in their respective State Budget, to protect the interest of the consumers.

Programmes for Consumer Awareness

3.27 The Committee have been informed that an allocation of Rs. 409 crores has been approved for the Consumer Awareness Schemes for the XI Plan (2007-12). The BE, RE and AE incurred for creating awareness amongst Consumers for the last three years (year-wise) is as under:-

(Rs. in crore)

YEAR	BE	RE	Expenditure
2007-2008	67	57	45.1
2008-2009	75	91	88.6
2009-2010	78	78	78 (Expected)
2010-11	75.47		

3.28 The Committee pointed that Rs. 409 crore were approved for the Consumer Welfare Schemes for the XI Five Year Plan (2007-12). The Department has utilized Rs. 211.7 crore during the first three years of the plan period. Asked as to how the Department proposes to utilize the remaining amount during the next two years of the plan period, the Department stated that the T.V. and print media have been proposed to act as the lead mediums followed by radio, cinema and also outdoor activities with innovative use of Railway Stations, Post Offices, Railway Tickets, Utility Bills, Meghdoot Post Cards as communication channels to intensify the consumer awareness campaign. In respect of rural areas, media strategies are being perceived taking into consideration the need to go beyond building awareness of campaign; through hoardings, kiosks, wall paintings, bus panels, village boards, Railway branding etc. All these activities are to be carried out by the outdoor publicity units of DAVP through their empanelled agencies. Other media tools such as T.V., Radio etc. are also being extensively used to reach the consumers in remote and far-flung areas.

3.29 When asked whether any survey has been conducted by the Department at the State and District level to ascertain the extent of awareness amongst the consumers particularly the consumers living in remote, hilly and backward areas, the Committee were informed that to assess the impact of the campaign, the survey was conducted by the empanelled agency of Planning Commission in 12 States – Delhi, Madhya Pradesh, Haryana, West Bengal, Gujarat, Karnataka, Jharkhand, Uttar Pradesh, Tamil Nadu, Rajasthan, Assam and Meghalaya, in 59 districts and in each district 5 villages from remote hilly rural areas have been selected for the survey. The data was collected from the following categories of respondents i) House wives; ii) Students; iii) Employed; (iv) Self Employed; v) Trade/Industry; vi) Farmers; vii) Unemployed; viii) Senior Citizens. The respondents from rural strata were more than 53% and respondents from urban

areas were around 47%.The analysis of the responses suggest that a majority of the respondents were satisfied with the publicity campaign “Jago Grahak Jago”. The majority of the respondents also expressed the need for such a campaign and that this campaign has resulted in an increase in the awareness about the consumer rights.

3.30 To a query whether the Government contemplates to launch Publicity Campaign through advertisement on the pattern of Pulse Polio Campaign and Anti Tobacco Campaign the Department stated that at present there is no such plan. When enquired about the difficulty likely to be faced by the Department if a publicity campaign through advertisement is launched on the pattern of Pulse Polio or Anti Tobacco Campaign, the Committee were informed that only with greater involvement of the States, campaigns like polio, Anti-tobacco can be taken up. These campaigns require distribution of publicity materials such as posters, audio visuals discs and write-ups on consumer specific issues by the State Governments in the regional languages. For the present the Department’s main focus is to create consumer awareness through media plan implemented at national level. Funds are given to States/UTs to take up states/UTs level campaigns.

3.31 On being asked whether the slogan ‘Jago Grahak Jago’ is also telecast on the local channel of Television in regional language, the Department informed the Committee that Media Planning for the publicity campaign has been entrusted to DAVP which ensures representation to the regional TV channels that are empanelled with DAVP for telecast of spots in the regional languages.

3.32 Asked whether there is any mechanism to check the functioning of DAVP and mode of decision as to which issue has to be highlighted for publicity campaign, the Committee were informed that an empowered committee constituted under the chairmanship of secretary (Consumer Affairs) decide on the themes of publicity. The media plans are drawn by the DAVP from time to time and observations of the department w.r.t the media plans drawn by DAVP are communicated to DAVP for taking further corrective action. The vouchers copies of the Newspapers that publish the advertisements and the TAM report in respect of campaign through Pvt. TV channels is regularly monitored and analyzed.

3.33 The Committee note that out of Rs. 409 crore allocated for creating awareness amongst consumers for the XI Five Year Plan (2007-12) the Department spent Rs. 211.17 crore in the first three years of plan period. The Committee also note that apart from the TV and print media, the Department follows other medium such as radio, cinema and also outdoor activities with innovative use of Railway Stations, Post Offices, Railway Tickets, Utility Bills, Meghdoot Post Cards as communication channels to intensify the consumer awareness campaign. In respect of rural areas, media strategies goes to the extent of creating awareness through hoardings, kiosks, wall paintings, bus panels, village boards, Railway branding etc. The Committee fail to understand as to why the very idea of launching Publicity Campaign through advertisement cannot be explored on the pattern of Pulse Polio Campaign and Anti Tobacco Campaign as all these activities are to be carried out by the outdoor publicity units of DAVP through their empanelled agencies. The Committee further note that Media Planning for the publicity campaign has been entrusted to DAVP which ensures representation of the regional TV channels that are empanelled with DAVP for telecast of spots in the regional languages. The Committee, therefore, desire that the Department should explore the feasibility of launching Publicity Campaign through advertisement on the pattern of Pulse Polio Campaign and Anti Tobacco Campaign as a continuous process and intimate the Committee about the action taken in this regard within three months. The Committee also recommend that the Department should chalk out its schedule for the Consumer Awareness Programme in the beginning of the financial year.

Setting up of the National Trade Practices Regulation Authority

3.34 The repeal of Monopolies and Restrictive Trade Practices Commission (MRTPC), 1969 has caused a significant gap in legislation as the Competition Commission of India (CCI), established under the Competition Act, is not empowered to deal with cases involving Unfair Trade Practices (UTP), which had hitherto being dealt by the MRTPC. This gap in legislation can neither be met by amending the Competition Act, 2002, as the Ministry of Corporate Affairs do not consider UTP as a competition issue but as a consumer issue; nor by amending the Consumer Protection Act, 1986, as that would alter the very basic character of the Consumer Protection Act.

3.35 Accordingly, the Department has proposed to set up an Authority namely 'National Trade Practices Regulation Authority' (NTPRA), to address this gap in legislation which would act as a regulatory and an adjudicatory body and inquire into any UTP or any combination of similar trade practice thereof and protect business entities against unreasonable risks of injuries to life and property associated with goods and services.

3.36 The proposed regulatory and adjudicatory framework by the title of the National Trade Practices Regulation Authority (NTPRA) would be a two-tier body with the lower body; the NTPRA inquiring into the specified Unfair Trade Practice (UTP) or any combination of similar trade practice thereof while the higher body; the National Trade Practices Regulation Appellate Tribunal (NTPRAT) would hear appeals against the orders of the NTPRA.

3.37 The Committee desired to know the time frame when the Bill is likely to be finalized by the Ministry of Law and Justice and would be introduced in Parliament, the Department informed that after initial consultation with the Ministry of Law and Justice, the proposal is being finalised in the light of comments received from various Ministries/Departments in consultation with the Ministry of Law and Justice. No date can be specified at this stage as to when the proposal would be finalised and the Bill introduced in the Parliament.

3.38 The Secretary, Department of Consumer Affairs during evidence stated as under:-

“There were some remarks given by the Planning Commission and the Ministry of Finance saying that probably, the expenditure involved is too much and the number of cases is not that high and what is the need for a separate authority. We are trying to meet their objections and hopefully, things will move on that account also.”

3.39 To a query about the necessity for creating a new Regulatory Authority when a number of authorities already exists for the redressal of grievances of consumers, the Department stated that the interests of the final consumer with regard to unfair trade practices are protected under the Consumer Protection Act, 1986. However,

consequent upon repeal of the MRTPC Act, 1969 and winding up of the MRTPC, the interests of the intermediate consumer are not protected, as the Competition Commission of India is not mandated under the Competition Act, 2002 to deal with unfair trade practices and such intermediate consumers are also not covered under the Consumer Protection Act, 1986. Accordingly, the Department is proposing to establish a regulatory and adjudicatory framework to address the gap in legislation for protection of intermediate consumers.

3.40 The Committee note that the Government contemplates to set up a National Trade Practice Regulatory Authority (NTPRA) with a view to cover areas which have not been covered under Competition Act and Consumer Protection Act and to deal with cases of unfair trade practices which have not been covered under the Consumer Protection Act, 1986. Every year, a provision of token money is made in the Central Budget with the hope that scheme would be approved by the Ministry of Law and Justice but it seems that it may take some time to complete the procedural formalities. While considering it a right step taken by the Government, the Committee recommend that Government should vigorously pursue the matter with the concerned authorities to get clearance of the Bill so that regulatory and adjudicatory framework to address the gap in legislation for protection of intermediate consumers is established expeditiously.

CHAPTER - IV

Strengthening Weights and Measures Infrastructures of States/UTs-

4.1 The Department has undertaken a scheme namely "Strengthening Weights and Measures Infrastructure of States/UTs" during the XIth plan period for implementing weight and measures laws with an outlay of Rs.170 Crore. The aims of the scheme are the better implementation of weights and measures laws. The objective is to augment State Legal Metrology Department infrastructure in holistic way namely construction of laboratories buildings, supply of equipments and capacity buildings of enforcement officials for effective implementation of weights and measures laws. The BE, RE and actual expenditure in the plan scheme for strengthening weights and Measures Infrastructure of States/UTs during the last three years are as follows:

(Rs. in crore)

Year	BE	RE	Expenditure
2007-08	14.0	14.0	7.57
2008-09	11.6	17.0	16.67
2009-10	31.00	31.50	21.01 (up to 19.03.2010)

4.2 The Secretary of the Department during evidence stated that for Weights and Measures, as against RE of Rs. 30.20 crore around Rs. 27.18 crore would be utilized by the end of this year. He also stated that they are facing problem while incurring expenditure of Rs. 3.5 crore as they had ordered for 7 mobile kits from DGS&D out of them 4 mobile kits have been received and 3 Mobile kits are likely to reach by first week of April. He clarified that all the States have been provided with one mobile kit in order to certify weighbridge.

4.3 The evaluation study of the scheme 'Strengthening of Weight and Measure Infrastructure of States/ UTs was conducted in 8 States namely Andhra Pradesh, Gujarat, Goa, Haryana, Karnataka, Kerala, Madhya Pradesh and Orissa. The major shortcomings pointed out were that the States are not able to provide resources for operational expenditure and that the larger mobile kits are not able to reach all places.

4.4 Asked as to how the Department can ensure that the funds allocated on the scheme would be utilized properly in view of the above shortcomings pointed out by the evaluation agency, the Committee were furnished the following details:

- (i) The Department has decided to provide assistance of operational cost of Rs 3 lakhs per year per mobile kit for 3 years and the supplier is providing training at

the time of supply of mobile kits regarding its operations to the concerned legal metrology officers of the concerned States/UTs.

(ii) In the new purchases smaller mobile kits are being provided for narrow path and hilly road.

(iii) Issues of maintenance of mobile kits have been taken up with the State Governments; many of them are charging a user fee to cover the costs.

(iv) The supplied mobile kits are being utilized for verification of higher capacity weighbridges in a very short time.

4.5 The Committee regret to note that evaluation study carried out in 8 States has pointed out serious shortcomings in the functioning of Strengthening of Weights and Measures Infrastructure of States/UTs Scheme viz. (i) States are not able to provide its resources for operational expenditure ; and (ii) larger mobile kits do not reach all places. The Committee are unable to understand as to how the Department will make this scheme effective until and unless the shortcomings are removed from the scheme. The Committee, therefore, recommend that the Department should conduct such survey in all other States for efficient functioning of Weight and Measure Laws. The Committee also desire that the Department should impress upon DGS&D to procure kits well in advance and provide to States which were affected due to operational problem and ensure that similar problem does not arise at the fag end of the financial year.

CHAPTER - V

Bureau of Indian Standards (BIS)-

5.1 The Bureau of Indian Standards, the National Standards Body of India became functional as a statutory body under the Bureau of Indian Standards Act, 1986 with effect from 1 April 1987 taking over staff, assets and liabilities of Indian Standards Institution established in 1947 which is successfully promoting and nurturing the standardization movement in the country. BIS is formulating need-based Indian Standards in line with the national priorities as a time bound programme and has decided to harmonize national standards with international standards in order to facilitate adoption of international standards by all segments of business and industry, wherever feasible. BIS derives its income mainly from certification, training activities and sale of Indian Standards. The Certification Scheme is basically voluntary in nature but for a number of items affecting health and safety of the consumer and those of mass consumption, it has been made mandatory by the Government through various statutory measures. Besides this, BIS is operating number of certification schemes which encompasses Quality Management (IS/ISO9001); Environmental Management (IS/ISO 14001); Occupational Health and Safety Management (ISO 18001),etc.

5.2 BIS with its Headquarters at new Delhi has a network of five regional offices, 33 branch offices, 5 inspection offices and 8 laboratories which act as effective link between BIS, government, industry and consumers. Bureau has made a steady progress in various fields of its key activities, namely Standards formulation, product and system certification schemes.

Scheme for Standardization and Quality Control

5.3 The BE, RE and actual expenditure incurred by BIS on the Scheme for Standardization and Quality Control are as under:

(Rs in crores)

Year	BE	RE	Actual Exp.
2007-08	12.00	7.90	0.50
2008-09	20.76	0.69	0.66
2009-10	15.26	0.67	Nil
2010-11	2.30	-	-

5.4 Asked to explain the reasons for heavy reduction of BE at RE stage, the Committee were informed that reduction of allocation at RE stage was based on a realistic assessment of likely expenditure during the year after taking into consideration the unspent balance of funds available with BIS out of the funds released during the previous year.

5.5 As regards the NIL expenditure during 2009-10 on the scheme under BIS, the Department stated that no Utilization Certificate was received from BIS for the funds released to it during the last year. Since unspent balance of Rs.61.23 lakhs was available with it for meeting the expenditure on the Scheme during the year, no necessity was felt for release of further funds during the first three quarters of the year. After sufficient expenditure was incurred, Rs.45 lakhs was released to BIS in March 2010. The Bureau had actually spent Rs. 39.04 lakhs on Standardization and Quality Control during the year out of the unspent balance available with it.

5.6 Asked about the steps taken by the Department to impress upon BIS to submit Utilization Certificate on time so as to utilize the funds allocated to it in the financial year, the Department stated that implementation of the schemes for which BIS is the executing agency is being reviewed at regular intervals by a Steering Committee under the Chairmanship of Additional Secretary (Consumer Affairs) in which the financial advisor, a representative of Planning Commission and DG, BIS are members. During the review meetings the need for timely utilization of funds and submission of Utilization Certificates are emphasized. Consequently, utilization of funds during the current year has improved.

Gold Hallmarking Scheme

5.7 The Scheme on Hallmarking of Gold Jewellery was launched by BIS in April 2000 to provide third party assurance to consumers on the purity of gold jewellery or its fineness. Under the scheme a jeweler has to obtain Hallmark licence from BIS to get his jewellery hallmarked. Hallmarking Centres where the purity of jewellery is assessed are recognized by BIS after ensuring that the Centres have required infrastructure for Assaying and Hallmarking of gold jewellery in addition to security and safety of the same. The Committee had observed that certain modifications in existing Schemes of BIS are under consideration which includes consideration of requests received for setting up of Gold Assaying and Hallmarking Centres in the NE Region and Special Category States and enhancement of the quantum of financial assistance for setting up of Assaying & Hallmarking Centres in rural areas.

5.8 The Department of Consumer Affairs has furnished the following statement showing the list of State-wise Assaying & Hallmarking Centres:-

S. No.	Name of the State/UT	Number of Centres
1.	Andhra Pradesh	08
2.	Chandigarh	01
3.	Chhattisgarh	01
4.	Goa	01
5.	Gujarat	13

6.	Haryana	01
7.	Jharkhand	01
8.	Karnataka	12
9	Kerala	22
10.	Maharashtra	21
11.	Madhya Pradesh	03
12.	New Delhi	19
13.	Orissa	02
14.	Punjab	01
15.	Rajasthan	03
16.	Tamil Nadu	27
17.	Uttar Pradesh	04
18.	West Bengal	11
	Total	151

5.9 From above the Committee observed that out of 151 assaying and hallmarking centres, not a single assaying and hallmarking centre has been set up in J&K and NE Region. When asked about the difficulty in setting up of assaying and hallmarking centre in J&K and NE Region, the Department replied that Assaying and Hallmarking Centres are set up by entrepreneurs at places of their choice and as per their own assessment of their viability. Apart from giving subsidy to the extent of 30% of cost of machinery and equipment, subject to a maximum of Rs.30 lakhs per Centre, Government has no role to play in setting up of such Centres and in deciding the location of such Centres.

5.10 Asked whether necessary infrastructure facilities particularly in remote and backward areas have been provided and whether the infrastructural facilities for Assaying and Hallmarking of Gold Jewellery is sufficient for the purposes, the Department stated that the Scheme of Central Assistance for setting up of Assaying and Hallmarking Centres has been liberalised recently to increase the subsidy element to 30% of the cost of machinery and equipment, subject to a maximum of Rs.30 lakhs per Centre, for setting up of such Centres in the rural areas of the country. Further, requests for setting up of such Centres in North Eastern Region and special category States of Himachal Pradesh, Jammu & Kashmir and Uttarakhand will be considered even when the said requests are not in response to advertisement seeking expressions of interest. The Department has further stated that as per the information available from Indian Association of Hallmarking Centres, more than 60% of the hallmarking centres are not even able to break even as their capacity utilization is hardly 20% of the installed

capacity. Therefore, it is felt that the existing infrastructure for assaying/hallmarking of gold jewellery articles is adequate to meet the current demand.

5.11 The following statement indicates the physical targets and achievements in respect of Systems Certification and Hallmarking of Jewellery during 2007-08 and 2009-10:-

Sl. No.	Subjects	Targets (2007-08)	Achievements (2007-08)	Targets (2008-09)	Achievements (2008-09)	Targets (2009-10) (upto 31 Dec 2009)	Achievements (2009-10) (upto 31 Dec 2009)
1	Systems certification	165	97	165	94	75	54
2	Hallmarking of Jewellery	2825	2100	2500	1244	1625	648

5.12 From the above statement, it may be seen that there was huge mismatch between target fixed and achievement made. The reasons for declining trend in physical achievement of hallmarking of gold jewellery during 2007-08 and 2008-09 is stated to be increase in the number of certification bodies, manpower constraints and non-introduction of compulsory hallmarking of gold jewellery articles w.e.f. 1.1.2008.

5.13 The Committee have been informed that the BIS Act is being amended to bring the Hallmarking of Gold Jewellery under mandatory Certification. When asked about the major amendments proposed in the BIS Act, the Committee were informed that the following amendments are proposed in the Act:-

- (i) Delinking of Section 14 of the Bureau of Indian Standards Act, 1986 from First Schedule of the Industries (Development and Regulations) Act, 1951 to enable the Government to bring under compulsory certification regime any 'article' or 'process' which it considers necessary from point of view of health & safety of consumers;
- (ii) Allowing self declaration of conformance to the relevant Indian Standard as an alternative mechanism to compulsory certification regime;
- (iii) Introduction of compulsory Hallmarking of gold jewellery articles to protect the interests of consumers from exploitation by jewellers;
- (iv) Strengthening of the penal provisions for effective compliance with the provisions of the Bureau of Indian Standards Act, 1986.

5.14 The Committee desired to know as to when will the proposed Bill be presented to Parliament. The Secretary during evidence stated that:-

"...The Law Ministry has approved our draft more or less and we are hoping that after the recess when the Parliament convenes we will

introduce the amendment with the approval of the Cabinet. After those amendments are made, we will be in a position to make hallmarking compulsory.”

5.15 In reply to a question, the Department stated that BIS had a number of vacancies which it could not fill up due the time factor involved in their filling and therefore had lapsed. The case for revival of the posts is under consideration of the Govt. However BIS has started filling up the vacant posts.

5.16 The Department further stated that a proposal seeking approval of the Ministry of Finance for filling up of 74 Posts of Scientist B and 101 non-scientific posts in various Grades is under consideration. Since the number of posts to be filled is contingent on the proposal being cleared by the Ministry of Finance, details of the posts that may be filled up cannot be indicated at this stage.

5.17 The Secretary during evidence supplemented that they have suggested the Finance Ministry to assess the staff requirement through Staff inspection Unit or any other agency. Approval is not yet received to fill up 90%of the sanctioned posts which have lapsed.

5.18 The Committee note that the BE for the scheme for 'Standardization and Quality Control' of BIS for the year 2009-10 was Rs. 15.26 crore which was reduced to Rs. 0.67 crore at RE Stage and the actual expenditure during the year was NIL. The heavy reduction of BE at RE stage is attributed to the realistic assessment of likely expenditure during the year after taking into consideration the unspent balance of funds available with BIS out of the funds released during the previous year. The Committee are surprised to note that BIS, an important organization of the Department has not been able to submit the utilization certificates on time thereby resulting into reduction of funds at RE stage every year. The Committee, therefore, recommend that the Department should conduct review meetings with BIS and other concerned officials/departments on regular basis to asses the requirement of funds by BIS on realistic basis and stress upon them the need for timely submission of Utilization Certificates.

5.19 The Committee note that BIS could not achieve the physical targets fixed for hallmarking of gold jewellery during 2007-08 and 2008-09 due to increase in number of certification bodies, manpower constraints and non-introduction of compulsory hallmarking of gold jewellery articles w.e.f. 1.1.2008. The hallmarking of gold jewellery scheme is linked with the amendment to the BIS Act which is being finalized in the Department. Regarding manpower constraint, it has been stated that posts which are lying vacant for more than a year have lapsed. The Secretary stated during evidence that they have sought permission of the Ministry of Finance to fill up 90% of the sanctioned posts which have lapsed. Their approval is still awaited. Further, proposal for filling up of 74 Posts of Scientist B and 101 non-scientific posts in various Grades is under consideration of the Ministry. The Committee, therefore, recommend that the Department should take all measures to expedite introduction of the bill in the Parliament and the filling up of sanctioned posts of BIS, for effective implementation of the Hallmarking scheme.

CHAPTER - VI

Regulation of Forward Market:-

6.1 A Futures Contract is an agreement between two parties to buy or sell an asset at a certain time in the future for a certain price. The price of the contract is determined on the basis of the underlying asset (whether a commodity, stock or foreign exchange). The Futures Market performs two important economic functions, namely, of price discovery and price risk management with reference to a given commodity. Such trading in commodities is useful to all segments of the economy. The Futures Market provides facility to producers, exporters, traders as well as farmers to protect themselves against the adverse movements in the prices of the commodities they are dealing with. In order to ensure that the futures markets perform their assigned economic functions efficiently and transparently, the regulation of forward trading is done by a three tier regulatory structure, viz., the Central Government, Forward Markets Commission and the recognized Commodity Exchanges/Association. The recognized Exchanges/Associations provide the framework of rules and regulations for conduct of trading, clearing and settlement. In pursuance of these rules and regulations, futures' trading in commodities is to be conducted by the participants in the market. The Forward Markets Commission performs the role of a regulator. It is a statutory body set up under Forward Markets Contracts (Regulation) Act, 1952 and functions under the administrative control of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

Strengthening of FMC

6.2 There is one plan scheme namely 'Strengthening of FMC' implemented by FMC during XIth Plan. The BE, RE and actual expenditure incurred from 2007-08 to 2009-10 for 'Strengthening of FMC' and BE for 2010-11 is as under:-

(Rs. in Crore)

Outlay	Budget Estimates	Revised Estimates	Actual Expenditure
2007-08	19.50	9.75	2.46
2008-09	20.70	3.60	3.31
2009-10	16.20	8.10	2.59
2010-11	15.75	-	-

6.3 When enquired the reasons for shortfall in expenditure, the Committee were informed that shortfall in 2007-08 and 2008-09 were broadly under two budget heads viz. rent rates & taxes and Grants in Aid due to the following reasons:

- i) A suitable premise for the shifting of the office accommodation could not be identified; hence the allocation under rent, rates & taxes could not be utilized;
- ii) As regards grants in aids, necessary formalities and requisite approvals for the price dissemination project took time and could be obtained only towards the end of financial year 2008-09. 2009-10, being the first full year, for active implementation of the programme a lot of time was taken in the co-ordination with various agencies including State Governments.

6.4 In this context, the Secretary during evidence further stated as under:-

“...In forward market commission, there is an act to strengthen the commission for which we had provided in the Plan for taking up a new building for housing the staff and members once the FCRA Act is amended. Unfortunately, that could not take place because the draft bill is still under Inter-Ministerial consultation and is not yet been approved by the Department.”

6.5 The Committee desired to know as to how the farmers and growers are benefitted by the future and forward trading, the Committee was informed that the farmers and growers benefit through the price signals emitted by the futures markets even though they may not directly participate in the futures market. The futures markets lead to reduction in the amplitude of seasonal price variation and help the farmer realize somewhat better price at the time of harvest. This also helps the farmer in planning his cultivation in advance as well as to determine the kind of crop which he would prefer to raise, by taking advantage of the advance information of the future price trends, and probable supply and demand of various commodities in advance.

6.6 The Committee desired to know whether any study/survey had been conducted by the Government of India to ascertain the percentage of small and marginal farmers benefitted by Forward Trading/Future Trading, the Ministry in reply stated that FMC has awarded the “Study to ascertain the percentage of small and marginal farmers benefitted from futures/forward trading” to NABARD Consultancy Services (NABCONS) on 25th March 2010. The Study would commence from 31st March 2010 and the Report is expected by the end of June 2010. The survey would comprise a sample study of the small, marginal and other farmers growing cotton, coffee, jeera, turmeric, pepper, cardamom, rubber, chilli and maize in the States of Punjab, Gujarat, Karnataka, Maharashtra, Kerala and Andhra Pradesh. Thus, the study will be conducted primarily in the rural areas.

6.7 The Committee are unhappy to note that the Government could not utilize the entire funds allocated by the Planning Commission for strengthening the Forward Market Commission which is evident from the fact that from 2007-08 to 2009-10, the total BE was Rs. 56.40 crore and RE was Rs. 21.40 crore i.e. less than half of BE and the actual expenditure during these three years was only Rs. 8.36 crore i.e. 14.82% of BE and 38.97% of RE. The plea of the Government that the under-utilization was due to non-identification of suitable premises for shifting the office and delay in approval of price dissemination project is not at all convincing to the Committee. The Committee feel that the very purpose of allocation of huge funds is defeated if the funds earmarked for a particular purpose are not utilized. The Committee, while considering it lackadaisical attitude on the part of FMC recommend that the Government of India should take prompt action to resolve all the issues so that the funds do not remain unutilized on flimsy grounds.

6.8 The Committee note that the Government has awarded the work to conduct study to ascertain the percentage of small and marginal farmers benefitted from futures/forward trading in the States of Punjab, Gujarat, Karnataka, Maharashtra, Kerala and Andhra Pradesh to an independent agency viz. M/s NABARD Consultancy Services (NABCONS). The Committee recommend that FMC should provide all the required assistance to the agency and complete the necessary formalities required for evaluation. The Government should keep a close watch on the functioning of the NABCONS so that the study is completed and report is submitted within the stipulated time frame i.e. by the end of June, 2010.

CHAPTER- VII

Price Monitoring of Essential commodities:-

7.1 The Department of Consumer Affairs is entrusted, *inter-alia*, with the task of monitoring of the prices and availability of essential commodities in the country. The Price Monitoring Cell (PMC) in the Department regularly monitors on a daily basis the retail prices of 17 essential commodities, *viz.*, rice, wheat, atta, gram dal, tur/arhar dal, moong dal, urad dal, masoor dal, tea, milk, sugar, vanaspati, mustard oil, groundnut oil, potato, onion and salt. Reports in this regard are sent regularly to PMO, Cabinet Secretariat, Ministry of Finance and other concerned Departments. For monitoring of prices, information on daily retail prices of 17 essential commodities from 27 centres and wholesale prices on weekly basis from 37 centres spread all over the country are collected through the Civil Supplies Departments of State Governments /UT Administrations. A weekly report on the price situation is also prepared based on the data received from these centers and circulated to the concerned nodal Departments including PMO, Cabinet Secretariat etc. for information and necessary action. The Price Monitoring Cell of the Department of Consumer Affairs prepares a daily report on the retail prices and circulates the same to PMO, Cabinet Secretariat, Ministry of Finance and other concerned Departments. Besides, the situation of prices of essential commodities is regularly monitored by the Committee of Secretaries (CoS) and the Cabinet Committee on Prices (CCP), notes for which are prepared and circulated by the PMC. The retail prices of essential commodities are updated daily in the website of the Department of Consumer Affairs: <http://fcamin.nic.in>.

7.2 The Committee have been informed that during the current financial year 2009-10 (upto December, 2009), prices and availability of most essential commodities have generally remained within reasonable levels barring some variation in prices of pulses (except gram), rice, sugar, tea, onion and potato. The reasons for the rise in prices of these commodities are due to shortfall in domestic supplies relating to demand, increase in MSP and bonus, hardening of international prices, changes in consumption pattern, adverse weather and climate change. Increase in prices of onion and potato was due to seasonal factors and loss of crop due to flood.

7.3 In order to contain the price rise of foodgrains i.e. pulses, sugar and edible oils, the Government of India have taken the following fiscal as well as administrative measures:-

1. Fiscal Measures

- (i) Reducing import duties to zero – for pulses, edible oils (crude);
- (ii) Reducing import duties on refined and hydrogenated oils and vegetable oils to 7.5%;

- (iii) Allowed import of raw sugar at zero duty under O.G.L. up to 01.08.2009 by sugar mills (notified on 17.04.09) extended up to 31.12.2010 for being processed by domestic factories on job basis.
- (iv) Allowed import of white/refined sugar by STC/MMTC/PEC and NAFED up to 1 million tons by 01.08.2009 under O.G.L. at zero duty (notified on 17.04.2009) extended upto 31.03.2010. Furthermore, the duty free import of white/refined sugar under OGL has been opened to other Central/State Government agencies and to private trade in addition to existing designated agencies.

2. Administrative Measures

- (v) Removed levy obligation in respect of imported raw sugar and white/refined sugar.
- (vi) Banned export of edible oils and pulses (except kabuli chana).
- (vii) Effected no changes in Tariff Rate Values of edible oils;
- (viii) Imposed stock limit orders in the case of pulses, sugar, edible oils and edible oilseeds upto 30.09.2010;
- (ix) In order to discourage non-household sector consumers from stockpiling sugar and to ensure adequate availability of sugar in the open market for actual consumers, the Central Government has issued a notification dated 22.08.2009 imposing stockholding limit on bulk consumers: it has been provided that w.e.f. 19.09.2009 no person, establishment, or industrial unit using or consuming more than 10 quintals of sugar per month as a raw material for production or consumption or use, in any manner, shall keep stock, at any time, sugar exceeding 15 days of such use or consumption. Further, the stockholding limit for stocking domestically produced sugar by bulk consumers has been reduced from 15 days to 10 days vide notification dated 05.02.2010, which will come into effect on 20.02.2010 and remain in force for 180 days.
- (x) Using Minimum Export Price (MEP) to regulate exports of onion (averaging at \$400 per tonne for March, 2010)
- (xi) Futures trading in sugar was suspended w.e.f. 27.05.2009 upto the end of June, 2010.
- (xii) Permitted sugar factories to sell processed raw sugar in the domestic market and fulfill export obligation on ton to ton basis.

- (xiii) Proportion of sugar production requisitioned as levy sugar has been increased from 10 to 20% for 2009-10 sugar season to ensure adequate levy sugar supplies under PDS.
- (xiv) For the month of March, 2010, 16.08 lakh tons of non levy sugar have been made available which includes 11.70 lakh tons of normal non-levy sugar and 3.38 lakh tons of sugar processed from imported raw sugar during December, 2009, estimated availability out of imported white/refined sugar is about 1.00 lakh ton. Besides, levy sugar quota of 1.92 lakh tons also been released. Thus, for the month of March, 2010, 18.00 lakh tons has been made available.

7.4 The Committee have been informed that in a market driven economy, State Governments can better influence the prices of essential commodities by intervening in the market by selling these essential commodities at specific retail outlets at prices below the prevailing market prices. The prices of essential commodities will vary across different States on account of the transportation and handling costs and various taxes levied by different State Governments, as well as the conditions of demand and supply that vary from place to place. During the periodic meetings with the State Governments and UT Administrations, they were requested to initiate steps to bring down the prices. It has also been reiterated by the Minister for Food, Consumer Affairs and Public Distribution and the Prime Minister, that the State Governments have an important role in checking the rise in the prices of essential commodities through a set of administrative and regulatory measures.

7.5 In this context the States have to take pro active measures. This has been done by some State Governments. For instance, few State Governments like Maharashtra and Goa had taken steps to make available vegetables, particularly, potato and onion, to consumers at prices that are lower than market rates, when their prices were ruling high last year; in Maharashtra, market cess and supervision fee was waived for vegetables sold in retail in the APMC area by farmers groups, cooperatives and consumer societies up to 20th October 2009; in Goa, mobile units are engaged in selling potato and onion and other vegetables at prices lower by Rs 3-Rs 4 per kg and the State Government is bearing the subsidy. Again, in February 2010, Delhi Government intervened directly by supplying pulses and atta at lower rates through various outlets.

7.6 Asked whether the other State Governments/UTS have also followed the concept of Maharashtra, Goa and Delhi, the Department stated that other State Governments/UTs have been advised to take similar steps taken by the State Governments of Maharashtra, Goa and Delhi.

7.7 When the Committee asked about the role of Middleman in controlling price rise, the Secretary during evidence stated as under:-

'This is a real and a big problem faced by our agriculture and consumers that the cost of intermediation is very high. For example, I was mentioning the prices of onion. Farmers in Lasalgaon or Nashik are getting only Rs. 5 or Rs. 7 per KG; the consumers in Delhi are paying Rs. 17 for that. This gap is really very high. In the Department of Consumer Affairs, we have two directions which we are working on, which sometimes may not be very popular. But I will try to explain from my side. First thing is that, APMC which we are having, what is happening is that our market in India is not integrated; our market is actually totally fragmented. The spot market for agricultural commodities, where the farmer actually brings his produce and sells, is controlled mostly by APMC Act.'

7.8 About the changing scenario, the Secretary further added that:-

'Probably the time has come to have a re-look at the model APMC Act. It is not really serving the purpose for which it was enacted. The basic purpose for the APMC Act was to help the farmers, and the farmers should get a possible price. Today that is not happening. What is happening is that the farmer brings his produce to the market. He has to sell to the intermediary at whatever price he says because he cannot take it back. Firstly, he is in need of money. Secondly, he has incurred a lot of expenditure in bringing his produce to the market. If he takes it back, the expenditure will go waste.'

7.9 The Secretary also added that:

"The Government has already prepared a draft APMC Act which says that apart from the regular APMCs there should be some competition. A new idea that has come up in this country is, what we call, spot exchanges. Though I have some knowledge about that, Shri khatua will be in a position to explain it in detail.

Of course there is a lot of apprehensions about the movement of stocks. We have to permit organized retail trade to enter this area so that the consumers will be in a position to purchase the produce directly from the farmers. We are not talking of foreign retail. We are saying that if an organized retail is allowed, then they can have contract farming with the farmers, and the farmers would be assured that he would be able to sell their produce at a particular agreed price. Take for example the potato farmers in West Bengal. Supposing if a big company enters into an agreement with the farmers that he would purchase the potatoes of a particular quality at four rupees per kilo, than the farmers would be happy so that there will be only one supplier. Now there are five or six suppliers.

These are the two areas which we are going to discuss in the Committee headed by the Hon'ble Prime Minister. We are the Department

of Consumer Affairs. We will be giving these two suggestions to this Committee.”

7.10 In this connection the CMD of FMC further elaborated that farmers and consumers are both the important corners of supply chain. Today the farmer did not get one fourth price of his produce whatever the price is paid by consumer. The farmer gets 40% of grain and 20% of perishable items i.e. vegetables because 30 to 35 percent get destroyed. So like consumers there should be multiple choice for farmers to sell his produce to multiple agencies at higher price and to prevent exploitation of farmers by the middlemen and traders.

He further added:-

“This way the farmer is happy and the consumer is also happy. We must give multiple choices to buildup the infrastructure in between. That is the only solution. The Government cannot intervene everywhere.

The Government cannot think that kind of resources everywhere and be the god father and the watchman everywhere. Let the market be the watchman.”

7.11 The Committee observe that the main reasons for rise in prices of essential commodities especially pulses, rice, sugar, tea during the last year were (i) shortfall in domestic supply relative to demand; (ii) increase in MSP and bonus; (iii) hardening of international prices; (iv) changes in consumption pattern; (v) adverse weather and climate change. Increase in prices of onion and potato was due to seasonal factor and loss of crop due to flood. Consequent upon the fiscal and administrative measures taken by the Government to contain the prices of essential commodities, there was some sign of reduction in prices of these commodities in open market but still the prices are very high and beyond the purchasing power of poor persons. The Committee are of the opinion that the State Governments have an important role in checking the rise in prices of essential commodities through a set of administrative and regulatory measures which is corroborated with facts that the State Governments of Maharashtra and Goa made available potato and onion to the consumers at lower than market prices by bearing the cost of subsidy. The Government of Delhi has also been supplying pulses and atta at lower rates through various outlets. The Committee are of the opinion that if all the State Governments/UTs follow the concept of Maharashtra, Goa and Delhi, the prices of the commodities will certainly come down. The Committee, therefore, recommend that the Government should persuade all the States/UTs to emulate the pattern of Government of Maharashtra, Goa and Delhi to supply the essential commodities like pulses, onion and potato at subsidized rates.

7.12 The Committee note that the agricultural produce market in India is fragmented and controlled by the Agricultural Produce Market Commodity Act (APMC). The basic purpose of APMC Act was to help the farmers to get a possible price. Unfortunately, the provisions of the said Act have become ineffective and the farmers have to sell their produce through intermediators at very low prices. The Committee have been informed that an idea of spot exchange has been developed wherein the consumers are in a position to purchase the produce directly from farmers at a cheap rate from organized retail sector through contract farming. But the concept of organized retail sector and contract farming is possible only when the provisions of APMC Act are suitably amended. Therefore, the Government contemplates to insert a Competition Clause in the APMC Act so that the farmers have choice to sell their produce to multiple agencies at high prices. The Committee, while considering it a right step taken by the Government, recommend that the Government should bring Amendment Bill in the Parliament so that the interest of the farmers and consumers are protected and the farmers are saved from the clutches of middleman and traders which will automatically help the Government to bring down the sky high prices of essential commodities.

Hoarding and Blackmarketing of Essential Commodities

7.13 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 actions under both the Acts to prevent hoarding and smuggling.

7.14 Secretary (CA) has written on 05.01.2010 to the Chief Secretaries of all States/UTs, requesting them to organize special drives against hoarding and to send a factual report to this Department within 15 days containing inter-alia, the action taken and cases booked under the Essential Commodities Act so as to enable this Department to send a consolidated report to the Committee. Only a couple of States have responded (Goa and Tripura) and they have not reported finding anything irregular.

7.15 When asked about the steps taken by the Government to check hoarding and blackmarketing of essential commodities, the Committee were informed that the action taken in the recent past is indicated below:

- (i) The recommendations of the Parliamentary Standing Committee on Food, Consumer Affairs & Public Distribution Committee contained in its 27th Report on Price Rise of Essential Commodities- Causes and Effects with special emphasis on import of wheat and enforcement of Prevention of Black Marketing and Maintenance of Supply of Essential Commodities Act, 1980 have also been communicated to the State Governments/UTs vide Secretary (Consumer Affairs)’s d.o. letter No.2/7/2007-ECR&E dated 09.02.2009 for taking immediate action to supply the information of detention cases within the prescribed time limit as per the Act.
- (ii) Subsequently, the observations of the 28th Report of the Standing Committee on Food, Consumer Affairs & Public Distribution on Demand for Grants(2008-2009) with the Recommendation that Central Government should impress upon the State Government/UTs to strengthen their enforcement machinery and take all necessary measures to prevent hoarding and black marketing have been communicated to the Chief Secretaries of All the States/UTs vide Secretary (CA)’s d.o.letter dated 15.05.2009 wherein immediate action on the recommendations of the Standing Committee had been requested.
- (i) A Chief Secretaries conference had been held on 08.08.2009 wherein inter-alia the need to implement the stock control orders had been emphasized by Secretary (CA). Secretary (CA) had written to all the Chief

Secretaries vide letter dated 03.08.2009 reiterating the need to fix stock limits where Central Government had issued orders and also to enforce them strictly.

- (iv) Hon'ble Minister had also convened a meeting with States/UTs Food Ministers on 19.8.2009. Subsequently the Hon'ble Minister has also written to all the Chief Ministers vide his letter dated 23.09.2009. Later in continuation to his letter dated 23.09.2009 he has again written a letter dated 12.12.2009 to all the Chief Ministers reiterating that State Governments have major role in checking prices of essential commodities by curbing malpractices through a set of administrative and regulatory measures. Hon'ble Minister has suggested that it is necessary to put in place and strengthening an appropriate mechanism for regular intensive monitoring of the prices of the commodities in order to promptly detect any short terms fluctuations and take necessary corrective actions, if necessary, through direct market intervention for adequate supplies of essential commodities to the consumers at affordable price. Hon'ble Minister has also reiterated the measures taken by the Central Government to augment availability of essential commodities, particularly pulses, include, a scheme of subsidized supply of pulses for distribution through PDS as has also been emphasized earlier in meetings. A scheme for publicity campaign for popularizing yellow peas dal has been finalized under which the States/UTs will be eligible for a maximum grant of Rs.20/10/5 lakh, depending upon the number of districts in the State/UTs.
- (v) States/UTs have been requested vide Hon'ble Minister's above letter to help in controlling prices by taking advantage of above mentioned new schemes and for ensuring adequate supplies of essential commodities to the consumer by strictly enforcing the provisions of Essential Commodities Act, 1955 and PBM Act, 1980 against unscrupulous elements including in malpractices. Video Conferencing were also held with Food Secretaries of all State Governments/UT Administrations on 06.11.2009, 13.11.2009, 28.01.2010 and 29.01.2010 where the States/UTs were again requested to take action as has been pointed out by the Central Government from time to time.
- (vi) A Conference of Chief Ministers on Prices of essential commodities was also held on 06.02.2010 under the chairmanship of Hon'ble Prime Minister. It was recognized by this Conference that the price concern of the Government was the insulation of the poor and the vulnerable from adverse price movements. This responsibility has to be shared by the Government at the Centre and in the States as coordinated approach to be adopted to tackle the issue. The Conference recommended the constitution of a Standing Core Group of State Chief Ministers and concerned Central Ministers. This Core Group will deliberate on and recommend measure to, inter-alia, better implementation of and

amendment to Essential Commodities Act, 1955. The First meeting of the Core Group is scheduled to be held on 25.03.2010 under the Chairmanship of the Hon'ble Prime Minister.

7.16 Asked whether monthly report with regard to detention cases is submitted to the Central Government on a regular basis, the Department stated that monthly report of detention cases is not being received from all the States/UTs. In fact during the year 2009 only 4 States viz. Tamil Nadu, Gujarat, Orissa and Maharashtra had reported such detentions. Of these the bulk of detentions had been carried out by Tamil Nadu and Gujarat. During the year 2009 a total of 147 detention had been reported by these State Governments.

7.17 When asked the reasons, the Department stated that the States/UTs have been requested/advised time and again through various modes including letters, Video Conferences etc. to strictly implement the Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 so as to prevent malpractices in essential commodities and also take stern action against the unscrupulous persons indulging in such malpractices. 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 requisite action taken reports under this Act.

7.18 Hoarding is stated to be one of the factors for rise in price of essential commodities. When the Committee enquired about the steps taken to control hoarding, the Secretary stated during evidence as under:-

'Hon'ble Prime Minister has called a meeting of Chief Ministers and in that meeting, it was decided to constitute a Committee with Prime Minister as Chairman, which will include eight Chief Ministers. That Committee is likely to meet very shortly. One of the steps is how to strengthen the existing Act. One of the Acts is Essential Commodities Act.....we have received a large number of suggestions from the States. They want some modifications in the Act....'

7.19 The Committee are happy to note that in pursuance of the recommendations made by the Parliamentary Standing Committee on Food, Consumer Affairs and Public Distribution in their 27th and 28th Reports (14th Lok Sabha), the Government have issued strict instructions to States/UTs to strengthen their enforcement machinery and take all necessary measures to prevent hoarding and blackmarketing of essential commodities. Besides, the Government has constituted a Standing Core Group of State Chief Ministers of eight States under the Chairmanship of Hon'ble Prime Minister to recommend measures inter-alia for better implementation of and amendment of Essential Commodities Act, 1955. The Committee, therefore, recommend that the Government should improve its monitoring mechanism over the functioning of the States/UTs and impress upon them to take strict action against the hoarders and blackmarketers who create artificial scarcity of food commodities in the market with a motive to earn more profit.

7.20 The Committee are surprised to note that only 4 States namely, Tamil Nadu, Gujarat, Orissa and Maharashtra are reporting detention cases under the Blackmarketing of Essential Commodities Act and some of the State Governments opine Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 as draconian and hence using it sparingly. The Committee recommend that the Department should take prompt steps to elicit information and reasons from the States/UTs which do not prefer to follow the Essential Commodities Act and consider it draconian. The Department should also discuss these issues at the highest level and impress upon the States/UTs to follow the provisions of Essential Commodities Act in true spirit and furnish the details of action taken in this regard within the stipulated time frame.

NEW DELHI
20th April 2010
30 Chaitra , 1932 (Saka)

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

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION (2009-10)**

**MINUTES OF THE FIFTEENTH SITTING OF THE STANDING COMMITTEE ON
FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION HELD ON MONDAY,
29TH MARCH, 2010**

The Committee sat from 1430 hrs to 1615 hrs in Committee Room F, 'G 074'
(Ground Floor), Parliament Library Building, New Delhi.

Present

Shri Vilas Muttemwar - Chairman

Members

Lok Sabha

2. Shri Kamlesh Balmiki
3. Shri Tarachand Bhagora
4. Shri Arvind Kumar Chaudhary
5. Shri Abdul Mannan Hossain
6. Shri Marotrao Sainuji Kowase
7. Shri Sohan Potai

Rajya Sabha

8. Smt. T.Ratna Bai
9. Shri Lalhming Liana
10. Shri Kanjibhai Patel
11. Shri Rajniti Prasad
12. Shri Matilal Sarkar
13. Shri Kaptan Singh Solanki

Secretariat

1. Shri P.K. Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Jagdish Prasad - Deputy Secretary

Representatives of the Department of Consumer Affairs

1. Shri Rajeev Agarwal	-	Secretary
2. Shri B.C. Khatua	-	Chairman, (FMC)
3. Shri Rakesh Kacker	-	Additional Secretary
4. Shri Alinda Chandra	-	Addl. DG (BIS)
5. Dr. Kewal Ram	-	Sr. Economic Advisor
6. Shri R.K. Srivastava	-	MD (NCCF)
7. Shri Sanjay Singh	-	Joint Secretary
8. Shri P.C. Das	-	CCA
9. Shri B.R. Meena	-	DG (NTH)

2. At the outset, Hon'ble Chairman welcomed the representatives of the Department of Consumer Affairs to the sitting and apprised them of the provisions of Direction 55 (1) of the Directions by the Speaker. Thereafter, the Committee took their evidence in connection with the examination of Demands for Grants of the Department for the year 2010-11. Hon'ble Chairman, in his opening remarks, raised various pertinent issues such as, under utilization of Plan and non-plan funds, NIL expenditure on projects/schemes for NE Region as well as in Bureau of Indian Standards (Standardization & Quality Control Scheme); Shortfall of expenditure in Plan Schemes namely Consumer Protection, Consumer Awareness, Weight and Measures (Establishment of Laboratories), National Test House (NTH) & Forward Market Commission (FMC); unsatisfactory performance of District Fora/State Commissions especially in the States of UP, Gujarat, Rajasthan, Haryana, Maharashtra, Delhi, Madhya Pradesh and Bihar; Delay in setting up of National Trade Practices Regulation Authority (NTPRA) to deal with unfair trade practices; steep rise in prices of foodgrains viz wheat, rice, sugar, pulses and edible oil and lack of awareness amongst consumers especially in remote, hilly and backward areas. The issues raised by Hon'ble Chairman were further supplemented by the Members of the Committee. The Committee had detailed discussion on the following issues:-

- (i) Reasons for under-utilization of funds on some of the important schemes of the Department;
- (ii) Need to fill up the vacant posts in Forward Market Commission (FMC) and Bureau of Indian Standards (BIS);
- (iii) Expeditious introduction of the Forward Contracts (Regulation) Amendment Bill which is still under Inter-Ministerial consultation;
- (iv) Need to amend the Bureau of Indian Standards Act to make hallmarking of Jewellery compulsory;

- (v) Need to bring “National Consumer Policy” to incorporate all areas connected with redressal of consumer’s complaints;
- (vi) Expeditious completion and functioning of NCDRC Building in New Delhi;
- (vii) Need for setting up of Consumer Courts in every district and filling up the vacant posts of President and Members in every District Fora for quick disposal of cases pending;
- (viii) Need to create awareness on sustainable basis by giving schedule of the programme to DAVP in advance.
- (ix) Role of the Price Monitoring Cell of the Department of Consumer Affairs in stabilizing the rising prices of essential commodities especially the foodgrains.
- (x) Need to strengthen the existing Essential Commodities Act to prevent hoarding in various States.
- (xi) Need for full utilization of Consumer Welfare Fund.
- (xii) Distribution of imported pulses and edible oils under PDS at subsidized rates to BPL families.
- (xiii) Need to amend the APMC Act, so that the consumer may purchase the produce directly from farmers at an agreed price.

3. The Members raised various queries pertaining to the aforesaid issues. The representatives of the Department responded to the queries raised by the Chairman and Members. Valuable suggestions emerged during the deliberations.

4. The Chairman then thanked the witnesses for appearing before the Committee and sharing their views with the Committee in a free and frank manner. They were asked to send the written replies to the points on which the information was not readily available with them.

A verbatim record of the proceedings has been kept.

The Committee then adjourned.

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION (2009-10)**

**MINUTES OF THE SIXTEENTH SITTING OF THE STANDING COMMITTEE ON
FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION HELD ON TUESDAY,
20TH APRIL, 2010**

The Committee sat from 1500 hrs to 1555 hrs in Committee Room 'D', Parliament House Annexe, New Delhi.

Present

Shri Vilas Muttemwar - Chairman

Members

Lok Sabha

2. Shri Tarachand Bhagora
3. Shri Arvind Kumar Chaudhary
4. Shri Sanjay Singh Chauhan
5. Shri Lal Chand Kataria
6. Shri Marotrao Sainuji Kowase
7. Shri Madhusudan Yadav

Rajya Sabha

8. Smt. T. Ratna Bai
9. Shri Lalhming Liana
10. Shri Shantaram Laxman Naik
11. Shri Kanjibhai Patel
12. Shri Rajniti Prasad
13. Shri Veer Singh
14. Shri Kaptan Singh Solanki

Secretariat

1. Shri P.K.Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Jagdish Prasad - Additional Director

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee convened for consideration and adoption of the draft reports on Demands for Grants (2010-11) relating to the (i) Department of Food and Public Distribution & (ii) Department of Consumer Affairs. Hon'ble Chairman highlighted the important recommendations contained in the Reports.

3. The Committee first took up for consideration the draft report on Demands for Grants (2010-11) relating to the Department of Food and Public Distribution and adopted the same with slight amendments. The Committee then took up for consideration the draft report on Demands for Grants (2010-11) relating to the Department of Consumer Affairs and adopted the same without any amendment.

4. X X X X X X X X X X X

5. The Committee authorized the Chairman to finalize the aforesaid Reports on the basis of factual verification from the concerned Departments and to present the Reports on their behalf to both the Houses of Parliament during the current Session of Parliament.

The Committee then adjourned.

/...../

SUMMARY OF OBSERVATIONS/RECOMMENDATIONS

Sl.No.	Para No.	Observation/ Recommendation
1.	2.	3.
1.	2.15	<p>The Committee note that out of total outlay of Rs.209 crore each for Plan Schemes during 2008-09 and 2009-10, the Department could utilize Rs.142.33 crore against RE of Rs.160 crore and Rs.144.07 crore against RE of Rs.164 crore, respectively. The Committee feel that on the one hand, funds for Plan Schemes have not been utilized fully during the last two years and on the other, the Department considers funds allocated for 2010-11 as insufficient. The Committee, therefore, strongly recommend that the Department should take steps to get timely clearance of all the Plan schemes so that allocated funds could be utilized properly and the physical and financial targets set for various schemes in the financial year could be achieved. The Committee also desire that the Department should chalk out strategy well in advance for implementation of its schemes and make sincere efforts to complete all the procedural formalities to avoid delay in the implementation of the schemes/programmes/projects.</p>
2.	2.16	<p>The Committee observe that the Department is facing difficulties in the implementation of various schemes, namely non receipt of utilization certificates from the State Governments in respect of plan funds, non-availability of land in various States required for implementation of projects/schemes, non receipt of consent from various States regarding setting up of Consumer Helpline, delay on the part of CPWD for construction of building, non-finalization of specifications of equipments by DGS&D and non-utilization of funds by DAVP which is affecting performance of the Department in general. The Committee would, therefore, recommend that the Department should take up the matter at the highest level to impress upon the State Governments/UTs to furnish utilization certificates of funds allocated to them and send their consent or proposals regarding setting up of Consumer Helpline in time. Regarding availability of land required for implementation of projects/schemes, the Department should look for other alternatives like sharing office in office buildings of other Departments. The Department should also issue strict</p>

guidelines to CPWD, DGS&D and DAVP to avoid delay in completion of the projects.

3. 2.17 The Committee note with concern that proposals for Amendment of Bills namely Consumer Protection Act, 1986,FC(R) Act, 1952,BIS Act,1986 and National Trade Practices Regulation Authority Bill are under active consideration of the Department of Consumer Affairs but no time frame has been indicated for their introduction in Parliament. One of the most important Bill, viz. National Trade Practices Regulation Authority Bill proposes to deal with unfair trade practices which were otherwise not covered under the Consumer Protection Act. The Committee feel that there is an urgent need to expedite the early introduction of these Bills so as to give justice to the consumers at large. The Committee hope that the Department would take sincere efforts to expedite and finalize all the formalities linked with the introduction of these Bills.

4. 3.10 The Committee note that percentage of disposal of cases by National Commission, State Commissions and District Fora since their inception is 87.65, 78.16 and 90.93 respectively. The Committee feel that performance in terms of disposal of cases by National Commission and District Fora is comparatively satisfactory, whereas, the position regarding disposal of cases by State Commissions is not satisfactory and needs to be monitored by the National Commission. The Committee have been informed that for quicker disposal of complaints and strengthening of Consumer fora, a proposal to further amend the provisions of the Consumer Protection Act, 1986 is under active consideration. The Committee desire that the Department of Consumer Affairs should make sincere efforts to complete all the formalities for early introduction of the Amendment Bill in the Parliament. The Committee also observe that under section 24B of the Consumer Protection Act, 1986, the National Commission has administrative control over all the State Commissions which includes overseeing the functioning of the State Commissions as also the District Fora to ensure that the objects and purposes of the Act are best served. The Committee, therefore, recommend that the National Commission should exercise its powers under the existing provisions of the Act for monitoring the functioning of the State Commissions and District Fora .

5.	3.11	<p>The Committee observe that 4 vacancies of President and 18 vacancies of Members are still lying vacant in the State Commissions. Besides, 57 posts of President and 189 posts of Members are vacant in the District Fora of different States namely Andhra Pradesh, Arunachal Pradesh, Bihar, Chattisgarh, Haryana, Himachal Pradesh, Madhya Pradesh, Maharashtra, Tamil Nadu and Uttar Pradesh. The Committee are disappointed to note that although the Department has been calling for information regarding vacancies in the State Commissions from the States/UTs through Monthly and Quarterly Periodical Reports but it could not gather information relating to reasons for existence of vacancies. However, the Department has now made necessary modification in the periodical returns wherein the States/UTs are required to explain the 'reasons' for existence of vacancies and action taken to fill up the vacant posts. The Committee recommend that the Department should chalk out strategy to fill up the vacant posts of President and Members in a time bound manner, especially in District Foras.</p>
6.	3.12	<p>The Committee observe that only 1651 cases pertaining to State Commissions and 16,617 cases pertaining to District Fora have been disposed off by the method of Lok Adalat during 2009-10 throughout the country, which indicates that the concept of disposal of cases through Lok Adalat has not been adopted by majority of the States. In the opinion of the Committee, the concept of Lok Adalat is convenient, cheap, quick and free from Legal Technicalities where the cases are decided with mutual consent of both the parties. The Committee, therefore, recommend that the Government should encourage all the States/UTs to set Lok Adalat or Circuit Benches for quick disposal of large number of cases pending in the State Commissions and District Fora. The Committee also desire that Department should impress upon all the State Governments/UTs to furnish information regarding disposal of cases by Lok Adalat method which would help the Department itself to make proper planning and strategy to lessen the burden on the consumer courts and to deliver inexpensive justice to the consumers.</p>
7.	3.17	<p>The Committee note that the scheme 'Computerization and Computer Networking of Consumer Fora' (CONFONET) was launched in March, 2005 with a view to facilitating the consumers to file cases online and assess the status of their pendency in the State Commissions and District Fora. The Committee also observe that every year, a large amount is released to NIC for providing necessary hardware and</p>

software system, developing software and providing maintenance and necessary training to officials of Consumer Fora. The Committee find that installation of computer hardware/software has been completed at 565 Consumer Fora and has not been done in 42 locations majorly of which are in three States of Madhya Pradesh (10), Uttaranchal (13) and Bihar (16), due to unavailability of physical sites. The Committee are of the view that with the advancement of technology, everything is accessible on the website and internet. Thus, there is an urgent need to put all the consumer related information on the website of State Governments/UTs. The Committee, therefore, strongly recommend that the Government should persuade the State Governments of Madhya Pradesh, Uttaranchal and Bihar to provide suitable locations in those States for installing computer hardware at the earliest, to facilitate the online filing of cases by the aggrieved consumers.

8. 3.25 The Committee are unhappy to note that the allocation of funds under the scheme Consumer Welfare Fund has been considerably decreasing during the past three years. Every year, a huge amount is provided in the Central Budget but very little amount is being utilized by the Department. During 2007-08, the BE and RE was Rs. 20.60 crore but the actual expenditure was only Rs. 8.73 crore i.e. less than 50% of the BE and RE. Similarly, the BE which was Rs. 16.08 crore during 2008-09 was reduced to Rs. 8.65 crore whereas the actual expenditure during the year was only Rs. 4.91 crore. The Committee cannot accept the argument of the Department that the funds could not be utilized due to delay in issue of revised Guidelines in 2007-08 for release of funds to States/UTs as well outstanding audit paras for some of the major projects because these formalities are of usual nature which should have been resolved in consultation with the concerned authority well in advance. The Committee, therefore, recommend that the Government should make vigorous efforts to utilize the entire funds in the financial year so that the consumers are not deprived of the benefits of the Consumer Welfare Fund.

9. 3.26 The Committee note that under the scheme 'Consumer Welfare Fund', financial assistance is provided to States/UTs in the form of seed money to promote and protect the welfare of consumers, generate consumer awareness and strengthening consumer movement in the country. Despite the fact that the ratio of amount of seed money has been

increased to 50:50, 14 States have not yet set up Consumer Welfare Fund in their respective budget head and not availed of the benefits of Consumer Welfare Fund which reflects that these States are not serious towards the welfare of consumers. The Committee note that the Government have now decided to support the Central Share upto 75% to those States/UTs which are willing to establish a corpus of Rs. 10 crore in their States/UTs. The Committee hope that all these 14 States will create separate Corpus Fund in their respective States/UTs and would avail the 75% financial assistance from Central Government under the Consumer Welfare Fund. The Committee, therefore, recommend that the matter may be taken up with the States/UTs at the highest level to impress upon them the importance of creation of the State Consumer Welfare Fund in their respective State Budget, to protect the interest of the consumers.

10. 3.33 The Committee note that out of Rs. 409 crore allocated for creating awareness amongst consumers for the XI Five Year Plan (2007-12) the Department spent Rs. 211.17 crore in the first three years of plan period. The Committee also note that apart from the TV and print media, the Department follows other medium such as radio, cinema and also outdoor activities with innovative use of Railway Stations, Post Offices, Railway Tickets, Utility Bills, Meghdoot Post Cards as communication channels to intensify the consumer awareness campaign. In respect of rural areas, media strategies goes to the extent of creating awareness through hoardings, kiosks, wall paintings, bus panels, village boards, Railway branding etc. The Committee fail to understand as to why the very idea of launching Publicity Campaign through advertisement cannot be explored on the pattern of Pulse Polio Campaign and Anti Tobacco Campaign as all these activities are to be carried out by the outdoor publicity units of DAVP through their empanelled agencies. The Committee further note that Media Planning for the publicity campaign has been entrusted to DAVP which ensures representation of the regional TV channels that are empanelled with DAVP for telecast of spots in the regional languages. The Committee, therefore, desire that the Department should explore the feasibility of launching Publicity Campaign through advertisement on the pattern of Pulse Polio Campaign and Anti Tobacco Campaign as a continuous process and intimate the Committee about the action taken in this regard within three months. The Committee also recommend that the Department should chalk out its schedule for the

		Consumer Awareness Programme in the beginning of the financial year.
11.	3.40	The Committee note that the Government contemplates to set up a National Trade Practice Regulatory Authority (NTPRA) with a view to cover areas which have not been covered under Competition Act and Consumer Protection Act and to deal with cases of unfair trade practices which have not been covered under the Consumer Protection Act, 1986. Every year, a provision of token money is made in the Central Budget with the hope that scheme would be approved by the Ministry of Law and Justice but it seems that it may take some time to complete the procedural formalities. While considering it a right step taken by the Government, the Committee recommend that Government should vigorously pursue the matter with the concerned authorities to get clearance of the Bill so that regulatory and adjudicatory framework to address the gap in legislation for protection of intermediate consumers is established expeditiously.
12.	4.5	The Committee regret to note that evaluation study carried out in 8 States has pointed out serious shortcomings in the functioning of Strengthening of Weights and Measures Infrastructure of States/UTs Scheme viz. (i) States are not able to provide its resources for operational expenditure ; and (ii) larger mobile kits do not reach all places. The Committee are unable to understand as to how the Department will make this scheme effective until and unless the shortcomings are removed from the scheme. The Committee, therefore, recommend that the Department should conduct such survey in all other States for efficient functioning of Weight and Measure Laws. The Committee also desire that the Department should impress upon DGS&D to procure kits well in advance and provide to States which were affected due to operational problem and ensure that similar problem does not arise at the fag end of the financial year.
13.	5.18	The Committee note that the BE for the scheme for 'Standardization and Quality Control' of BIS for the year 2009-10 was Rs. 15.26 crore which was reduced to Rs. 0.67 crore at RE Stage and the actual expenditure during the year was NIL. The heavy reduction of BE at RE stage is attributed to the realistic assessment of likely expenditure during the year after taking into consideration the unspent balance of funds available with BIS out of the funds released during the previous year. The Committee are surprised to note that BIS, an important organization of the Department has not been

able to submit the utilization certificates on time thereby resulting into reduction of funds at RE stage every year. The Committee, therefore, recommend that the Department should conduct review meetings with BIS and other concerned officials/departments on regular basis to asses the requirement of funds by BIS on realistic basis and stress upon them the need for timely submission of Utilization Certificates.

14. 5.19 The Committee note that BIS could not achieve the physical targets fixed for hallmarking of gold jewellery during 2007-08 and 2008-09 due to increase in number of certification bodies, manpower constraints and non-introduction of compulsory hallmarking of gold jewellery articles w.e.f. 1.1.2008. The hallmarking of gold jewellery scheme is linked with the amendment to the BIS Act which is being finalized in the Department. Regarding manpower constraint, it has been stated that posts which are lying vacant for more than a year have lapsed. The Secretary stated during evidence that they have sought permission of the Ministry of Finance to fill up 90%of the sanctioned posts which have lapsed. Their approval is still awaited. Further, proposal for filling up of 74 Posts of Scientist B and 101 non-scientific posts in various Grades is under consideration of the Ministry. The Committee, therefore, recommend that the Department should take all measures to expedite introduction of the bill in the Parliament and the filling up of sanctioned posts of BIS, for effective implementation of the Hallmarking scheme.
15. 6.7 The Committee are unhappy to note that the Government could not utilize the entire funds allocated by the Planning Commission for strengthening the Forward Market Commission which is evident from the fact that from 2007-08 to 2009-10, the total BE was Rs. 56.40 crore and RE was Rs. 21.40 crore i.e. less than half of BE and the actual expenditure during these three years was only Rs. 8.36 crore i.e. 14.82% of BE and 38.97% of RE. The plea of the Government that the under-utilization was due to non-identification of suitable premises for shifting the office and delay in approval of price dissemination project is not at all convincing to the Committee. The Committee feel that the very purpose of allocation of huge funds is defeated if the funds earmarked for a particular purpose are not utilized. The Committee, while considering it lackadaisical attitude on the part of FMC recommend that the Government of India should take prompt action to resolve all the issues so that the funds do not remain unutilized on flimsy grounds.

16. 6.8 The Committee note that the Government has awarded the work to conduct study to ascertain the percentage of small and marginal farmers benefitted from futures/forward trading in the States of Punjab, Gujarat, Karnataka, Maharashtra, Kerala and Andhra Pradesh to an independent agency viz. M/s NABARD Consultancy Services (NABCONS). The Committee recommend that FMC should provide all the required assistance to the agency and complete the necessary formalities required for evaluation. The Government should keep a close watch on the functioning of the NABCONS so that the study is completed and report is submitted within the stipulated time frame i.e. by the end of June, 2010.
17. 7.11 The Committee observe that the main reasons for rise in prices of essential commodities especially pulses, rice, sugar, tea during the last year were (i) shortfall in domestic supply relative to demand; (ii) increase in MSP and bonus; (iii) hardening of international prices; (iv) changes in consumption pattern; (v) adverse weather and climate change. Increase in prices of onion and potato was due to seasonal factor and loss of crop due to flood. Consequent upon the fiscal and administrative measures taken by the Government to contain the prices of essential commodities, there was some sign of reduction in prices of these commodities in open market but still the prices are very high and beyond the purchasing power of poor persons. The Committee are of the opinion that the State Governments have an important role in checking the rise in prices of essential commodities through a set of administrative and regulatory measures which is corroborated with facts that the State Governments of Maharashtra and Goa made available potato and onion to the consumers at lower than market prices by bearing the cost of subsidy. The Government of Delhi has also been supplying pulses and atta at lower rates through various outlets. The Committee are of the opinion that if all the State Governments/UTs follow the concept of Maharashtra, Goa and Delhi, the prices of the commodities will certainly come down. The Committee, therefore, recommend that the Government should persuade all the States/UTs to emulate the pattern of Government of Maharashtra, Goa and Delhi to supply the essential commodities like pulses, onion and potato at subsidized rates.

18.	7.12	<p>The Committee note that the agricultural produce market in India is fragmented and controlled by the Agricultural Produce Market Commodity Act (APMC). The basic purpose of APMC Act was to help the farmers to get a possible price. Unfortunately, the provisions of the said Act have become ineffective and the farmers have to sell their produce through intermediators at very low prices. The Committee have been informed that an idea of spot exchange has been developed wherein the consumers are in a position to purchase the produce directly from farmers at a cheap rate from organized retail sector through contract farming. But the concept of organized retail sector and contract farming is possible only when the provisions of APMC Act are suitably amended. Therefore, the Government contemplates to insert a Competition Clause in the APMC Act so that the farmers have choice to sell their produce to multiple agencies at high prices. The Committee, while considering it a right step taken by the Government, recommend that the Government should bring Amendment Bill in the Parliament so that the interest of the farmers and consumers are protected and the farmers are saved from the clutches of middleman and traders which will automatically help the Government to bring down the sky high prices of essential commodities.</p>
19.	7.19	<p>The Committee are happy to note that in pursuance of the recommendations made by the Parliamentary Standing Committee on Food, Consumer Affairs and Public Distribution in their 27th and 28th Reports (14th Lok Sabha), the Government have issued strict instructions to States/UTs to strengthen their enforcement machinery and take all necessary measures to prevent hoarding and blackmarketing of essential commodities. Besides, the Government has constituted a Standing Core Group of State Chief Ministers of eight States under the Chairmanship of Hon'ble Prime Minister to recommend measures inter-alia for better implementation of and amendment of Essential Commodities Act, 1955. The Committee, therefore, recommend that the Government should improve its monitoring mechanism over the functioning of the States/UTs and impress upon them to take strict action against the hoarders and blackmarketers who create artificial scarcity of food commodities in the market with a motive to earn more profit.</p>
20.	7.20	<p>The Committee are surprised to note that only 4 States namely, Tamil Nadu, Gujarat, Orissa and Maharashtra are reporting detention cases under the Blackmarketing of Essential Commodities Act and some of the State Governments opine Prevention of Blackmarketing and</p>

Maintenance of Supplies of Essential Commodities Act, 1980 as draconian and hence using it sparingly. The Committee recommend that the Department should take prompt steps to elicit information and reasons from the States/UTs which do not prefer to follow the Essential Commodities Act and consider it draconian. The Department should also discuss these issues at the highest level and impress upon the States/UTs to follow the provisions of Essential Commodities Act in true spirit and furnish the details of action taken in this regard within the stipulated time frame.